

Minutes of the Special Meeting of the Business, Intergovernmental and Environmental Committee of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 5:30 P.M., January 18, 2018 in the Board Room of the Port of Lake Charles located at 1611 W. Sallier St., Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

David Darbone, Chairman
Carl Krielow, Committee Member

Absent:

Dudley Dixon, President

Also Present:

Mike Eason, Vice President
Elcie Guillory, Secretary/Treasurer
John LeBlanc, Assistant Secretary/Treasurer
Tom Lorenzi, Commissioner
Bill Rase, Executive Director
Richert Self, Deputy Executive Director
Mike Dees, General Counsel
John Ringo, Assistant General Counsel
Donald Brinkman, Director of Security, Engineering, Maintenance and Development
Channing Hayden, Director of Navigation
Todd Henderson, Director of Operations

Mr. Darbone called the meeting to order at 5:30 P.M.

The attached notice of meeting was posted and given in accordance with the Open Meetings Law. A Business, Intergovernmental and Environmental Committee meeting was held.

Mr. Darbone made a statement reminding the Public of the Port’s procedure for the Public to address an agenda item to the Committee.

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1. Follow up public comments from November 15, 2017 meeting related to cargo issues at City Docks.
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Mr. Darbone stated this was a follow up meeting from the November 15, 2017 meeting. He said they wanted to make sure they looked at the data that was gathered and analyze that data to share with everyone. He wanted to thank Mr. Rase and staff for gathering all of the

data they requested. They worked together to send to Mr. Krielow, Mr. Dudley and himself where they could look at the data to see what it was telling them. The whole idea was to take a look at the data and when they know that when they had the first meeting there were a lot of emotional things said for and against the labor at the Port.

When they had the previous meeting, there were some emotional things that were said for and against some of the labor that they have and positions they are in, in terms of the stevedoring companies and those that have an exclusive agreement and those that want another type of agreement.

So, they looked at all of this data and are pretty sure they will not be able to tell everything diagnosed and analyzed but would like to present most of that data to where it makes sense.

He has a written statement for the things that they would cover, but this Committee was interested in identifying ways to increase business for local labor. That is why they got started with this. When the local labor works, it means that there are paychecks that stay in this community, taxes that stay local and the community benefits from these local dollars that are earned.

In 2007, they talked about when the Port was in the same position, where the work was slow and people were not working. There were not a lot of opportunities for a lot of competitiveness that was going on then. They got together then for a symposium. He was on that committee back then.

Once they got together as a group, what they found was that they shared information and came together to come up with a plan. Once they started implementing that plan, they saw a 77% increase in work for a couple of years once that was implemented.

So, based on that thought, when they were faced with the same type of situation, they felt that they might be able to come together again. Everyone work together for the common good to get local labor work and increase the opportunity to make business or to have the opportunity to have business at City Docks.

Mr. Darbone stated they noticed there was a steep downturn in work at City Docks. There was a strong decrease in the number of ships and cargo and activity at the Port. Hundreds of longshoremen have lost their jobs and insurance and it makes it harder to supply labor when you do not have that consistent kind of work that comes to City Docks. Businesses such as Reid and Company are closing. Local rice mills are finding other means to export their rice such as shipping out of New Orleans, Beaumont and Houston. Also, competition has really been restricted at this point.

He stated he wanted to explain some of the information they were able to identify and allow Mr. Krielow... He mentioned that Mr. Dixon was not here and nor would he be here next week. He gave them his blessing and to go ahead with the meeting. He called upon Mr. Krielow to present some of the information that they were to analyze.

Mr. Krielow stated that as Mr. Darbone said, you have to go backwards to go forward and see a time when the Port was faced with a similar situation. How things played out and what was done to move it forward. As Mr. Darbone stated in 2007, the Business Committee had discussions with the stevedores, labor and the Port in an effort to try to bring more business to City Docks. Some of the information that was obtained from briefing reports and minutes was there was a change in stevedoring companies in 2007. There was an aggressive attempt to procure business for the Port and the briefing report – just to read a few lines – says the ILA is working more closely with the terminal operator. The terminal operator is aggressive in seeking out business and working with the Port and communicating for the bagged cargo. As a result of going forward, in 2008, there was a note that tonnage increased over 77% as a result this change of moving forward. There was also some discussion in 2008 with regards to exclusive rights. At that time, Mr. Jamie Warshaw, Farmers Rice Mill, spoke to the Board and stated the company would prefer the Port not to give exclusive agreements to one stevedore. They would like the opportunity for other vendors and other suppliers for their services and they need that door open to get the best business they can. In the follow up meeting, Mr. Harry Hank, a previous Commissioner, stated in the issue of exclusivity, the stevedoring company had withdrawn their request, therefore it was off the table.

Then moving forward in 2012, the RFP was issued and had the exclusive rights in it. At that time, there were over a half dozen letters sent to the maritime commission in Washington, strongly opposing this exclusive, noncompetitive limiting the stevedores to one company. The common denominator of all the letters was basically granting exclusive stevedoring would harm the Port, customers and the workers. Due to the competitiveness of food aid it would worsen the shipping conditions, result in higher freight rates and ultimately make the Port noncompetitive in that business. It kind of appears this is where they are now.

At the November meeting, everyone had an opportunity to talk. One of his concerns he has, is with the current stevedore company and their comments about the bagged business – that to them it never was a big business. They just relied on commercial rice as the mover and shaker. Basically, commercial rice is going to come here one way or another, so it is not like they are really out there soliciting business. Getting into one of the numbers that they requested by staff was USDA purchases in 2008 – 2017 and the tonnage that was received by the Port. In the period of 2008 until the first quarter of 2012 or first quarter of 2013, typically the Port was getting 32 – 47% of that breakbulk cargo. Since that time the Port has received 19 – 27% of that total tonnage. Basically, the numbers do confirm what staff has said about USDA's purchases are on the decline. They know it is on the decline, but there is still business that is out there. In their opinion, they should do, as a Board, what they can do to try and secure whatever business can be secured.

Back on follow-up to these letters, since the 2013 letters that were sent to the federal maritime commission, he thought, Mr. Darbone received follow-up letters in regard to the efforts this committee has made to try to secure more business for the Port labor. Mr. Darbone stated he received a letter from Sealift, Inc. saying they understood the Port was considering allowing competition at City Docks and they were writing in support of such a measure, because they have been doing business with the Port for over 30 years. During

most of that time, they had their choice of stevedoring companies. In 2013, they were informed they would no longer be able to use their chosen stevedoring company and instead would be required to use the Port's chosen companies. They raised concerns about that and thought the actions taken by the PORT to eliminate services provided at the port would be detrimental to who uses it. He also received an email from Ms. Nannette Noland, Farmers Rice Mill, who also advocated for competitiveness at the Port for their bagged goods.

Mr. Darbone stated that they know they cannot get involved in the day-to-day activities of the Port, but the Port Commissioners responsibilities, by statute, are setting directional policies of the Port district and guiding executive staff to ensure that the Port continues to lead as a powerful economic engine for the region and by doing so, create jobs for the district. The Executive Director, by statute, is responsible for the execution of the Port's directional policies.

They are interested in finding ways to make this happen. The Business Committee would like to submit to the full Board a directional policy of competitive, free trade commerce at City Docks and the Port by all stevedores. This policy would give direction to the Executive Director and staff to create a plan that would open City Docks up for competitive bids on bagged cargo business and other cargo by competing stevedoring companies. Mr. Darbone offered that as his motion from the Committee to present to the full Board at the January 22, 2018 Regular meeting. Mr. Krielow seconded the motion.

Mr. Darbone asked what the next step was. Mr. Dees stated they could ask for comments or vote on the motion.

Mr. Darbone asked if there were any questions. Mr. LeBlanc asked if they open it up to all stevedores, will they go out for a new RFP for all stevedores to be able to come in and bid. One of the things they did look at closely, was labor. Opening it up again to the bids, there is a good chance they will have some nonunion stevedores that will come in. If you talk about some work you are wanting to help the ILA and stuff, if you open it up, you have to open it up to everybody. At some point in time, where you may have some stevedoring companies come in that will not choose to use the local labor force or local ILA labor. That is one of his concerns he has by opening it up, they open it up to everybody being able to come put a stevedoring company in the back door – but basically open the door for everybody. Mr. Krielow stated that on the stevedore company procedure, as he appreciates it, any company can apply but they have to meet the criteria of the application and financial requirement. He asked if that was correct. Mr. Rase stated it was. So, it is not really a bid.

Mr. LeBlanc stated it is a bid, but the Commissioners have to approve the applications. If they have six stevedores come in and apply, and they issue a license to each one of them, some may choose to bring in outside labor that may be cheaper. They may bring in more cargo and some USDA cargo, but it may not be local labor.

Mr. Eason asked how many licenses are active at the Port. Mr. Rase stated there are five licenses with two being held by Mr. Flanagan – Flanagan group. Then there are also Sonic, FMT, and Gulf Stream Marine. Mr. Eason thought was most of what they do, especially in

the bag business is government. He asked if any of the five licenses brought any other business to the Port. Mr. Rase asked if he meant outside of bag business. Mr. Eason said it was. Mr. Rase stated they have done some business in the Port, but it was not because it was presented to them by a stevedore.

Mr. Eason thought when they did the RFP in 2012, that it was pretty extensive and took a lot of work to create the RFP and the standards. Mr. Rase stated that it would take some time to change directions and they do have an extension with FMT for a year. It should give them a chance to make the change. Mr. Eason said he thought they talked about that at the last meeting. Mr. Rase agreed.

Mr. Krielow asked Mr. Rase if he had extended the agreement with FMT. Mr. Rase stated he had negotiated a rate with them and they signed and returned it. He was going to wait until after the Board meeting to see that if this is the direction they are wanting to go, he will go ahead and sign it and send back to them. He thinks it is only fair to give them a chance to look at their assets and their business that they have moved down here. Also, to give the Port a transition period as it will take several months to figure out how they are going to do what the Board is requesting them to do.

Mr. Krielow stated in the November meeting, they discussed a possible month to month until they could work through this. He said that the bottom line is that in business, and anyone in business knows this, that competitiveness drives business. If you take the competitiveness out of it, it is a matter of time before you lose the business and it will go to a cheaper source. He does not care if it stevedore or financial business as Mr. Eason is in, or any other business, you have to compete for the business you get. That is basically what drives free trade. He said they have had that discussion and it is their intent to want to open it up and want to have competitiveness to get whatever business they can. The last meeting, when they did the budget, they had a \$2 million drop in operating revenue and a big part of that was a loss of project cargo revenue. If they do not, as a Business Committee and Port Board, become proactive and look for other avenues to try and develop the business and bring back the business that used to be a staple in this port, at some point they will have to become reactive because the business will go away and they will be scrambling to fill in the gap.

Mr. Rase stated he was not involved in any of those discussions, and he does not know that, but he feels it is the right thing to do. He thinks it is the right thing to do and the way they need to move forward and can have a legitimate turnover so everyone will know where everyone is coming from and have the time to assess their situation and do what is right. He said at the December meeting he was going to move forward, not the next day, but he did make that pretty clear to the Board members.

Mr. Darbone asked Mr. Rase, at this point, if he wants to give FMT another year extension on their contract. Mr. Rase stated he did. Mr. Darbone stated he personally thought that would cut in half what they are trying to do to create competitiveness at the docks. If they wait a year, they are talking about another year of guys not working, not bringing paychecks in possibly. The more competitiveness there is, the more opportunities they have to start getting that business in house.

Mr. Rase replied that he did not see it that way and that is how they differ. He sees that they are working quite a bit right now and will be working until March or April. He does not know what will happen past March or April. But, if you read all of the information staff gave them, it is an up and down business and has always been an up and down business. He stated he does think there is less of the business available than they want to give him credit for, and that is a difference of opinion too. But, for the stability of the Port and the activities, the extension is warranted. He thinks that everyone will know. People can start booking cargo 3 or 4 months in advance. People will know when they can be sure that when they have it and when they do not. People who want to bring cargo to the Port are more than welcome to go out and do that today and have been welcome to do it. There is no magic bullet to that. You have to be in the right place at the right time and with the right numbers. His position is go ahead and give the extension and then take a run at how they will do this. He does not know if it is just as easy as saying, "Come on in." They have to be able to handle the equipment space for the people. They have to have enough pallet board storage to not get in the way of the other guy. They have sheds that they will try to figure out how to get up to date and get the bollard system in place if they get two or three ships in here at one time. All that is something that has to be taken into consideration. It is not as easy as to say to let us open the doors and everybody will be happy.

Mr. Krielow stated he understood that, but a year is a long time. He knows Mr. Rase has the right to do that, but he would hope that he would consider a month to month or a six month. He knows there is work right now as a result of the Iraqi tender and the bagged business coming from the mills. That will be over in April. Beyond that, it would seem that would give enough time to implement a plan of how he would orchestrate multiple stevedores working in the same area. He was hoping that the month to month would make more sense but if Mr. Rase needed some more time, maybe six months but not a whole year to implement.

Mr. Rase stated he has followed this business and has been in the business for over 30 years. He thinks the most important transition for a Port is to have an orderly transition. It is vital to the shippers. It is vital to the people who want the jobs here. And all of these other companies who want to go out and get other business today and bring it to the Port, there have been no restrictions on any of the other business. So, let them do that and they can make do for the next year if they can bring that business to the Port.

Mr. Krielow stated that in 2012 when the transition took place from the way it was operating until the RFP, what was the time lag on that? Mr. Rase replied to not kid themselves that prior to 2012, there was not an exclusivity for the stevedore out here. Mr. Krielow said for one year. Mr. Rase stated that no, it was for longer because they had the contract. They had the contract. They had the rights to the automated terminal. No one else could work in it. There was exclusivity already in place. Just because they changed the wording slightly, did not make it mean that they did not have exclusivity. They did. They used that to keep others from bidding on the cargo.

Mr. Rase stated that there is more to this picture than they want to see or want to focus on at this particular moment. He is willing to sit down with them, as he has said many times.

For that meeting, staff has had no input at all. They gave you some information, but he asked if he needed to supply anything and he was told no, that there was no need. He hopes that they want to look at the whole picture and not just a piece of the picture. But, there was exclusivity here. He came in 2002 and it was in place. Mr. Krielow stated it was in certain areas. Mr. Rase said it was in terminal activities. Mr. Krielow said it was in elevators the spiralveyors set up exclusivity with Ports America. Mr. Rase said also the receiving of cargo had exclusivity. Mr. Krielow said certain areas of that. Mr. Rase stated it was the majority of it.

Mr. Eason stated that in his four years of serving on the Board that he has never heard an issue coming from labor or anyone else in regard to the job that has been done by the current stevedoring company that has exclusive rights. He knows from the last meeting that they have made over a million dollars in commitment to this area and that if they are going to do anything, they should do it the right way. He is 100% in agreement with Mr. Rase. He does not know too many businesses that operate on a month to month lease. Also, for this to be orderly and be done correctly, the 12 month extension is in order.

Mr. Darbone stated to Mr. Rase that he thinks the 12 month extension actually deflates everything they are trying to do. He really would like to have another discussion if Mr. Rase would like, but he knows that they want to submit to the Board for a vote to create this directional policy for competitiveness.

Mr. LeBlanc stated if they were going to do that, they would have to go out for an RFP to begin with. If they want to be competitive, they cannot just open it up to the five stevedores companies that they gave permits to. They are putting themselves in a corner if they do that. If they want to be competitive, they should go out for a new RFP and invite everyone to come in and apply for a stevedore license. Mr. Krielow stated that if they do an RFP it is to select one company. Mr. LeBlanc replied that an RFP is a Request for Proposal. What it does is give them an opportunity to look at each stevedoring company to make sure they have the people in place, the finances in place, their safety record and the operational background that they can do the job. The RFP is not just going to be to ask a quote from. What they need to do is if they are going to go out there and be competitive, is to go out there and be competitive. Go out with an RFP and invite everyone in that wants to do stevedoring at the Port and invite them in to give them an RFP. Once they do that, the Port can look at companies that meet the criteria and can start issuing stevedore licenses. Then they run into the problem when they will have 12 stevedores here and they are all fighting over the handful of business that is currently coming to the Port. Then, all of a sudden they have too much competition. They have too many stevedores in here. If they want to open it up, they need to do it the right way. He does not think they can do an RFP in six months. Mr. Krielow agreed that they could not. Mr. LeBlanc stated he believes they should extend for a year. Let the current stevedore that is doing the bag business now, give them that year. At that point, start the RFP process. Do the due diligence on everyone that comes for permits for 2019. Everyone has free reign to do whatever they want. They get the stevedores in here and then it gets competitive. But, at that point, remember, they are going to open it up to everybody.

Mr. Krielow asked Mr. Rase if they do a due diligence on stevedore licenses. Is not there a process staff goes through and criteria? Mr. Rase stated that there is an application. It has basically the requirements to be here. Mr. Krielow asked with regard to Mr. LeBlanc's comments, would there be anything different that they would have to do with a stevedore company other than certify the way they do to certify permits? Mr. Rase replied that it depends on the business tract the Port wants to take for one thing. Most of the bag business wants to go over the spiralveyors that they have invested quite a bit of money in. If that is going to be the case, they have to try to figure out a way to make sure they retrieve their investment from those machines, and how do they do that. Where will people store equipment and pallets? They have a circle out there that has some uses, but there may have to be some other arrangements. He thinks it is going to take enough time. He said he would be happy to discuss it with him and try to understand because maybe he does not have an understanding of what they, the Committee, the results are going to be. Because, he does not. He thinks they can get this done in an orderly fashion and thinks the extension is what they need to do to make this happen. If they get it done in 6 – 8 months, that is an advantage, but everyone will know because even with the last one they had, the contractor went out and booked cargo 3 – 4 months in advance and asked what they were going to do with their business. He does not want it to be a free for all, all of a sudden.

Mr. Darbone stated that what he is leaning on and what he remembered, going back to when they had the 77% increase in business, they opened that opportunity for competitiveness and that was what they saw. They saw a large increase in business. That is what he is leaning on.

Mr. Rase replied that there was also a group that was trying to get out of Lake Charles and another group that was trying to take that business over and in fact did so without the knowledge of the Port that this was going on. Because of the exclusive contract the company had, it did not require him to say anything to the Port. When you are talking about 77%, can Mr. Darbone tell him the tonnage differences he is talking about because 77% of a low number is not a very big number? Seventy-seven percent of a big number might mean something to him. He thinks they will find that all of that business was in the bag business. It was not other business that came to the Port. It was not other businesses that supported the Port. There are a few more angles than this than has been discussed. He is not saying the Committee is not trying to do their job, they are, and he appreciates that, and he wants staff to be a part of the Committee doing their job. He wants the best for the Port and for local labor. He does not care really for anything else. However, he also has to make sure the Port's image is not damaged because they reacted in a quick and unfair situation to people who have invested money in the Port.

Mr. Darbone stated that the only other data he has is recently on the tour, the empty sheds and no one working is what hit him in the face. Except for the last few weeks, does Mr. Rase see that changing at all? Mr. Rase stated he does not see the bag business going anywhere and it has been pointed out by several studies done. He believes there is an opportunity to get a few more bags. He thought the 77% increase came at a time when Jacintoport had both of their docks damaged and they were not bidding, so the Port did get a higher percentage of the cargo. He can take a look at that and determine that. However, the bag business is the bag business. There is only so much out there. There are only

three Ports that have bid that business over the last number of years – Port of Lake Charles, Port of Beaumont and Jacintoport. If you look at those percentages, the Port ranks fairly high, because as they know, Jacintoport has nonunion and has spiraleveyors that can compete with our equipment. There is that percentage that will be larger because of their particular location in Houston and being able to turn vessels and have vessels on call. Of course the American Flag is a lot weaker than what it was even 10 years ago, so there are not as many of those types of ships that can support the cargo. He has not received an official word but World Food has made the decision that they are going to go containerized only. That will take another chunk of the business out of the market place. It is not official yet. He is trying to pin that down. There will be less bags this year than there were 10 years ago. No question about that. There will be less bags in 5 years that there are today. The Iraqi tenders, Iranian and Columbian business, Cuba – if it opens up – look very strong to come to Lake Charles. They tried floating down from Arkansas. They tried to bring them over to Beaumont and load with conveyors off the dock and a bunch of other things. None of which has been successful. The Port has a good, strong position. He wants the Port to continue to have that position. He is not opposed to opening it up. He is just opposed to doing it in a fashion where they cannot be ready and cannot provide the service they need.

Mr. Lorenzi stated they are back where they were, talking about the operating document where this Committee can adopt a Resolution and it goes to the Board. If the Board adopts it, then they establish policy and then it is made very clear that is what is voted. Because of the one year rule, then that decision is made and the die is cast and everything goes from there. If the policy is adopted then and the one-year extension is granted, then certainly FMT knows what the new policy would be and would conduct their business accordingly and everybody else and they know the RFP is going to go out then everyone else knows what the market place is and what the prospects are if in fact the belief is there is going to be sufficient business in the future. A year is a long time, it is true. But if the markets decline either way it is, or represented, it may pass the Port by. But, at that point the damage will be done. All they can do as a Board is set policy and obviously encourage management the best they can.

Mr. Darbone asked for a vote. Mr. LeBlanc stated he had one more comment. He asked if Mr. Rase and staff had input in the information. Mr. Rase stated they provided the information that was given to the Committee. They were not involved in anything from that moment forward from that meeting. Mr. Krielow stated they did come take a tour with Mr. Henderson to the sheds and some of the docks. They compiled a list of questions of things that were told to them and why things were happening this way so they could have answers and look at data. There were questions about accidents, so they asked about accident history since the change. There was input from staff with regards to questions that were raised as a result of them getting into this discussion. They took that information based on some of the older data that was provided by staff to just look at the whole picture. It clearly says if the Port is going to get the best bang for its buck, they need to be competitive. They just cannot have an exclusive. That is why the recommendation has come to open it up to competitiveness. As far as how they do it, no, because he did not want to step off into getting into day-to-day business. Mr. Krielow stated he has some suggestions and if they move forward, he has some suggestions that would be good based on the input from staff and customers that he thinks would help move the ball down the road. He does not want to

be getting into day to day directing anything. That is why they are just trying to stick to policy.

Mr. LeBlanc suggested they take the data the Committee has gathered and some of the suggestions, go to the staff and validate the information before they make a decision and vote on something. He does not support the Committee bringing it to the Board to vote on without validating some of this information. He asked Mr. Rase about the 77% increase in business. What drove that additional 77%? Was it an additional 10 tons or getting an additional 300,000 tons? Until they get some of that information validated, he does not think it is prudent for this Committee to bring forth the motion to the full Board until they discuss it with staff. Validate all the points that the Committee has brought up and the opportunity to present the information gathered, which he thinks they have done a good job doing that, and lay it out and let them see what the results are from the staff's side. He is not sure where they have gotten all of their information and data they looked at. He does not know where they received it and the process to get the data. But from what the Port has provided and what the staff has provided, it gives them the opportunity to kind of say, this is good data and can use this or no, this is skewed data because this is what happened. He thinks they should give the staff an opportunity to validate all of the information. If they come back and say everything is good, this is what happened, then bring to the Board for a vote. He thinks they are trying to put it to a Board vote before they know all the data.

Mr. Krielow stated if it is going to be a year before anything can be implemented, there will be ample time for staff to work out suggestions and ways to go. But, if they are going to do it, it is time to bring it, as Mr. Rase said. If there needs to be a period of time for the transition, let us go ahead and adopt it and say this is where we are headed. During the course of this year, lay out the procedure on how we are going to go down that path. Everyone knows this is the direction the Port is heading in and if for some reason that is not going to work, they have a whole year in front of them.

Mr. LeBlanc stated he agreed and his recommendation is to extend the current stevedore agreement and give them a year. It gives the Board time to go through the process of if this the direction they want to go in, validate the data. This is how they can improve competitiveness, bringing whoever they want into, put out the RFP and do the whole due diligence on every single one of them. If, at that point they say, "Hey let's open it up to everybody," then they open it up and start issuing permits. Then, if they see a year down the road or two years down the road if it has increased the Port's business, if it has not increased our business or if it has made it more competitive to get rice in here because we have stevedoring companies that are willing to go out at cheap labor to bring someone in here. If that is the direction they want to go into, then that is what they are going to have to make a decision on. He stated he agrees because he does not want to open it up to anymore stevedores and feels they would lose a lot of the workforce that they have here. If they open it up there is not going to be – Everyone is going to come in and say, "Ok, we are going to continue to use the workforce we have here." We will open it up and they will bring everybody and their brother in from across state lines and everywhere else to work at a cut rate price, which has already happened several times when they have brought other people in to do some business here at cut rate prices. Then they had everyone all up in arms, because all of a sudden they have a nonunion or non-representative workforce come in at

nickels on the dollar and they are taking our business from us. So, do we want to get back into that situation? That is where he does not want to be.

Mr. Krielow stated as a Board and as a Port member they have to bring the business and it will be up to labor to work through those issues to be able to procure that business. That will be between labor and the stevedore. A lot of what they heard at the last meeting, led to the fact that they are taking efforts and doing things different to try to become more competitive in what the market will bear, so to speak. That goes back to their having to be competitive just like the Port needs to be competitive. Just like when the ships that are loading right now, if the rice mills would have had the opportunity, he is sure they would have liked to have had a competitive bid on loading a ship instead of having to take a price from one company. It may have made a difference in their sales on the other end. It is not just one part of them doing that. Mr. LeBlanc stated he understood that and does understand what they are wanting to do here. But, he does not want to go down a slippery slope that they cannot turn back from. That is what he wants.

Mr. Darbone asked Mr. Rase if anything prevents them from moving this directional policy forward as he continues to give the current stevedore and extension, but they can continue to work and come together and look at data and develop good policy. Mr. LeBlanc stated if they have the time allotted. Mr. Rase stated that there is no reason that they cannot try to figure it out. He would prefer to have it figured out before they decide how they are going to do it. There is a lot to this, and they are going to have to spend some time going through some things. He wants to make sure they understand where they have been, not just where they think they have been. He understands where they are trying to go and is ok with trying to go forward. He just wants to do it in a fashion that gives everyone the best opportunity, including the reputation of the Port to the shippers and different commodities. He is hoping to find other business. That is really the key to the survival of the City Docks side. Other business. In his view, the bag business is not a growing business but a shrinking business. Mr. Darbone agreed.

Mr. Guillory stated that the bottom line on this is has always been to support labor and do whatever they can to bring work in for them. The prudent thing for them is what Mr. Rase is saying for one year, and being fair. He does not think anyone can do anything month-to-month and be competitive. But, being fair and working with the people in here now, give them a year. The Port can still work towards what they want to do. He does not think they need to do this all of a sudden. He would like to be a little more familiar with the whole operation. Like Mr. Darbone said about increasing to 77%, if they had that and can get to that now and build warehouses, then do it, but let us do it in the right way. If they work as a Board and work with the administration, they probably can get going again. No matter what you do, there will always probably room for improvement. He supports Mr. Rase and would like to do this over a year.

Mr. Lorenzi stated that Mr. Rase does not need Board approval to grant a one-year extension. He is exercising the maximum extent of his authorities. He is making that his executive decision as opposed to something less, which is what he is being encouraged by the two members of the committee.

Mr. Krielow stated that what they are wanting to do is get competitive and over the course of this year, the staff and some of the suggestions the Committee has to come up with a plan and then implement it.

Mr. LeBlanc stated he agreed with that. He said the motion was not to extend the contract. Mr. Krielow said no. Mr. LeBlanc stated that he agreed that whatever it takes to make the Port more competitive to bring more business in, they would be fools if they did not want to do that. Let us do that. Mr. Krielow said to do that. Mr. LeBlanc said they turn around and open it up and they ask for companies to come in.

Mr. Krielow said he and Mr. Darbone, through talking with staff and getting information, probably have some suggestions that may be good, but again they do not want to step into their responsibility. He knows they are just there as an advisory type. Mr. Rase said they are just chatting right now and he is not trying to say they are trying to take over any day-to-day operations. He is not trying to imply anything along those lines. He thinks they need to do it so they get the best bang for their buck – and there are some bucks that they need to talk about in the whole thing. He does not want to keep going back and forth on this.

Mr. Darbone asked for any public comments. Mr. Jamie Warshaw asked to speak to the Committee. Mr. Darbone called upon him to address the committee.

Mr. Warshaw stated he now works for the Port, but has 35 years' experience with Farmers Rice Mill, the largest customer the Port had for a lot of years. He agrees competitiveness is important, but the qualifications of the stevedore that they bring in here is equally important and the investment that they make. As a shipper, right now, they have Iraq. The Port has a chance for Columbia and Dominican Republic. If they put a nonqualified stevedore in here and he takes this business, the Port will lose the commercial business you currently have. So, when the Port writes this RFP, what kind of investment are they going to make in equipment, people, pallets, sanitation and everything else? The problem is it is going to take millions of dollars for people to come to the game. If you get two or three or four of them bidding at that level, he does not think two or three or four of them can make it on revenue generated, so you will be back down to one. He thinks they need to be very careful when they do this. Part of the reason the Port has the stevedore they have today, is other stevedores in the past were poor operators. The customers came to the Port and stated they could not continue to work with these people. They are ruining their business. So, be careful. Competitiveness is good. But, people have to be committed to making investments. That is what got the Port where it is today. He speaks from the standpoint of the history he has from dealing with the Port, the history he has from dealing with stevedores and the history he has from being a customer of the Port. He challenges them to figure out where the new customers are coming from. They made a \$20 million investment at Farmers Rice Mill because they knew containers were the future. Identify the customers. Figure out who best can be competitive. Assist in getting customers to the Port and move on. But, be careful because, as a supplier for a lot of years, the quality of the service of the stevedore is going to determine where the commercial business continues to come to Lake Charles. Ninety thousand tons of business out there is commercial business. He thanked the Committee.

Mr. Darbone stated that with the experience that Mr. Rase and staff have, and the ideas that they have come up with, if they combine those, he thinks they will address a lot of what Mr. Warshaw was talking about.

Mr. Krielow stated that some of the things he was talking about, they have addressed in some of their suggestions.

Mr. Darbone called for a vote. The Committee voted and the motion passed unanimously.

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- 2. Consideration and appropriate action concerning recommendations related to cargo issues at City Docks.
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This discussion was captured in section 1.

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- 3. Discuss of setting Agenda meetings.
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Mr. Krielow stated there was some discussion with Mr. Dixon with regards to setting up an agenda meeting in advance of the regular Board meeting. He was going to bring it up tonight, but since he is not here, he asked Mr. Krielow to bring it up on his behalf. They would like to recommend to the full board that they develop a policy of having an agenda meeting a week ahead of the regular meeting, which would allow time for not only staff to put their items on the agenda that they could possibly discuss and reduce the need for briefings in advance but also allow opportunity for the public that wants to be on the agenda instead of just being able to speak and have to wait another month to be put on the agenda. They could come to that agenda meeting and be placed on the agenda that would require Board action. Currently, the law changed – Mr. Ringo did a memo for them - in 2018. It used to only take 2/3 vote to add an item to the agenda at a meeting and now it take a unanimous. If someone has an issue and you cannot get a unanimous vote, it may cause them to kick the can down the road. Mr. Dixon brought this up. Mr. LeBlanc stated he did speak to him about it.

Mr. LeBlanc asked if they would have to change the By-Laws. Mr. Dees passed out copies of the current By-Laws. He said the By-Laws were adopted in September 2003. If they look at the first sentence, it shows the basis of how things have been going for the past 14 years. It requires or states that the President in consultation with the Executive Director shall cause to be prepared a proposed agenda for both regular and special meetings. In the By-Laws, which can be amended, it takes a 2/3 vote of the Board. The wording of the current By-Laws basically provides for the President to determine, in consultation with the Executive Director, the agenda. If they are looking to mandate an agenda meeting that sets the agenda, he suggests that they need to amend the By-Laws. If they are just looking for a suggestion that maybe the President ought to do that, then that is up to the President to do

it, then this wording would be sufficient for that if that is what the President wants to do. The way it has been interpreted, and you have to look at how people implemented language in the past and for the last 14 years, it has been done as these words state – where the President contacts the Executive Director or the Executive Director contacts the President and develop the agenda. Then, after that, any four Board members can modify the agenda or add to the agenda. Even within 72 hours – the Wednesday preceding the Board meeting, the President can add an item to the agenda and that is noticed out on the Thursday before the Monday meeting. This has been used a number of times, when people have come to them stating they really need this option to lease and are in a hurry. They do not want to wait a whole other month or call a special meeting. Whatever the Board does needs to be flexible like the agenda wording in the current By-Laws. That is his biggest concern. Mr. Krielow stated it would be if someone wanted to get on the agenda and if you had an agenda meeting, there would be four members present for a quorum as the Board cannot act without four members present. But, it would give them the four members to petition to put it on the agenda. Mr. Dees said Mr. Dixon spoke to him about this and his idea would not really be a meeting, but a public session where he meets with Bill in public and the agenda is established. Board members could come or not. It would not be a meeting in the sense where it would be called and have items to act on. He attributed to something like a public bid opening and Mr. Dixon agreed to that. The way they do that is they send out a public notice that they are receiving bids, the bids are received, and it is recorded.

Mr. Krielow stated his understanding was to have a meeting to have an opportunity, not only what staff was going to put on the agenda, but if a Board member wants to put something on the agenda or the public, but it would be a meeting where no action would be taken but the Port would publicize it just as the Police Jury does as an agenda meeting. That way the public is aware and can speak to what they want to speak about and it would be up to whoever is at the agenda meeting to determine if it gets added to the agenda. Or what staff has, will come up anyway. The second part to it was that if there were four members showing up for the agenda meeting, without taking any action, they could be briefed on some of the things that would be coming up on staff's agenda without having to get into the details. Mr. Dees said that if it is a notice session, then yes they could do that.

Mr. Dees stated the way Mr. Dixon described it, there would not necessarily have to be Board members. They could come or not. In essence, it was not a meeting where you had to have a quorum to establish and take action. It would simply be him and the Executive Director setting the agenda in consultation with any Board members that might be there and members with the public.

Mr. Dees suggested they wait until they speak to Mr. Dixon to clarify.

After much discussion, the Committee decided to defer this item until later.

4. Other Matters which may properly come before the Board.

With no other business to be discussed, Mr. Darbone adjourned the meeting. The meeting adjourned at 6:43 p.m.

This minute entry is made to document the presence of a quorum of the Committee. No other minutes are required or necessary.

All discussions held on the above items were recorded on Compact Disc Number 1, and filed in the Executive Offices of the District.

DAVID DARBONE, Chairman

ATTEST:

CARL KRIELOW, Member