

Minutes of the Regular Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 5:00 P.M., Monday, June 25, 2018 in the Boardroom of the Port of Lake Charles located at 1611 West Sallier St., Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

- Michael G. Eason, Vice President
- David J. Darbone, Commissioner
- Elcie J. Guillory, Assistant Secretary/Treasurer
- Thomas L. Lorenzi, Commissioner
- Carl J. Krielow, Commissioner

Absent:

- Dudley R. Dixon, President
- John LeBlanc, Secretary/Treasurer

Also Present:

- Bill Rase, Executive Director
- Richert Self, Deputy Executive Director/Director of Administration and Finance
- Michael Dees, General Counsel
- Jon Ringo, Assistant General Counsel
- Donald Brinkman, Director of Security/Engineering, Maintenance and Development
- Channing Hayden, Director of Navigation
- Todd Henderson, Director of Operations
- Dan Loughney, Director of Marketing and Trade Development
- Michelle Bolen, Executive Administrative Assistant

Mr. Eason called the meeting to order at 5:01 P.M. and asked Mr. Guillory to give the invocation. Mr. Darbone led the Board and audience in the Pledge of Allegiance.

Mr. Eason asked if there was any public comment regarding any items on the agenda. Two people would be addressing the Board – Mr. Rick Richard and Mr. Lash Chretien.

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1. Approval of the April 23, 2018 Regular Meeting Minutes.
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Mr. Guillory offered a motion to approve the April 23, 2018 Regular Meeting Minutes. Mr. Krielow seconded the motion and it carried unanimously.

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2. Submission 2018 – 010 approving the Board of Commissioners Election of Officers.
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Mr. Rase stated the board normally handles the Election of Officers and Mr. Guillory will nominate the officers.

Mr. Guillory stated the names submitted for nomination are as follows:

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|-------------------|-------------------------------|
| Michael G Eason   | President                     |
| John L. LeBlanc   | Vice President                |
| Elcie J. Guillory | Secretary/Treasurer           |
| David J. Darbone  | Assistant Secretary/Treasurer |

Mr. Guillory offered a motion to adopt Resolution 2018 – 010 approving the Board of Commissioners Election of Officers. Mr. Lorenzi seconded the motion and it carried unanimously.

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3. Submission 2018 – 011 accepting the lowest responsive bid of D&G Construction, LLC in the amount of \$2,936,112 for the base bid, \$1,504,088 for alternate No. 1, and \$138,983 for alternate no. 2 for the Shed 17 Ladder Tracks and City Docks Rail Improvements and to increase the capital budget project amount by \$1M.
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Mr. Rase stated this was part of the loop track project started from the 2006 development to handle more railcars through the Port of Lake Charles. It developed from the need to have unit trains delivered to the Port. They have done some parcels of this through a number of years and this will finish up the project and get all of the ladder tracks they needed installed. Plus it will give them rail service to Shed 17, which they do not have now. In addition to that, it will take care of some of the maintenance items that have been ongoing with the older tracks. It will upgrade some of the older tracks from lesser poundage to 115 pounds. It also covers some of the creosote issue they ran into when they went behind the Firestone sheds and found some creosote there, which has been there a number of years. They do not really remember when the creosote plant was at the Port. It must have been a fairly long time ago. With all of this they are recommending moving forward with this project to finish it.

Mr. Darbone offered a motion to adopt Resolution 2018 – 011 accepting the lowest responsive bid of D&G Construction, LLC in the amount of \$2,936,112 for the base bid, \$1,504,088 for alternate No. 1, and \$138,983 for alternate no. 2 for the Shed 17 Ladder Tracks and City Docks Rail Improvements and to increase the capital budget project amount by \$1M. Mr. Guillory seconded the motion and it carried unanimously.

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4. Submission 2018 – 012 authorizing the Executive Director to approve the amendment of the 2018 Capital Budget and rename the project “Roof Repairs – Sheds 4 – 7” to “Shed and Berth 7 Improvements.”
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Mr. Rase stated this was a project where they took a look at the whole Port. They have roof issues on four, five, six and seven. They have taken a look underneath the roofs to look at the structure and the skylights. Shed 7 is very vital to the bag situation. They use it quite a bit for cargo when they have an overflow of bags. Shed 7 has a stronger floor than the other three sheds and does not need as much structural work as the other three sheds.

They would like to move the project over to a capital project, which would include a polymer cover on Shed 7 which would be about \$2.5 to 2.6 million and then repair the dock itself. The dock part is where the ship is pressed up against. They have quite a few cracks in iron plates covering holes and they want to get those fixed. That will give them a better Shed 7 with a longer lifespan and a better use for their money, but to do that they have to move into a capital project which means they have to amend the capital budget. He asked the board to approve the submission.

Mr. Krielow asked if it was Mr. Brinkman’s project. Mr. Brinkman stated it was. He asked how many square feet is that shed. Mr. Rase stated there was 139,000 - 140,000.

Mr. Krielow asked if they estimated approximately \$2.5 million just for the polymer coating for that square footage. Mr. Brinkman stated it also included the engineering and QA/QC. Mr. Krielow stated he was sure they had done an analysis against changing it out, as far as replacing it versus the polymer. Mr. Brinkman stated that they did. Mr. Krielow asked if even at that price it was cheaper than changing it out. Mr. Brinkman stated it was and that CSRS did the report. They had a few scenarios.

Mr. Krielow stated he thought he misunderstood when they were discussing earlier about the total \$4 million being just for the roof, but part of it is for the dock. Mr. Rase stated part of it is for the dock, but the majority of it would be for the roof.

Mr. Darbone offered motion to adopt Resolution 2018 – 012 authorizing the Executive Director to approve the amendment of the 2018 Capital Budget and rename the project “Roof Repairs – Sheds 4 – 7” to “Shed and Berth 7 Improvements.” Mr. Krielow seconded the motion and it carried unanimously.

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5. Submission 2018 – 013 authorizing the District to enter into a Professional Services Agreement with Manchac Consulting for the City Docks Sewer Rehabilitation.
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Mr. Rase stated back in 2010 they started this process, went through it and looked for areas that needed to be fixed in the sewer system at City Docks. There were quite a few spots where they had some problems and some infiltration of some water that did not belong in the sewer. It seems like the problem has gotten worse because they have watched their water bills from the City as they continue to go up, so there must be some more issues. They are asking Manchac to go out and perform some testing and look for a project in the future that will help cut down on the different issues that they have happening.

Mr. Guillory offered a motion to adopt Resolution 2018 – 03 authorizing the District to enter into a Professional Services Agreement with Manchac Consulting for the City Docks Sewer Rehabilitation. Mr. Lorenzi seconded the motion and it carried unanimously.

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6. Submission 2018 – 014 authorizing an Amendment Number Five to Real Estate Lease Option Agreement with Lake Charles Methanol, LLC.
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Mr. Rase stated they had modified the original submission and had replaced it with the new one that is on the dais and had been uploaded to their iPad.

Mr. Rase stated this submission says that Lake Charles Methanol has until October 31, 2018 in order to get their financial close in position to move forward. This is a submission to extend another option to them for the remaining four months. At that time, if there are any changes or a need to address the Board they will bring it back to them. It is a four month extension. Mr. Rase stated someone from Lake Charles Methanol was here to speak.

Mr. Eason asked Mr. Rick Richard to address the Board.

Mr. Richard, 1028 Kirby St., stated he wanted to speak about how much local support that they have for this project and the patience of this Commission in allowing them to work through some weighty matters to get to the point of where they are. Since, when Don Maley appeared in January, they now are a little closer to the debt with DOE, who is completely supporting the over \$2 billion loan guarantee. They also have a lead equity investor, which they did not have in January. That is the progress there. They are going out to raise equity and get the project done. They are getting a very good reception. They feel more confident than they did before. If the Board would allow them to have this extension, then they would like to close by September 30. Having an extra month in October would be a plus for them. He stated Mr. Cliff Kerr was also here and Fluor has agreed to extend their contract with them until October. It will be helpful if they can sync those two together so they could bring back a completed project to the Board.

Mr. Eason stated that having an understanding of the public markets, both debt and equity's, there are a lot of moving parts to it and understands completely all of the crossing of T's and dotting of I's. They look forward to hearing from them in the next couple of months.

Mr. Darbone offered a motion to adopt Resolution 2018 – 014 authorizing an Amendment Number Five to Real Estate Lease Option Agreement with Lake Charles Methanol, LLC. Mr. Guillory seconded the motion and it carried unanimously.

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7. Business, Intergovernmental and Environmental Committee Meeting  
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The Committee met on May 18, 2018 to discuss stevedore operations and future options. No action was taken.

Mr. Eason stated Mr. Lash Chretien, President of ILA would like to address the board.

Mr. Chretien stated that all he wanted to do was say one thing, FMT is trying to get work for them. They do not have any work. They have not been working since March. He is not trying to blame it on the Prt or the Board or anyone else. However, something needs to be done different than what they are doing because they are not working. The longshoremen are probably the largest group that is drawing unemployment and they are probably going to run out of that too. They are not going to make their insurance for this year. Their families are going to suffer after October 1.

He wants all of them to know a lot of the decisions they make affect a bunch of families and their livelihood. He knows they say and everyone else is saying they are trying and are doing everything they can. The stevedore's are saying they are trying and doing everything they can. But it is not enough. They are not working. They are going to lose their insurance for their families. Thank God they are going to keep the charity hospital open because that is where most of their people will have to go. This is real. He wants all of the Board to know this. What he is telling them is the truth. They have not worked over 25 people on the job since March. He is not blaming the stevedoring company. They are not all the problems. There are things that he thinks the Port can do to change some of these things. This Port was built to create jobs. They brought a bunch of people to take care of these jobs and now the jobs are not there for them to take care of anymore. It is what it is. I will he wants all of the commissioners will to know. They got on the Board because they want to protect and promote the Port of Lake Charles. Something is not right. He is not pointing any fingers at anyone. Whatever they have been doing lately is not good enough. He has spoken to the Port Director, Attorney and all the Commissioners pretty much. Something is not right. He's gotten with the stevedores. There is a Port sales staff. He is not pointing fingers at anybody. They have probably one of the best ports in the state. They do not have any work. Something is not right. If they are charging too much one for one thing or not the next thing, something is not right.

He met with Farmers Rice Mill. They are shipping a lot of cargo to Houston. That is supposed to come here. They told him they were meeting with the USDA people to see what they could

do to change things. He stated they need to send people to meet with the carriers. They can do free dockage or free wharfage. They do not have anything on them anyway. It isn't costing them anything.

He knows he only has three minutes but wanted to say everything he felt, because he is going to tell them all – Why did they come here to meet? They have all of these plants. The casinos make money for the Port. What about the jobs for the people that built the Port. He is speaking for all of the longshoremen in the house. All he asks the Port to do is just go back and relook at it. See what they can do. See what they can change. They have one of the best port directors. They begged him to come to Lake Charles and he got here. He cannot do it all without help. He is not bashing anyone. The stevedoring companies cannot get any work. He knows they are trying.

They are trying to get the Port to be more competitive. They are cheaper on cargo that leaves Lake Charles to go to Beaumont or Port Arthur. They pay the longshoremen here \$17.50 and when they leave here, they have done half of the ship and then they go to Beaumont or Port Arthur and they pay them \$19.50 for doing the same work they are doing. Then they tell them if they do not do better, they are going to move out. He is going to be honest here, because he knows, "This is nothing but bullshit."

However, they accepted, they live with it and they are going to die with it. He just wanted all of them to know one thing, help them because they need help. The Port can help them. He thanked the Board.

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8. Security and Risk Management Committee Meeting  
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Mr. Guillory stated the Committee met on June 20, 2018 and approved a motion to recommend adoption of Resolution 2018 – 015 by the full Board at the June 25, 2018 regular meeting to ratify a Port Security Grant through Calcasieu Parish Sheriff's Office (CPSO) and further authorizing a cooperative endeavor agreement with CPSO and other public agencies for said application.

Mr. Rase stated this gives the five parish area better coverage for radio communication during any situation, such as hurricanes. They are teaming up with the Sheriff's office. It is the Sheriff's grant they are supporting, although it comes through the Port. It puts up several towers, which they will be able to use for some of their own benefit as well as the Sheriff. He asked Mr. Brinkman to speak.

Mr. Brinkman stated the resolution before them will allow them to submit the application or ratify the application that was submitted last week. The Sheriff's Department took the lead on that the port is an agency benefiting in that application. The Port will get two towers, one at BT-1 and one at City Docks. The communications will be on those.

The second part is that it authorizes an MOU in the future with all the agencies that will be collaborating on this effort.

Being a Committee recommendation, no second is needed. The motion passed unanimously.

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 9. Administration, Personnel and Audit Committee Meeting  
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Mr. Eason stated the Committee met on June 20, 2018 to discuss and act upon approving and levying for the tax year 2018 an ad valorem millage rate of 2.53 mills and the receiving and accepting the audited financial statements as of and for the year ended December 31, 2017.

Mr. Self stated they had two items for approval. The first item which the committee approved was the ad valorem tax rate of 2.53 mills. That will require a vote of the board.

Mr. Eason stated the Committee approved a motion to recommend adoption of Resolution 2018 – 016 by the full Board at the June 25, 2018 regular meeting to approve and levy for the tax year 2018 an ad valorem millage rate of 2.53 mills. Being a Committee recommendation, no second is needed. The motion passed unanimously.

Mr. Self stated the other item for approval is the annual CAFR which is the comprehensive annual financial report. They had an audit for 2017. The Port received an unmodified opinion. The audit was prepared by McElroy, Quirk and Burch. They wrapped up the audit and drafted the financials. They have before them the minutes from the administration committee meeting from June 20, 2018 meeting, but if they have any questions, he will answer them for anyone. This requires a board vote.

Mr. Eason stated the Committee approved a motion to recommend adoption of Resolution 2018 – 017 by the full Board at the June 25, 2018 regular meeting to receive and accept the audited financial statements as of and for the year ended December 31, 2017. Being a Committee recommendation, no second is needed. The motion passed unanimously.

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 10. Pelorus Terminals, LLC Briefing Note  
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The Pelorus Terminals, LLC Briefing Note was rendered to the Board and is on file in the Executive Offices.

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 11. Federal Channel Funding Briefing Note  
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The Federal Channel Funding Briefing Note was rendered to the Board and is on file in the Executive Offices.

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12. NOAA Briefing Note  
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The NOAA Briefing Note was rendered to the Board and is on file in the Executive Offices.

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13. May 2018 Financials Briefing Note  
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The May 2018 Financials Briefing Note was rendered to the Board and is on file in the Executive Offices.

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14. Monthly Staff report from Deputy Executive Director Monthly Report.  
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The Deputy Executive Director's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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15. Monthly Staff report from Director of Navigation.  
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The Director of Navigation and Security's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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16. Monthly Staff report from Director of Operations.  
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The Director of Operations' Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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17. Monthly Staff report from Director of Marketing and Trade Development.  
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The Director of Marketing and Trade Development's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.



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18. Monthly Staff report from Director of Engineering, Maintenance, and Development and Security.
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The Director of Engineering, Maintenance, and Development and Security's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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19. Monthly Staff report from the State Port Lobbyist.
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The State Port Lobbyist's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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20. Executive Session
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Mr. Eason asked for a motion and second to enter into Executive Session. Mr. Krielow offered a motion to enter into Executive Session. Mr. Lorenzi seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:27 p.m.

- Suit against the Port of Lake Charles – Suit No. 2013-001091-14<sup>th</sup> JDC, State of LA.
- Suit against the Port of Lake Charles – Suit No. 2014-004268-14<sup>th</sup> JDC, State of LA.
- IFG Port Holding, LLC vs LCHTD – Case: 2:16-cv-00146 U S District Court, Western District of Louisiana, Lake Charles Division.
- LCHTD vs IFG Port Holding, LLC – Case: 2:16-cv-00785 U S District Court, Western District of Louisiana, Lake Charles Division

The Board returned from Executive Session and entered into Regular Session at 5:55 p.m.

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21. Other Matters which may properly come before the Board.
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There being no further business to come before the Board, Mr. Eason asked for a motion to adjourn. Mr. Lorenzi offered a motion to adjourn. Mr. Krielow seconded the motion and it carried unanimously. The meeting adjourned at 5:56 p.m.

All discussions held on the above items were recorded using the FTR Gold program, and saved on the District's main file server in the District's office.

Please note that when the votes are shown as unanimous, it is the policy of the Board that the President does not vote except in the event of a tie vote by the rest of the Board and/or unless otherwise indicated.

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Michael G. Eason, Vice President

ATTEST:

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ELCIE J. GUILLORY, Assistant Secretary/ Treasurer