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, September 28, 2020 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:

Carl J. Krielow, President

Thomas L. Lorenzi, Vice President

M. Keith Prudhomme, Secretary/Treasurer

Judy A. McCleary, Assistant Secretary/Treasurer

David J. Darbone, Commissioner

Dudley R. Dixon, Commissioner

Michael G. Eason, Commissioner

Absent:

 None

Also Present:

 Richert Self, Executive Director

Jon Ringo, General Counsel

Cameron Landry, Director of Administration and Finance

 Channing Hayden, Director of Navigation

 Todd Henderson, Director of Operations

 Nick Pestello, Director of Engineering and Maintenance

 Therrance Chretien, Director of Cargo and Trade Development

 Michelle Bolen, Executive Administrative Assistant

Mr. Krielow called the meeting to order at 5:00 P.M. Mr. Dixon gave the invocation. Mr. Prudhomme led the Board and audience in the Pledge of Allegiance.

Mr. Krielow made a statement reminding the public of the Port’s procedure for the public to address an agenda item to the Board.

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1. Approval of the August 24, 2020 Public Hearing Meeting Minutes and the August 24, 2020 Regular Meeting Minutes.

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Mr. Eason offered a motion to approve the August 24, 2020 Public Hearing Meeting Minutes and the August 24, 2020 Regular Meeting Minutes. Mr. Lorenzi seconded the motion and it carried unanimously.

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2. Submission 2020 – 027 declaring that an emergency existed due to the impact of Hurricane Laura to the District and ratifying and approving all actions taken by the Executive Director to address such emergency conditions.

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Mr. Self stated before they discussed the submission, he wanted to recognize some of the people who worked tirelessly to get the Port back operational. It began two days before the hurricane struck. Staff did everything they could to be prepared for Hurricane Laura. Some HPD officers stayed here during the storm. After the storm passed, the directors worked tirelessly to get the Port back operational. Within a couple of days, they were able to send out some blades via rail. They received a tower ship within a week and handled a sodium hydrosulfide vessel that came into the Port. He wanted to acknowledge them and how blessed he felt to have them on the Port’s staff. Audience and Board applauded.

Mr. Self stated that relating to the submission, due to the exigent circumstances associated with Hurricane Laura, within the Delegation of Authority the Board granted him, he was able do two primary things that were able to help get them back operational that requires ratification.

The first one is a Yates contract and the second is CSRS. He has asked Yates and CSRS to address the Board.

Kirk Sims and Scott Jerald will speak from Yates. Suzanne Setton will speak on behalf of CSRS.

Mr. Scott Jerald, Vice President of the eastern division of Yates, Construction spoke. They were able to come quickly with guidance from the Port then directing Yates on what was “mission essential” to get the Port back up and operational. They were able to do that. They are doing continued operations to look at other matters at BT-1, where the crane is in the water, as well as several other items. They are working under the direction of the Executive Director and his team. Port staff has asked them to look at certain items. They are reaching out to trade contractors coming up, vetting through scopes and looking at what is the best and most cost-effective solution for the Port.

They are also looking at some future direction. He turned that over to Mr. Kirk Sims. Mr. Sims stated he is the Corporate Affairs Director for the Yates company. Yates was involved in the reconstruction of the Port of Gulfport, MS after Hurricane Katrina. One thing that was unique about that was that Governor Barbour, at the time, found that working in conjunction with their federal partner, used CDBG funding for a massive long-term recovery restoration and renewal effort at the Port. It is something that he, Mr. Self and Mr. Ringo have discussed. It is one of those things by dealing with the federal government, if you are willing to understand the challenges that it presents, then you may have access to a large amount of financing that you might otherwise would not have. The good thing is, they were involved in that at the front end and for its duration. They suggested that as a possible way to go forward to create a new Port that is bigger and better and does more things for the community. It requires the work of our federal partners. He just wanted to give a brief update.

Ms. Suzanne Setton, FEMA Practice Lead Program Director with CSRS, stated CSRS is an architectural engineering firm that has been around for over 45 years. They have become a disaster recovery firm over the last 17 years. Based on the Katrina situation, that became a good part of their business. She is here to give an overview of CSRS and introduced Gavin Abshire, Program Director for the Port’s recovery projects. Glen will also be involved as the Senior Grants Manager.

Ms. Setton stated the Port reached out to them. CSRS has done a tremendous amount of work for the Port for program management type projects. The Port reached out to get some questions responded to regarding contracting. The first goal has been to review all of the emergency contracts that the Port has put out or accepted from different providers and make sure they are compliant with FEMA. Her background comes from working with FEMA for over 12 years. You want to make sure first and foremost that you are compliant for reimbursement.

CSRS continued to assess all facilities within an eight-day period and damage assessments. Their current role now is starting to develop those projects to submit to FEMA for review, along with developing the cost estimates to support those projects.

The next big tackle will be submitting those to FEMA and working through challenges and questions that FEMA may have. She prides herself for her FEMA policy knowledge for both FEMA, CDBG, DR and CDBG mitigation as well as FEMA mitigation. They have an incredible team that is well versed in all funding avenues. They are happy to be here to support the Port in their recovery. She thanked the Board.

Mr. Self stated regarding the submission, there are two contracts that he signed during the 90-day exigent circumstances. One of them was with Yates and the other was with CSRS. Those are attached to the submission documents and he is requesting approval for those contracts.

Mr. Ringo stated that everyone here knows that no property was left unharmed by this storm, including Port property. But, it also includes all of their personal properties as well. It was a bit overwhelming when they showed up after the storm came through and the Port received extensive damage. They were trying to solve all of those problems as well as they all had roofs leaking in their own personal homes. He said it to these two companies privately, but wants to say it publicly, that everything got better when they showed up. They brought expertise that the Port did not have. The two questions they had to answer is one – How does staff get the Port operational and protect the tenants and cargo and two – How does the Port best position itself to get reimbursed by FEMA and whatever other federal dollars. Yates, getting the Port back up operationally and CSRS positioning staff with contract and every agreement to get reimbursed by FEMA, it made receiving those ships and protecting the cargo possible. They could not have done it without them.

Mr. Eason offered a motion to adopt Resolution 2020 – 027 to declare that an emergency existed due to the impact of Hurricane Laura to the District and ratifying and approving all actions taken by the Executive Director to address such emergency conditions. Mr. Dixon seconded the motion and it carried unanimously.

Ms. McCleary asked, regarding the contracts with CSRS, if they will continue through the submission of the paperwork for that reimbursement. Mr. Self replied that it did not. The existing contract with Yates and CSRS is for 90 days. Mr. Ringo stated that is by FEMA regulation. You are allowed to enter into contracts for 90 days from the date of the storm. After that time period, any contract that goes beyond that time period has to be through a formal RFP process, which the Port intends to do.

The motion it carried unanimously.

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3. Submission 2020 – 028 authorizing the Executive Director to purchase a mobile harbor crane, including grab accessories and shipping not to exceed $6.5 million.

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Mr. Self stated one of the things they started addressing early on was how to get back operational. They looked at it on a commodity by commodity basis and on a terminal by terminal basis. One of those options they came up with was buying or purchasing a mobile harbor crane, which will be both part of the short-term solution and a long-term solution at BT-1. They anticipate that this crane will be available within 12 weeks. They are handling cargo at BT-1, but not as efficiently as they typically handle it. This crane will improve that some. It will not be to the level as they had before, but it will be very helpful. He asked Mr. Pestello to speak.

Mr. Pestello stated it is to get them in the interim loading and unloading. On the permanent side of things, once they move over to get back fully operational, it will be a crucial piece of equipment for barite unloading as well as pet coke. They have begun reviewing the RFP’s. They received them back last Friday. Boos Navarre helped them put out the RFP. They are reviewing them also to make sure the Port is compliant and get the piece of equipment that will serve the Port.

Mr. Darbone offered a motion to adopt Submission 2020 – 028 to authorize the Executive Director to purchase a mobile harbor crane, including grab accessories and shipping not to exceed $6.5 million Mr. Lorenzi seconded the motion.

Mr. Dixon asked if they were not spending as much money. Mr. Pestello replied that what he was referring to is that by buying this piece of equipment, they will not be replacing both unloaders. Right now, they have two gantry unloaders, and at this point, they will purchase this piece of equipment. If it operates as they plan, then they will only have to purchase one additional gantry unloader to be back to the full capacity that they were before. Mr. Krielow asked if there was some discussion about renting one. Mr. Self replied that was a radial stacker that they would use in conjunction. That is not this one. It is a separate one.

Ms. McCleary asked what the plan was in the 12-week time frame before this crane arrives. Mr. Pestello stated Mr. Henderson is working on utilizing a ship’s gear to be able to unload ships as needed. It will be a ship’s gear operation. It will not be as efficient, but will get them through this interim period.

Mr. Lorenzi said that these are difficult to come by, but asked if there was one available. Mr. Pestello replied that he did know there are three available. As soon as they started looking into this and starting making phone calls to crane manufacturers, they found that one manufacturer had two sitting on the dock ready to ship for another client and the other crane manufacturer said he had one that would be off the line in six weeks. Since then, with his RFP, he has two. He has one coming off the line in six weeks and another coming off in eight weeks. It is working out timing-wise, with having a ship making deliveries already that will sail in mid-October. If they can speed things up, they will be able to make that ship and shipping will be expedited.

Mr. Lorenzi asked if they finalized this tonight, would the 12 weeks be an outside date. Mr. Pestello stated it would.

Mr. Eason asked how much addition time does it take now to off-load than previous storm time. Mr. Henderson replied that they had to discharge a pet coke ship for Phillips66 right after the storm and it was about 25,000 tons of pet coke. It took them about eight days. They probably would have done that ship in about 4 days. It also takes about three times the amount of people.

The motion carried unanimously.

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4. Submission 2020 – 029 authorizing the Executive Director to enter into a professional services agreement for above and below water inspection services for all waterfront structures at City Docks, BT-1, and BT-4.

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Mr. Self asked Mr. Pestello to discuss this item. Mr. Pestello said this is an item that they began doing five years ago and want to get into a routine of every five years to assess all of their waterfront facilities. It is a very intensive inspection of all facilities and not just a visual. They go in with underwater engineer divers. Based on ASE standards, they will do a tactical inspection of a certain number of piles and a non-disrupting inspecting as well on all types of piles – timber, steel and concrete. They will give him a full assessment, which will turn into maintenance projects or capital projects. It has been brought up before. With the previous inspection and numerous capital projects the Board has approved, it is a crucial tool for their ongoing maintenance program.

Ms. McCleary offered a motion to adopt Submission 2020 – 029 to authorize the Executive Director to enter into a professional services agreement for above and below water inspection services for all waterfront structures at City Docks, BT-1, and BT-4. Mr. Dixon seconded the motion.

Mr. Krielow noticed that on the budget, some of it has already been approved in the 2020 budget. Mr. Pestello stated that was correct. Mr. Krielow said that by the time additional charges come they will be in 2021. Mr. Pestello stated they tried to split it up over the end of the year and beginning part of next year just to carry the expense over in two different years.

 The motion carried unanimously.

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5. Submission 2020 – 030 authorizing the execution of a Partial Proof of Loss with Wavelength Ports and Terminals Consortium for business interruption and physical damages to the District as a result of Hurricane Laura.

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Mr. Self stated the Port has a policy limit of $50 million. The first primary layer of $25 million is held by Wavelength. Wavelength, through their adjuster, has acknowledged $46 million in damage. It is obviously going to exceed the policy limit of $50 million. This submission is requesting approval of the Board to sign a partial proof of loss in the amount of $25 million, less a $500,000 deductible, netting $24.5 million. The Port anticipates Wavelength will approve that shortly after the Board approves this submission.

Mr. Lorenzi offered a motion to adopt Submission 2020 – 030 to authorize the execution of a Partial Proof of Loss with Wavelength Ports and Terminals Consortium for business interruption and physical damages to the District as a result of Hurricane Laura. Mr. Prudhomme seconded the motion.

Mr. Krielow asked about a clause Mr. Ringo inserted regarding the Port reserving the rights to litigate any other things that arise as a result of a final insurance inspection. Mr. Ringo stated he wanted to make it abundantly clear that the Port was not waiving any right to bring in additional claims. This obviously was just half of the capped amount of insurance, assuming they have more damage from this $24 million, he wants to be able to submit that claim. The way it was worded initially, he feared Wavelength would say the Port waived all rights to pursue anything else. They said over the phone not to worry about it. He just added that to make it abundantly clear.

The motion carried unanimously.

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 6. August 2020 Financials Briefing Note

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The July 2020 Briefing Note was rendered to the Board and is on file in the Executive Offices.

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 7. Monthly Staff report from Director of Administration and Finance Monthly Report.

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The Director stated he and the Financial Analyst are working on the Forecast III, which will be presented at the October meeting.

He has been working with CSRS and the Port’s insurance company to make sure the Port submits all of the documents necessary to receive the maximum reimbursement for hurricane damage mitigation.

The Director of Administration and Finance Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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 8. Monthly Staff report from Director of Navigation.

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Mr. Hayden gave an update on the channel. The channel is currently at 36 feet operating draft. The normal operating draft is 40 feet. The choke point is between mile 7.5 and 12.9 on the inner channel. The CORP owned hopper dredge, which the CORPS usually works on the bar channel, but because of this choke point, the CORPS brought the Wheeler in and for the time she was working inside, she was working mile 7.5 to 9.0. She was doing what is called dredge and haul. She filled her hull and deposited the material in the Cameron hole at mile 4. Last night the private industry hopper dredge, Bayport, arrived. She started dredging 7.5 to 12.9. She will take the whole choke point area and dredge it to -43 feet mlg by 300. The 43 feet represents two feet advance maintenance dredging and one foot over dredging to make sure the dredge meets its template. The dredge will be using side-casting. It uses a nozzle on the bow and will take the mud into the hopper and spewing it over the sides. It is the quickest way to get the channel open. The CORPS anticipates the channel should be at -43 feet by 300 feet wide by October 5, 2020. There will be a review to see if they can increase the operating draft on the channel at that time. The CORPS opened bids for the entire reach mile 5 to 17 and the Devil’s Elbow or Industrial Canal reach. On the 15th of September, the low bidder is Mike Hooks. The contract should be awarded tomorrow. The contractor will need 30 – 60 days to do work in the disposal sites and then the contractor will be back working the choke point that he described earlier and the rest of the 5 – 17 reach and Industrial Canal.

Mr. Krielow asked what the capacity were the hopper dredges. Mr. Hayden stated the Wheeler is 8,000 cubic yards and the Bayport is about 4,000. Mr. Krielow said they made several dumps a day to the disposal site. Mr. Hayden agreed. The reason the Bayport had the nozzle put on, because they stopped at Port Fourchon, and got caught by Beta. They had it put on so they could decrease the cycle time. They would not have to run all the way down to the hole and just side cast.

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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 9. Monthly Staff report from Director of Operations.

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Mr. Henderson stated for the month of October, they have a 24,000-ton ship for Southern Ionics due October 10. On October 4, they will have a 30,000-ton Phillips66 ship they will load with the ship’s gear at BT-1. They are working hard for Firestone trucking out rubber out of inventory. There should be another two to three wind component ships this month. The first tower train left on September 21.

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

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 10. Monthly Staff report from Director of Cargo and Trade Development.

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Mr. Chretien stated in July, USDA awarded the Port 11,000 tons of rice to ship out in October. The rice mill providing the cargo received damage from Hurricane Laura and could not deliver on time. USDA decided to rebid the contract. The Port secured the contract and booked an additional 1,000 tons of cargo. It should ship out next month.

The Director of Cargo and Trade Development’s Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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11. Monthly Staff report from Director of Engineering, Maintenance, and Development.

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Mr. Pestello said along with Yates and CSRS, they have also been working closely with Boos Navarre, who has helped them with the damage assessment of all of the cranes. Fenstermaker was onsite early on helping with side scan sonars of all of the docks as well as bathymetry per verified depths. They were able to help get items located. There was a lot of debris in the water. Through Yates, they were able to work with Emency Oil Field to remove the debris and open up safe berths for customers to use. They are also working with Manchac to go through all of the Port’s water and sewer systems and elevated water source towers. CSRS is conducting building assessments in addition to FEMA compliance. Moffat & Nichol did an emergency fast inspection of all of the berths prior to the first ships coming into the Port. He gave credit to everyone. Thy jumped on all of the damage assessments quickly. There were people onsite as early as Saturday after the storm.

They are also working at BT-1. They just got power back on Saturday. They are just now getting systems up and going over there and making sure they can get everything running as smoothly as possible.

Mr. Krielow asked if with the ongoing projects they had, was there any substantial damage. Mr. Pestello replied that they did not. The only one that damage to it was the one the spiralveyor is laying on now. He does not expect there to be any damage to what they were working on. The damage was just outside of their boundary. They will probably do a small change order as the concrete wall was crushed. They will include that in the project to repair it.

With the rail trestle project, the contractor asked for a pause because they were coming in from out of town and are having trouble getting hotel rooms. They are still working on the submittals and project materials together, but might delay their actual physical start.

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

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 12. 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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 13. Executive Session and appropriate action in any of the following matters:

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Mr. Lorenzi offered a motion to enter into Executive Session. Mr. Dixon seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:34 p.m.

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* Suit against the Port of Lake Charles – Suit No. 2013-001091- 14th JDC, State of LA.
* Suit against the Port of Lake Charles – Suit No. 2014-004268-14th 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
* Discussion and appropriate action regarding the Real Estate Option Agreement with Lake Charles Methanol, LLC.

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

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The Board returned from Executive Session at 6:26 p.m.

There being no further business to come before the Board, Mr. Krielow asked for a motion to adjourn. Mr. Darbone offered a motion to adjourn. Mr. Eason seconded the motion and it carried unanimously. The meeting adjourned at 6:26 p.m.

All discussions held on the above items were recorded using the FTR Gold program.

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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 CARL J. KRIELOW, President

ATTEST:

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M. KEITH PRUDHOMME, Secretary/ Treasurer