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, December 20, 2021 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

Kevin D. Guidry, Commissioner

Absent:

None

Also Present:

Richert Self, Executive Director

Jon Ringo, General Counsel

Cameron Landry, Director of Administration and Finance

Todd Henderson, Director of Operations

Channing Hayden, Director of Navigation

Therrance Chretien, Director of Cargo and Trade Development

Michelle Bolen, Executive Administrative Assistant

Mr. Krielow called the meeting to order at 5:06 P.M. and gave the invocation. Mr. Dixon 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 November 22, 2021 Regular Meeting Minutes.

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Mr. Darbone offered a motion to approve the November 22, 2021 Regular Meeting Minutes. Mr. Guidry seconded the motion and it carried unanimously.

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2. Submission 2021 – 060 establishing the Regular Meetings of the Board of Commissioners of the Lake Charles Harbor and Terminal District for the calendar year 2022.

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Mr. Self said approval is needed to establish the date, time and place of regular meetings of the Board of Commissioners of the Lake Charles Harbor and Terminal District for 2022 They have scheduled the meetings for the most part on the fourth Monday of every month with the exception of February, November and December due to holidays in those months.

Ms. McCleary offered a motion to adopt Resolution 2021 – 060 to establish the Regular Meetings of the Board of Commissioners of the Lake Charles Harbor and Terminal District for the calendar year 2022. Mr. Prudhomme seconded the motion and it carried unanimously.

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3. Submission 2021 – 061 approving the Executive Director’s changes to the Lake Charles Harbor and Terminal District’s Employee Handbook.

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Mr. Self stated Board approval is needed for the Executive Director's changes and additions to the Lake Charles Harbor and Terminal District Employee Handbook. Every two years, staff supplies the Board with an updated copy of the Employee Handbook and during that time frame they are constantly updating the handbook. The current updates include changes to the uniform policy and bloodborne pathogens. The Board has a copy of the full handbook along with the highlighted changes. He will gladly answer any questions the Board has.

Mr. Darbone offered a motion to adopt Resolution 2021 – 061 to approve the Executive Director’s changes to the Lake Charles Harbor and Terminal District’s Employee Handbook. Mr. Dixon seconded the motion.

Mr. Dixon asked if there are any problems with the workers if staff is changing the handbook. Mr. Self replied there were none. They take it out and said this is what they are doing. It has been done over time. They updated it and it includes mandated required training such as defensive driving, bloodborne pathogens and things such as that, that are going to be required. They have also made some revisions to the uniform policy dress code and things like that.

Ms. McCleary asked how staff communicates those changes to the employees. Mr. Self said staff distributes a copy of the changes to each of the employees.

Mr. Dixon asked where they get their copies, do you make your copies yourself or is this a handbook that is made out… Mr. Self stated that whenever they revise a specific policy, they will just give them just that revision. The employees have a copy of the handbook and there is also a copy on the intranet of the entire policy. It is the Port's internal intranet.

The motion carried unanimously.

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4. Submission 2021 – 062 approving revisions to the Port of Lake Charles Tariff No. 013.

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Mr. Self said this is a submission to revise the District's Tariff No. 013 for items number 650 and 721. The dockage rate revisions bring the District into line with the members of the Gulf Seaports Marine Terminal Conference for 2022. These revisions will become effective January 1st of 2022. This is an authorization from the Board to make these changes. This was established in accordance with Louisiana revised statutes.

Mr. Lorenzi offered a motion to adopt Resolution 2021 –062 to approve revisions to the Port of Lake Charles Tariff No. 013. Mr. Darbone seconded the motion and it carried unanimously.

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5. Submission 2021 – 063 accepting the proposal from Mike Hooks, LLC for maintenance dredging at Bulk Terminal No. 1 and City Docks (Berths 8, 9 and 9A).

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Mr. Self stated staff requests the Board to accept the best value proposal submitted by Mike Hooks for maintenance dredging at BT-1 and City Docks subject to approval of the Executive Director and General Counsel that all appropriate conditions have been met and all requirements of the proposed documents have been met and further authorizing the Executive Director to execute all documents. They last dredged in 2019. They are also currently operating under a draft restriction at BT-1 due to silting that has occurred, so it is obviously something they need to do and Hooks can begin dredging on January 10th.

Mr. Dixon offered a motion to adopt Resolution 2021 – 063 to accept the proposal from Mike Hooks, LLC for maintenance dredging at Bulk Terminal No. 1 and City Docks (Berths 8, 9 and 9A). Ms. McCleary seconded the motion.

Mr. Lorenzi said there were three proposals received. Were these rated as far as this product they were okay? They were reviewed? The prices were compared of the schedule? Was it considered there was really only a small change between the date on which two of them could start? Mr. Self said there was like a two- or three-day difference, but obviously that was a very important part because the longer that the Port operates under a draft restriction the more it hinders our customers. Staff wanted to get it done right away, but they included price. In the package is the analysis by the three. Callan, Hooks and Crosby were the three respondents.

The motion carried unanimously.

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6. Submission 2021 – 064 approving the 2022 Operating, Non-Operating and Capital Budgets for the Lake Charles Harbor and Terminal District.

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Mr. Landry said that looking at the 2022 budget packet, there is a summary of the financials and capital budget. This is a little less in depth than that, so he is going to flip through basically each thing. Looking at traffic, they compare everything budgeted in 2022 to the Forecast III of the prior year. This is the anticipated traffic for 2022 compared to Forecast III 2021. There are a few increases such as aluminum trihydrate, sodium hydrosulfide and rubber. A couple of those were down in 2021 and staff expects them to start to climb back up in 2022. One significant kind of drop off is windmill components. They received word that wind component activity would be down in 2022. They may see some towards the end of 2022 into 2023 and kind of left that up in the air.

At the bulk terminals, the main increase is BT-1. That is primarily due to an expected increase in petroleum coke. He is hoping it will start going up into the next year and overall sees an increase of about 220,000 tons in 2022.

On the next slide are the operating revenues and expenses budgeted for 2022. Again compared to Forecast III of 2021, operating revenues are expected to be $34.2 million. It is a decrease of about a million from 2021. That is primarily due to a decrease in lease revenue due to changes in agreements and some customer turnover. It is partially offset by increased revenues based on the tonnages that they saw before the increase. In tonnages, you would expect to see revenues go up. Expenses are expected to be around $28.8 million, which is also a decrease of $900,000.

They had a nominal decrease in wages and benefits. That is due to the elimination of multiple positions and it is partially offset by a couple of new crane maintenance positions, the filling of about half of the Port’s current vacant positions and Louisiana Civil Service market adjustment.

Contract services are expected to decrease about $1.1 million due to the lower rail switching associated with the lower windmill blades. Operating income before depreciation is actually expected to be pretty well in line with what they saw in 2021. Depreciation is expected to increase $1.1 million. That is through the completion of some of the projects that are ongoing, especially the hurricane related projects.

On the non-operating side, they expect revenues to be around $4.7 million, which is a decrease from 2021 of about $30 million. That is primarily due to the insurance proceeds that the Port received in 2021 as well as the Covid relief funds that they are expecting to receive in 2021. Expenses are expected to be around $4.9 million, which is a decrease of $1.1 million due to some write-offs that they had in 2021 that we will not need in 2022. On here cash flow is expected to be around $5.3 million and it is down. That is again primarily due to the insurance proceeds that we received in 2021.

Regarding the capital budget, the prior based on the projects that we have ongoing and the new projects that are upcoming, the current portion of prior year funds that have been spent on these projects that are continuing is about $16.2 million. On this slide, down the left side of Port Funded is what would be out of the Port’s cash Port Priority and Capital Outlay is money that they expect to receive or have received. Other sources is also money they expect to receive – basically FEMA funds for the most part. In 2022, they expect to spend about $45 million on capital projects.

FYE is the Future Year Expenses. They expect to continue what they have budgeted to be spent in 2023 to 2026 on the projects that are either continuing or new projects.

The next slide is a different kind of breakdown on the capital projects. They have projected about $76 million overall, not just out of the Port Fund, but Port Fund Capital Outlay, Port Priority and other sources to be spent in 2022 and the new capital projects to be spent in 2022 of about $11.8 million. It is just a kind of different breakdown of what you saw on the previous slide.

This next one is a breakdown of minor projects by department. In the packet there is a further breakdown of what entails each one of those amounts.

Lastly this is the cash outlook. They currently have about $105 million. They expect the cash flow to be about $5.3 million. They have a couple sources of restricted funds, the payment of the debt service principal and the capital spending. That is only the Port funded portion and total investments at the end of 2022 to be about $40 million.

Mr. Dixon offered a motion to adopt Resolution 2021 – 064 to approved the 2022 Operating, Non-Operating and Capital Budgets for the Lake Charles Harbor and Terminal District. Mr. Darbone seconded the motion and it carried unanimously.

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7. Submission 2021 – 065 ratifying the execution of a CEA with the State of Louisiana.

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Mr. Self requests ratification of the action taken by the Board via email vote approving the Executive Director to enter into a Cooperative Endeavor Agreement as required by state law to receive $6.2 million dollars for the Louisiana Port Relief Fund on December 13. He emailed the Board requesting approval to enter into the CEA. It relates to a program that was established during the 2021 legislative session where they created a $50 million dollar fund they are calling a Port Relief Fund. Of the $50 million dollars, they have allocated $6.2 million dollars to the Port of Lake Charles. It is all tied into the American Relief Fund the ARPA funds. American Rescue Plan.

Ms. McCleary offered a motion to adopt Resolution 2021 – 065 to ratify the execution of a CEA with the State of Louisiana. Mr. Guidry seconded the motion and it carried unanimously.

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8. Economic Impact Study Briefing Note

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Mr. John Martin of Martin Associates called in by ZOOM to present the Economic Impact Study for the Calcasieu Ship Channel. The presentation is on file in the Executive Offices.

Mr. Krielow asked Mr. Hayden what part of the report - he knows this has to be just valuable information when they go for begging for books – so how will they use this information.

Mr. Hayden said this is certainly going to be the backbone of their presentation. With Mr. Martin’s study, both with his thoroughness and his well-known reputation, this is going to give them a lot of good information when they talk to the feds, when they talk to the state and for when Mr. Self is doing his projects. This is going to be extremely important to them and are prepared. Once the Board accepts this tonight, Mr. Chretien is ready to put it out to the media tomorrow. They will give widespread distribution to it. He has letters with copies of the report going to local folks, the mayor, president of the parish council, the local delegation to the state legislature and various people in the in the national network that they contact such as the Corps of Engineers in Washington.

Ms. McCleary asked when the last time the Port did this kind of study. Mr. Hayden said the last time that the Port did this was five years ago and the percentage was 40%. They have now gone up 20 in terms of the economic impact. Mr. Self said it is probably a lot of LNG, but this is a more thorough analysis than they had five years ago. He is not sure he would like to make comparisons like that. It is just that they are now 67% of the local economy. The ship channel is generating that and they will go forward with that. Ms. McCleary asked if you could ask Mr. Martin if that was correct there are there were 156 total businesses that right that rely on the ship channel. Mr. Hayden replied that he had questioned Mr. Martin about this and yes, he talked to 156 different companies.

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9. November 2021 Financials Briefing Note.

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The November 2021 Financials Briefing Note was rendered to the Board and is on file in the Executive Offices.

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10. Monthly Staff report from Director of Administration and Finance.

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Mr. Landry stated he has a couple of items of good news. As mentioned and approved by the Board regarding the CEA, the Port was approved to receive roughly $6.2 million in the Port Covid Relief funds from the state, which they expect to receive before year end. Also, about $7.4 million relating to the two ship loaders was recently obligated by FEMA and is now being processed by GOHSEP to be paid out. The money is coming.

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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11. Monthly Staff report from Director of Navigation.

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Mr. Hayden stated back in May the Board approved the installation of another current meter out in the gulf. It has been installed. These things come in pairs. The existing current meter was on buoy 36. The new one went on to buoy 35.

Just to prove the worth of this thing, not too long after the redundant meter was put on 35, the Coast Guard decided they needed to change out buoy 36 because it needed to be upgraded or whatever reason. NOAA came out and took the current meter off of 36. The project got delayed from the Coast Guard side and the meter on 36 is not there anymore and neither is the buoy. However, they are still getting the data from the redundant meter. That was this is the advantage of having the redundant meter out there. He just wanted to bring it to the Board’s attention. It was a good a good call to go forward with this.

Mr. Dixon asked if Mr. Hayden said the last time that nobody notified him that they were going to take that buoy. Mr. Hayden said the Coast Guard had a plan to take the buoy out. They notified NOAA to come get the current meter off of it. NOAA came out and got the current meter off of it. After that happened, the Coast Guard's plans to replace buoy 36 got delayed. So, without the redundant meter on buoy 35, they would have no data coming in from there. They would be going into the bad weather and the fog season that they are in right now without any current information out in the gulf. But, because the Board decided to fund that second meter they are in good shape. Mr. Dixon asked if he was notified or you not notified that they were taking that first one. Mr. Hayden said they were notified. Mr. Dixon said that is what he needed and if Mr. Hayden had any idea when it is going to be replaced. Mr. Hayden did not know.

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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12. Monthly Staff report from Director of Operations.

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Mr. Henderson said City Docks recently had three cargo transfers, a lumber shipment and several aluminum trihydrate barges. They are expecting to handle several more barges of the hydrate and they have two lumber ships that are on the schedule for City Docks.

At BT-1, they recently handled five raw coke ships, a rutile and two barite ships. They are pretty busy there. On the schedule they have three more barite ships. Starting in the beginning of January, they have three calcine ships and three rutile ships. They are trying to stay busy.

Mr. Lorenzi asked regarding a note in his report about two ships that left cargo behind and had to make inquiries about how that was going to be handled. Is there anything the Board should know about why two ships left cargo. He is looking on page six. It says cargo was left behind by the MV Berger and MV Saint Paul. Mr. Henderson said that is the rice. It was actually damaged rice and it has been picked up. Everything was loaded that needed to be loaded, but that was recouped and damaged cargo. It has been picked back up by Supreme and Farmers and they have taken care of it. It was not anything on the Port’s end.

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

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

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The Port will have a press release highlighting the major points of the Economic Impact Study that is going to go out tonight. He plans to update the website tomorrow morning and do a series of posts throughout the holidays on different points of that study. They will also have a digital ad for Heavy Lift magazine that will go out this month. They are also working on the renewal permits for the vessel agencies, the stevedores, tugboats and also line handlers.

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

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The Director was on annual leave for the meeting.

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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15. 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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16. Monthly Staff report from the Federal Port Lobbyist.

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The Federal Port Lobbyist’s Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

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

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There were no other matters to be discussed.

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

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Mr. Krielow asked for a motion to enter into Executive Session. Mr. Darbone offered a motion to enter into Executive Session. Mr. Prudhomme seconded the motion and it carried unanimously. The Board entered in to Executive Session at 6:01 p.m.

* Stacey A. Ryan, et al, vs no. 2014-004268 Calcasieu Parish Police Jury, LCHTD, et al-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.
* LCHTD vs Reynolds Metals Company – Case 2:17-cv-01114 US District Court, Western District of Louisiana, Lake Charles Division.

The Board returned from Executive Session. No action was taken in Executive Session.

There being no further business to come before the Board, Mr. Krielow adjourned the meeting.

All discussions held on the above items were recorded by the District’s YouTube Channel.

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 KRIELOW, President

ATTEST:

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M. KEITH PRUDHOMME, Secretary/ Treasurer