

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, February 26, 2024 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:

Thomas L. Lorenzi, President
M. Keith Prudhomme, Vice President
Kevin D. Guidry, Secretary/Treasurer
John M. Cradure, Commissioner (arrived at 5:09 p.m.)
Jonathan L. Johnson, Commissioner
Carl J. Krielow, Commissioner

Absent:

Mary Jo Bayles, Assistant Secretary/Treasurer

Also Present:

Richert Self, Executive Director
Jon Ringo, Executive Counsel
Cameron Landry, Director of Administration and Finance
Channing Hayden, Director of Navigation
Todd Henderson, Director of Operations
Therrance Chretien, Director of Cargo and Trade Development
Nick Pestello, Director of Engineering and Maintenance
Michelle Bolen, Executive Administrative Assistant

Mr. Lorenzi called the meeting to order at 5:00 P.M.

Mr. Krielow the invocation. Mr. Prudhomme led the Board and audience in the Pledge of Allegiance.

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

Mr. Lorenzi announced that Mr. Kevin Guidry was appointed to the LA State Tax Commission by Governor Landry and Mr. Self was appointed to the CVB Board.

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1. Approval of the January 29, 2024 Regular Meeting Minutes.
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Mr. Johnson offered a motion to approve the January 29, 2024 Regular Meeting Minutes. Mr. Prudhomme seconded the motion and it carried unanimously.

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2. Submission 2024 – 007 accepting the lowest responsive bid of Lard Oil Company to supply motor fuel.
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Mr. Self stated staff requests the Board of Commissioner to accept the bid of Lard Oil Company to supply motor fuel for vehicles and equipment use and further authorize Executive Director to execute all documents therewith. Staff went out for bid in January and received three bids which were Lard Oil, Delta and Pumpelly Oil. Lard Oil was the low bid above the index price and staff would like to move forward with them to provide fuel for the Port for 2024.

Mr. Krielow offered a motion to adopt Resolution 2024 – 007 to accept the lowest responsive bid of Lard Oil Company to supply motor fuel. Mr. Guidry seconded the motion and it carried unanimously.

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3. Submission 2024 – 008 authorizing the staff's responses to the Louisiana Compliance Questionnaire.
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Mr. Self said staff requests approval of the responses to the Louisiana Compliance Questionnaire as required by state law. Each year as part of the audit staff goes through the compliance questionnaire and answer questions from the Louisiana Legislative Auditor and it addresses things like agency profile, Open Meetings Law, Public Bid Law and budget things such as the information included in the packet. Staff responds to those questions and it is basically saying they did comply with open meetings law and if staff complied with the budget requests as such. Staff did and attached are have the responses to the Legislative Auditor.

Mr. Johnson offered a motion to adopt Resolution 2024 – 008 to authorize the staff's responses to the Louisiana Compliance Questionnaire. Mr. Prudhomme seconded the motion and it carried unanimously.

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4. Submission 2024 – 009 authorizing the District to amend the agreement with Gallagher Insurance for an additional period of one year.
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Mr. Self stated staff requests the Board of Commissioners to authorize the Executive Director to amend the agreement with Gallagher Insurance to perform brokerage services for an additional

year. In 2020, staff went out for proposal. Several groups gave presentations. Gallagher was awarded the contract for the brokerage services, which actually began in March of 2021. Their three-year term is going to expire next month in April. Gallagher has provided excellent service. Staff has been very pleased. They have worked to ensure that the Port has the most advantageous policies and premiums. In fact, the most recent renewal of the property insurance was decreased \$430,000 over the prior year. Staff is requesting approval to extend their contract for a one-year period. The price is remaining flat at \$265,000 which was the price it was awarded to Gallagher in 2021.

Mr. Guidry offered a motion to adopt Resolution 2024 – 009 to authorize the District to amend the agreement with Gallagher Insurance for an additional period of one year. Mr. Prudhomme seconded the motion and it carried unanimously.

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- 5. Submission 2024 – 010 authorizing the issuance of not to exceed \$40,000,000 Lake Charles Harbor and Terminal District Revenue Bonds, taxable of tax-exempt, in one or more series; authorizing the filing of an application with the State Bond Commission; providing for employment of bond counsel and a municipal advisor in connection therewith; authorizing the officers and Commissioners to the District to do all things necessary to effectuate this resolution; and providing for other matters related thereto.
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Mr. Self stated staff is requesting Board approval of a resolution authorizing the issuance of not to exceed \$40 million Lake Charles Harbor Terminal District revenue bonds one or more series, authorizing the filing of an application with the state bond commission, providing for employment of bond counsel and financial advisor, authorizing the officers and commissioners of the District to do all things necessary to effectuate this resolution and providing for other matters related thereto. As a result of the significant capital expenditures associated primarily with repairs from Hurricane Lara, the Port is going through a pretty high capital expenditure rate right now. Because of the time frame between the point at which they expend the capital and getting reimbursed from FEMA, the state or GOHSEP, staff wants to be prepared just in the event that they need to do some kind of short-term finance. Mr. Landry has prepared a five-year cash analysis. Based on the current level it looks like they will need to do something toward the end of this year, but with just a few improvements, they may not have to. However, in the event that they need to, they want to have everything in place to move forward. That is why staff is requesting Board approval. They do not anticipate that it will be \$40 million. It is just that is an amount that the bond attorneys had requested. They asked what does the Port think they will need maybe slightly more so staff put \$40 million and said not to exceed 10 years. They think it is going to be much lower than that and much shorter term than that. Mr. Self stated the Port's financial advisor, Mr. Shawn Touts, is present through conference call if anyone has any questions for him.

Mr. Johnson offered a motion to adopt Resolution 2024 – 010 to authorize the issuance of not to exceed \$40,000,000 Lake Charles Harbor and Terminal District Revenue Bonds, taxable of tax-exempt, in one or more series; authorize the filing of an application with the State Bond

Commission; provide for employment of bond counsel and a municipal advisor in connection therewith; authorize the officers and Commissioners to the District to do all things necessary to effectuate this resolution; and provide for other matters related thereto.

Mr. Krielow stated he noticed in the paperwork it called for a vote. Does the Board have to voice vote this one? He noticed they had it. Ringo said he did not think that was necessary. The by acclamation is okay. They just have to note that Ms. Bayles was not present and everyone else was affirmative. Mr. John Morris with Jones Walker said it is not necessary. There was a motion and a second. As long as the Port represents who is here and who is absent, it is fine.

Mr. Self said If anybody has any further questions about the resolution or the issuance bonds or any of the processes, he would be more than happy to answer. Mr. Self asked Mr. Morris to mention one thing related to this. By passing this resolution, it gives them the authority for capital expenditures beyond the date of the passage of this until the date the bonds are issued to go back. Would he explain that to everyone? Mr. Morris said it is called a reimbursement authorization resolution and it allows the Port to capture expenditures actually from 90 days before now through the issuance of the bond, so expenses that the Port makes upfront they can reimburse themselves with bond proceeds when those when those bonds are issued. The security for the bonds is going to be District revenues, which is going to include any revenues that come unrestricted revenues that come to the District including FEMA money, from the state in the form of capital outlay or any other funds. When those monies come in, the Port can use those to pay the debt. It is really more like a bridge loan than anything else. Mr. Self said that was another significant reason why they wanted to do this now because they are spending pretty significant amounts of funds for the 4, 5 and 6 project.

Mr. Krielow seconded the motion and it carried unanimously.

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- 6. Submission 2024 – 011 approving amendment of the 2024 Operating Budget for the Lake Charles Harbor & Terminal District.
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Mr. Self said staff is requesting Board approval to amend the 2024 operating budget due to an error in the GASB 87 calculation of lease revenue and Lease interest income. GASB 87 essentially requires the Port to go through and do a present value calculation of all the future minimum lease payments for anybody the Port has contracts with and in that process, they use a system called Visual Lease and there was a box checked that should not have been checked. This is really the first or second year to do this. That box should not have been checked. Whenever staff did the budget calculation, it showed a slightly higher amount on the rental revenues than it should have.

Mr. Self wanted to point out two things. One of them is it is a non-cash entry. It has no impact on the cash flow and the other thing is it does not reach the threshold for that statute. State law requires entities if your expenses are going to exceed your budgeted expenses by more than 5% or your revenues are going to fall below by more than 5%, you have got to do a budget adjustment. This is below the threshold, but just in an effort to be fully transparent and because they were fully aware of it, they wanted to go ahead and present it for approval to amend the

budget. Mr. Krielow asked if it will affect future cash flow because of the reduction net profits in the proposed revised budget now. Mr. Self replied that it would not. Mr. Landry stated the Port's cash flow is based on actual invoicing not on the GASB entry. The GASB entry creates a revenue portion and an interest portion, but that's not the cash. Mr. Krielow asked if the GASB entry is what caused this. Mr. Self said that yes, it is a pure GASB 87 entry and again they remove it from the cash flow calculation when they show cash flow.

Mr. Krielow offered a motion to adopt Resolution 2024 – 011 to approve an amendment of the 2024 Operating Budget for the Lake Charles Harbor & Terminal District. Mr. Johnson seconded the motion and it carried unanimously.

10. January 2024 Financials Briefing Note.

The January 2024 Financials Briefing Note was rendered to the Board and is on file in the Executive Offices.

11. FEMA/GOHSEP Briefing Note.

Mr. Landry said funds are coming in and out this month they only received about \$300,000. That is the main thing on this report. One thing in the GOHSEP payment processing, he can actually see what is being processed for payment. Once it hits that it takes about 30 days to process. Currently on that report there is \$6.7 million, which means in the next 30 days they should see \$6.7 million and \$3.7 million of that relatively in the next probably week. There is \$6.7 million on the horizon even though this month they only had \$300,000. Good news on that.

Mr. Lorenzi asked if the fact that the Port is going to be having to do this bonding to handle cash flow regarding this have any impact at all. Mr. Landry asked if he meant on receiving these funds. Mr. Lorenzi stated that yes, the reimbursements. Mr. Landry replied that it would not and the Port will continue to receive funds. Mr. Lorenzi asked if it would take the urgency out of it. Mr. Landry said it could take the urgency out of it, but they want to submit as quickly as possible and get those funds because the quicker they receive those funds they may not even need to go that route. As soon as the Port pays for any portion of a project they will be submitting to hope to avoid receiving any extra funding that they do not need to use.

Mr. Krielow asked if there was only \$5 million left to be obligated. Mr. Landry stated that was correct. There are very few projects left to be obligated. There is one that is a little bit larger project and then a few little tiny things just straggling out there. Mr. Johnson asked if there was any reason to suspect they would not be obligated. Mr. Pestello said most of those are actually versions as well, so projects have already been obligated and they just have to version them to get to the actual amounts that we spent.

The FEMA/GOHSEP Briefing Note was rendered to the Board and is on file in the Executive Offices.

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

Mr. Landry stated staff continues to keep a close eye on the cash balance as those large projects continue to progress and the Port receive funds from those multiple sources. With that being said, they actually have a significant amount of funds that he expects in the next couple weeks to a month. Regarding the money from GOHSEP, the Port has a significant amount from DOTD as well as multiple vendor payments. All of that totals about \$16 million that they expect in the next couple weeks to a month. Other than that, he and his department are working on 2023 audit.

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

13. Monthly Staff report from Director of Navigation.

Mr. Hayden stated April 15 through 18th has been selected as the tentative dates for their trip to Washington, which is the annual trip to lobby for CORPS funding. They are sort of in a strange position because they are five months into the current fiscal year and do not have a budget for the current fiscal year yet. Right now the dates are tentative because they are not quite sure if they are going to be finished with the current year budgeting process. They just have to see how this works out. They have got two deadlines that are coming up. One is on March 1st and one is on March 8th. There are two different groups funding bills. It is pretty confusing up there right now.

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

14. Monthly Staff report from Director of Operations.

Mr. Henderson stated that at City docks they have handled one shipment and two barges of aluminum trihydrate totaling about 177,000 tons, one vessel of sodium hydrosulfate of 10,000 tons, a lumber vessel totaling 24,000 cubic meters and two project cargo shipments totaling about 15,000 tons. Regarding revenue tons on the schedule at City Docks, they currently have a lumber ship in. It is discharging about 20,000 cubic meters of lumber. They had one ship and three barges of aluminum hydrate, which is going to total about 40,000 tons at City Docks.

At BT-1 recently, they loaded four ships of raw coke totaling 174,000 tons. They are shipping a barge of calcine of about 4,000 tons and a rutile shipment of about 18,000 tons is on the schedule. They are currently loading a raw coke ship and have two more on the schedule totaling about 113,000 tons. They have two shipments of calcine of about 11,000 tons, three shipments

of rutile about 35,000 tons and are currently discharging a barite ship. Hopefully it will finish tomorrow. It is about 52,000 tons. They are also discharging a green coke shipment. They were also notified by CITGO that they should be starting Coker I backup in the next few days so that's good for the coke production. Staff budgeted that to happen but it has not happened yet, but good to know it will.

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

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

Mr. Chretien stated there are two projects that did not make his monthly report that they are working on. One is for LED. It is a project for a concrete manufacturing facility. One of the requirements is that it be near or adjacent to a port. They want to bring in about 500,000 tons of feed stock for that concrete plant if the Port can get it here. The second would be with CO offshore. They are another company looking to build a facility for pipeline and platforms as well as another local company that wants to bring in fly ash and transition to pneumatic trucks. Staff continues to work with mastic on the rebranding. They are almost complete and have all the messaging and the logo complete. This week they have a meeting to get all guidelines for to use in the future.

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

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

Mr. Pestello said that in addition to all the projects that are currently under construction, he would give a quick update on the Industrial Canal or Turning Basin. The permit drawings are now complete and they are wrapping up the permit application of the CORPS this week. They will have that submitted here fairly soon. This is for the design of the bulkhead and the dredging to get the burst the east south and west burst down to 40 ft of water to match the Ship Channel. This is all to get the project going down there so that they can continue moving cargo with existing customers and hopefully get some new cargo moving down through that area. They have also completed all the geotechnical and survey of both water and the landside and hopefully, in six to nine months when the permitting is complete, they will begin to bid out the project and put it out for construction.

They are also working on a new gateway to the area. This was part of their TWIC secure boundary for down there so that they can handle foreign flagships. They are also preparing a demo package for an existing office building that was damaged from the hurricane down there. It is one of their FEMA projects. It is very exciting times down there. He is hoping to get it back in commerce. Mr. Krielow asked if the permitting process is 6 to 9 months. Mr. Pestello said

that yes, they are going to take advantage of the 214 agreement they have with the CORPS to hopefully expedite that. He figured that should speed it up that is why he said 6 to 9 months instead of 12 to 15.

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

17. Monthly Staff report from the State Port Lobbyist.

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

18. Monthly Staff report from the Federal Port Lobbyist.

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

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

There were no other matters to be discussed.

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

Mr. Krielow offered a motion to enter into Executive Session. Mr. Johnson seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:27 p.m.

- IFG Port Holding, LLC vs LCHTD – Case: 2:16-cv-00146 U S District Court, Western District of Louisiana, Lake Charles Division.
- Turning Basin Site Remediation – Dynamic Industries, Inc.
- Damage to Berth 15 – Southern Ionics.

The Board returned from Executive Session at 6:24 p.m.

Mr. Lorenzi stated there was no action taken in Executive Session.

There being no further business to come before the Board, Mr. Lorenzi asked for a motion to adjourn. Mr. Prudhomme offered a motion to adjourn. Mr. Krielow seconded the motion and it carried unanimously. The meeting adjourned at 6:25 p.m.

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

THOMAS L. LORENZI, President

ATTEST:

KEVIN D. GUIDRY, Secretary/ Treasurer