Minutes of the Special Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 5:00 P.M., Monday May 18, 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:

David J. Darbone, President

Carl J. Krielow, Vice President

Thomas L. Lorenzi, Secretary/Treasurer

M. Keith Prudhomme, Assistant Secretary/Treasurer (By Conference Phone Call)

Dudley R. Dixon, Commissioner (By Conference Phone Call)

Michael G. Eason, Commissioner

Judy A. McCleary, Commissioner

Absent:

 None

Also Present:

 Bill Rase, Executive Director

 Richert Self, Deputy Executive Director/Director of Administration and Finance

 Jon Ringo, Assistant General Counsel

 Todd Henderson, Director of Operations and Trade Development

 Nick Pestello, Director of Engineering and Maintenance

 Michelle Bolen, Executive Administrative Assistant

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

Mr. Darbone 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 February 17, 2020 Regular Meeting Minutes.

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Mr. Eason offered a motion to approve the February 17, 2020 Regular Meeting Minutes. Mr. Lorenzi seconded the motion and it carried unanimously.

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2. Submission 2020 – 007 supporting legislation that creates the Calcasieu Ship Channel Public-Private Partnership (P3) regarding channel funding and authorizing a Cooperative endeavor Agreement with the State of Louisiana and Louisiana Mid-Continent Oil and Gas Association.

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Mr. Rase stated this is the P3 that they have talked about for several months. Staff is coming to the Board with a submission tonight. It forms a partnership, that will not only help the Port in the general community, but it gives them the opportunity to get some state and industry money to go along with the money the Port has been contributing. It will be a great benefit to the Port and channel. It also opens the gateway for any federal money that may come about for infrastructure. They will have a P3 in place to take the money. The LMOGA side is the industry side. LMOGA represents all of the industries that currently use the channel and those that may come in the future. They will put this into the statute or law that any future business that comes to the channel needing deep-water draft vessels would be part of this situation.

He does not know where this will go in the future. He does not know what kind of funding the Port will get from the state. However, at least they will be in a position to take advantage of what comes their way.

Ms. McCleary asked where the P3 was in the process. Has it had a hearing? Mr. Rase replied that it has been through the Transportation Committee. They will go to the floor with it Wednesday or Thursday. He has not heard what happened in Baton Rouge today.

Mr. Eason asked if it passed with Committee with no dissents. Mr. Rase replied that it did. There was one question as to why the state’s money continued to stay the same and the others were able to get a break in years 2, 3, 4 and 5. The answer was this is the state’s obligation and the Port and industries are just trying to help.

Mr. Dixon offered a motion to adopt Resolution 2020 – 007 to support legislation that creates the Calcasieu Ship Channel Public-Private Partnership (P3) regarding channel funding and authorize a Cooperative endeavor Agreement with the State of Louisiana and Louisiana Mid-Continent Oil and Gas Association. Mr. Krielow seconded the motion and it carried unanimously.

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3. Submission 2020 – 008 authorizing the issuance of not to exceed $35,000,000 Lake Charles Harbor and Terminal District Revenue Refunding Bonds, taxable or tax-exempt, in one or more series; authorizing the filing of an application with the State Bond Commission; providing for employment of bond counsel, a municipal advisor, and an underwriter in connection therewith; authorizing the officers and Commissioners of the District to do all things necessary to effectuate this Resolution; and providing for other matters related thereto.

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Mr. Rase stated this is a refinance of the bonds that were taken out several years ago. He handed the Submission to Richert Self to discuss.

Mr. Self said Mr. Rase stated this correctly. It is a refinance of the bonds. This is just the first step in the process. It is something that they will not do unless it makes financial sense. If he sees that the market has a reduction in interest rates and it makes sense for them to do it and save money over the life of the bonds, then they will pursue it. If it does not, they will not take that path.

Mr. Darbone stated Mr. Self mentioned it was something like refinancing your house. Mr. Self replied that it was something similar.

Mr. Krielow stated it should be good now with the market the way it is.

Mr. Self said that interest rates are down, but he thinks there is a lot of uncertainty in the market right now due to the economy at this point. It will be a process they will go through. If it makes financial sense, they will do it. If not, they will not. With the Board’s approval tonight, it allows staff to take the next step.

Mr. Eason stated that he has seen there are two decisions that are made here. Obviously, the interest rate environment, but also it is coupled with your credit rating. The Port’s AA credit rating coupled with the current interest rate environment should bring a substantial savings to the Port as far as interest costs.

Mr. Lorenzi asked if there was any downside to having the approval, if they do not act on it. Mr. Self replied that he did not believe, but he has Shawn Toups on the line. He is not on the line.

Mr. Self stated it is basically a refinance. The Port would pay off the existing bonds and issue new bonds if it makes financial sense. If there will be a cash savings. He does not see a downside in that situation.

Mr. Eason offered a motion to adopt Resolution 2020 – 008 to authorize the issuance of not to exceed $35,000,000 Lake Charles Harbor and Terminal District Revenue Refunding Bonds, taxable or tax-exempt, in one or more series; authorize the filing of an application with the State Bond Commission; provide for employment of bond counsel, a municipal advisor, and an underwriter in connection therewith; authorize the officers and Commissioners of the District to do all things necessary to effectuate this Resolution; and providing for other matters related thereto. Mr. Dixon seconded the motion and it carried unanimously.

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4. Submission 2020 – 009 authorizing the responses to the Louisiana Compliance Questionnaire.

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Mr. Rase stated this item was part of the audit and he turned it over to Mr. Self. Mr. Self said every year as part of the audit, the auditors distribute the Louisiana Compliance Questionnaire. The Port responds to it and submits it to the Board for approval. It covers things such as did the Port comply with the Bid Law, the Open Meetings Law and such.

Ms. McCleary asked what the auditors do with the questionnaire. Mr. Self replied that once they respond, staff turns it over to the auditors. The auditors audit the document as part of their process. It is part of the audit every year.

Mr. Krielow asked if some of the questions do not pertain to the Board. He noticed there were no responses on some of them. Mr. Self replied that the questionnaire asks questions for tax collectors, libraries and municipalities and they do not answer them as they do not pertain to the Port.

Mr. Krielow offered a motion to adopt Resolution 2020 – 009 to authorize the responses to the Louisiana Compliance Questionnaire. Mr. Lorenzi seconded the motion and it carried unanimously.

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5. Submission 2020 – 010 accepting the lowest responsive bid of Alfred Palma, LLC. in the amount of $5,444,300 for the base bid for the Berth 9 Rehabilitation at City Docks.

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Mr. Rase stated this has to do with Dock 9, which attaches to Dock 9A. This is where they run the automated terminal and handle the 50-kilo bags. This dock is used mainly for storage of those bags. It was built in the late 50’s. When they did the underwater surveys and looked at the docks, this one needed immediate attention. The decking will be stronger. Several of the pylons will be corrected. The bulkhead will re-established. Several sections of the bulkhead are weak. This is the bid to fix the situation. The bid came in way under what they had budgeted. It looks like a good bid, although there were only two bidders. One was Alfred Palma and the other was Boh Brothers, who were considerably higher.

Ms. McCleary offered a motion to adopt Resolution 2020 – 010 to accept the lowest responsive bid of Alfred Palma, LLC. in the amount of $5,444,300 for the base bid for the Berth 9 Rehabilitation at City Docks. Mr. Eason seconded the motion and it carried unanimously.

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6. Submission 2020 – 011 accepting the lowest responsive bid of Railworks Track Systems, Inc. in the amount of $439,207 for the base bid for the Railroad Trestle Bridge Repairs.

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Mr. Rase stated this has to do with the Port’s Industrial Lead. It goes from behind Chennault on down to Alcoa. In that lead there are some trestles. They have them inspected on occasion to make sure they meet FRA standards. Huval & Associates put together an inspection and a package for the Port. The Port bid the project and had five bids submitted. Railworks was the lowest bidder. The Port has done work with them before. They are familiar with the Port’s track and what is required.

Mr. Lorenzi offered a motion to adopt Resolution 2020 – 011 to accept the lowest responsive bid of Railworks Track Systems, Inc. in the amount of $439,207 for the base bid for the Railroad Trestle Bridge Repairs.

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7. Submission 2020 – 012 granting emergency authority to the Executive Director for ninety (90) days to negotiate lease payment deferral terms and lease payment restructuring necessitated by the Covid-19 Pandemic.

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Mr. Rase stated the Port has had several inquiries from industries such as PPG, Magnolia LNG and DongSung etc. who have various requests on how they would like to handle some relief from the Port on their leases. Golden Nugget also has asked.

Mr. Rase said that as staff looks at these things, they are all unique and it is hard to pin one on top of the others, so there is no one form to use for all of them. They are looking at how to structure something because some of these things come up quickly and need quick responses. Staff is asking the Board to allow the Executive Director to not forgive any rent, but to negotiate some kind of deferral payment form. Some will need more than others will. One is a small warehouse. DongSung employs 60 people. Now they employ no one and their business is LNG. They have been hit rather hard.

Mr. Krielow said he knows the schematics of how everything will work and he understands the Port is not waiving anything and is just working on deferrals. Each situation being unique, some of these companies have probably had access to the treasury or the Fed Direct Lending Program or having been able to participate in the Triple P Program. To some extent, the government is backstopping them and keeping them whole. Some of these companies have laid off all of their employees and furloughed employees. He asked that through the process, evaluate what they are doing to bring people back to work and re-energize the big unemployment as a result of this. If the Port is going to work with them on deferrals, even after they have been able to maybe access some direct lending program to keep themselves whole.

Mr. Rase stated Mr. Prudhomme brought that up. They will put a clause in the agreement that if they received that funding, they were to notify the Port and then the Port could enter into discussions to move forward. They will do that with each agreement and have that stipulation in the lease. Some of the businesses may be able to get it. Some may not. The Port will not know 100%, but they will have it in the agreement.

Mr. Krielow said it is discussed in the Submission about notifying the Board at the next monthly meeting as to what changes or deferrals have been made, but if staff could notify the Board on an email weekly basis so the Board is informed as to what is going on. Mr. Rase said they can do that and can do that as they do them.

Ms. McCleary asked if this authority expires on August 18, 2020. Mr. Rase replied that it is a 90-day submission for people to apply and speak to the Port. The Port could defer their rent for longer. It just the authority will exist for 90 days, not the agreements.

Mr. Prudhomme stated (inaudible). He then said could they make it an affirmative obligation and inform the Port of federal funding. Mr. Ringo asked if Mr. Prudhomme said could the Port make this an affirmative obligation in these agreements that they inform the Port of any funding they receive from the federal government. He asked if that was correct. Mr. Prudhomme affirmed that statement. Mr. Ringo said they are going to include in the letter agreement a clause requiring just that.

Mr. Eason offered a motion to adopt Resolution 2020 – 012 to grant emergency authority to the Executive Director for ninety (90) days to negotiate lease payment deferral terms and lease payment restructuring necessitated by the Covid-19 Pandemic. Ms. McCleary seconded the motion and it carried unanimously.

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8. Submission 2020 – 013 approving amendment of the 2020 Operating Budget for the Lake Charles Harbor and Terminal District.

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Mr. Rase said this also came up since the pandemic has hit. He turned this over to Mr. Self.

Mr. Self stated that as part of the state statute, anytime a governmental entity in the State of Louisiana projects their revenues to fall 5% below what they had originally budgeted, they are required to send a budget amendment to the Board for approval to basically acknowledge the fact that the Port is not anticipating its revenues to meet what they had originally budgeted. Due to decline in the oil prices and the Covid 19 issues, they are anticipating a decline in revenues and requesting budget amendments for four revenue line items. Those are: handling petroleum coke, handling barite, wharfage and lease revenues. The Board will see this during the Forecast I presentation. It is a requirement by state statute, but those are the four primary accounts where they are seeing declines in revenues.

Mr. Lorenzi offered a motion to adopt 2020 – 013 to approve amendment of the 2020 Operating Budget for the Lake Charles Harbor and Terminal District. Mr. Eason second the motion and it carried unanimously.

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 9. Spiralveyors repairs Briefing Note

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

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 10. Forecast I Financials Briefing Note

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

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 11. 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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 12. 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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 13. Monthly Staff report from Director of Operations and Trade Development.

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Mr. Henderson stated the Port has a couple of more lumber ships due in June. They are discharging a lumber ship right now with some brewery tanks for project cargo as well.

The Director of Operations’ 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 and Security.

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Mr. Krielow asked if the Director had come across any unforeseen things in the repair of the damaged dock. Mr. Pestello replied that just the amount of piles that were under due to the old railroad that was on the dock at the time. They knew they were there, but the contractor said it was tougher pile drive than expected. Mr. Krielow stated at the last meeting they were just getting started and were not sure what they would find. Mr. Pestello stated the engineer came back out and re-inspected once the deck was off. They found a few more damaged piles.

Mr. Krielow asked at the February meeting about the DBE and how the Port is complying. He said the policy was last reviewed in 2008. He had asked if Mr. Pestello could get with state agencies or other ports to see if this port is incompliance or meeting the guidelines that other ports are doing regarding DBE and WBE participation and contracts.

Mr. Pestello replied that he did. He reached out through the Ports Association of Louisiana (PAL) and a few other ports. Most of them do not have a written policy. Port of St. Bernard actually does a procedure based on each project. The meet with the contractor and set one. Mr. Krielow asked if that was part of their submittal in the contract about how much DBE or WBE participation they would have. Mr. Pestello replied that was correct.

Mr. Pestello said the Port of Baton Rouge does not have a written policy. It is just project specific. Port of Caddo/Bossier is looking at readdressing their policy. Theirs is very stringent and have had problems trying to meet those requirements that they are actually revising it now.

As an example, airports, to get a lot of federal funding, have to have written policies. Baton Rouge has 8.9%, Lafayette airport is around 8%. Fourchon airport is about 4%. With the Lake Charles Airport, he could not find that readily available. Based on those and everyone else, he thinks the Port is in line with everyone. Mr. Krielow asked what percentage the Port is now. Mr. Pestello replied that the Port has 8%.

Mr. Krielow asked if this was a policy that they need to update periodically. Mr. Pestello stated it was just a goal.

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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 15. Monthly Staff report from the State Port Lobbyist.

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Mr. Krielow asked if there was any legislation that the Port has taken a position on other than the partnership. Mr. Rase replied that they were not directly, but there was one for railroads requiring two people to a train. The Port is not aggressively looking at that. However, the Port would not be in favor of that. There may be an exemption for the Port.

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

Mr. Eason stated tonight is Mr. Rase’s last meeting as Executive Director. He wanted to acknowledge, in his six years he has been on the Board with him, he has provided outstanding leadership. The building that they are sitting in was built under his leadership. The team that sits in front of the Board is under his leadership and thinks he has left them in very capable hands with Mr. Self. He wanted to acknowledge him and thank him for his years of service and a round of applause.

(Audience applauses.)

Mr. Rase thanked Mr. Eason and he said he appreciates this and thanks all of the Board members – past and present that have had him here. He has enjoyed himself and done some good things. During this pandemic, he commended the staff, not just those who are here, but all of the employees at the Port. The Port never shut down. They never missed a beat. Nothing got in the way. Actually, two of the guys, Mike Witherspoon and Donald Verrette, IT Department, probably worked harder than anyone else did. They set up to make sure everyone could communicate with each other. It has been really a team effort to keep the Port running. All of the labor that participated did great. There are different groups out there. No one missed a beat and there were no complaints from shippers. Everything has been really good. He thanked the staff here and all of the employees of the Port. They are very vital to the success the Port has had.

He thanked the Board for allowing him to serve.

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

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Mr. Darbone asked if they needed to enter into Executive Session. Mr. Ringo stated with the Covid 19 everything has shut down. He does not have anything to add, but it is up to the Board.

The Board did not enter into Executive Session.

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

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There being no further business to come before the Board, Mr. Darbone asked for a motion to adjourn. Mr. Eason offered a motion to adjourn. Ms. Krielow seconded the motion and it carried unanimously. The meeting adjourned at 5:40 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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 DAVID J. DARBONE, President

ATTEST:

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THOMAS L. LORENZI, Secretary/ Treasurer