Minutes of the Regular Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 5:00 P.M., Monday, June 27, 2022 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

Todd Henderson, Director of Operations

Channing Hayden, Director of Navigation

Nick Pestello, Director of Engineering and Maintenance

Michelle Bolen, Executive Administrative Assistant

Mr. Krielow called the meeting to order at 5:00 P.M. and gave the invocation. Mr. Lorenzi 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 May 23, 2022 Regular Meeting Minutes.

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Mr. Lorenzi offered a motion to approve the May 23, 2022 Regular Meeting Minutes. Mr. Dixon seconded the motion and it carried unanimously.

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2. Submission 2022 – 030 approving the Board of Commissioners Election of Officers.

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Mr. Darbone offered a motion to adopt Resolution 2022 - 030 to nominate the following Board of Commissioner Officers for the year July 1, 2022 – June 30, 2023:

President Thomas Lorenzi

V. President M. Keith Prudhomme

Sec./Treasurer Judy McCleary

Asst. Sec./Treasurer Keith Guidry

Mr. Lorenzi seconded the motion and it carried unanimously.

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3. Submission 2022 – 031 accepting the lowest responsive bid of Alfred Palma, LLC. in the amount of $1,599,000 for the base bid plus a contingency in the amount of $240,000 for a total of $1,839,000 for the Industrial Canal Warehouse Repairs.

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Mr. Self stated staff requests the Board to authorize the Executive Director to accept the lowest responsible bid from Alfred Palma, LLC. for the Industrial Canal warehouse repairs. This is a warehouse that was constructed by BG at the Industrial Canal. They turned it over to the Port last year. It was damaged by the hurricane and in need of repair. They went out for bid in April and received two bids in May. They were within one percent of each other. The lowest bid was $1,599,000 with a $240,000 contingency for a total of a $1,839,000.

Mr. Dixon offered a motion to adopt Resolution 2022 – 031 to accept accepting the lowest responsive bid of Alfred Palma, LLC. in the amount of $1,599,000 for the base bid plus a contingency in the amount of $240,000 for a total of $1,839,000 for the Industrial Canal Warehouse Repairs. Mr. Prudhomme seconded the motion and it carried unanimously.

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4. Submission 2022 – 032 authorizing the Executive Director to approve a second change order related to the Shed 7 Demolition for the asbestos removal in the amount of $250,000.

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Mr. Self stated staff requests the Board to authorize the Executive Director to approve a change order to the contractor construction for the removal of asbestos at Shed 7 and the roof Port Project CP 21011. This is a project that was awarded to Keiland Construction in 2021. Staff presented them with a change order because there was asbestos found in the wall of the roof. The asbestos that was originally found was in the caulking and the ceiling. The plan with that change order was to remove the caulking asbestos from the wall and the ceiling from the roof the caulking and the sealant. Once the demo started, they were able to remove the asbestos from the wall, but from the roof, because of their multiple layers of construction, it got to the point where it just was not economical to try to remove the asbestos.

Staff is asking the Board for another change order, which will allow the material to be removed to a class one cycle.

Mr. Pestello said this is a change order to the authorization of the actual change order. The contractor will only be for the amount expended, so as they start debris removal they will confirm everything by truck tickets and verification of loads and that is what the change order amount will ultimately be for.

Mr. Pestello said since they have actually prepared the submission, the estimated loads have already come down substantially. They are seeing quite a bit of savings of about $60 000 less than originally estimated. Mr. Self said DEQ has been involved each step of the way to make sure as well as our environmental consultant Boos Navarre. Mr. Krielow asked how much a ton is running if you turnkey it. Mr. Pestello said for a 30-yard asbestos dumpster is about $1,875.

They are actually seeing limitations by the landfill as well. Because it is asbestos contained, they have to cover it each day and so they are restricting the Port on the amount they can haul each day. It is slowing them down.

Mr. Lorenzi offered a motion to adopt Resolution 2022 – 032 to authorize the Executive Director to approve a second change order related to the Shed 7 Demolition for the asbestos removal in the amount of $250,000. Mr. Guidry seconded the motion.

Ms. McCleary stated that she and Mr. Pestello went on a little field trip out there and there is a lot of material. Physically, she does not know how anyone could possibly separate asbestos t from non-asbestos. It is quite a volume of material. Mr. Pestello said they are still separating the structural steel and the walls as clean. They can still salvage those for straps so the contractor is taking that into account as well.

The motion passed unanimously.

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5. Submission 2022 – 033 authorizing an Addendum Number Twelve to Real Estate Lease Option Agreement with Lake Charles Methanol, L.L.C.

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Mr. Self said staff is asking approval in the real estate agreement with Lake Charles Methanol, LLC. to extend the term with an extension through September 30th of 2023 and continuing the option payment of $35,000 a month. They have been paying that each month. Mr. Don Maley is here. He has been involved with the project from the beginning ready to make a presentation.

Mr. Maley stated he appreciates the opportunity to give the Board an update mentioning that he thinks they have seen over the last few years that the interest in and demand for low carbon products is experiencing kind of exponential growth and interest in the marketplace, so they agree and are very excited. The fundamentals for their project are stronger than ever and the team remains committed to the project.

All of their stakeholders continue to support what they are doing. They are very excited about the future.

A little bit of history. Most will recall that for years their biggest problem was trying to arrange the project equity. They had everything else for the project, but needed to raise the equity. This time last year they were successful in in finding an equity investor. He secured capital, a $15 billion energy and infrastructure fund committed to provide the equity capital to the project. They thought they were ready to go. Unfortunately, beginning of August Fluor Corporation, who had been our engineering and construction contractor for years, told us that due to their own financial situation, which had nothing to do with our project, they were no longer able to support our efforts and so we had to kind of go back to step one on the engineering construction side. They had to go back to the market and look for a contractor engineering construction firm and that took many months. They had to run an RFP, do evaluations and negotiate with different parties in February. They selected Technique Energies, a large French-based engineering construction firm. They then spent the spring negotiating with them on a contract, which they have now completed.

That leaves them now is that no engineering firm is going to provide a fixed price to build a large complex project like this without doing their own engineering work themselves. They are not going to rely on somebody else's drawings and designs, so they will be initiating an eight and a half-month process to complete that work normally that would take over a year. But, they do have big pieces of the project that are already done. They have a big air separation unit and have got the methanol unit. The big pieces are kind of done. It is just a matter of pulling it all together into an operating plant that Technique has to do that work. But, they have committed to give them a final price and final contract in eight and a half-months, so that puts them into March of next year.

All of their customers remain in place. The Department of Energy’s conditional commitment to provide the debt financings in place supporting them as the equity provider. Once they get that final contract in place, it is a 90-day process with the Department of Energy to close the loan and they have various hurdles they have to go through internally and have got to send it to their final credit application to the Office of Management and Budget to actually price the loan.

There is a 90-day process. They see themselves in a position to actually break ground and be beginning construction this time next year and are asking for you know an extra 90 days just as a cushion in case things slip a little bit.

Mr. Krielow said that one thing that in talking to some of the other members is that this extension is for 13 or 14 months. Mr. Maley agreed. Mr. Krielow said typically they have done numerous extensions and the Board does not hear until right at the last minute what is going on or impacting that requires another extension. Would it be possible to set up something where he could report to the Board maybe on a six-month basis as to what has progressed? Mr. Maley replied that he would be happy to do that. Mr. Krielow asked if they can do it quarterly. Mr. Maley stated he would be happy to provide the information.

Mr. Darbone offered a motion to adopt Resolution 2022 – 033 to authorizing an Addendum Number Twelve to Real Estate Lease Option Agreement with Lake Charles Methanol, L.L.C. Mr. Guidry seconded the meeting and it carried unanimously.

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6. Submission 2022 – 034 authorizing an Addendum Number Two to Ground Lease Agreement with Southern Ionics, Incorporated.

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Mr. Self said approval of sought to authorize the Executive Director to enter to Addendum Number Two of the ground lease with Southern Ionics to add warehouse 17 to the ground lease. Southern Ionics currently leases on a long multi-year basis of Transit Sheds 16 and 150. They currently lease 17 on the month to month. This addendum is just rolling Transit17 into that multi-year lease.

Ms. McCleary offered a motion to adopt Resolution 2022 – 034 to authorizing an Addendum Number Two to Ground Lease Agreement with Southern Ionics, Incorporated. Mr. Lorenzi seconded the motion and it carried unanimously.

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7. Submission 2022 – 035 receiving and accepting the audited financial statements as of and for the year ended December 31, 2021.

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Mr. Self called upon Mr. Jason Guillory to discuss the financials.

Mr. Guillory stated he wanted to go over briefly the financial statements for the year ended December 31, 2021. He wanted to focus on a couple pages so they are not flipping back and forth through with the report.

He stated they have concluded the audit as of December 31, 2021, and have issued their opinion there on page 19 of the Annual Comprehensive Financial Report. They have issued an unmodified or clean opinion on the financial statements, which means that they believe that the financial statements present fairly in all material respects the financial position of the Lake Charles Harbor and Terminal District as of December 31, 2021.

He stated he wanted to hit on some of the financial highlights found on the two major financial statements that begin on page 36. That is your statement of net position and the statement of changes in that position on page 38. so this is basically the balance sheet in the income statement for the port as of December 31, 2021. He is going to make some comparisons even though this isn't a comparative financial statement. He has the numbers from last year and would like to draw some comparisons to last year. Last year was obviously a tumultuous year that everyone is aware of and so the financial position of last year was significantly different than what it is this year. He is going to point out some of the larger variances both on the balance sheet and the income statement that might be of interest to the Commissioners. First and foremost on terms of cash and restricted cash, the cash balance that December 31, 2021 was $87.8 million and the restricted cash was $11.8 and that compared to $79 million in unrestricted cash last year and $7 million of restricted cash so there is an increase of about $13 million dollars. This is a total of both unrestricted and restricted cash. He noted that there was about a $5 million increase in restricted cash as a result of the Board's action to reserve $5 million for future insurance deductibles should they encounter another natural disaster. That is the reason for the increase in the restricted cash balance.

The next major line item that had a bit of a change is the intergovernmental receivable balance. As of December 31, 2021, intergovernmental receivables were $10.8 million this compared to last year a little under $5.5 million and this is primarily related to FEMA receivables and so that that the bulk of that project over to that balance over $10 million is related to obligated FEMA funds as staff submits project worksheets up the line to FEMA/GOHSEP. FEMA eventually approves and obligates funds well from an accounting standpoint.

Once those funds are obligated, the Port can then book them as a receivable on the books. Now, that does not mean that that is revenue on the books, but just the receivable. So, once expenses are incurred, that correlates with those obligated funds, then they are considered earned. Otherwise, they sit in unearned revenue. They will see as he goes through the rest of the balance sheet and income statement where that is going to impact the balances and earn earned revenue as well as in grants and other contributions.

The next line item that had a significant change was in capital assets. Capital assets decreased from $267 million last year to $264 million this year. That is not a huge decrease, but it is kind of unusual for capital assets to decrease when you have so much construction and so forth going on. The main reason for this is if we think back to last year, the Port retired about $20 to $25 million worth of assets - the ship loaders and unloaders, which significantly decreased the asset balance and then again this year there were evaluations made on several structures that had sustained significant damage from the hurricane, which were also impaired. When you look at the income statement there is a loss on impairment of assets and what that is that is writing down assets whose value has significantly diminished as a result of the storms. That impacts the net value of capital assets so total assets for as of December 31, 2021, is $391.2 million compared to last year was $375 million for about a $16 million increase in total assets.

On the liability side in the current liabilities, current liabilities this year are about $11 million. Last year was about $17 million that is a pretty significant decrease. At the end of 2020, the Port was dealing with a lot of the hurricane expenses and cleanup mitigation and so forth. There was a large amount of hurricane payments that had been accrued at the end of last year. That is primarily a hurricane event and now the Port is back to kind of a normal level of current life of current liabilities not normal level for everything just current liabilities.

The second line item is claims payable. The long-term in the non-current liability section the second line item is claims payable of $48,723,150. This is related to the litigation with IFG. Turning to page 67 and the financial statements note 14 is for contingent liabilities and commitments. What they are dealing with is considered a contingent liability for litigation. That means that there is an unresolved amount and unresolved determination in some form or fashion. There is a contingent liability when accounting for contingent liabilities. There are three classifications of contingent liabilities and it dictates how you are to account for those liabilities.

It can be a remote possibility in which you do not necessarily have to do anything with the potential liability. There is a reasonably possible liability and then there is a probable liability. If you have a probable liability, then the entire amount of that defined amount is recorded as an accrued liability. As has been represented by management and legal counsel, they are still in the reasonably possible category for this contingent liability because of the continued appeals process that is going to go on with this lawsuit. Until they have a final settlement or final adjudication, you wouldn't necessarily book the entire amount of potential liability. As of right now the court did issue a final ruling with a calculation of damages against the Port in excess of $124 million dollars. That is what the accounting standard says they need to do. They need to accrue the best estimate or the low end of an of an estimated range on the financial statements, but they have to disclose the total ups of worst-case scenario highest end of the liability in the note disclosures. That is why you see within note 14 that they disclose both that the amount that they accrued is$ 48.7 million, but that there is a reasonable possibility that the District will owe up to in excess of $124 million. That is the change from last year to this year. That is from the final judgment. The actual accrual did not change. Only the note disclosure changed and that will continue to be assessed as the litigation goes forward.

Going back to the balance sheet on page 37, the next liability is the net pension liability. Current net pension liability is $4.1 million. Last year was about $21 million. This is a direct reflection of the investment performance of the lasers retirement investment performance of the lasers retirement system. They recognize the District’s portion of the unfunded liability of the Louisiana State Retirement System employees’ retirement system because the market did extremely well. That unfunded liability decreased therefore the corresponding percentage of that liability also decreased.

The next line item is the unearned revenue, which was mentioned earlier. The unearned revenue was a little over $10 million, which is about twice as much than what the earned revenue balance generally is. That represents those obligated funds, which the Port has not incurred, the expenses to claim those as revenue to submit as reimbursement for those revenues so they sit in unearned revenue until those projects or those specific actions take place.

Finally, just the total liabilities for the year are $124 million compared to $134 million last year for a decrease of $10 million, which is primarily the pension liability and the account and the current liabilities. Net position increased from $246 million to $267 million a $21 million dollar increase over last year in that position.

Turning to the statement of revenues expenses and changes in fund that position or the what you would consider an income statement, vessel in cargo revenues are $17,460,000 compared to last year of $17.9 million that is a slight decrease. The District saw a fairly significant drop in raw coke handling, but it was offset by increasing in barite handling, calcine coke handling and some LNG products that were handled. That offset most of the decrease that was in raw coke.

The second line item rent and rental of equipment and facilities. This is primarily leases and gaming revenues. The gaming revenues obviously increased as they recovered from Covid 19 and there was a full year of gaming revenues. Also there was a fairly significant amendment to the Driftwood lease as they went into the construction phase of their lease that increased lease revenue as well, The Port had about a $1.4 million increase in that lease revenue category. Total operating revenue is just under $38 million compared to $36 million last year about a 5% increase in operating revenue. Operating expenses for the year $42.5 million that compared to $39.5 million last year so there was an increase in operating expenses. A couple of major factors were one insurance expense increased $2 million. The insurance market change dramatically after the hurricanes really increased the insurance premiums, but the second element of the increased expenses is really a function of the damage to the District's infrastructure. When you go from very efficient process with specialized equipment and cranes that are operational and lose those cranes and those very efficient operations, now you are trucking and handling cargo in a very different way. There are some increases in it all across the board in expenses. They saw increases in outside services, professional services, rent equipment and building and stevedoring services. All of that contributed to the increase in operating expenses, but it is really just a matter in order to maintain operations of the District it caused some increased costs with less efficient operations.

Net operating income for the year was a $4.6 million loss, which is a little bit worse than it was last year. Non-operating revenues and expenses is really where there is a lot of the fluctuation from an income state statement standpoint because that is a lot of one-time type events.

The loss on repairment and department of assets retirement of assets last year had $20 to $25 million of ship loaders and ship unloaders that were tracked and retired this year. They had some retirements, but not nearly to the extent that they had last year. When you really boil it down, non-operating revenues had a $78 million shift and also the district took a $47 million charge for litigation, so the two big factors in non-operating income going from what was a $61 million net non-operating expense to a current year $17 million net non-operating income was $48 to $49 million of litigation charges and about $25 million dollars of hurricane specific events that occurred last year, which didn't occur this year. That really shows where you kind of lose some of the comparability between last year and this year due to those really significant effects that occurred in 2020.

Current year grants were right at $9 million compared to last year, which was 6.4 million. There is an increase in FEMA revenues of about up to about $6.2 million that they have been able to recognize as revenues and $2.8 million of ARPA funds, the American Relief Plan diamond that is $6.2 million is ARPA. They have only recorded we actually recorded 2.8 of FEMA sorry about that the American Relief Plan was a port relief program by the state, which allowed for a fairly general use for the District. Only $2.8 million of those obligated funds have actually met all the criteria to be claimed as revenue. All of that put together they have a net income or net change in position of $21 million this year compared to a $58 million loss last year. That is the financial information.

He did issue two other reports this year. The first is the Uniform Guidance Supplementary reports. They always issue reports on internal control and compliance issues. This year they had to issue some additional reports because of the federal funding the Port was subject to. What is called the “single audit”, which is according to the uniform guidance so because they had about $7 million of federal expenditures. The Port is subject to that auditing, specifically the FEMA program. They have issued no findings of the internal control or compliance for either the single audit or for the normal governmental accounting yellow book audit that they would normally issue to the Port.

Finally, two or three years ago the Louisiana legislative audits are required agreed upon procedures be applied for every governmental entity that is subject to audit. They reinstated that this year and so once again they went through the process of performing those procedures and there were no exceptions noted to those procedures. It is a very good outcome on both of those accounts.

Mr. Prudhomme offered a motion to adopt Resolution 2022 – 035 to receive and accept the audited financial statements as of and for the year ended December 31, 2022. Mr. Dixon seconded the motion and it carried unanimously.

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8. 2022 Legislative Session Briefing Note.

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Ms. Corley gave her legislative session briefing to the Board. She then introduced the Legislators who attended the Board meeting: Senator Mark Abraham, Representative Philip Tarver, Representative Les Farnum and Representative Troy Romero.

Senator Mark Abraham spoke to the Board.

The only one that probably wants to speak is Troy Romero maybe, but anyway a lot to talk about really. First of all I want to thank the Port Board for what they do. The Commissioners, the Director, the attorneys all the staff. I have sat in your shoes for just about eight years, so it is a very important job and very important responsibility. it is the economic engine in southwest Louisiana. There is no doubt about it and we want to always do what we can to take care of you all and Ii think that is reflected in some of the dollars that we were able to head your way.

If you remember last year, we had a southwest fund and had some money and we were able to give you all $14 million dollars. We really thought there was a possibility that we could do some more this year, but it was a very contentious session. You think it is bad when you do not have money. When you have a lot of money then everybody wants something and everybody everybody's project is justifiable to them.

I am just going to give an example how that plays out on the Lake Charles Bridge. You know we tried to get as much money as we could for the bridge and we all were in a meeting with about 15 or 20 legislators and the President of the Senate and the Speaker of the House. We were trying to make the case of why we thought our i-10 bridge was the most important bridge in the state. Now on paper, it might be okay. We have a safety factor. There are a lot of issues on the i-10 bridge that we need to take care of, but you are dealing with 144 legislators throughout the state of Louisiana. They believe their project is the most important project in the state. The Lafayette people said, “Wait a minute. I-49 south. We have been waiting to get around traffic congestion for 20 years. Do not tell us that the I-10 bridge is more important than the I-49 south.” The Baton Rouge people will tell you they have massive congestion on the Mississippi River bridge. Do not tell us that your bridge is more important than our bridge.

That just gives you a sense of the atmosphere when you're going after dollars. Everybody is going for the dollars and it is hard to convince everyone that your project is the best. Ii can just tell you that the legislatures as a whole became Lake Charles weary because every time we turned around we were asking for money and a lot of times we were getting money and after a while they said enough is enough. We managed to get an additional $200 million dollars for the I-10 bridge. We came in with $200. Now we have $400 million for that I-10 bridge. It was a group effort by all of us, but again when you keep on pounding the committees and telling them that you want more and more money, they finally they just kind of get a little tired of it.

At one point, we had $28 million dollars coming to the four mega-projects, which are the I-10 bridge here, I-49 south, the Baton Rouge bridge and i-49 north. We used some of the vehicle sales tax to take some of that money and put it in a fund and then transferred some of that money into the mega fund. There was $28 million dollars in that fund. We did manage to get more money in that fund. At one point, it was $53 - 54 million dollars for each project. That means the Lake Charles I-10 bridge would be getting $53 million dollars a year at the end. When it went to conference committee, because of everybody saying look I believe I-12 is important, we got left out of this pot of money. We ended up limiting all the dollars to $40 million dollars instead of the $53 million dollars now. It is not over, but still that is huge because we pushed very hard to get that extra money because we were trying to do the bridge without doing a toll.

It is not over because one of those projects might not make it. In other words, I-49 north might not be the most important. It is the least of the of the four. Whether it ever gets funded, I do not know, but in that bill it says if any of those projects do not get funded, that money reverts to the other three, which would be we were one of those three. So, we could actually come back and get $53 million again. That is part of the political process. We will deal with it in in the in the future, but from a Port standpoint, we did unbelievably. I am just telling you because the Port, with the amount of money that you got this year, really kept us from getting even more money. They have come to me. I am in finance and they say, “Wait a minute. You got cranes. You got the Port. You have got I-10 bridge. You have extra money in the vehicle sales tax.”

You got to stop in committee sometimes. They would joke. They would say, “Oh here comes Abraham. He is trying to get more money for his area.” So, I am just telling you that was the mood and at one point we tried to get some extra money like you had $14 million dollars last year from a southwest fund. I tried to push that. There was no takers. They said we had enough. You have got enough. We cannot go anymore. Too many other people are complaining that we got more than our fair share. Yes, we used the hurricane as an advantage and all the sorts of things. We still did that, but after a while it became Lake Charles weary.

I have to comment on Ginger. She did a magnificent job of setting you all up and working the system to make sure that the Port got the maximum amount of money from the Governor all the way to the President of the Senate and the Speaker of the House. It was a group effort, but she was the tip of the spear and if we had not been all working together, it would not have happened. I am not saying that because she's here.

I have been in this system now seven years and I know how it works. Sometimes you do not get what you want, but you came out really good. Some entities in southwest Louisiana were a little aggravated because they did not get what they felt was their fair share and we tried, but you know again like I said earlier, you can only get so much. But, we are still going to go after it.

The Capital Outlay process became very brutal. Funding that we had from the Governor to the House of Representatives to the Ways and Means, we had money in there. All of a sudden two days later Ways and Means had an afternoon meeting and we got cut out. So, that is how brutal the process was on who was going to get the money and who was not going to going to get the money. That was kind of the budget process. We had big ticket items. We shored up the unemployment trust fund of about $500 million dollars. If we did not do it, that means the business people the throughout the state would have to pay a little bit more in tax. We had a debt service for a levy district lawsuit we had to pay three $400 million installments. We paid another $400 million installment this year. That saved the state millions of dollars. So, there were a lot of big-ticket items that we had and that is where a lot of the money went.

All the Baton Rouge bridge got $300 million. The I-10-49 got $200 million. We got $400 million. I-49 got $100 million. Once you start dealing $100 million, after a while the money runs out pretty quick.

Just to give you a brief outline on the redistricting plan. Just to kind of give you a little hope, I can do it three or four minutes. It really was a battle of the 14th amendment and the 15th amendment. The 15th amendment says that if you have a third black, you need to have a third of your U.S. Congressional district to be black. We have six. You got to have two. That is the 15th amendment. The 14th amendment says in order to do that, you cannot gerrymander. You not cannot take a piece and bring it into the district just to make sure it is black. You cannot do that. That is called racial gerrymandering. So, you had those two battling each other. Yes. It is supposed to be two out of six a majority minority district, but yet you have the racial gerrymandering in the 14th amendment. They battled it out and at the end as we kept it the same. One of the reasons was 10 or 12 years ago under the Obama administration, when you had two majority minority districts, they said one of them was illegal according to the 14th amendment. It was racial gerrymandering. They did away with it. That is how we got the five and one that we have now. The Justice department approved that 5-1 because they said it satisfied the 15th and the 14th amendment. So now in 2022, 12 years later the population of Louisiana only went up about 40- 50,000 people over 12 years so the placement of the minority areas didn't change. The population did not change. We felt it was approved 12 years ago. We could not get the votes to change any other way, so we went with the same thing. We have three branches of government. We have the legislature, which is a deliberative body. A judge cannot just tell you to do something. You cannot tell 144 legislators to do something. You got to go through the process. The judicial side has their three-prong process: federal judge, appellate court and US Supreme court. They just went on step one of their three-step process. At the end, if U.S. Supreme Court rules that we have to have two out of six then that will happen, but that is just to give you a little brief idea of the thought process and what went on in this special district on registering. I think that is about it.

Representative Romero spoke. I just would like to say what a pleasure it is to support you and support your endeavors. The hard work that Ginger does is amazing and your southwest delegation is positioned on very important committees and that helps all of southwest Louisiana not just not just the Port. I would be remiss if I did not speak briefly about how important it is to keep your relationship with the Jeff Davis rice guys. The Port is very important to them. They are going to grow really fast once this mill is built and I think the relationship between the two of you will be tremendous for all of southwest Louisiana. I just wanted to make sure that we made that point that what you do for them and what they are hopefully going to do for you will be something that we can be happy and proud about for the for the future. Thank you for your support and we are very proud.

Senator Abraham said regarding the Nelson Road bridge, they have been working on that. It needs Coast Guard approval. I just got word again. It is not that we have not got the approval, but they are waiting on the on the mariners to say that the width of the bridge that went from horizontally from 61 feet to 70 feet they want to make sure that is okay. The attorneys have been in contact with them. They feel it is okay they're going to write a letter saying that the 70-foot width is okay. When that happens, the Coast Guard gives the approval to the Nelson Road bridge. Then we can start. I just want to give you that update. Thank you.

The Board thanked the legislators.

The 2022 Legislative Session Briefing Note was rendered to the Board and is on file in the Executive Offices.

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9. May 2022 Financials Briefing Note.

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

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10 FEMA/GOHSEP Financials Briefing Note.

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Mr. Landry said they actually saw the obligated projects increase about $2.9 million, which is pretty significant. They had a call this morning with CSRS and there are quite a bit more that are being are very close to being obligated that they will hopefully see next month and see a large increase in that so that is really it good.

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

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

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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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12. Monthly Staff report from Director of Navigation.

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Mr. Hayden said that in addition to my report, he would like to bring the Board up to speed on what is going on with the funding trip they are going to make to Washington later in this month. It is scheduled for the week of July 18th. The Picard group has gotten meetings confirmed with Representatives Higgins, Scalise. Letlow and Graves. There has been no response yet from Representative Johnson. They have a meeting scheduled with Senator Cassidy, but nothing yet from Senator Kennedy and his staff.

They are working on meetings with OMB, which will likely be virtual because OMB is not accepting face-to-face meetings. The CORPS senior staff may be in person or virtual and they are also working on the House Committee on Transportation and Infrastructure, Center Committee on Environment and Public Works and the House appropriations committee subcommittee on Energy and Water. If they get all this pulled together they are going to have a very full few days up in DC. However, it usually turns out to be productive. Are there any questions? Ms. McCleary asked if the legislative branch in Washington is meeting in person and the Executive branch is only meeting virtually, did she understand that correct that is what it appears to be? Mr. Hayden said they are not quite sure what the CORPS is going to do, but the Capitol building is open the Picard Group was able to arrange for them to use the majority whips see the minority of the majority minority whip in his conference room in the Capitol building. So, they will have face-to-face meetings in the Capitol and then will go see Senator Cassidy and hopefully Senator Kennedy. The other staff meetings in the in the House and Senate should be held in the Capitol building face-to-face. OMB will be virtual and are not sure yet with the CORPS.

Ms. McCleary asked if that was only in DC, but when they meet with the CORPS in Louisiana if that was the case as well. Mr. Hayden replied that they met with the District face-to-face, but the meeting in Vicksburg was a virtual meeting.

The Director of Navigation’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.

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Mr. Henderson said it has been a busy month at City Docks. They had two cargo transfer ships, a structural steel shipment a liquid ship and a two lumber vessels between now and probably the end of July. They are expecting four more lumber ships, two rice shipments and a rubber shipment. That is going to go breakbulk for the first time. Hopefully, if that goes well, they may schedule about five more of those rubber shipments to go to South America and another large cargo transfer about 20,000 tons.

At BT-1 they loaded a coke ship with about 58,000 tons discharged several retire ships and barges about 20 000 tons and discharged a green coke ship it's about 35,000 tons. They are currently working on a barite ship and a calcine ship. They will then have two rutile ships scheduled for the month and another green coke.

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 Cargo and Trade Development.

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

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Mr. Pestello said that he had a quick update on a couple projects that they have brought up. Berths 2 and 3 is the CMAR construction project that has Port Priority money tied to it. The pile driving is continuing to progress. They are continuously hitting underground instructions, but the design team at Boh Brothers is working through those pretty nicely and continuing to make progress even through those obstacles. Sheds 16 and 17 with the lease with Southern Ionics, the hurricane repairs are nearing completion on those. Both roofs are almost complete. Most of the wall panels are done, so by the time those are done they will have two very resilient structures to continue on with those leases. He also wanted to thank Ms. Corley personally and the Louisiana delegation. She is always taking his phone calls whenever she is trying to get the Port money and she can take his engineering talk and put it out in layman's terms for everyone. He also wanted to thank Ms. Shaunna Davis, one of his contracts management team. She is the one that helps him on all the reimbursements for all this grant money and everything. He was just trying to figure it out. There are actually six to seven programs right now that she is helping him seek reimbursement through and she keeps him straight on all those.

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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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. Guidry seconded the motion and it carried unanimously.

The Board entered in to Executive Session at 5:59 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.
* Executive Director and General Counsel Employment Contracts.
* LCHTD vs Harbor Docking and Towing No. 2022 – 0995-F, 14th JDC, State of LA.

The Board returned from Executive Session at 6:34 p.m. No action was taken in Executive Session.

Mr. Krielow stated they did have an item to act upon after Executive Session.

Ms. McCleary offered a motion to adopt Resolution 2022 – 036 to authorize the settlement of claims against Harbor Docking and Towing and related insurers. Mr. Lorenzi seconded the motion and it carried unanimously.

There being no further business to come before the Board, Mr. Krielow adjourned the meeting at 6:35 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.

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CARL KRIELOW, President

ATTEST:

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M. KEITH PRUDHOMME, Secretary/ Treasurer