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 28, 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

Michael G. Eason, Commissioner

Absent:

 None

Also Present:

 Richert Self, Executive Director

Jon Ringo, General Counsel

Cameron Landry, Director of Administration and Finance

 Nick Pestello, Director of Engineering and Maintenance

 Todd Henderson, Director of Operations

 Channing Hayden, Director of Navigation

 Michelle Bolen, Executive Administrative Assistant

Mr. Krielow called the meeting to order at 5:00 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 May 24, 2021 Regular Meeting Minutes.

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Mr. Eason offered a motion to approve the May 24, 2021 Regular Meeting Minutes. Mr. Lorenzi seconded the motion and it carried unanimously.

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2. Submission 2021 – 023 approving the Board of Commissioners Election of Officers.

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Mr. Dixon offered a nomination to have the following be the elected officials for 2021 – 2022 and to continue the normal rotation:

President Mr. Thomas Lorenzi

V. President Mr. Keith Prudhomme

Sec. /Treasurer Ms. Judy McCleary

Asst. Sec./Treasurer Mr. Mike Eason

Ms. McCleary seconded the motion. Mr. Krielow stated that this was a nomination and nominations do not require a second. He asked Mr. Ringo if that was correct. Mr. Ringo replied that it was correct. Mr. Krielow said they had a nomination from Mr. Dixon for:

President Mr. Thomas Lorenzi

V. President Mr. Keith Prudhomme

Sec. /Treasurer Ms. Judy McCleary

Asst. Sec./Treasurer Mr. Mike Eason

Mr. Krielow asked if there were any other nominations.

Mr. Darbone offered a nomination to continue with the current Board of officers that they have based on everything the Board has had going on. He thinks they have been focused on a lot of things that most of the Board does not take a look at.

Mr. Krielow said that Mr. Darbone’s nomination is to continue with the current officers as:

President Mr. Carl Krielow

V. President Mr. Thomas Lorenzi

Sec. /Treasurer Mr. Keith Prudhomme

Asst. Sec./Treasurer Ms. Judy McCleary

Ms. McCleary asked as a point of question has this typically been the case. Being new to the Board, she is wondering whether or not if this is generally how the Board has functioned over the last decade or so. Mr. Ringo stated he could not speak to the last decade. Some people have been around longer than he has. However, the bylaws allow for a Commissioner to serve no more than two consecutive years in the same office. Since he has been here, it has changed every year. Mr. Self stated in the last 10 years it was not the case where one person served in the same office more than one year. Mr. Krielow said that the bylaws provide for it. Mr. Eason said that in his 9 years that he has served, it has rotated the same as every other public body in this area. It is just to bring new leadership into a position because everyone has different leadership goals they are trying to accomplish. That is why the rotation occurs in virtually every public body that they have here. Mr. Dixon said that this gives everyone a chance to serve as president or any other office. If you do not want to serve, it does not mean you have to serve. You can opt out and move the rotation up that much further. That is the easiest route to go. There are no problems.

Mr. Krielow asked if there were any other nominations.

Mr. Lorenzi said that he had no nomination, but he prefers to opt out from nomination as president.

Mr. Dixon stated that he would then nominate Mr. Prudhomme to be president and move on up. Mr. Krielow stated that Dixon could only make one nomination since he has already nominated Mr. Lorenzi as president. Mr. Lorenzi stated he appreciates the nomination, but with everything going on right now, continuity is important. He does not feel like he has the time to devote to it with his own personal recovery from the storms plus his practice.

Mr. Krielow asked the Board to vote on Mr. Dixon’s nomination first as follows:

President Mr. Thomas Lorenzi

V. President Mr. Keith Prudhomme

Sec. /Treasurer Ms. Judy McCleary

Asst. Sec./Treasurer Mr. Mike Eason

Mr. Lorenzi stated he would like to withdraw. Mr. Ringo said that since Mr. Lorenzi has decided to opt out, he said Mr. Dixon would have the opportunity to withdraw his nomination he so chooses. You can vote on it, but it will be neither here nor there. Mr. Dixon asked that if he withdraw because Mr. Lorenzi has decided not to take that position, does he get to make another nomination. Mr. Ringo replied that there is no prohibition on that, but that is at the pleasure of the Board.

Mr. Dixon withdrew the previous nomination and offered a new nomination as follows:

President Mr. Keith Prudhomme

V. President Ms. Judy McCleary

Sec. /Treasurer Mr. Mike Eason

Asst. Sec./Treasurer Mr. David Darbone

Mr. Krielow asked for a Roll Call vote on Mr. Dixon’s nomination.

Ms. McCleary Yes

Mr. Dixon Yes

Mr. Lorenzi No

Mr. Krielow No

Mr. Prudhomme No

Mr. Darbone No

Mr. Eason Yes

Mr. Dixon’s nomination was not successful.

Mr. Krielow asked for a Roll Call vote on Mr. Darbone’s nomination.

Ms. McCleary No

Mr. Dixon No

Mr. Lorenzi Yes

Mr. Krielow Yes

Mr. Prudhomme Yes

Mr. Darbone Yes

Mr. Eason No

Mr. Darbone’s nomination was approved to adopt Resolution 2021 – 023 to approve the Board of Commissioners Election of Officers for the year July 1, 2021 – June 30, 2022.

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3. Submission 2021 – 024 authorizing a Ground Lease with Driftwood LNG, LLC.

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Mr. Self stated they were excited to announce that Driftwood LNG is interested in moving forward with a long-term agreement at a 477-acre site the Port owns on the west side of the ship channel. It is the prior Global Industries site the Port acquired years ago. In 2016, Driftwood entered into a short-term agreement. That short-term agreement contemplated a long-term LNG export project. It included land rent plus a throughput. During construction, the land rent would generate about $1.8 million. It would generate about $2.4 million once they go into commercial operation. With trains one through four, the throughput will be about $686,000 a year. It is a good project for Southwest Louisiana. It is a $16.8 billion project with over 6500 jobs. These jobs will consist of construction jobs and 400 permanent jobs.

Mr. Darbone offered a motion to adopt Resolution 2021 – 24 to authorize a Ground Lease with Dirftwood LNG, LLC. Mr. Lorenzi seconded the motion.

Mr. Heather Hohensee, Director of Government and Public Affairs with Tellurian, addressed the Board. She stated their offices are in Houston but she is located in Lake Charles. It is a pleasure to be here to represent Tellurian and to say thank you. She commended staff and Commissioners. Every time she attends a Port presentation, she is always impressed to remember that staff and the commissioners are managing and running one of the largest Ports in the country in terms of tonnage. By doing this, the Port is ensuring the community of Southwest Louisiana plays an important part in international trade and also ensuring that an economic driver for community remains viable. The work that the Port does is very important.

Tellurian leadership and their project team thanks the Port or their support demonstrated for the Driftwood project since its earliest development. The Port is very important to the success of this project. They are very excited for this option to be approved this evening and for the project continue to move forward.

Tellurian is excited to be a part of this community. They recognize that it is their role here to be a good neighbor. They want to reiterate that they are committed to be an economic driver for the community, but also invest in the community and improving the quality of life for everyone. Since their inception, they have invested over $2 million in the local community in the terms of infrastructure investments, as well as the recent hurricane efforts. They are committed to continuing to do that. She thanked the Board and staff for welcoming them into the community.

The motion carried unanimously.

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4. Submission 2021 – 025 authorizing the Executive Director to enter into a Third Amendment to the Lease Agreement with Shaw Modular Solutions.

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Mr. Self stated this lease was for a 3-acre site that is currently leased by Shaw industries. If it is approved, it would allow the use of the dock or other purposes than just for Shaw.

Mr. Lorenzi offered a motion to….

Mr. Eason offered a motion to table this item and defer it to a later date. Ms. McCleary seconded the motion.

Mr. Krielow asked for a Roll Call vote for this item.

Ms. McCleary Yes

Mr. Dixon Yes

Mr. Lorenzi No

Mr. Krielow No

Mr. Prudhomme No

Mr. Darbone No

Mr. Eason Yes

The motion to table was not approved.

Mr. Lorenzi offered a motion to adopt Resolution 2021 – 025 to authorize the Executive Director to enter into a Third Amendment to the Lease Agreement with Shaw Modular Solutions. Mr. Darbone seconded the motion.

Mr. Eason stated that he was concerned about an open-ended item that they have on the agenda. He does not have enough information as far as what may or may not occur here or what kind of opportunities will beneficial to the Port. To his knowledge, he does not know if they have ever done this before, as far as allowing a sublease, the existing lease of a Fortune 500 company. He thinks this is something that needs to be addressed and looked at 360°. They are opening a door to the future that they may not want to open. This is something they have to take a look at as to what impact it could have into this Port down the road. It is important to look at all the moving parts. Mr. Lorenzi said Mr. Eason’s concern may be with what any individual use of the lease may be, but to the extent that you have the option to have that lease in place, then concerns can be addressed as to any possible exercise of that lease. When they have the option of having that put into commerce, they need to take advantage of it. When opportunity strikes, they need to take that opportunity and lock it in. Obviously, that Fortune 500 company has signed and are willing to do it so you do not lose that opportunity.

Mr. Eason said that this is the turning basin, which as he understands is very important and valuable piece of property. Mr. Lorenzi said that this is all the more reason. Mr. Eason said the Port has a lot of property that is available for lease. He is trying to understand why this particular piece of property is so important to open that door. It is something he believes they need to take a look at as closely. The million-dollar question is if somebody does want to sublease this, are they going to have to come before the Board for approval? Mr. Ringo replied that it depends on the terms of the lease. The current delegation of authority will allow the Executive Director to lease a piece of property up to a year without Board authority. Anything longer than that will require Board authority. There is also a dollar amount threshold.

Mr. Krielow said it is more of a month to month deal where you would put Shaw on notice that the Port would need it for a particular project and if Shaw needed it, they would come back to the Board and say they needed back by such and such a date and Port will relinquish it. Mr. Ringo agreed and said that the lease allows the Port to access the dock with prior notice to Shaw. The Port must give 30 days prior notice.

Mr. Krielow said this is a dock that has not really been used in 15 years and has not developed any revenue, income or jobs for the Port. This puts the Port in a position of having access to whatever business may come along. He asked if that was correct. Mr. Self stated it was. He does not remember number of years it has not been active, but in response to Mr. Krielow’s question, if the Board chooses, he would be willing delegate that back to the Board if they would like to vote on whether or not they should go down that road. Mr. Eason said that he would assume they would be indemnifying Shaw whenever they would sublease it to a third-party. It is important for the Board to do a proper due diligence on it. Mr. Dixon asked if Mr. Eason is wanting them to study this. Mr. Krielow said that no, this was a discussion. Mr. Dixon said that Mr. Eason is talking about holding off on this to get an idea… Mr. Lorenzi said that was the original motion that was not approved. Mr. Krielow said they are now discussing the actual motion of the submission.

Mr. Lorenzi stated that he would hope that due diligence would be done on everything. Mr. Eason said that if they wanted to come to the Board for a sublease, he would like to have the opportunity to do some due diligence on who this is. Ms. McCleary asked what provisions are there as drafted to provide for further Board action on what they are voting on. Or, is it then a month-to-month decision by the staff? Mr. Self responded that it would be dependent upon the proposed project for that site. Mr. Ringo said the current amendment to the Shaw lease does not contemplate any term or approval requirements for any third party… Ms. McCleary said that for their personal use. Mr. Ringo said that the lease between the Port and Shaw allows the Port access to the dock without prior notice.

Mr. Self stated that in response to Mr. Eason’s question, the Board could vote on whether or not they would want to enter an agreement, whatever agreement that may be.

Ms. McCleary said that would not come back to the Board, so if ABC Company wants to ship something using that dock, this would allow them regardless of what that cargo is, with no impact financially to the Port. She is trying to find out once they approve this, what exactly we will be agreeing to. Mr. Self said that it is unfortunately very general in form and it does not go into specifics of what a rate may or may not be for specific project. Mr. Eason stated that is his concern.

Mr. Krielow said his understanding is that the Executive Director can enter into up to a one-year lease with someone without coming to the Board approval, but what Mr. Self is suggesting is that once this is approved, if it is approved, he would bring to the Board whoever it would be who wants to lease the site. He asked if that was correct. He asked Mr. Self if he was relinquishing his right to the one-year agreements. Mr. Self replied that he was not on all agreements. Mr. Self stated that specific to this agreement, he would be willing to come back to the Board at a future date. Mr. Krielow asked if he was approached for use. Mr. Self said if it makes good sense and a viable project. Ms. McCleary asked if at that point the Board would vote on that or would it be that Mr. Self brought this to the Board because he is doing it and has the authority to do it. Mr. Self said the Board would vote on it. Ms. McCleary asked if that is what was in the current submission. Mr. Ringo stated that it was not. Mr. Self stated that it was not in there now, but if the Board is interested in doing this amendment to the turning basin lease with Shaw and a company comes along and is interested in leasing or moving projects on that site, he will send out the agreement to the Board for approval.

Ms. McCleary asked if that would be any different than if she had rental property and allowed someone to sublet it carte blanche, is that basically what they are doing here. Mr. Ringo replied that is not what they are doing. This amendment is just between the Port and Shaw and allows the Port access. If the Board approves this and the Port and Shaw signs the amendment, that amends their lease to allow the Port access to the dock. Then, it is up to the Port to decide if they want to allow a third-party to access the dock. That would be a separate agreement between the Port and the third party or under the Port’s general tariff. Mr. Eason stated that is what he would like to come before the Board. Mr. Ringo said that if that happens, Mr. Self will bring that agreement between the Port and the third party before the Board for approval. Ms. McCleary asked if that was already incorporated into what they are already voting on tonight. Mr. Self replied that is not in the submission.

Ms. McCleary offered an amendment that prior to the Executive Director allowing someone else access to the Shaw property, the Board would have approval. Mr. Ringo stated they will amend the resolution. Mr. Dixon stated he would second the amendment. Mr. Lorenzi stated they needed to get the language right.

Mr. Ringo stated they would add a line to the current resolution authorizing the Executive Director to enter into an amendment as stated in the submission. They will then add to the resolution the direction that any third-party agreement between the Port and a third-party for the use of this dock, will require Board approval.

Mr. Dixon seconded Ms. McCleary’s amendment.

Mr. Lorenzi said he wanted to make sure that what Mr. Self is saying is that he understands that that is an abrogation of the authority of what he otherwise would have an is agreeing. Mr. Self said this was specific to this agreement. Lorenzi did not want any misunderstanding.

Mr. Ringo said that this delegation derives from the Board’s authority.

Mr. Lorenzi stated that his point is that Mr. Self has agreed and is not contesting it if it is included. He does not want to get into a situation where the Board puts this into the agreement and at a subsequent date, the Director takes the decision that it is not enforceable because it is in violation of the delegation of authority. Mr. Ringo stated that was not the case. This resolution will trump that.

Ms. McCleary stated the reason she was offering this is because they need to be sensitive to other tenants at the turning basin. In order to look at a case-by-case basis, as a Board, and certainly on anything else staff makes recommendations on that the Board would entertain and be interested in staff recommendations, they would be looking at it from an operations standpoint, a channel user standpoint and certainly the other tenants. That way it will be cautious and prudent on the part of the Board to look at this on a case-by-case basis.

Mr. Dixon asked Mr. Eason if that would help him. Mr. Krielow asked if that would help Mr. Eason to include the amendment. Mr. Eason stated he would like to see that amendment added.

Mr. Eason stated that what they have done is any potential sublease has to come for the Board for approval.

Mr. Krielow asked for a vote on the amendment to the resolution. The Amendment passed unanimously and the adoption of Resolution 2021 – 025 was passed unanimously.

Krielow asked for a motion to adopt resolution 2021 – 025 to authorize the Executive Director to enter into a Third amendment to the lease agreement with Shaw modular solutions as amended.

Mr. Lorenzi asked if there was any need to confer with Shaw. Mr. Ringo said it was not needed. They will not alter the amendment as written. The authority is to enter into a third-party agreement that will be subject for Board approval.

Mr. Dixon asked what kind of timeframe are they looking at having a project. Mr. Ringo did not know. They have seen a draft and have provided comments, but have not gone any further than that.

Mr. Krielow asked for a vote on Resolution 2021 – 025 as amended. Resolution 2021 – 025 passed unanimously by acclamation.

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5. Submission 2021 – 026 accepting the best value proposal and entering into a contract with Bruks Siwertell for the procurement of two new ship loaders for BT-1.

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Mr. Self stated hurricane Laura destroyed the two shiploaders at BT-1. In 2018, the state legislature passed a statute that allows the Port to issue an RFP for specialty cranes as opposed going through a bid process. Staff has gone through that process. They initially went out with an RFP for the first shiploader. About two months later, they went out for the second shiploader. There were some economies and scale by combining the two shiploaders under one supplier. In doing so, they brought in two vendors. They interviewed them for about a day to get the best proposal. The best valued proposal staff is requesting approval is to go with Bruks at a price of $20.2 million for both cranes. One is a calcine loader and one is a pet coke loader.

Mr. Self stated they will get some insurance proceeds from this and will also request reimbursement.

Mr. Darbone offered a motion to adopt Submission 2021 – 026 to accept the best value proposal and entering into a contract with Bruks Siwertell for the procurement of two new ship loaders for BT-1. Mr. Dixon seconded the motion and it carried unanimously.

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 14. Monthly Staff Report from the State Port Lobbyist.

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Mr. Krielow stated he was going to deviate from the agenda as Senators Ronnie Johns has made it to the meeting. He called upon Ms. Ginger Corley to address the Board, give her report and introduce the Senators that are here. He thanked the Senators for everything they have done in this session not only for the Port but all of Southwest Louisiana with the recovery and the dollars they brought home.

Ms. Corley stated she will not be long and will let the three senators speak. This was a fiscal session in nature. They generally deal with tax matters, which they had a tax reform package. At the same time, the federal government announced the American Rescue Plan Act. She would let senators speak for themselves, but she said the easiest sessions are when they are broke because there is nothing to fight over. This was one of the most difficult sessions for a number of reasons, not just for the tax reform, but the amount of money.

Louisiana is going to get $3.2 billion over the next two years. The legislature was tasked this year with appropriating roughly $1.6 billion. They ultimately appropriated $1 billion and some change and will come back next year when the second trough comes to appropriate that money.

Southwest Louisiana did great. The SWLA delegation is to be commended for it. Out of the top, they received $30 million for Southwest Louisiana. Specifically, the Port of Lake Charles received $14 million towards hurricane recovery. In addition, in that same amount of money from the federal government, the administration, with the support of the Senators here tonight, allocated $50 million for Covid related expenses to be reimbursed to Port authorities in the state. The Port of Lake Charles has a rough estimate of what they did not get reimbursed for, so they will apply once that portal is open at the Division of Administration.

All of the pots of money are in different agencies too. The first is in the Department of Treasury. The Port’s General Counsel is working on that. The Port Relief Fund is going to be at the Division of Administration and then they have the Dredge Material Management Program. They were able to amend that on the house side. It was inadvertently left out of the bill as filed. But, the State did come up with their $5 million, which is their second-year agreement to the Port’s cooperative endeavor agreement to meet the obligations with industry and the Port. The directors have told her they have already received the funds and that is good news.

Lastly, with regard to capital outlay, Senator Johns on the Senate side, was able to get $500,000 more towards the cranes, so that gives them a total of $3 million. She will be working with Mr. Pestello to get to the bond commission so the Port can get a line of credit and get those monies expended.

They had a number of other issues, but she will not take much time. Along with her today are Senator Ronnie Johns, the Dean of the delegation. Also here is Senator Mark Abraham and Senator Mike Reese. A couple of the house members were on vacation, but the three Senators would like to say a few things. She will be happy to answer any questions the Board may have from the commissioners or staff.

Senator Johns approached the Board. He thanked the Board and Ms. Corley. He thanked the Board for allowing them to come tonight and share a few words. He thanked the chairman for accommodating him. He just drove in from a meeting from Breaux Bridge. It was an interesting year. Even though it was a short session, there was so much packed into it with a lot of money flowing around. Everyone said it must have been easy because there was so much money. The reality of it was it was more difficult, especially for Senator Abraham and himself and Senator Reese. Every time they walked down the hall someone, someone was grabbing their suit coat saying, “Senator, all I need is another couple of million dollars.” That was the truth. That is the reality of it.

They put their heads together and realized how much money was out there and realized the needs of Southwest Louisiana. They created the Southwest Louisiana Disaster Fund with $30 million. It is the largest single appropriation in the budget for local governments back home by far. Everyone kept saying that they know Southwest Louisiana deserves it, but how did you get it. It is all about building relationships. It is about building relationships with leadership in the Senate, the chairman of the finance committee and revenue and fiscal committee. It is having the right people in the right places at the right time. They were pleased to do that. The way that it worked is they asked all of the entities in Southwest Louisiana what their needs were after FEMA and after the insurance money. What are their unfunded needs? They went to the School Board, Chennault, the Port of Lake Charles, SOWELA, McNeese and the neighboring parishes, Jeff Davis and Beauregard Parish. They took the numbers that everyone gave them. They did not pick favorites. They prorated the money according to the needs that everyone sent them. Port Lake Charles received $14 million out of the $30 million total.

They were able to up the money in capital outlay for the mobile cranes. Hopefully, with the $50 million coming to the Port from Covid money some of the needs will be addressed. He is anticipating another windfall of money again next year. Hopefully, the Southwest Louisiana delegation will be able to participate once again in that. They actually asked for $60 million, but received $30 million. He said Senator Abraham was like a dog gnawing on a bone. They have a great friend in Senator Reese. He comes from Leesville but does represent Calcasieu Parish extremely well. He turned it over to Senator Abraham. Senator Johns thanked the Board.

Senator Abraham said Senator Johns just about summed everything up. He said everything was divided equally, but what he does not know is that Senator Abraham skewed the numbers to make sure the Port got the most amount of money. Not really. There was a group effort. The relationships that they all have there are very important. They had empathy and sympathy for Southwest Louisiana. That is how they were able to use dollars. What they need to do in the future, which is next year and before the next session starts, is to ask the Port, McNeese and SOWELA to come back again. This time he wants them to come to the Senate finance and appropriations committee and present to the committee what they did with the money or are going to do with the money and why it was not enough. He said just like John Paul Jones said, “He has just begun to fight.” Senator Abraham stated Southwest Louisiana has just begun to fight as well. They will be coming back next year and asking for the same amount of money. However, it will depend upon the Port, McNeese and SOWELA’s presentations to him on how efficient that they used this money and how they will come across in presenting and what they used it for and why the need is still there. They will need to explain why the disaster is still here and do not have enough insurance money and FEMA money to cover it. If everyone makes a presentation, he believes they will be successful.

They will not be able to do this without the support of all the Southwest delegation. They are all contributing on the house side. They went to see Clay Schexnader, who is the speaker. They presented the same plan. Ms. Corley does a remarkable job making sure that the delegation is informed of the needs that the Port has. He did find out that under the dredge material it was not in the budget and Ms. Corley caught it and asked where it was. They found out it was left out. They found the mistake and were able to put that money back in the budget. He is pleased to present this to the Port. He knows it is not what everyone wants, but it is still a good pot of money. Please call him if they need anything explained and he thanked the Board for letting them serve them.

Senator Reese said that Senators Johns and Abraham were masterful in the way they went after this with Ms. Corley giving them advice along the way. Senator Johns maintains such a position of trust in the legislature in his ability to relay what the needs were here. He stated his hat is off to the management team of the Port and the members of the Board because they put a lot of effort leading into the session to educate both the administration and members outside of this delegation to the extent of the damage that existed down here. That went a long way in helping other members around the state to understand the true needs were and the depth and extent of the damage here.

One of his takeaways from the session was that they also spent $400 million as a down payment towards flood walls around the New Orleans area was a result of Hurricane Katrina. Many, many, many years later, they came to support that. It gives him confidence that this legislature recognizes the long ongoing needs of the results of hurricanes size. He has no doubt the delegation’s efforts for rebuilding, because it will be a long-term process. He thanked the staff work they have put in to educating their colleagues along the way and also to Senators Johns and Abraham for the work they did.

Krielow thanked the Senators for all of their hard work.

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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6. Submission 2021 – 027 authorizing the execution of a Proof of Loss for business interruption and physical damages to the District as a result of Hurricane Laura.

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Mr. Self stated the Port received the first partial payment of $24.5 million on their insurance in 2020 and they anticipate getting the final proof of loss to bring the Port up to $50 million for the total for Hurricane Laura. They have already seen $24.5 million in once this item is approved, they can submit it to the insurance adjusters as a final proof of loss the $25.5 million.

Mr. Lorenzi offered a motion to adopt Submission 2021 – 027 to authorize the execution of a Proof of Loss for business interruption and physical damages to the District as a result of Hurricane Laura. Ms. McCleary seconded the motion.

Mr. Krielow asked Mr. Glen Lafond to update the Board because this ties into his FEMA work. Mr. Krielow asked if once we got this proof of loss out of the way it will help Mr. Lafond move forward.

Mr. Self said they have already received the final adjusters report. This is just a trigger to allow for the final payment. They certainly can have him do an update. He does have the final adjusters report to move through the FEMA process for reimbursement.

Mr. Lafond addressed the Board. He said they finally received the long-awaited final insurance adjusters report. With the Board’s approval tonight, it will bring the total insurance money up to $50 million. Also, since this is a total loss, they will refund the $500,000 deductible. Of the $50 million, just over $46 million is going to be attributed to damages. The remaining approximate $4 million was business interruption. What that means is with the FEMA projects that he is putting through, they are going to subtract $46 million from the proceeds so as not to have duplication of benefits. The Port will get the insurance money and the FEMA money minus the Port’s 10% that is attributed.

They did receive the final insurance adjusters report. They hit the ground running. They have worked closely with the FEMA insurance manager. He was able to come to an agreement with them on how we would like the funds deducted from each of the damaged buildings. It is to the Port’s benefit to get most of it deducted early on so you do not have to worry about having to pay anything back at the end if there is not enough. He is going to hit it hard in the beginning. They are going to take a lot of deductions. They should hit that $46 million a lot sooner than later. Then they will not take any more insurance money out.

Having received the final insurance adjusters report and with the agreement with the FEMA insurance manager, he was able to push in 20 damaged inventory items totaling $4.6 million. There are another 10 items that are getting close to submission and they are a lot larger projects, including the shiploaders. That total is another almost $51 million. In the next couple of weeks they should have $54 million in FEMA final review or the CRC.

Right now it is taking 30 days. New projects that are over $1 million will take longer than that. Hopefully, they can get some projects back this time next month. If not, it should be the following month for sure.

Ms. McCleary thanked Mr. Lafond for setting down with her separately to go over this information. As of late Friday afternoon, 20 projects that are now been submitted to CRC was 10. Within one day they doubled the number of projects submitted, which accounted for about $3 million more. Mr. Lafond agreed.

Ms. McCleary said the Executive Director was asked by Congressman Higgins’ office for a list of all projects, which is something that evidently he has done with all public entities in Southwest Louisiana. Should there be a problem getting the Port’s money from FEMA, he has that information. She wanted to thank Congressman Higgins office for reaching out. Mr. Lafond was very good at getting that information to his office Friday afternoon. They have a couple of bases between the outstanding legislative delegation fighting for the Port in Baton Rouge and our local congressional representative. She also thanked Mr. Lafond and said it was definitely a team effort and she appreciates the effort.

Mr. Lafond stated he had to give credit to the management team. They have always had an open door for him. They have been wonderful to work with. Ms. McCleary said that with the three Louisiana senators here and the Congressman’s office, it takes cooperation. This will keep moving the ball forward. It is exciting to see almost a year later that the plan is working and they are all working in the same direction.

Mr. Krielow called for a vote on Resolution 2021 – 027. The motion passed unanimously.

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7. Submission 2021 – 028 receiving and accepting the audited financial statements as of and for the year ended December 31, 2020.

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Mr. Self stated that as part of the year in financial close, Port is required to have a financial statement audit. McElroy Quirk and Burch performed the audit. Mr. Jason Guillory, partner of McElroy Quirk and Burch, is here along with Mr. Landry, the Port’s Director of Administration and Finance.

Mr. Guillory address the Board. He stated they have included the audit of the financial statements of the calendar year ending December 31, 2020. They have included their independent auditor’s Port on page 21 of the Comprehensive Annual Financial Report prepared by management. That report issues an unmodified opinion or clean opinion on the financial statements, saying that they attest that the financial statements are fairly presenting the financial condition of the Port as of December 31, 2020.

He stated they have also issued a supplementary report. This document is an independent auditor’s report on internal control and financial reporting in compliance with other matters based on an audit of financial statements performed in accordance with Government auditing standards. He stated there are no current year audit findings - either for internal control matters compliance matters. The audit went fairly well under very different circumstances considering everything that went on financially with the 2020 year for the Port. He turned this next section over to Mr. Landry, who presented the financial summary, which is included in the comprehensive annual financial report. A copy is on file in the executive offices.

Mr. Krielow said regarding the comprehensive report, on page 70, Mr. Guillory referred to the fact that two customers account for 41% of the Port’s trade receivables. When you prepare the statement of position, he assumes that is adjusted for the uncollected. Mr. Guillory agreed. They are stated in net. Mr. Krielow said they are just stating the net. Mr. Guillory agreed.

Mr. Krielow asked if Mr. Guillory recalled how much were the uncollected or doubtful receivables. Mr. Guillory replied they were $1.8 million, which is on page 54. It is $44,000 property taxes and $1.8 million in allowance for accounts receivable.

Mr. Krielow asked that as part of their tests, did he verify that proper procedures were followed for enforcement of collections. Mr. Guillory stated they did.

Mr. Krielow said in regards to the contracts and he knows he has asked Mr. Guillory this in prior years, how many and what dollar size contracts and agreements did they check compliance with minimal annual guarantees and minimum terms? Mr. Guillory replied that they do not classify their testing or minimum annual guarantees, but they select a sample, which is usually about 10 to 15 contracts based on current, new contracts and amendments to contracts. A lot of those deal with current year leases. Mr. Krielow asked if they did this basically by dollar size. Is that how they identify the random selection. Mr. Guillory said that for the most part yes, but they also when you look at a population of leases, yes they would be the ones more substantial.

Mr. Krielow said his other question deals with the contingent liabilities and the note on page 69. In the bottom paragraph, it says they are basing this information as it stands and that the liability is neither probable or remote. He knows that sometimes accountants have different definitions for words than a layperson, and asked Mr. Guillory to give him his definition of probable and remote. Mr. Guillory replied that probable would probably be in a percentage basis in a 90% range of happening. A remote may be less than 10%. Everything in the middle is probably in this reasonably possible but unsettled stage. That is per his thought process. He does not think there is a specific percentage in accounting standards. Generally, a probable outcome has a very strong sense of likelihood with very few variables in place.

Mr. Krielow asked regarding the number Mr. Guillory is recording as a contingent liability, how did he derived that figure. Mr. Guillory said he wanted to make it clear that this is the Port’s financial statements and the Port made the decision of what to book. He would consult with them on what numbers and walk through the process with them. When you record a contingent liability, and you get to that reasonably possible phase, what that means is you are going book the amount on the low end of the range and disclose the entire amount of the range up to the highest end of the range. If you had a flat range, that said the attorney’s best estimate, in this case – $40 or $50 million would be the low end. They could have booked $40 million and it would have been reasonable and according with GAAP. But, the other element of GASB and generally excepted accounting principles says if you have a best estimate, then use the best estimate and that amount is more appropriate. In this case, the amount that was used was the amount submitted by the Port’s legal counsel’s calculation of damages that was submitted to the Corps. That was the number that management used to report on the financial statements of $48, 723,150, which is also in the $40-$50 million range that the attorney gave them. It is actually a little bit higher than what was probably required to be reported. Also, in the note disclosure on page 69, the full extent of the range of outcomes is also disclosed.

Mr. Krielow said that as a result of that then the Port’s net expenses over revenue has increased by about $58 million to the negative. Mr. Guillory agreed. Mr. Krielow said a good example to reflect how that played into prior years would be the 10-year summary on pages 90 and 91. Mr. Guillory agreed.

Mr. Krielow asked regarding page 76 as it relates to the other postemployment benefits, the percentage from 2019 to 2020 went from the 66% of covered payroll to 92%. Is there an explanation for that? Mr. Guillory replied that this is a normal increase in this OPEB liability. This is related to retiree health insurance. That is going to continue to grow up to a level. What it represents is that the OPEB liability increase from $5.3 million to $7.4 million, while the covered payroll actually decreased from $8.1 million to $7.9 million. This shows a higher ratio of net total open head liability as compared to what that covered payroll is. The covered payroll will probably go back up to $8.1 million. The actuary determines the total OPED liability on an annual basis. That will probably go up as well.

Mr. Krielow said that a lot of schedules that they put in the supplemental deal with 10 years, which gives you a good window to look at. This was only two years. He asked if Mr. Guillory recalled how this relates to previous. Mr. Guillory replied that it is totally different. There was a new accounting pronouncement two years ago called GASB75, which changed the way they calculated the OPEB liability, so there are no comparable numbers prior to this. Mr. Krielow said this was the starting point then. Mr. Guillory said they are going to accumulate this data over the next 10 years. They are just two years into the ten-year cycle.

Mr. Lorenzi offered a motion to adopt Submission 2021 – 028 to receive and accept the audited financial statements as of and for the year ended December 31, 2020. Mr. Prudhomme seconded the motion and it carried unanimously.

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 8. May 2021 Financials Briefing Note.

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

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

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Mr. Landry said that now that the audit is complete, they have begun to work on Forecast II, they are hoping to see a more positive outlook the remainder of this year.

With the Board’s approval, they hope to receive the remaining insurance of $25.5 million soon.

The insurance report will also help CSRS and FEMA get those projects pushed through and hopefully see that money as well.

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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 10. Monthly Staff report from Director of Navigation.

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Mr. Channing stated he had two brief updates. The FY22 and 23 funding meeting they had scheduled with the Corps had to be rescheduled because of technical difficulties.

The project partnership amendment that they have been working on was finally signed a couple weeks ago. It will allow for the expansion of the disposal areas in Calcasieu Lake. They will pick up 700 acres vertically. Horizontally, it is hard to tell because it’s getting rebuilt. This is a big improvement in disposal capacity that they will have on the ship channel.

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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 11. Monthly Staff report from Director of Operations.

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Mr. Henderson said for the past month in June at City Docks, they had one of their largest lumber vessels come in. It brought 32,000 m³ of lumber. They had five hydrate barges. They finished up the USDA bagged rice shipment.

Coming up they will have a wind tower vessel, which will have about 60 towers on it.

There will be another liquid transfer for TDC and two cargo transfer vessels.

At BT-1, they loaded two calcine ships, 3 barges, a green coke ship and unloaded a rutile vessel. They also loaded two raw coke barges and discharged a barite vessel of 54,000 short tons. This was six ships and five barges at about 160,000 tons of cargo.

Coming soon he will have two raw coke ships, which will be about 73,000 tons. There will be a green coke ship with about 8000 tons. There will also be a rutile ship with about 12,000 tons to be discharged. There were also be a calcine vessel. Those five vessels and four barges will be about 100,000 tons.

The Director of Operations’ 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 Cargo and Trade Development.

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The Director is on annual leave.

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

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Mr. Pestello said they are continuing progress on all projects both hurricane related and not.

The big topic tonight is the approval of the submission for the purchase of the new pet coke shiploader and calcine shiploader. He thanked the contractors who submitted their proposals. They worked with staff and addressed all questions.

They have also completed more temporary repairs to assist the coke loading.

The Port Priority application for Berths 4, 5 and 6 was submitted.

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 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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16. 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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 17. 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. Ms. McCleary offered a motion to enter into Executive Session. Mr. Darbone seconded the motion and it carried unanimously.

The Board entered into Executive Session at 6:15 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
* Discussion and appropriate action regarding the Real Estate Option Agreement with Lake Charles Methanol, LLC.

The Board returned from Executive Session at 6:42 p.m. Mr. Eason left the meeting during the Executive Session.

There being no further business to come before the Board, Mr. Krielow asked for a motion to adjourn. Mr. Lorenzi offered a motion to adjourn. Mr. Prudhomme seconded the motion and it carried unanimously. The meeting adjourned at 6:43 p.m.

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

Please note that when the votes are shown as unanimous, it is the policy of the Board that the President does not vote except in the event of a tie vote by the rest of the Board and/or unless otherwise indicated.

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 CARL KRIELOW, President

ATTEST:

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M. KEITH PRUDHOMME, Secretary/ Treasurer