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, July 25, 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:

Thomas L. Lorenzi, President

M. Keith Prudhomme, Vice President

Judy A. McCleary, Secretary/Treasurer

Kevin D. Guidry, Assistant Secretary/Treasurer

David J. Darbone, Commissioner

Dudley R. Dixon, Commissioner

Carl J. Krielow, Commissioner

Absent:

None

Also Present:

Richert Self, Executive Director

Jon Ringo, General Counsel

Todd Henderson, Director of Operations

Cameron Landry, Director of Administration and Finance

Channing Hayden, Director of Navigation

Nick Pestello, Director of Engineering and Maintenance

Therrance Chretien, Director of Trade and Cargo

Michelle Bolen, Executive Administrative Assistant

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

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

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1. Approval of the June 27, 2022 Regular Meeting Minutes.

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Mr. Krielow offered a motion to approve the June 27, 2022 Regular Meeting Minutes. Mr. Guidry seconded the motion and it carried unanimously.

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2. Submission 2022 – 037 approving and levying for the tax year 2022 an ad valorem millage rate of 2.48 mills.

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Mr. Self stated staff requests Board adoption of the 2022 millage rate of 2.48 mills. Staff received the ad valorem taxable assessment from the Calcasieu Parish tax assessor. The total dollar amount was about $1.8 billion for the properties within the Port’s District. That is slightly lower than the 2021 assessed value. The millage rate is the same because it is not a re-evaluation year and they estimate that it will yield about $4.4 million in ad valorem taxes for the Port.

Mr. Dixon offered a motion to adopt Resolution 2022 - 037 to approve and levy for the tax year 2022 an ad valorem millage rate of 2.48 mills. Mr. Prudhomme seconded the motion and it carried unanimously.

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3. Submission 2022 – 038 authorizing a Real Estate Lease Option Agreement with Lake Charles LNG Export Company, LLC for 120 +/- acres of District property and 40 +/- acres of property currently under option with Prairie Land Company.

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Mr. Self said Board approval is sought to enter to a five-year extension of the real estate lease option agreement with Lake Charles LNG export company LLC., which is formerly trunk line for 120 Acres of District property and 40 acres of property under option with Prairie Land Company.

There are actually three submissions tonight that they are submitting for approval. There are actually all three option agreements. This is the first of the three. It includes 120 Acres that are owned by the Port and 40 acres owned by Prairie Land. It is an agreement between the Port and Lake Charles LNG. This extension will provide Lake Charles LNG with additional time for permitting and the engineering and design related to their project. Mr. Jeff Brightwell is in attendance if there are any questions.

Mr. Darbone offered a motion to adopt Resolution 2022 – 038 to authorize a Real Estate Lease Option Agreement with Lake Charles LNG Export Company, LLC for 120 +/- acres of District property and 40 +/- acres of property currently under option with Prairie Land Company. Mr. Guidry seconded the motion.

Ms. McCleary asked if Mr. Brightwell would give them an update on the project.

Mr. Brightwell said the project was derailed with Covid in 2020 and the exit of their partner, Shell. They have been a little bit idle for the past two years with the events in Europe and the pressures on gas supply. Obviously, there has been a lot more interest. They have signed up about 35% of their capacity through SBA’s in the last few months and expect to get the rest signed up here over the coming months. There is a lot of a lot of good interest in the project right now. They are currently working with their engineering companies to refresh the engineering work and to refresh the pricing and then hopefully proceed early next year.

Ms. McCleary asked who was their EPC. He replied they work with Bechtel.

Mr. Krielow stated that originally it was presented as a two-year correct? Now it is at a five. Is there something in the mix that is needing to tie it up for five years? Mr. Brightwell said that they are really not anticipating that there will be any problems, but knowing they started this in 2013 and entered into a couple of problems with some unexpected pressures in the market from Covid and exit of a partner. They are just trying to keep their options open for the long-term, but they have a strong commitment to completion of the project. He just does not want to have to be renegotiating ongoing on this. Mr. Krielow asked Mr. Ringo that it has the CPI adjustment in it, so if it goes, the lease has CPI. Mr. Ringo said that it did.

Ms. McCleary asked Mr. Ringo how is that CPI determined. Mr. Ringo said the CPI is a nationally published number. Based on that kind of several economic factors, there is a determination made about how much of a percentage-wise increase will apply to the underlying rent rate throughput amount and then the minimum throughput amount that they have to pay the Port. That is according to the lease every five years that is calculated and applied to the underlying rental rate. It helps keep the rental rates current with economic conditions. Ms. McCleary asked that for this particular how would that be determined.

Mr. Ringo replied that it applies to the dollar amount. They say that you know the economy increased or a CPI is of say five percent. Then you apply five percent to the underlying rental rate whatever that is dollar amount and then that is your new regulator. Does that answer your question? Ms. McCleary stated that it is not strictly for other immovable property that is located on a ship Channel. It is strictly the same as what applies…… Mr. Ringo said theoretically it is supposed to keep your rates current with economic factors, but that is on a national scale. No. To specifically answer her question, it does not mean that this property has only increased in value at five percent of the CPI is five percent. It could very easily be that that property has increased 50 percent or decreased 20 percent. It is just a way to kind of generally keep your values in step with the growing economy. Ms. McCleary said that in fact if the CPI was negative, we would be collecting less. Mr. Ringo stated that was not correct. The language in the lease specifically says that the rate shall never decrease. It shall only increase. If there is a negative CPI, the Port stays where they are. That is negotiated in this lease. Ms. McCleary asked that for that same project how many other acres is under contract or lease. Mr. Self replied that in addition to this, about 310. Mr. Ringo said that going back to at least from the 70’s,the old Trunkline project, they locked in 300 acres. That is separate from this issue here. They are talking about 120 acres, which is north of the old Trunkline facility and then it is 120 acres there, 40 acres from Prairie Land and then 25 acres kind of a more shorter-term basis for a parking lot. Mr. Self said the 310 acres for their main plant site is a totally different agreement than this.

Mr. Self stated to Mr. Krielow just to clarify his question, he had asked about the CPI. The CPI on the underlying agreement, not the option fee. Mr. Ringo said that was right. The underlying agreement the CPI is in place. It is calculated every five years. Mr. Krielow asked if it was not on the five-year option. Mr. Ringo said that was not correct because the option will be terminated by the time they would have applied the CPI because the underlying lease applies the CPI every five years unless you were going to add a CPI every year.

The motion carried unanimously.

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4. Submission 2022 – 039 authorizing a Real Estate Lease Option Agreement with Prairie Land Company.

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Mr. Self stated Board approval is sought to enter to a five-year extension of the real estate lease option with Prairie Land to lease approximately 40 acres of property from them in connection with the expansion of the Lake Charles LNG export company, formerly Trunkline LNG, to connect for their export project. This agreement and this option agreement is between the Port and Prairie Land for the land 40 acres that was discussed in the previous option agreement. This is the 40 acres that Prairie land owns. The Port is leasing that and then with the Board’s approval on the previous option, they would release that to Lake Charles LNG.

Mr. Prudhomme offered a motion to adopt Resolution 2022 – 039 to authorize a Real Estate Lease Option Agreement with Prairie Land Company. Mr. Krielow seconded the motion and it carried unanimously.

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5. Submission 2022 – 040 authorizing a Real Estate Lease Option Agreement with Lake Charles LNG Export Company, LLC for the District’s Lincoln Road property.

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Mr. Self said Board approval is sought to enter to a five-year extension of the real estate lease option agreement with Lake Charles LNG, formerly Truck Line, to lease approximately 25 acres of District property for construction worker parking in connection with their future LNG export project.

This the third and final of the three option agreements that staff is presenting to the Board. This one is between the Port and Lake Charles LNG. It is for 25 acres on the Lincoln Road on Lincoln Road. The option fee is $33,000 per year.

Mr. Dixon offered a motion to adopt Resolution 2022 – 040 to authorize a Real Estate Lease Option Agreement with Lake Charles LNG Export Company, LLC for the District’s Lincoln Road property. Mr. Guidry seconded the meeting and it carried unanimously.

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6. Submission 2022 – 041 authorizing, ratifying, and confirming the actions of the Board taken on July 8, 2022 to increase the authorization for Bruin Environmental and Remediation Services, LLC for the demolition and clean up at 498 Fournet Street on Port property.

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Mr. Self stated staff requests the Board of Commissioners to ratify the required documents and purchase orders with Bruin Environmental and remain for the demolition and cleanup of 498 Fournet Street Lake Charles Louisiana. Back in early July, staff asked for the Board’s ratification via email vote to approve up to $240,000 for the demo and environmental services of Bruin. The Port had entered into a purchase order with Bruin. As issues arose on that site, they quickly moved on the project so that Mr. Pestello could put it out for bid because if they were to continue it would go over the bid amount. This dates back to an agreement that was terminated with the Port in the early 1990s. Mr. Pestello is working on a bid that will go out in the next 30 days to complete the project.

Ms. McCleary offered a motion to adopt Resolution 2022 – 041 to authorize, ratify and confirm the actions of the Board taken on July 8, 2022 to increase the authorization for Bruin Environmental and Remediation Services, LLC for the demolition and clean up at 498 Fournet Street on Port property. Mr. Darbone seconded the motion.

Mr. Krielow said when Mr. Self reached out to the Board for approval to increase his authority, his position was that he did not want to cause any delays and further impact potential costs to the Port, so naturally he is in favor of it. His concern is that the way the project went out knowing that they had tanks on the site and a potential environmental issue. What was done ahead of time before they issued the purchase order? The second part of this goes to Mr. Pestello is what is he going to do different going forward to go out for a contract? Mr. Pestello said that initially, they had their environmental consultant as well as Mr. Regan Brown. They went on site and inspected the tanks as best as possible. Access was limited. However, they determined there was water in some of the tanks based on previous correspondence with DEQ and other consultants over the last 15-20 years. They were of the impression that the water was clean. Knowing that it had some liquid in the tanks though the plan was to rent some large Frac tanks. He thought he outlined this email so forgive him for repeating. That was the plan to mitigate the risk of having liquids in there. They would rent a tank, pump all the liquid from the multiple tanks into it and then test that and that way it could sit in the rental tank while they demo everything else. Then they can dispose of the liquid properly.

The big problem came in the amount of liquids that they found. The first couple tanks were as they expected, just mostly water. Nothing too drastic and then they got into the what they call the tank bottoms where they had old oily residue and everything else. To mitigate that moving forward they have a much better idea of the amount of liquids. They have found more DEQ information that identifies an oil water separator that was also found on the site. Just today, they are continuing to find more information. They know how large it is now. They can pull samples on that material and decide if some of it is recyclable or some of it has to be disposed.

They have already sought prices for disposal of the liquids as well as the soils that they are going to have to excavate underneath some of the tanks. They have a lot more information going forward in this public bid. They will be able to apply unit rate costs and estimated quantities on everything on the liquids, the soil disposal, the amount of tanks that are left and the amount of pipe in there left. That is how they plan to mitigate this moving forward. They will get unit rates up front so that way they know exactly what they are going forward. Even if they do not have the exact quantity as they unearth more things, they willl have a unit rate that has been publicly bid. Mr. Krielow asked if they had an environmental firm engaged when they did the purchase order. Mr. Pestello replied that they did. It was Southland Environmental. Mr. Krielow asked if they did not discover there were liquids in the tank. Mr. Pestello said that they discovered there were liquids and asked Mr. Brown to correct him if wrong. Mr. Brown stated the tanks were heavily damaged after the hurricane, plus they were in a state of disrepair. They cannot access the top of the tanks. It is unsafe to climb on top of the tanks. A lot of the estimates were wrong initially because they were based on soundings on the tank and that is an imperfect way to try to get a measurement of the liquid in the tanks. That is what was used at the time. That is what they had to go on. Mr. Pestello said to answer Mr. Krielow’s question, they have now been able to pull samples of the liquids in there and have a much better idea of… Mr. Krielow asked if they have a way to get up in the tank and check it now but they did not before. Mr. Pestello said that no, they have already taken the water out of the tanks and put them in the rental tank. Now that they have gotten the water out they have been able to sample it and everything.

Mr. Guidry asked with all the refineries that are around here in Calcasieu Parish and the tanks that are here, there was no way for staff to check what was in that tank? Mr. Pestello said there was probably a way to check in that by cutting open, but the man ways and everything that are on the bottom of the tanks the liquid…Mr. Guidry asked if they do not have any kind of levels that tell the level of what is in the tank for them to judge. Mr. Pestello said they do have level indicators, but they do not work. The level indicators on the external side of the tank did not work. Not all the tanks were accessible for a man lift. You could drive a man lift up and extend out maybe look into the top of the ones that had a lid. Two of them had floating lids. If you are not sure what is underneath it, you can see that it might be water on top of the lid. Mr. Guidry said as far as his understanding is, those tanks are pretty much outdated. They are old tanks. Mr. Pestello replied that they are. Mr. Guidry said that there are too many refineries here in Calcasieu Parish not to find out what is inside that tank. Mr. Pestello agreed. There were DEQ statements that said that they were clean and had water residue so staff did not just base it on the guess.

Mr. Prudhomme said the administration knows his position on this situation. It has been, he truly believes that this needs to be cleaned up. The environment needs not be polluted any longer than it has to be, but he is extremely disappointed in the way the Port administration has approached this problem. It has been a 30-year problem and it has festered and now it is at their doorstep and have to do something about it. There are laws and regulations in place that make the responsible party liable. He is sure the Port’s agreements with the operator indemnifies the Port of Lake Charles. The Port has lost that opportunity and now they have got to pay the piper. He is just extremely disappointed. Mr. Self stated he and Mr. Ringo have already expressed to Mr. Prudhomme that they completely agree. Something should have been done in the 1990s when the lease was terminated. No doubt.

Mr. Lorenzi stated he wants to echo what Mr. Prudhomme said. He thinks the concern is sort of the “Oh my God” reaction of finding out what they were faced with and then the risk that suggests this replicated somewhere else. That is really the danger or the concern That is what he hopes is being addressed by the administration. If this was allowed to happen, somebody needs to be assigned the responsibility of ferreting out whether a problem like this, a danger like this, a risk like this exists somewhere else in the inventory of properties or locations or whatever because they need to know sooner rather than later. Mr. Pestello agreed.

Mr. Lorenzi said that whether it is, somebody going to have a ladder or cherry picker to get up on and climb up within a tank. Mr. Pestello said that just to clarify….Mr. Lorenzi said this just sounded bad. It does not pass the smell test. Mr. Pestello agreed. As of recently as of 2012, DEQ said there were monitoring wells on the site prior to that point and in 2012, DEQ issued a no further action, basically assuming that is whenever they state that the site is clear. The Port will no longer have to monitor the site. The tanks are fine. They have been cleaned and all is done.

They did not have leaking facilities going on. They were fine as is. It was when they wanted to demolish them because of the hurricane damage and get them off-site, that is when they realized the extent of the material that has to be disposed of. They were not creating an environmental issue, just to clarify. It is just to get rid of them it is an environmental issue. Mr. Self said the reality is they are trying to clean up a prior environmental issue. Mr. Pestello agreed. Mr. Brown said another thing he would like to note is the Port bought the property with all of the tanks on it in 1983. That is what occurred. The Port bought the property in 1983 with the 10 to 12 tanks from Mobil. There was nothing done back then when the Port bought the properties.

Mr. Pestello said that to further this, that is not the way they like to bid projects at all. They do not want to ever do that again moving forward. He does not want to have to send the Board an email asking for more authorization. Mr. Prudhomme said Mr. Pestello just made his point again. They messed up at the starting line.

Mr. Prudhomme said a phase one environmental audit should have been done and possibly a phase two.

Ms. McCleary asked if there were monitoring wells operating until around 2012. Mr. Pestello said 2021 is when they got clearance. It is probably about 2010 or 2011 when they were removed. Ms. McCleary asked that in 2012 DEQ said because the monitoring wells are clear you do not have to worry about this. What was the extent of their… Mr. Pestello said that is the issue. They called a no further action required. That basically shows that the groundwater is clean. Mr. Krielow said they were monitoring groundwater not the tanks. Somebody should have been monitoring the tanks. Mr. Pestello said that he could lump two things together. Around the same period, the tanks were once again checked and there was no issues found then either.

Ms. McCleary asked regarding the deterioration of those tanks could not that impact groundwater. Mr. Pestello said it could eventually. That is why They getting rid of them.

The motion carried unanimously.

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7. Submission 2022 – 042 authorizing the Executive Director to amend the purchase order for Owner Representative, Field Technical and QA/QC services from River West Enterprises, Inc. for the construction of various capital projects for the remainder of 2022.

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Mr. Self stated staff requests the Board of Commissioners to authorize the Executive Director to amend a purchase order for services with River West Inc. Staff initially entered into an agreement with River West. They act as the owner’s representative for the Port on the capital projects. This is for quality assurance and quality control and they act as the owner representative to ensure that the work is done in accordance with the Port’s engineer and the design for the project.

With the volume of capital projects that the Port has ongoing, and due to the fact that there were two rigs doing pile driving at Berths 2 and 3, the GA/GC work has escalated. It is really just due to the time of the capital project. The cost of River West to do this work is built into the capital project. They originally estimated $225,000. Staff is requesting $150,000 to get through the end of the year.

Mr. Darbone offered a motion to adopt Resolution 2022 – 042 to authorize the Executive Director to amend the purchase order for Owner Representative, Field Technical and QA/QC services from River West Enterprises, Inc. for the construction of various capital projects for the remainder of 2022. Ms. McCleary seconded the motion and it carried unanimously.

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8. Submission 2022 – 043 accepting the lowest responsive bid of Alfred Palma, LLC in the amount of $349,500 for the base bid plus contingency in the amount of $52,425 for a total of $401,925 for the Scalper Replacement at BT-1 and to amend the 2022 capital budget.

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Mr. Self stated that staff requests the Board of Commissioners to authorize the Executive Director to accept the lowest responsive bid from Alfred Palmer, LLC for the scalper replacement at BT-1 and amend the 2022 capital budget.

Mr. Self stated Mr. Pestello issued bids back in June. One bid was received from Alfred Palmer in the amount of $349,500 contingency of $52,425 for a total of $401,925.

The scalper was originally budgeted as a minor capital project. With all the cost escalations, Mr. Pestello put it out for bid. The cost came back again at $349,500. It includes the purchase and installation of the scalper, which is used in BT-1 to ensure the petroleum coke they are loading is not oversized for the hold of the vessel.

Mr. Dixon offered a motion to adopt Resolution 2022 – 043 to accept the lowest responsive bid of Alfred Palma, LLC in the amount of $349,500 for the base bid plus contingency in the amount of $52,425 for a total of $401,925 for the Scalper Replacement at BT-1 and to amend the 2022 capital budget. Mr. Prudhomme seconded the motion and it carried unanimously.

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9. Executive Director Quarterly Expenses Briefing Note.

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The Executive Director Quarterly Expenses Briefing Note was rendered to the Board and is on file in the Executive Offices.

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10. Forecast II Briefing Note.

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

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11. FEMA/GOHSEP Financials Briefing Note.

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Mr. Landry said FEMA did assign some a value to a few of the Port’s larger projects. On the FEMA briefing note the project totals increased about $32 million. That is the one bit of good news. On the flip side of that, they have had quite a bit of pushback from GOHSEP lately. Some of the projects that have already been approved by FEMA. Then GOHSEP views them and they have been coming back with quite a few issues that they have found, but staff is trying to work through that. Staff has an email drafted to send to a higher up. He is trying to set up a phone call with higher ups with GOHSEP to get these issues resolved and see if they can settle all that. That has been their biggest pushback right now.

Ms. McCleary asked if the $15 million obligated from Laura is that GOHSEP. Mr. Landry said it was. Ms. McCleary asked how long approximately. Mr. Landry said every amount is different and it really depends. They have submitted requests for reimbursement for quite a bit of that and GOHSEP has come back and said, “Hey. This isn't right. Something's wrong here. Something's wrong here.” even though the same information was submitted to FEMA and FEMA already said it was all good. That is what staff is fighting with right now with GOHSEP. They have gone back and forth on quite a few projects that he expected to be paid out already. Mr. Self said that not all the $15 million has been expended. Ms. McCleary asked of the $15 million how much has staff expended approximately. Mr. Landry said he did not have those numbers but can send her an email with how much that is. Ms. McCleary asked regarding the $300,000 plus for Delta has that been expended. Mr. Landry stated it had. They have submitted requests for reimbursements and that is actually one of them that they have had pushback from GOHSEP on trying to receive.

Mr. Self stated that just give an example what they are asking for. She can decide whether or not if it is reasonable or not, but staff will have entered into it. Say they entered into a contract for $300,000. That agreement is for $300,000. GOHSEP is saying that it should have had language in there that said it is not to exceed $300,000. If the Port entered into a $300,000 contract staff is not paying more than $300,000.

Ms. McCleary said that the federal agency has approved. Mr. Self stated they had. Ms. McCleary said that and now staff has to go through another approval process with state agency. Mr. Self said that was correct. He said it is issues like he just mentioned that the contract didn't include a not to exceed amount when the contract was for $300,000. That is a hypothetical, but that is literally what they are asking. Ms. McCleary said she thought they have had this issue before. This is kind of an ongoing issue. Mr. Landry said that was correct. Mr. Ringo said that it is not just the Port of Lake Charles having the same problem. Everyone in the state is having the same problems.

Mr. Lorenzi stated that regarding the comment and because he has raised this question do we know whether the same approach is happening by GOHSEP with other entities or agencies. Mr. Landry stated that yes other entities are having problems. Mr. Lorenzi said that in other words it is not a situation where the Port is being singled out. Mr. Landry stated that was correct.

Mr. Dixon asked if they calling staff back when they make phone calls. Mr. Land replied that they were. Staff has gone back and forth with emails and phone calls all of that and they answer. Mr. Dixon asked about our delegation. What are they doing. Mr. Pestello said staff has not pushed it to that level quite yet. He actually had a great call with GOHSEP today where that he was wrong on everything, but got some information on how to move forward with it. They are answering staff’s calls.

Mr. Lorenzi asked if there a benefit to GOSHEP to hold the money. Mr. Pestello said he did not know of any. Mr. Self said it may be a benefit to the State but not the Port.

Mr. Self stated he sent an email last week requesting a meeting with the director of GOHSEP.

Mr. Guidry stated just add to what Mr. Dixon said it is something that he has dealt with at the Police Jury. That is what they do. They want you to give up, to use some other type of scenario to get what it is that you need. Everybody is asking for money, so it makes it hard on them to find out and really realize who it is going to go to, but staff is fighting a fight that they do not have to fight. That is why they have our delegation. He comes here and hear these meetings saying you are talking back and forth with them and this and that. You are just somebody, not to demean you in any way, but you are just another person they are visiting with. It makes no difference. The local delegation is what needs to be helping staff fight this fight to be honest. It will continue to go this way if this is the type of language and stuff that we use. They are going to put you off to another year.

Mr. Dixon said there is an election coming up. Mr. Guidry said do not fight a fight they do not have to fight. It is what those guys in Baton Rouge are for and in Washington. Use those guys. Mr. Self stated staff will do it. Ms. McCleary said she would point out that there's another $82 million that way has not been obligated yet.

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

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12. 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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13. Monthly Staff report from Director of Navigation.

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Mr. Hayden stated that in addition to his monthly report Congress passed the FY22 budget a while back and he has finally gotten some details on that. It is not as good as he would like. He asked for about $34.5 billion dollars in O&M funds operation and maintenance and $9 million in construction funds. The President's budget was $9 million in construction funds, which as it went through the process of congressional approval, Congress approved the $9 million in construction.

They have that plus the non-federal sponsors match to go on with the construction program for the disposal sites. That is not the issue. The President's budget for O&M was $20 million and for the first time that he can remember when it went through Congress, it was cut to $17.5 million. They needed $34.5 million in O&M and about half of that came out of Congress. He was looking for the Corps of Engineers to make up the difference in its work plan.

The Corps of Engineers gave us $19.5 million in their work plan, except the funds were restricted. This is again something that he has never seen before. That $19.5 million or so was only allowed to be spent on the Saltwater Barrier.

They were still short dredging funds. Between the District and Division, another $10 million in O&M was found so right now coming to the end of FY 22, they are still $8 million short. They spoke to the people in Washington. Last week they had an abbreviated visit to Washington. It was all done virtually, but during their conversations with the Corps headquarters staff we pointed out all these problems.

The $10 million that they got from the Corps, in addition, was from reprogramming funds and the Corps is looking to reprogram other funds and see if they can pick up the extra $8 million they need. The problem is if they do not get that money, work that was planned to do this year will have to be pushed off until next year. Then that starts rolling and they get behind in dredging. That is what they are addressing right now. Hopefully, he will have better news at some future Board meeting where they have picked up some additional funds.

Mr. Dixon said that he is concerned about this amount of money that Mr. Hayden is talking about going to the what did you say Saltwater Barrier. Every time he goes down there it is closed. What are they doing? Mr. Hayden said this is not for operation of the Saltwater Barrier. This is for repairs, construction and maintenance of the Saltwater Barrier. Mr. Dixon asked if somebody is checking it out. Mr. Hayden said the Saltwater Barrier is part of the Calcasieu River and Pass Project. Mr. Dixon said he understands that and knows why it was put there. But the problem he has with it, if they do not keep this Channel open, there is no need for the Saltwater Barrier. Just let it flow through. Mr. Hayden said Mr. Dixon was preaching to the choir. Mr. Hayden said the farmers are going to get a little upset. Mr. Dixon said if they cannot get their products out from up here who is going to be upset up here? It just doesn't make sense. Mr. Hayden said it was something they had never seen before. They put a restriction on funds and they gave that much money to the Saltwater Barrier. Normally, they would let the District decide how much it is going to be spent.

Mr. Guidry said that just to echo a little bit of what Mr. Dixon said, he was not sure if Mr. Hayden said he met with some of the representatives in Washington. Was it done virtually? Mr. Hayden said it was done virtually. They would not let him up there.

Mr. Guidry asked if Mr. Hayden got a chance to speak to Congressman Higgins. Mr. Hayden replied that he did not. He was not part of the virtual meetings. They met with the Corps staff Senate EPW and OMB virtually. The personal meetings have been rescheduled and they are going to try and do that the week of September the 12th. Mr. Guidry said there was nobody locally from this area that he had a chance to meet with. Mr. Hayden said that was correct.

Mr. Guidry stated that Mr. Hayden mentioned about the dredging and it may have to be moved back because of the money is not going to be available. How big of a stress does that put on the Port economically. Is that going to be something that is going to put a little bit of financial stress on the Port because of that? Mr. Hayden replied that he did not know how to answer that. It depends on what the shoaling rates are, how many storms they get and that kind of stuff. If they have a good year, it is not going to hurt the Port or any of the other operators. If they have a bad year, yes it is.

Mr. Lorenzi asked if there was any indication at all where this idea of restricting the funds came from. Did it just came out of the blue? Mr. Hayden stated he has no idea. He can only guess.

Ms. McCleary asked if Mr. Hayden feels that that our Congressional delegation is aware of that. Mr. Hayden replied that they are. Congressman Higgins and Senator Cassidy and their staff have been great. They are always supporting the Port. They are aware of the issue. The fact that even though he did not get a chance to talk to Congressman Higgins, he is aware of what is going on.

Mr. Self stated they are going to go in person in September. Mr. Lorenzi asked regarding the restrictions of these funds is that something that is happening with other channels. Mr. Hayden replied that he had not ever seen this before. This started in like 2014 or 2015 when they eliminated earmarks. Then they gave the Corps discretionary funding. This is the first time they have seen the discretionary funding restricted the way it is in this budget.

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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14. Monthly Staff report from Director of Operations.

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Mr. Henderson said that currently at City Docks, they have a lumber and a hydrate ship working.

Recently they have had three cargo transfers, seven alumina hydrate barges, two sodium hydrosulfide vessels, and 11,000 ton bagged rice vessel and one 20,000 cubic meters lumber vessel.

Next on the schedule, they have a lumber shipment, three hydrate barges, one hydrosulfide vessel, 20,000 cargo transfer vessel, a rubber vessel, a 6,000-ton bagged rice vessel and a project cargo shipment of steel.

At BT-1, they are loading a raw coke shipment of about 45,000 tons. Recently they have done 12,000 tons of calcine, 18,000 tons of rutile, 6,000 tons of green coke and about 2,000 tons of aluminum hydrate.

Going forward on the schedule right now, they have three rutile ships for about 20,000 tons and 2,000 tons of calcine.

Ms. McCleary said that she noticed that they had a call concerning the loading of wood chips, which is something that when they did the long-range plan was mentioned to the Board as a lucrative market. Mr. Henderson said they have had several calls about wood chips. The issue that they have with wood chips right now is they do not have an efficient way of loading the wood chips. It is possible, but it is kind of similar to the situation that they are in at BT-1 with the petroleum coke. They can load it, but until the ship loader gets here, it is very labor extensive and expensive. Until they have some way of doing it automated it is not really feasible for them to load the wood chips. Nor do they have a really good place to store the quantity that they are looking for at City Docks. There are some issues and staff is discussing it with them.

Right now there is not a real way to load them other than using ship’s gear, which is slow and is labor intensive. Ms. McCleary stated that it probably makes the Port noncompetitive.

It is not just here though. They are checking every port on the Gulf and there are very few that have a way of loading it like the Port loads their petroleum coke. Ms. McCleary asked where would it be coming from. Mr. Henderson replied that it could coming from North Louisiana, Southeast Texas or East Texas.

The Director of Operations’ 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 Cargo and Trade Development.

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Staff has been working with a construction company looking to lease property where they will repair, construct and repurpose barges and vessels. They sent a group in about two weeks ago to look at the Industrial Canal and are also sending their VP and business development manager next week to look at the property.

They also have an advertisement in the heavy Lift Magazine for July August issue. They have an advertisement and article coming out in the American General Transportation.

They have a bid for some USDA cargo. It goes out this week for about 17,000 tons of cargo with some rice on it.

The Port has had their first ever rubber vessel that is loaded now to go to Spain and Poland.

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

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Mr. Pestello said he wanted to give the Board an update on the shed 7 demolition. Asbestos from mediation is progressing nicely. It looks like they are going to be right at the updated estimate they established two meetings ago. Where most of the debris is hauled off, they are just finalizing the demo of the concrete foundations.

Berths 2 and 3 construction has moved along nicely. They have driven around 220 pylons a day out of about 566. Boh Brothers is moving along progressing

The office of Offshore Energy Management Bureau released a statement and a survey talking about the offshore wind studies in the Gulf of Mexico. The Port of Lake Charles was specifically called out as a potential supply port. It was the only one in Louisiana. Since most of the offshore wind would be south Louisiana, to throw that out there hopefully that will help the Port with the study Grant staff applied for.

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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17. Monthly Staff report from the State Port Lobbyist.

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

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18. Monthly Staff report from the Federal Port Lobbyist.

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Mr. Andrew Holloman came to give a quarterly update to the Board on what they are working on a quarterly update of what we've been working on. Mr. Hayden already covered a good bit of it.

Regarding his background. He is originally from New Iberia, but spent 10 years in DC working public and private sector. He worked for Senator Landrieu for a number of years. Some of the issues that he worked on reports and waterways. He worked for the Federal Energy Regulatory Commission (FERC), which he is sure you all know. They have jurisdiction over the naturalized pipelines and LNG facilities. He then went on to work for Cheniere Energy. Then he moved back home.

What he wanted to talk about are last week's meetings. He thought they went well. They have had the pleasure of representing the Port on the federal level for about 18 months. They have a good working relationship. They have got a lot of work to do going forward. One thing he did want to mention was the President's budget in general was lower than it has been historically for traditional infrastructure funding for ports and waterways. It is unfortunate, but he does not think necessarily this Port was singled out. He agrees they have plenty of work to do.

One of the things that was good from last week is the Senate Energy and Public Works (EPW). The committee met with them and Mr. Hayden gave him a great presentation as well as Office of Management and Budget. That is kind of the authorizing committee and the money manager for the Army Corps of Engineers, so keeping good relationships with them is paramount. They will continue to do so.

One of other things he wanted to mention is that they did have a meeting scheduled where all members of the Louisiana delegation were scheduled to be in person to kind of give them a briefing. Ten years of working there and working around the Louisiana delegation frankly does not happen a lot where you have all members of the delegation willing to kind of sit in a room together unless they think it is something really important. He knows that they are going to try to get those scheduled for September. That will be a really good opportunity to talk to each member of the delegation about projects and priorities for the Port.

He did have a little bit of a list on kind of what to expect the rest of the year from DC. It is not much. It is an election year. Congress is slow on any given year, but especially in election years. All 435 members of the house and 35 members of the Senate are up for re-election this year. The house is expected to flip. Nothing is a sure thing, but in politics it is about as close as one can get as a sure thing for the house to flip and be controlled by Republicans. The Senate is still kind of a toss-up. But, it is still likely leaning Republican. You get from that kind of shake up and congressional committees. Louisiana has another appropriator so Senator Kennedy and now Congresswoman Letlow. Congressman Higgins also may be in line for some. He is on the house Homeland Security committee. He may be in line for a leadership position there.

The other thing he wanted to mention too and Mr. Hayden mentioned this is they are kind of an appropriation season right now in DC and the House released a package of appropriations bills that they passed. In that there is $9,000,000 that were secured for the Port. The Senate has not released their report yet for appropriations, but are expected to this week. He is going to continue working with the delegation to fight for that, but it is a great sign that there is $9,000,000 in there for the Port.

What it is, is they used to call them earmarks. They cannot do that anymore, so they call them Community Project Funding. It is Earmarks by another name. They just rebranded it. He hopes to come back and give you all another update after they have those meetings in September.

Mr. Guidry asked regarding the meeting in September is that meeting that is going to occur. Staff is going to be asking for funds or is that going to be an answer as to what we need now. That is what he is confused about – the meeting that they are going to be having in September.

Mr. Hayden said it will be both. They do not have the money they need. Mr. Guidry said it is a waste of time. Mr. Hayden said they would be talking at FY 23 and 24. Mr. Guidry said it is a waste of time. If they cannot give them an answer it's a waste of time to even go. Mr. Hayden said they have wasted their time before and will do it again.

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

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Mr. Lorenzi asked for a motion to enter into Executive Session. Mr. Krielow 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 6:02 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 6:23 p.m. No action was taken in Executive Session.

There being no further business to come before the Board, Mr. Lorenzi asked for a motion to adjourn. Mr. Krielow offered a motion to adjourn.. Mr. Guidry seconded the motion and it carried unanimously. The meeting adjourned at 6:24 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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THOMAS L. LORENZI, President

ATTEST:

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JUDY A. MCCLEARY, Secretary/ Treasurer