

West Calcasieu Port Board Meeting Minutes

July 2, 2019

I. Call to order

President Dick Kennison called to order the regular meeting of the West Calcasieu Port at approximately 3:00 p.m. on July 2, 2019, at West Calcasieu Port, 200 Old Ferry Road, Sulphur, Louisiana.

II. Invocation

Darla Perry led the invocation.

III. Pledge of Allegiance

Pledge led by Port Director Lynn Hohensee and recited by all board members and guests.

IV. Roll call

Tim Dougherty conducted a roll call. The following persons were present:

- ✓ Dick Kennison
 - ✓ Tim Dougherty
 - ✓ Wilmer Dugas
 - ✓ Scott Foreman
- (Dave Aguillard was absent.)

(Others also present at the meeting were: Lynn Hohensee, Chuck Stutes, Darla Perry, Glen James, Eddie Van Huis of Tubal-Cain and Sheila Burton.)

V. Approval of minutes of the June 4, 2019 regular monthly meeting

President Dick Kennison entertained a motion to approve the minutes of the June 4, 2019 regular monthly meeting. A motion was made by Wilmer Dugas to approve the minutes of the June 4, 2019 regular monthly meeting, 2nd by Scott Foreman. No opposition. Motion carried.

VI. Discuss and ratify action on tenant lease assignment

Attorney Glen James explained how the Port needs a resolution to ratify the name change for Tubal-Cain. President Dick Kennison stated the Tenant Committee approved it, subject to ratification by the full Board. Mr. Van Huis explained the name of the company is VLS Calcasieu, LLC; but “Tubal-Cain” will be operating under the name

VLS Marine Services. Wilmer Dugas made a motion to accept the ratification and do a resolution accepting the name change, 2nd by Scott Foreman. No opposition. Motion carries.

Port Director Lynn Hohensee asked Mr. Van Huis what role will his organization play in the bigger picture of VLS. Mr. Van Huis gave a brief history on the business of VLS Recovery/Aurora Capital Partners. Mr. Van Huis explained that VLS acquired Tubal-Cain at both Port Arthur and West-Cal Port locations to expand into the marine services. Mr. Van Huis reassured the Board that nothing will change as far as the management, prices and policies. All of these things will remain the same. There was a brief discussion regarding the name change and the business of VLS.

Mr. James clarified that Tubal-Cain is not simply changing their name. It is a different entity that has been created to which they are signing their lease to this new entity. Mr. James stated he, along with the Tennant Committee, feels this is a substantial company backed by VLS Recovery/Aurora Capital Partners. Darla Perry told the Board she had done some research on VLS Recovery/Aurora Capital Partners, and they expect to do some major growth within the next 3 years. Darla said she feels their size may bring more services to the port. There was a brief discussion regarding the news release stating Lake Charles instead of Sulphur.

VII. Discuss and take action on building repairs with insurance claim

Darla Perry explained that the Port has received the offer on the insurance for the January roof damage done to the S.T.A.R. building during the wind storm. The insurance company determined it was \$40,163; and the Port has 2% wind deductible. Darla told the Board the insurance company is offering to pay \$28,210. The insurance company also gave allowances for 900 square feet of damage under the roof. Darla stated they can get an additional \$4,000 if the invoices come in higher than that. The total insurance payout is \$32,000 to pay for the repairs, and the quote is less than that. Darla reminded the Board that Ave Maria quoted \$38,000. Angelico's quote was less than Ave Maria's quote. Darla recommended engaging Angelico to do the repairs. There was a brief discussion regarding the bids and repairs.

Wilmer Dugas made a motion to accept the low bid by Angelico to do the repairs on the S.T.A.R. building, 2nd by Tim Dougherty. No opposition. Motion carried.

VIII. Discuss and take action on appointment of auditor

Darla Perry explained that June is the fiscal year end. Darla told the Board that McMullen Mancuso mentioned to her back in January that they weren't sure if they were going to continue doing audits. Darla stated she tried to go out for bids and only received one. Darla reminded the Board that the Port paid \$12,925 last year to McMullen Mancuso for the audit and SAUP (State Agreed-Upon Procedures). The quote from Steve Derouen is \$10,750 for both the audit and the SAUP. Darla disclosed that Mr. Derouen is a former partner of hers with over 40 years' experience in auditing and now has his own CPA firm in Lake Charles where he does an extensive number of municipal audits. Darla explained that Mr. Derouen's firm is able to perform a Yellow

Book audit, which is a higher level of auditing if the Port gets more than \$750,000 in Federal funding. There was a brief discussion regarding Mr. Derouen's qualifications.

Wilmer Dugas made a motion to appoint Steve Derouen to do the regular audit and the SAUP for the Port, 2nd by Tim Dougherty. No opposition. Motion carried.

IX. Amendments, additions and deletions to the proposed agenda

There were no amendments, additions or deletions to the proposed agenda.

X. Committee Reports

There were no committee reports given at this time.

XI. Port Director Report

Port Director Lynn Hohensee reported that he is still working with Accu-TRANS along with another company, CGBM 100, LLC, about leasing the green house at 200 Old Ferry Road, 2 acres, 200 linear feet of waterfront. Lynn stated it is moving forward, and all is going well.

Lynn said he had a request from Devall and Tubal-Cain to see if the apron could be removed from the ramp to make it easier to use the slip space for barge activity, fleeting, or work being done by Tubal-Cain. Lynn said the fleeting numbers right now are exceeding max and will continue to grow. Lynn stated when he went out there along with Jerry Jones, a person from Orion and others, they discovered that the apron of the ramp had been damaged. Lynn said he and David figured out that on June 21, shortly before noon, a barge operated by Genesis Marine out of Houston came into the slip, contacted the apron and pushed it down. Lynn said that Genesis Marine has no problem taking responsibility and has their surveyor coming out and assessing the damage and making a full report to Devall and Genesis, and then Genesis will make the repairs. There was a brief discussion regarding the repairs to the apron.

President Kennison asked Mr. Van Huis's opinion on what needs to be done about the damage to the apron. Mr. Van Huis explained that you will have to get it fixed first. After it's fixed and the surveyor approves that it's fixed, then you can remove the apron. Mr. Van Huis volunteered to look at the apron. Mr. Van Huis said that there is a good chance you can use a cherry picker or a mobile crane. Mr. Van Huis stated that they could make any repairs to the apron in their machine shop. There was continued discussion about the apron and the ramp.

President Kennison suggested getting the apron fixed first, have Genesis Marine pay for the damages, then remove the apron and allow barges to use the slip since the ramp has not been generating any revenue.

Lynn agreed with President Kennison but stated he thinks there will be potential new use of the ramp in the future due to Driftwood and the other LNG terminal. Lynn said at that time they can place the apron back on the ramp to use it as needed.

Darla explained that if the Port had the repairs done, they would possibly need to go out for bids, which would delay the process. However, if Genesis agreed to repair it and they engaged a local company on site at the port, they would not be subject to the same rules and regulations and they could get it done for less money. Chuck Stutes agreed that what Darla said sounded good. There was continued discussion on how to proceed with the apron repairs. Lynn said he will get with David to see if Genesis would be interested in the Board's idea.

Lynn reported that he gave an invoice to Darla that he received from the Seed Center yesterday. It is for the Port's share of the certification on the land. Darla said the amount of the invoice is \$10,555; and approval to pay it was given in a previous board meeting.

Lynn told the Board that in one of the June issues of *Lagniappe* magazine there was a fine photo of President Kennison and Attorney Glen James commemorating Mr. James' 50 years of service to the port.

{NOTE: The following report is a copy of the original sent out by Lynn Hohensee.}

Marketing/Business Development/Retention –

- Average barge count for the month of June reached a multi-year high with some days exceeding 130.
- Negotiations have progressed well with an established company interested in setting up marine fueling operations at the West Calcasieu Port.
- As the result of a corporate merger, Tubal-Cain Marine Services will become VLS Marine Services Calcasieu, LLC effective in July.
- Port remains in contact with Stream Land Services. Stream is interested in establishing an auxiliary dredge spoil pump station on port land that will support the movement of spoils by pipeline from the proposed Driftwood LNG Export Terminal site to beneficial use spoil reception areas west of the port. SLS also is interested in leasing the yellow house near the shoreline. Tellurian also is interested in possibly establishing a staging site at the port for pipe during installation of the pipeline. Interest for the site of the pump station remains focused on a two port location. The facility may need 3 Phase electricity support.
- The port director is coordinating with Devall Towing to create interest in the port facilities with ongoing communications efforts with select LNG export terminal projects.
- Coordination continues with SWLA Economic Development Alliance and Entergy to seek certification for a parcel of property at the port that will be supported by proposed new waterfront improvements. An MOA (memorandum of agreement) has been signed that initiated the process. Estimate of cost to the port is 25 percent of the cost (between \$10k-11k).

Port Operations –

- The port is continuing to work through a number of administrative issues associated with the \$4.2 million EDA federal grant for port infrastructure improvements.
- The port director approved a request by Devall Towing and Tubal-Cain to remove the lip apron of the barge loading ramp to make use of the ramp slip to accommodate the high demand for barge space. Devall and T-C personnel will be responsible for removal and storage of the equipment. If needed to accommodate ramp use, the apron can be reassembled in three hours.
- Progress is moving forward for the construction of the port's new entrance roadway.

Professional Organizations & Networking –

- In June, the WCP director (and/or board members) represented the port at:
 - a. PAL board meeting

- b. Calcasieu River Waterway Harbor Safety Committee
- c. West Cal Chamber monthly lunch meeting
- d. LCIA tradeshow

News Media & Community Relations–

- Article/photo of Port Attorney Glen James receiving 50-year service plaque from WCP Board President Dick Kennison was featured in the current issue of Lagniappe Magazine.
- Ongoing media relations continue through the Lake Charles Ad/Press Club and other networking opportunities

Tim Dougherty made a motion to accept the Director's Report as presented, 2nd by Scott Foreman. No opposition. Motion carried.

XII. Announcements/Reports (Legal, Financial, Engineer)

LEGAL: Glen James said he's working on a draft for a lease for Accu-TRANS and CGBM 100, LLC. Mr. James thinks that they will be handling hazardous material, so they will need to specify exactly what types of hazardous material they will be handling. Darla reminded everyone that there was language in the Tubal-Cain lease that addressed hazardous materials and all the laws that need to be complied with, so she thinks the lease for Accu-TRANS and CGBM 100, LLC would be similar. There was a brief discussion regarding language for the lease and liability insurance that would be needed. Darla suggested having the Tennant Committee look into the matter.

Chuck Stutes commented he was given a drawing this morning, and he noted that the 200 by 300 is less than 2 acres. Lynn explained that they told them it would be a minimum of 1 acre, and they figured it would be around 1.5 acres. Chuck also stated that before the lease is finalized, the drawing will need to be superimposed on top of the site. Darla asked Glen if Accu-TRANS will be the guarantor on the lease. Glen stated he assumes they will be.

FINANCIAL: Darla Perry gave the financial report for May. Darla reported the Port took in \$178,611. Darla said the reason it is higher than normal is due to the DOTD grant money of \$98,731.80 for the barge dredging. Darla said Coastal Dredging was paid \$167,898.86 for the dredging. Darla explained some of the other disbursements for the month of May. Net cash was (7,168.22). Barge days year to date are 36,427 – which is 751 more than last year. Darla said she feels they will pull ahead further because the Port is getting, on average, 120 barges per day in the fleeting. There was no ramp revenue to report.

Darla said she is still working on EDA. Darla told the Board she sends a letter every 2 weeks to the person in Austin and she is told, "It's in the final stages." Darla stated she is looking at pursuing other grants and looking at reference material for grants.

Glen James told the Board that he did a search on CGBM 100, LLC; and they have been registered with the Secretary of State since November 2005. Their company is in good standing. Gary M. Osorno is the managing member, and they are based out of Kenner, Louisiana. Lynn explained that they are based out of Kenner, but they have an operating center in Channelview, Texas.

President Kennison entertained a motion to accept the Financial Report as presented. Wilmer Dugas made a motion to accept the Financial Report as presented, 2nd by Tim Dougherty. No opposition. Motion carried.

ENGINEER: Chuck Stutes reported that they are finalizing the road plans. Chuck explained the wide stakes outside represent the complete right-of-way. The pavement width is only 30 feet, and that includes the 12-foot shoulders. The right-of-way includes the road, the shoulder, and the 2 ditches. There was a brief discussion about the plans for the road. Chuck told the Board that this will not be a Parish road. This will be a West Calcasieu Port road. There was continued discussion regarding the road and drainage issues. Glen James asked if it would be beneficial to designate the road as a Parish road. Lynn stated he spoke with Tim Conner; and since this is on port property, there is no way it could be dedicated as a public access road because it is not accessible to the public 24/7. Wilmer Dugas asked who will be cutting the trees. Chuck answered that will be part of the construction bid, and that is why every tree that will be cut has to be tagged. There was continued discussion regarding the road.


President Kennison entertained a motion to accept the Engineer Report as presented. Wilmer Dugas made a motion to accept the Engineer Report as presented, 2nd by Tim Dougherty. No opposition. Motion carried.

XIII. Public Comments

Tim Dougherty said he is surprised that nothing has been planned to put a rail system in. Lynn stated that it would be too costly.

XIV. Adjournment

President Kennison adjourned the meeting at approximately 3:50 p.m.



President



Secretary