

West Calcasieu Port Board Meeting Minutes

November 6, 2012

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 November 6, 2012, at the offices of West Calcasieu Port, 311 Gross Road, Sulphur, Louisiana.

II. Invocation

Dave Aguillard led the invocation.

III. Pledge of Allegiance

Pledge led by Tim Dougherty and recited by all board members and guests.

IV. Roll call

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

- ✓ Tim Dougherty
- ✓ Dave Aguillard
- ✓ Wilmer Dugas
- ✓ Dick Kennison

(Others also present at the meeting were: Lynn Hohensee, Chuck Stutes, Glen James, Darla Perry, Rusty Vincent, Jay Delafield and Sheila Burton)

V. Approval of minutes of the October 2, 2012 regular monthly meeting and October 23, 2012 special meeting

President Dick Kennison entertains a motion to approve the minutes as printed and presented to the Board. Tim Dougherty makes a motion to approve the October 2, 2012 regular monthly meeting minutes and the October 23, 2012 special meeting minutes, 2nd by Wilmer Dugas. No opposition. Motion carries.

VI. Amendments, additions and deletions to the proposed agenda

There were no amendments, additions, nor deletions to the proposed agenda.

VII. Committee Reports

There were no Committee Reports at this time.

VIII. Port Director Report

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

Marketing/Business Development –

- The port has been in communication with a local commercial/industrial real estate firm that represents a Houston-based prospect who is interested in bringing a large manufacturing operation to the western area of Calcasieu Parish. Developments continue.
- Lease agreement has been finalized with Tresco, which is partially owned by ChemServ, Houston, Texas. Once the terms/conditions are approved by the port board of commissioners, the lease agreement will be signed.
- Work continues on the development of a lease agreement extension for Devall Towing.
- A lease agreement with United States Environmental Services (USES), located in the Devall Warehouse, will be drawn up following the completion of the Devall lease agreement extension.
- Met with Canal Barge Company re: the company's plans to expand its operational base in Southwest Louisiana.
- Provided tour of the port facilities at the request of Talen's Marine.
- Met with SWLA Economic Development Alliance re: reprinting of new port brochure. Once current infrastructure projects are complete, new aerial and ground photos will be taken for the new brochure and to update the port website.

[NOTE: Lynn further discussed USES's operations at the port. Lynn explained Devall will be bringing in barges that USES will clean and strip. USES projects 19 barges per month with an increase of up to 60 barges per month within the year. Lynn said there is a growing demand for wet and dry barge transportation support, and West Cal Port can provide space for both wet and dry barge cleaning. USES is concerned about the degradation of the bulkhead. They suggest installing three 60-foot pilings, 14-inch diameter, to be driven 30 feet down into the soil. Lynn estimates it would cost \$30,000 to put in the pilings. Lynn asked Chuck Stutes if that does anything to the long-range plans for replacing the bulkhead. (Chuck will discuss this further in his report) Lynn stated the other infrastructure improvements include adding bathroom/plumbing to the building that will be leased by USES. Lynn said he is speaking with USES about ranges of price for leasing including picking up the costs of improvements and overseeing putting them in. Lynn said the Port would work with them on making some offsets on the first couple of years if USES picked up the extra costs. Lynn and the Board further discussed options for the USES lease. Chuck spoke about the pilings. He said the existing wall cannot be removed. The pilings will have to be driven outside of the existing wall. Then, when the new bulkhead is in place, they will fill between the existing and the new.

Lynn and the Board further discussed the barge operations by Devall and USES and possible use of the ramp, along with discussing options for the bathroom/plumbing work to be done in the building that will be leased by USES.

President Dick Kennison asked Lynn if he wanted the Board to put him in a position to give him authority to negotiate with USES and then report back to the Board with the final agreement. Lynn agreed that that is what he would like to do. Wilmer Dugas makes a motion to allow the Port Director Lynn Hohensee to negotiate a lease agreement with USES, 2nd by Dave Aguillard. No opposition. Motion carries.]

Port Operations –

- Devall Towing has offered to pay for the installation of a new barge-loading ramp (est. \$450,000) to replace the old ramp. The port engineer and director met with Devall officials to identify the exact location.
- Formal application was made on Oct. 30 to the Louisiana Legislature for Capital Outlay funding support. The funds are designed to assist with the replacement of aged bulkhead along the Devall Building. The application has the support of several members of the Southwest Louisiana delegation.
- Preparatory steps are being taken to initiate a bonding effort for the port with the assistance of Bonding Attorney Jay Delafield.
- Port director and port engineer met with Police Juror Francis Andrepont and Calcasieu Parish Police Jury Administrator Bryan Beam and his staff to discuss funding support from the CPPJ economic development fund. As a result, formal application was made to the Calcasieu Parish Police Jury for \$248,700 funding support for the construction of 700 feet of new roadway at the port to support a new barge-loading ramp.
- Construction activities associated with the west barge basin expansion project continue. The project is expected to be completed in late November or early December.
- Engineering/design work and material preparation steps continue for the installation of bulkhead infrastructure along the GIWW waterfront currently under lease to F. Miller Construction.
- Construction of the new security gate should be completed by mid-November – contingent upon Entergy's installation of the meter. It includes a remote controlled gate opening/closing system that will be operated from the Devall Towing security tower as well as a keycard system. The gate – when completed -- will be closed from 6 p.m. to 6 a.m.
- Devall employees are completing the cutting/bailing of grass at the port.

Professional Organizations & Networking –

6. The WCP director represented the port at:
 - a. Ports Assn. of La. Board meetings (Oct/Nov)
 - b. SWLA Port Network meeting
 - c. Propeller Club meeting
 - d. Chamber/SWLA economic development alliance meeting
 - e. Chamber/SWLA gov't affairs/infrastructure meeting
 - f. Chamber/SWLA fundraiser golf tourney
 - g. LIDEA annual conference
 - h. PetroChem fundraiser @ weekly meetings
 - i. Workforce Investment Board – Exec. Committee meeting
 - j. BV board meeting

News Media & Community Relations–

- Ongoing media relations continue through the Lake Charles Ad/Press Club and other networking opportunities.

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

LEGAL: Glen James confirmed that a lease has been drafted with Tresco. There are questions regarding insurance liability. Glen stated there is a million dollar coverage with a five million dollar umbrella. Tresco asked for the umbrella to be only one million dollars. Glen said this will be discussed further on Item XII.

Glen also said he is in discussions regarding Devall terminating their sublease to USES on the warehouse and the lease extension with Devall.

FINANCIAL: Darla Perry reported the barge days for September were 2,278. Darla said she spoke with George Landry and the girls in Devall's billing department, and they confirmed they averaged around 70 barges per day in September. Darla said that last September was unusually high, and this September was unusually low. So that is the reason for the variance. Ramp usage for September was 3,800. Cash flow numbers are high due to the barge basin project. There were some administrative costs for the east barge basin project. Darla said the Port is in compliance with the Board of Commissioners. Wilmer Dugas makes a motion to accept the Financial Report as presented by Darla Perry, 2nd by Tim Dougherty. No opposition. Motion carries.

ENGINEER: Chuck Stutes passed around photos of progress on the west barge basin project. Chuck said they are through with all of the levee work and concrete revetment work. They are also 50% into the dredging process. Chuck said the goal is still to complete the dredging in November or early December. Lynn Hohensee stated that the Devalls have expressed how happy they are with the progress of the expansion of the barge basin. The Devalls feel the demand for shallow water barge transportation support will begin to increase.

Chuck said he was advised by Orion last week that they have begun construction on the east barge basin project. Orion expects to be done toward the end of this year or first of next year.

Regarding the gate installation, there are continued problems with Entergy that are getting worked out. Chuck said the installation of the gate should be finished within the next few days. Tim Dougherty asked if the electrical should be expanded while all of this work is being done. Chuck said it isn't necessary until the Port gets something that would be a significant increase to the load. Darla asked about the gate keys and training session. Lynn said he spoke with Chris Kelly, and they spoke about bringing the control systems for the remote computer operation for the gate sometime today. They will set up an orientation in the near future for the tenants and anyone else needing access to the gate after hours.

X. Board to discuss new port sign with information from Century Group

President Dick Kennison introduced Rusty Vincent to speak about the information on the new port sign. Rusty Vincent passed out flyers showing prototypes of signs. Mr. Vincent

went through the different types of signs they can make available for the port. The Board asked questions on different options of signs for the port.

Lynn Hohensee asked the Board to allow him to work with Rusty on the details of the sign and getting a firm estimate on cost. The Board agreed for Lynn to move forward with gathering information.

[NOTE: At this point, Rusty Vincent leaves the meeting.]

XI. Board to discuss and take action on possible progression with bonding effort

Chuck Stutes passed out copies of the Capital Outlay Request he anticipates the Port to receive funding on. Chuck said 2 copies were submitted last week that were due November 1st, one copy by hand delivery and one copy by electronic transmittal. Chuck explained the process of how the Capital Outlay Request works. Chuck said it's a very lengthy process and, if approved, the whole process will be completed by October or November of 2013. Chuck said Darla spoke with Senator Johns and he gave recommendations on how to prioritize and split projects up for a better chance of getting them approved. Chuck went through the Request with the Board and explained some of the items listed. Chuck introduced Jay Delafield and asked him what the Board should be doing between now and November with regards to bonding.

Jay Delafield explained the different aspects of the bonding effort. Jay said there is a 3-year limitation upon approval by the Bond Commission. So that is not a problem. Jay stated the only problem that will arise is the fact that the current President wants to eliminate the tax exemption on bonds issued by local governments. Therefore, he encourages the Board to move quickly on getting bonds. Chuck asked how long will the process of approval take from the Bond Commission. Jay answered about 6 days after submitting the application. There was discussion about whether the Port could support a debt service at 5% for 20 years on \$3.5 million. Darla stated the \$3.5 million could be done, but it would be very tight. Darla said she is hoping the Port's funding would be only \$1.3 million with the rest coming from Capital Outlay funding. Jay explained the Port is not obligated to sell the whole \$3.5 million. After further discussion with the Board about funding and project ideas, Darla reassured the Board this could be done. Wilmer Dugas makes a motion to allow Jay Delafield to proceed with the request for bonding on behalf of the Port, 2nd by Tim Dougherty. No opposition. Motion carries.

XII. Board to discuss and take action potential lease agreement with Tresco, LLC

Lynn Hohensee stated the Port has come to an agreement with Tresco on a lease agreement stating Tresco will lease 2 acres at \$1,000 per acre per month with Tresco providing all of the improvements and bringing their own power to the location. Glen James stated the lease is for 3 years, and Tresco is asking for an option of an additional 3 years. Tresco is also asking for the liability insurance amount to be dropped from \$5 million to \$1 million. President Dick Kennison asked if they are asking for the same amount on the additional 3 years, and Glen stated that wasn't discussed. The Board further discussed the additional 3-year option with Glen James. Dave Aguillard and other members of the Board expressed concern about the liability insurance issue. Lynn

suggested having a conference call between himself, Glen James, Darla Perry and Tresco representatives to work through the issues in question and then report back to the Board at a later time. Wilmer Dugas makes a motion to allow Lynn, Glen and Darla to work out the issues in question with Tresco and, once an agreement is reached between the two parties, then they can proceed with signing the lease. The motion was 2nd by Tim Dougherty. No opposition. Motion Carries.

XIII. Public Comments

Lynn Hohensee said he will probably not hear anything back from West Cal Association of Commerce until December.

Lynn also asked who among the Board would be able to attend the West Cal Association Annual Banquet on Thursday, November 8th. West Cal Port has a table with 8 seats. Lynn said whoever was unable to attend he would like to invite tenants to attend the banquet.

XIV. Adjournment

President Dick Kennison entertains a motion to adjourn. Wilmer Dugas makes a motion to adjourn, 2nd by Dave Aguillard. Meeting was adjourned at approximately 4:40 p.m.



President



Secretary