

West Calcasieu Port Board Meeting Minutes

March 5, 2013

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 March 5, 2013, at the offices of West Calcasieu Port, 311 Gross Road, Sulphur, Louisiana.

II. Invocation

Francis Andrepont led the invocation.

III. Pledge of Allegiance

Pledge led by Jay Delafield 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
- ✓ Scott Foreman
- ✓ Wilmer Dugas
- ✓ Dick Kennison
- ✓ Dave Aguillard

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

V. Approval of minutes of the February 5, 2013 regular monthly meeting

President Dick Kennison entertains a motion to approve the minutes as printed and presented to the Board. Dave Aguillard makes a motion to approve the February 5, 2013 regular monthly 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. Discussion of leases, actions if required – Glen James

Mr. Glen James reported he is waiting on documents to be signed on the Tresco lease and the Devall renewal. Glen stated Tresco wanted an option on the lease for an additional three years. He said that has been added to the lease. If the lease is renewed for the additional three years, there will be an increase in the rent using the consumer price index. Port Director Lynn Hohensee said he will try to get ahold of Steve Knight to get the Tresco lease executed. Darla Perry stated the date that the Port will begin to collect rent from Tresco will be the date the lease documents are signed. Darla said she billed USES for their rent and security deposit on March 1.

Mr. James stated he just realized the draft of the lease states 2012. He will have the documents corrected to reflect year 2013. Glen said he spoke with Joey Devall about the changes the Port wanted on the lease renewal, and he is waiting for Joey to get back to him with their decision. Darla said she received a call from the Devalls before the meeting, and they want the clause put back in regarding the rates going down if they need to change their rates. There was further discussion by the Board about the rate change clause. Glen James said he thinks the clause the Devalls are asking for regarding the rate change is fair and it is a nonissue. If Devall has to decrease its rates, the Port will just get less money. He recommends putting the clause back in.

Wilmer Dugas makes a motion to put the clause back in to the Devall renewal lease where it states “if lessee reduces the amount charged, lessee may decrease consideration paid to lessor by 20% of the amount of the fee,” 2nd by Tim Dougherty.

Darla stated the only concern is that the Port needs to buy insurance on the buildings that Devall is releasing back to the Port. Lynn said the values he received from the Devalls are the historical values of the 2 buildings. They do not show current value. The Warehouse historical value is \$84,507. The Office Building where the Board holds its meetings has a historical value of \$369,770. Lynn said this does not reflect the price of the real estate it sits on. Lynn asked if the Port could get insurance now based on the historical value and then get an appraisal done and then get the insurance policies modified to reflect the replacement costs. There was further discussion about the insurance. Wilmer Dugas recommended insuring the Warehouse for \$100,000 and the Office Building for \$400,000. Lynn asked Darla to check with the insurance agent to see if they could move forward with getting the insurance.

Wilmer Dugas makes a motion to allow Darla to move forward with acquiring insurance for the Warehouse in the amount of \$100,000 and the Devall Office Building in the amount of \$400,000, 2nd by Dave Aguillard. No opposition. Motion carries.

VIII. Discuss and take action on bonding resolution

Jay Delafield reported to the Board that the bids for the bonding are superb. Jay stated this is the lowest interest rate he has ever received on a revenue bond in 39 years. The bid by First Federal is 2.35%. Jay said it is the lowest and best bid of the 3 bids received, and he highly recommends that the Board accept the bid by First Federal. Jay told the Board that Jeff Lee, VP at First Federal, requested that the Port leave the construction fund in First Federal during the pendency of the construction project. Jay said there is no obligation to do so; however, he would recommend that the Board leave the funds in First Federal as Mr. Lee requested as a courtesy for the bank supporting the bid.

Jay also recommended adopting a bond resolution providing for the issuance, sale and delivery of one million dollars Revenue Bonds of the West Calcasieu Port, Series 2013A, prescribing the form, fixing the details and providing for the rights of the owners thereof, providing for payment of the principal of and interest on such bonds and the application of the proceeds thereof to the acquisition and establishment of additions to and improvements of the waterworks and sewer systems within and for the Issuer. Jay said the Port is not actually doing waterworks and sewer systems, but there are improvements for the port. Jay said he is open for any questions by the Board.

Wilmer Dugas makes a motion to accept Mr. Delafield's recommendations, 2nd by Dave Aguillard. Darla Perry stated the Board originally authorized 3.5. Darla asked Jay Delafield if they could go back and ask for more issuance. Jay answered "absolutely." Darla also asked if some of the terminology in the Resolution will need to be changed, and Jay Delafield said it would. Darla stated the President's name needed to be changed on the Resolution from Matt Vincent to Dick Kennison. Jay stated the papers that need to be signed today are the bid form, and the secretary has to sign the Corporate Resolution by way of a certificate. Chuck Stutes asked how long the Port had to spend the million dollars. Jay answered 36 months. Chuck also asked Jay if the Port does not spend the full million dollars in 36 months, will they get penalized. Jay answered yes, and that they must spend 85% of all proceeds within 36 months. There was no opposition to the motion. Motion carries.

Mr. Delafield stated the bond will be issued approximately 30 days from today. At that point, the Port will be obligated to spend 5% of the proceeds within the first six months. Jay said attorneys' fees, engineering fees and permitting all count against the 5%.

IX. Committee Reports

There were no committee reports at this time.

X. Port Director Report

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

Marketing/Business Development –

- Actively marketing the Devall Diesel Building to local prospects.
- Final steps are in place for the execution of lease agreements with Devall Enterprises, USES and Tresco.
- Met with Victor Monsour, local photographer, to plan new aerial photography shoot of the port. It has been three years since such photos have been taken.

[NOTE: Lynn gave an update on meeting with potential tenants for the office building and the new ceiling tile work done in the office building. Darla commented on how nice the yellow posts look at the entrance. Lynn said Apollo is working on the levee repairs today. With regards to the warehouse repair, the contractor is still waiting on a doorjamb and door to come in. Orion Marine Group is finishing up the bulk heading. Lynn said the Parish wastewater inspector was out at the Port this week. The wastewater treatment facility at Orion has been red-flagged. Lynn said the lessee has the responsibility of maintaining the system. Lynn stated he spoke with Orion this afternoon, and they have a contractor coming out to help them get in compliance with the Parish. They have 30 days to get back in compliance.]

Lynn stated that he received a phone call from the Broussard brothers. They have a short-term need for parking places at the Port for employee vehicles for crew changes. Lynn said he's waiting for a call back from the Broussard brothers. Lynn feels a price can be negotiated for the parking, possibly on the north side of the guard tower. There was discussion between Lynn and the Board regarding the parking request.]

Port Operations –

- Construction activities associated with the west barge basin expansion project are completed. Only vegetation planting in the newly created marshland is the only step that remains and will be addressed in the first quarter of 2013.
- The port engineer is working with Devall Towing to identify a contractor for the installation of a new barge-loading ramp (est. \$450,000) to replace the old ramp.
- The port's bonding effort has moved forward with the assistance of Bonding Attorney Jay Delafield. Packets have been sent to local investment firms. Funding is needed to upgrade critical infrastructure at the port.
- Pre-construction engineering and permitting efforts will begin for the construction of 700 feet of new roadway at the port to support a new barge-loading ramp.
- Orion Marine Group has completed the installation of its waterfront bulk heading. Orion is waiting on special equipment to clean up the soil that remains in the new bullheaded slips.
- The new security gate remains out of operation pending the installation of a warranty part. The installation contractor also has been retained to repair gate's card reader system suffered damages on Jan. 30 when it was struck by a marsh buggy being transported to the port. A damage report was taken by Devall Security Team.
- Contractor Stormy Martin and his plumbing subcontractor is nearly complete with the plumbing facilities installation at the Devall Warehouse building.
- Design/production work for the installation of new port signage is moving forward. Initial steps are to install the main sign inside the port gate, and the other two directional signs will be erected once all parish/state permitting is received.

- A local painting contractor has been retained to sand/paint the metal support structures at the port entrance. A highly reflective paint will be applied along with reflective tape. He also is providing a quote to the port for replacing ceiling tile in the Devall meeting room.
- Devall Enterprises have had the awning on the south side of the Devall Building replaced following January storm damage. They also have a contractor this week replace the inside door and jam to the building office, since it also suffered water damage.

Professional Organizations & Networking –

6. The WCP director represented the port at:
 - a. Ports Assn. of La. Board meeting
 - b. Chamber/SWLA Gov't Affairs/Infrastructure Committee
 - c. West Calcasieu Chamber of Commerce monthly meeting
 - d. Propeller Club
 - e. PetroChem meeting
 - f. Workforce Investment Board – Exec. Committee meeting
 - g. BV board meeting
 - h. Chamber/SWLA business after hours
 - Ad/Press Club
 - i. Christus/St. Pat's Community Advisory Board meeting
 - j. Parish Air Quality Task Force Meeting

News Media & Community Relations–

- Southwest Daily News featured the West Calcasieu Port in an article based on the PowerPoint presentation to the Sulphur Rotary. The same reporter is doing a follow up feature article on the port and all of the business growth and infrastructure upgrades.
- Ongoing media relations continue through the Lake Charles Ad/Press Club and other networking opportunities.

Wilmer Dugas makes a motion to accept the Port Director Report as printed and presented to the Board, 2nd by Tim Dougherty. No opposition. Motion carries.

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

LEGAL: There was no legal report.

FINANCIAL: Darla Perry reported taking in \$424,000 in the month of January. Part of that included \$250,000 for the ramp road money; \$69,000 from DOTD for the barge basin expansion; and \$86,00 from Devall for 2 payments. \$137,000 was expended, giving the Port a net of \$286,000 for the month of January. Darla said the net amount will be going into the capital project reserve for the ramp road.

Ramp lease for January was \$6,300. The barge days for January were 2,174. Darla said she's been working on capital project reports. Darla told Chuck she has not received the last draw on the barge basin from DOTD. She said Apollo hasn't called yet, so she is waiting for the draw to get them paid.

Wilmer Dugas makes a motion to accept the financial report as presented to the Board, 2nd by Tim Dougherty. No opposition. Motion carries.

ENGINEER: Chuck Stutes gave an update on the West Barge Basin expansion project. The cleanup work has been delayed due to weather. They still have the hydro seeding of the levees, some trash to haul off and some soils in the disposal area to level off. Once that work is completed, Chuck said they will set up the inspection and close out the project. Chuck said the planting of the vegetation will not take place until April or May.

Chuck gave a report on the East Barge Basin project. He said he walked most of the site yesterday and talked to the foreman. The foreman advised Chuck that they are complete, other than dressing up and hauling off some material. Chuck said it is a major improvement and looks very good.

Chuck gave a report about the damage to the front gate. He said he has been in constant contact with the fence contractor. Chuck said he was told they would be here Thursday or Friday and he has not heard from them. Chuck stated if the gate is not fixed soon, he will need to get with Glen James to write a demand letter to force them to get the work done.

Lynn asked if Chuck had heard any more about the loading ramp. Chuck said he met several weeks ago with F. Miller, the structural engineer and Mike Devall to discuss everything in general. Chuck said a meeting is being scheduled for March 14th between his office, F. Miller and a fabricator out of Houston to discuss moving forward on the project. Lynn said this will be split up into 2 parts. There will be the ramp structure project funded by Devall and then the road project funded partially by the Police Jury. Chuck said the Devall project can be done privately since it's private funds. However, the road project is public money and will have to be bid in a public fashion.

XII. Public Comments

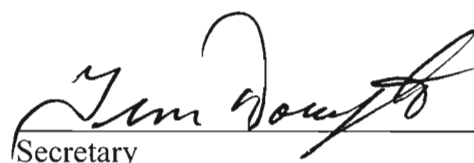
Tim Dougherty gave an Airport report. Francis Andrepont asked Tim and Darla about Airport funding. There was discussion about the Airport's funding and potential business opportunities.

XIII. 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 3:54 p.m.



President



Secretary