

West Calcasieu Port Board Meeting Minutes

April 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 April 2, 2019, at West Calcasieu Port, 200 Old Ferry Road, Sulphur, Louisiana.

II. Invocation

President Dick Kennison 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, David Devall and Sheila Burton.)

V. Approval of minutes of the March 5, 2019 regular monthly meeting

President Dick Kennison entertained a motion to approve the minutes of the March 5, 2019 regular monthly meeting. A motion was made by Wilmer Dugas to approve the minutes of the March 5, 2019 regular monthly meeting, 2nd by Scott Foreman. No opposition. Motion carried.

VI. Amendments, additions and deletions to the proposed agenda

President Kennison stated there will be one item to be added to the agenda. Port Director Lynn Hohensee explained that the Board needs to vote on the approval for General Equipment & Supply to become a new tenant at the Port effective April 1st. President Kennison told the Board that the Tenant Committee met with the new tenant to discuss the terms. Mr. Kennison stated they wanted more acreage, but Attorney Glen

James was able to get them to settle on the smaller lot that is already fenced in, since they were requesting a fenced-in area. Lynn said that they will be taking over the old S.T.A.R. Concrete Pumping area that was 2 acres, fenced in, with the option to expand to the north 1-2 acres.

President Kennison entertains a motion to add to the agenda to discuss and take action to approve General Equipment & Supply as a new tenant effective April 1, 2019. Tim Dougherty made a motion to add to the agenda to discuss and take action to approve General Equipment & Supply as a new tenant effective April 1, 2019; 2nd by Scott Foreman. No opposition. Motion carried.

Director Lynn Hohensee gave the Board a brief explanation of how Orion Group introduced General Equipment & Supply to him and the Tenant Committee. Lynn stated he met with them at the port last month, at the Orion office. Lynn explained they are a company based out of South Carolina that contracts with firms that are finishing up construction projects that have surplus materials and equipment they will no longer need and takes those items, refurbishes them and makes them available for new projects. Lynn briefly explained they toured various areas around the port that could potentially suit their needs. Lynn said the terms included charging the new tenant \$1750 per acre, per month, which will come to a total of \$3500 per month. Lynn stated they will also provide indemnification and insurance information to the Port; and once Glen James returns from being out of town, he will provide the new tenant with a draft of the lease for consideration. President Kennison asked how long of a lease they were requesting. Lynn stated they may do a 1- to 2-year lease with a series of options. There was a brief discussion regarding the new tenant and the business they will be doing at the port. Lynn told the Board that General Equipment & Supply was very happy with the property at the port and was okay with the amount of \$1750 per acre, per month; and it will also look good for the Port to have a new tenant.

Wilmer Dugas made a motion to approve General Equipment & Supply as a new tenant effective April 1, 2019; 2nd by Tim Dougherty. No opposition. Motion carried.

VII. Discuss and take action on amended Budget FYE 6/30/19 and proposed budget FYE 6/30/20

Darla Perry briefly explained the reason for the 6/30/19 budget being amended was because they cannot miss budget by more than 5% with the Legislative Auditor. Darla reported the revenue is down a little due to the Tubal-Cain lease being a little less than projected, the S.T.A.R. lease ending, the ramp not being used, and the utility revenue gone since Cemex is no longer a tenant. Darla said she had to cut the budget back 40,000 on the revenue side and nothing on the expense side. President Kennison asked if it was over or under 5%. Darla answered it means if the Port is under revenue or over expense by 5%. Darla reported that the projected budget FYE 6/30/19 was \$1,023,000; and it will be amended to \$983,000 for the Board's approval.

Tim Dougherty made a motion to accept the amended Budget FYE 6/30/19 in the amount of \$983,000; 2nd by Scott Foreman. No opposition. Motion carried.

Darla briefly reviewed the proposed budget FYE 6/30/20 with the Board. Darla is projecting the Port will take in a little over \$958,000 for FYE 6/30/20. Darla briefly

discussed the breakdown of the revenue numbers with the Board. Darla projects the Port will expend \$260,000 in cash for expenses; in addition, \$480,000 in depreciation. That makes a net projected income of \$218,000 for the coming fiscal period. Darla said that the Finance/Budget Committee has already looked at these numbers. There was a brief discussion regarding the projected budget for FYE 6/30/20.

Wilmer Dugas made a motion to accept the proposed budget FYE 6/30/20, 2nd by Scott Foreman. No opposition. Motion carried.

VIII. Committee Reports

There were no Committee Reports given at this time.

IX. Port Director Report

{Port Director Lynn Hohensee told the Board he thinks having General Equipment & Supply as a new tenant will be a welcomed addition to the Port. Lynn commended William Fincher and his company for a job well done at the lawn maintenance done around the port and thanked David Devall for the recommendation. Lynn stated that Mr. Fincher told him earlier today he has some more improvements he would like to make that will make the Port look even better.

Lynn reported that Tubal-Cain had an issue last week when they were compacting rock with their equipment and cracked a water line. Lynn stated the Water District responded within an hour to fix the issue. There was a brief discussion about the water line.

Lynn announced that he will be in Opelousas next week for the annual PAL conference. Lynn said he signed the Memorandum of Agreement for the certification on the proposed new waterfront improvements. Lynn stated the next step is to have George Swift sign the MOA. Lynn said he spoke with Gus Fontenot at the Seed Center to let him know some of the work that they may need to have done may have already been done; for example, work done for the EDA as well as delineation of wetlands in that area. Lynn said he encouraged him to visit with Blaine to get confirmation of the work; that way, it will save the Port some of the costs of the preliminary work.

Lynn also announced that next Thursday he will be with the Coast Guard and the pilots for a tour of the ship channel and parts of the Intracoastal for the replacement for Commander Dan Cost. Lynn said Commander Cost has been an exemplary commander here in Lake Charles the past 3 years. Lynn briefly explained the reason for the tour.

At this time, Lynn turned the floor over to David Devall to give an update on Devall's operations. David reported that the barge count right now is lower than expected. He stated the Mississippi River is at a record high with a lot of vessel and life casualties and it is holding up a lot of traffic, including tow barges, and that parts of the Houston Ship Channel is closed due to the ITC Deer Park explosions. Due to these 2 areas having delays, this will cause the numbers for March and the first part of April to be low for barge days.

David told the Board that he has received several calls this past week about all of the work regarding Cameron LNG and Driftwood, once they receive their permit; and he suspects it will get really busy July through September. David said Sasol hasn't started bringing in their 200 barges per year; and Lotte has brought in some but not what they are expecting, but it's coming.

Lynn said the Port has been very appreciative of the barge day reports that George would send out each morning, but he hasn't seen one in 3-4 weeks. David said he knows there was one sent this morning, and Darla said she received it. David told Lynn George is the only one that sends out the reports, and he knows he has been busy with other projects lately. Lynn told David how helpful the reports are to monitor the trends and where it's going.

Lynn asked David if he could give an update on the work between Devall and Tubal-Cain on the west side of the barge loading ramp. David explained how they are putting in a steam unit on the west side of the barge loading ramp that will provide steam to certain cargos that have to be a certain temperature to be off-loaded. David said Randy told him that they are one component away from getting it started, so he thinks it will be done this week. David told the Board that when the steam unit will be used, they will double the rate on the barge, which will be similar to a barge ramp lease. He said they will be able to use it in the middle of the barge ramp or to the west.

Lynn confirmed with David that when the steam unit service goes online, that will add a lot of value to Devall's clients. David agreed and said it will offer an additional service to their clients to give them incentive to bypass other ports and come to West Cal Port. President Kennison asked David if areas other than this area is up to par. David replied that it is above par. He said they are getting more money for their boats, and they are expanding their Lake Charles fleeting area into Lake Charles with the purchase of Clooney Island. David explained they will be using it as a staging area to house barges so there won't be fog delays and weather delays.

Darla asked David about the fleeting prices. David answered they will not be going up on the dry cargo, but they will be going up on the red flag barges. He said he would like to get with his customer base and explain that they will be doing an increase, since they are 90% less than Black Lake. David said you can tell Black Lake's numbers have been considerably low for a while.

Tim Dougherty stated he was told that there were 8 more permits given out for construction around Cameron and that within 4 to 5 years the industrial base in Cameron will be bigger than Lake Charles. Tim asked David if that would affect their business. David answered that it will help their business because there aren't any fleeting areas down in Cameron. David reported that over 2 million tons of aggregate is being brought in to Cameron, and the same will be done at Driftwood. PETRA Global signed a 30-year contract with the land owners in Cameron to expand beyond that once they finish their first phase. There was further discussion regarding Devall's expansion of fleeting in the area.

Lynn thanked David for his report and said he would defer to Darla on the status of the EDA activities."

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

Marketing/Business Development/Retention –

- Met with South Carolina-prospect interested in leasing 3-4 acres of land for laydown yard for used/refurbished construction equipment. Discussions continue. Met w/Nash Fence Company re: developing estimate for fencing of potential leased property.
- Port remains in contact with Stream Land Services. Stream escorted a five-person Tellurian team from Houston to tour the port. 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. 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 location east of the NE corner of the spoils area or in the 2-acre fenced area returned to the port by STAR Concrete Pumping. The facility may need 3 Phase electricity support.
- Orion Marine Group continues to show interest in possibly leasing additional property at the port. Orion interest is now focused on the green house. An Orion team toured the green house. Discussions also continue with Orion Marine Group re: renewing option on lease agreement.
- 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 initiates the process.
- BOMAC Engineering/Construction has left the port.

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.
- Tubal-Cain continues with its site improvements and infrastructure development. Water line damaged/repared with assistance from Carlyss Water District personnel.
- Discussions continue with T-C and Entergy officials re: 3 Phase electricity support to the port.
- The port has retained William Fincher as new contractor to perform yard maintenance at the port.
- Three contractors have been contacted to submit bids to repair the north awning on the STAR Concrete Bld., which was damaged by wind. Two bids have been received.

Professional Organizations & Networking –

- In February, the WCP director (and/or board members) represented the port at:
 - a. PAL board meeting
 - b. IMCAL Executive Board meeting
 - c. Calcasieu River Waterway Harbor Safety Committee meeting
 - d. Chamber/SWLA business after hours
 - e. SWLA gov't affairs/infrastructure committee meeting
 - f. PetroChem board meeting
 - g. West Calcasieu Chamber monthly business luncheon
 - h. Propeller Club meeting
 - i. Christus/St. Pat's advisory council meeting
 - j. BV board meeting

News Media & Community Relations–

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

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

LEGAL: There was no legal report given at this time.

ENGINEER: Chuck Stutes stated that they are continuing on the current projects they have, and there is nothing new to report on.

FINANCIAL: Darla Perry gave the report for the February financials. Darla said BOMAC is totally paid up and has moved out. Darla reported the Port is getting close to 2.7% on the LAMP account. Things that are out of the ordinary for the expenses includes the general liability insurance payment of \$7,000 for the year; plumbing repairs and certifications; and Nash gate repairs. Darla reported that they are progressing with EDA, and she will probably be submitting this week to get to the next step. Darla further explained the steps being taken towards the EDA grant final approval.

Darla said that Lynn sent her something on a security grant that is available from the Department of Transportation & Development, and she was thinking about applying for that for security fencing. Lynn explained that it is actually a Federal grant, not State DOTD. Darla said that PORTCON will be having a big conference in Florida that DOTD will be attending, but the registration cost is \$4,000. Darla said she is looking into it, but she's not sure the value would be worth it. There was further discussion about the conference.

Tim Dougherty asked if there is any type of training regarding Homeland Security. Darla said she didn't know, but David Devall may be the one to ask. Darla reminded the board members that the TIER 2.1 reporting is due May 15th, and the ethics report is due every year and can be done any time of the year.

Wilmer Dugas made a motion to accept the Port Director's Report, Engineer's Report and the Financial Report as presented, 2nd by Tim Dougherty. No opposition. Motion carried.

XI. Public Comments

There were no public comments at this time.

XII. Adjournment

President Kennison adjourned the meeting at approximately 3:36 p.m.


President


Secretary