

West Calcasieu Port Board Meeting Minutes

April 4, 2017

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 4, 2017, at West Calcasieu Port, 200 Old Ferry Road, Sulphur, Louisiana.

II. Invocation

Darla Perry led the invocation.

III. Pledge of Allegiance

Pledge led by Wilmer Dugas and recited by all board members and guests.

IV. Roll call

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

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

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

V. Approval of minutes of the March 7, 2017 regular monthly

President Dick Kennison entertained a motion to approve the minutes of the March 7, 2017 regular monthly meeting. A motion was made by Wilmer Dugas to approve the minutes of the March 7, 2017 regular monthly meeting, 2nd by Dave Aguillard. No opposition. Motion carried.

VI. Amendments, additions and deletions to the proposed agenda

Darla Perry requested adding to the agenda an amendment to discuss and take action on approving an appraisal for a prospective piece of property. Tim Dougherty made a motion to add to the agenda an amendment to discuss and take action on approving an appraisal for a prospective piece of property, 2nd by Dave Aguillard. President Dick Kennison noted that the added item will be VI(a).

VI(a). Discuss and take action on an amendment to approve an appraisal for a prospective piece of property

Darla reported that there is a piece of property on the corner, across from the Port property on Old Ferry Road, which is up for sale. Darla explained that before the Port could potentially buy it, the property needed to be appraised. Darla said she has contacted two appraisers, one being Jack Bass, who has previously done appraisals for the Port. Darla stated that Mr. Bass could do the appraisal for \$750, in a two-week time period. Darla told the Board the other appraiser could do it for \$650, but he wasn't certified to do commercial. President Kennison brought up the point that the property is listed as "residential." Darla stated that she wasn't sure on the zoning. Darla said she would like to get it appraised, at the pleasure of the Board; then another meeting could be called to proceed with an offer. Wilmer Dugas asked how much the owner was asking for the property. Darla answered \$72,000 is the listing price. Included in the pricing is .67 acre with a 2000 model Redman mobile home. There was a brief discussion regarding the property and zoning issues. Wilmer Dugas made a motion to discuss the issue first with Russ Crain and then allow Darla Perry to proceed with getting Jack Bass to do an appraisal; 2nd by Tim Dougherty. No opposition. Motion carried.

VII. Committee Reports

Port Director Lynn Hohensee reported that the Tenant Committee met approximately two weeks ago and discussed what the market price would be to lease waterfront property as well as the 2 buildings on the Old Ferry Road property to prospective tenants. Lynn said it is still under discussion, but he hopes the Committee can come to the Board soon with a proposal or recommendation on how to price the land they have available to lease.

Lynn reported that Citgo was also discussed at the Tenant Committee meeting. Lynn explained that Citgo was interested in taking spoils from their docks on the Calcasieu River and moving them to the Port's spoils reception area. Lynn said he was informed a couple weeks ago by Citgo's counsel, Charlie Harper, that they have decided to go to Area 5 with the Port of Lake Charles. Lynn said that the Port of Lake Charles will be charging them 7.25 per cubic yard and is much closer while the Port would have charged them 10.

VIII. Port Director Report

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

{Port Director Lynn Hohensee told the Board that Cemex has decided to cease operations at the Port. Lynn said he misspoke while speaking with the representative for Cemex because he misunderstood something. Lynn said it was his understanding that Cemex had completed their initial lease with the Port and that they were on a month-to-month payment plan. Lynn said that Darla Perry advised him that that was not the case. Once the initial lease agreement was completed, Cemex was under a 12-month option where they were obligated to lease their space at the Port until December 2017. Dave Aguillard asked if it was an automatic renewal, and Darla answered that that was her interpretation. Darla said she brought a copy of the lease for the Board to review. Darla told the Board the lease states under “Renewal Options” that the option to renew the lease for a period of one year shall be deemed exercise unless they give the Port written notice not to renew. Darla said they had 3 options of automatic renewal after the primary term. Lynn Hohensee asked when the primary term ended. Darla answered that the primary term ended December 2015. Darla explained that January 2016 was the first auto renewal with January 2017 beginning the second auto renewal period. There was a brief discussion regarding the lease with Cemex.

Lynn told the Board there is a prospective tenant called Bomac out of Beaumont, Texas. Lynn explained that Bomac has hired Jen Treme away from Orion Group, and part of her task is to open up a Louisiana office. Lynn said he spoke with Jen about possibly leasing some space from the Port, but she told him they had found a space elsewhere where they could spud their crane barge. Chuck Stutes suggested they will probably use it as a dock. Lynn told the Board he feels like it’s only a matter of time before other companies coming into the area will find the Port a great place to be located to lease waterfront property.

Lynn reported that he was contacted by a local engineering firm that has been retained by a barge company that has made an arrangement with Phillip Guzzino to lease the waterfront of the Intracoastal east of the Ellender Bridge on the north side of the Intracoastal, which will be directly across from the Devall’s east fleet operations. Lynn said the engineering firm was just giving him a courtesy call, letting him know that they had been retained by the barge company to begin the permit process to get Army Corps of Engineer permits. Lynn said they will need to do some waterfront improvements to start fleeting on the north side. Lynn said he told them that all of the Port’s fleeting operations were under contract with Devall Towing, and he gave them Mike Devall’s number. Lynn said as soon as he hung up the phone with the engineering firm, he contacted Mike and Joe Devall. Lynn said it caught the Devalls by surprise. Darla asked if the Port would get notification for the Corps permit. Chuck Stutes said that they should receive notification. There was a brief conversation regarding the Corps permitting and the location of the waterfront property across from Devall.

Lynn announced that Driftwood is looking to start construction next year. Lynn said it is his understanding that Driftwood has been in contact with the people in the housing area to the north of Burton Shipyard Road to build them a private road that will go straight into their area off of Highway 27 so that they will not have to compete with the construction traffic on Burton Shipyard Road.

Lynn announced that the PAL conference will be held in Baton Rouge April 17-19. Lynn said that this will be the first time in 10 years that West Cal Port will not be represented at the conference. Lynn said he will not be able to attend.

Lynn announced that there will no longer be on-site representation for any of the U. S. Senators or U. S. Representatives from District 3. Lynn said there used to be 3 reps for Vitter, Boustany and Mary Landrieu; but Cassidy has never had a rep locally. Lynn said that Higgins has made the statement that he will not put anyone here locally. There was a brief discussion regarding the lack of representation in the area from our elected officials in the U.S. Senate and House of Representatives.

Regarding Cemex, Lynn said they have 2 concrete slabs where the 2 production units stand. Cemex stated that they are willing to leave those there if the Port wants them. There are electricity and water lines in those 2 locations. Cemex said there is land behind that where they will level the soil out. Lynn said that Cemex has made several significant improvements over the years which will enhance the opportunity to find a new tenant. President Dick Kennison suggested making Cemex an offer of a one-time cash pay-out of 60% of the lease as opposed to paying the full 100% for May through December. Lynn asked if the Board was okay with him moving forward with that proposal. There was a brief discussion regarding Cemex and the concrete that is located at the Port. Lynn asked if there needs to be an environmental review on the land. Chuck Stutes answered that it could be called "Phase 1 Environmental Site Audit," and they would need to hire someone like Arabie to do it. Lynn asked if it would be the Port's responsibility to pay for the audit. Chuck said that it could be added to Cemex's pay-out amount. Chuck said there won't be any testing done, but they will have a guy come out and walk the property to ensure there aren't any obvious environmental problems.

Lynn announced that Orion closed down their Lake Charles office.}

Marketing/Business Development/Retention –

- The port has been contacted by a Texas-based prospect re: 5-year lease of 10-acres plus waterfront access. Discussions continue, but it may be a long shot.
- Discussions were discontinued with CITGO representatives re: the reception of the company's dredge spoils. The company elected to deposit the spoils in an area under the supervision of the Port of Lake Charles.
- The port director continues to coordinate with Devall Towing and the Port of Vinton re: ongoing discussions for possible movement of construction soil by barge from western Calcasieu and Cameron Parishes to industrial sites planned or under construction on the Calcasieu River Waterway. The WCP would play an instrumental role in the movement of dirt by barge.
- Communications received from River Barge Works indicates that the tenant remains very interested in relocating to port waterfront property east of Orion Marine Group.
- Efforts continue to encourage the US Coast Guard to consider the West Calcasieu Port as a location for a new USCG facility in Southwest Louisiana.
- Communications from Tubal-Cain officials indicates that they anticipate securing regulatory permits for expansion of the 10-acre property west of the port's barge basin in April 2017.
- Port tour provided to Providence Engineering of Baton Rouge/New Orleans

Port Operations –

- WCP engineer continues with pre-construction engineering and permitting steps for the maintenance dredging of the west barge basin and the installation of the port's new entrance road. The grant covers 90 percent of the construction costs associated with the work.

- S.T.A.R. Concrete Pumping sought and has received approval from the port engineer for infrastructure improvements next to the building the company leases at the port. They will lay concrete down in front of the building with drainage to the west and they are adding a culvert and driveway capacity to the existing driveway that extends to the north from the building's north side.
- Bulkhead replacement work nears completion. All that remains is the installation of walking surface by Orion Marine Group, the main contractor for the project which was funded in large part by Capital Outlay grant monies.
- Port Director continues to work with consultants who are developing an effort to capture Homeland Security grant funding for several south Louisiana ports, including the West Calcasieu Port
- Port engineer continues to work with barge loading ramp manufacturer, Orion Marine Group (ramp installer) and Devall Towing to initiate upgrades to the equipment.
- Tubal-Cain continues to make limited site improvements west of the west barge basin.

Professional Organizations & Networking –

- In March, the WCP director (and/or board members) represented the port at:
 - a. PAL monthly board meeting
 - b. Calcasieu River Waterway Harbor Safety Committee meeting
 - c. Propeller Club
 - d. West Cal Chamber/Commerce lunch meeting
 - e. Alliance for Positive Growth meeting
 - f. LABI meeting @ Port/Lake Charles
 - g. Chamber/SWLA Gov't Affairs/Infrastructure committee meeting w/legislators
 - h. Chamber/SWLA Business After Hours
 - i. BV board meeting
 - j. Christus St. Patrick's Community Advisory Council meeting

News Media & Community Relations–

- Port director participated in 45-minute live, on-air interview with talk show host on KAOK-AM (1400). Talk show host also received a tour of the port the day prior to better prepare him for the on-air interview.
- Ongoing media relations continue through the Lake Charles Ad/Press Club and other networking opportunities.

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

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

LEGAL: Glen James asked for a clarification regarding the pay-out on the lease with Cemex. Mr. James asked if there was a question regarding the sublease. President Kennison said they were questioning the lease in total. Mr. James stated that Cemex is obligated until December 2017 and cannot sublease the property without the Port's prior consent. Lynn Hohensee stated their current rate is about \$7,000 per month. President Kennison said his proposal would also include the environmental audit, excess trash concrete removal, and inspection in the pay-out price for Cemex. Lynn stated that that sounds like a good path moving forward. Darla Perry suggested possibly having a special meeting to come up with a firm offer. President Kennison said Cemex may come up with a better plan.

Mr. James stated that there is no legal report for this month.

FINANCIAL: Darla Perry reported that February was a fairly low month for barge days with 1,425 days. Year to date, the Port is down 3,535 days on barge days. Darla

said it concerns her not only for the safety issue but for the actual port revenue as a municipal entity. Darla stated, from a fiduciary standpoint, she thinks the Port should be diligent in following the Corps permitting notifications. Darla reported the ramp days were good with \$3,150; and year to date the ramp revenue is up from last year. Darla said she anticipates seeing more ramp revenue once the ramp is fixed. Cash flow for February was \$37,775. Expenditures were \$68,000 due to the 2 projects going on at the Port, lawn maintenance and air conditioner repairs. There was a brief discussion regarding the drop in income at the port and promotion/advertising at the port.

Lynn told the Board that they are trying to set up a meeting between the Port, the Devalls, Tubal-Cain and Black Lake Fleeting to discuss any safety issues with the activities going on in the Intracoastal. Darla said Chad Thornton is now doing some contract gate work, so she may call him to come out on the next gate issue instead of trying to reach Nash. Darla reminded the Board to do their Tier 2.1 reports and Ethics reports. Wilmer Dugas made a motion to accept the financial report as presented, 2nd by Tim Dougherty. No opposition. Motion carried.

ENGINEER: Chuck Stutes told the Board he has met 3 times with Blaine Johnson with Arabie Environmental Solutions and given him instructions on how to proceed with the Corps permit. Chuck said they have submitted the Joint Corps Coastal Management Permit. It is now filed electronically, and the Port should be getting a copy soon. Lynn Hohensee asked if he should follow up with a meeting in New Orleans. Chuck replied that it wouldn't hurt if he met with them face to face. Darla Perry said she read the minutes from Morgan City Port, and the Corps and Coastal Management reps attend every one of their meetings. Darla asked how they are getting them to attend all of their meetings. President Kennison said they have a lot more activity there. Chuck replied that he doesn't think the Corps rep gets to this part of the state that often since his office is in New Orleans. Lynn said he thinks the Captain for Coastal Management may have an office in their same building. Chuck said he estimates 6 months before the Port gets the permit. Chuck stated they are asking for the permit to be active for 10 years so that they can do another maintenance dredging under the same permit. They are also extending the levees up to elevation 21 so that the next time dredging is done, if they need to extend the levees, it is in the permit. Lynn asked if it was a nation-wide permit, and Chuck answered no. Chuck said he thinks this will be very valuable, even though it is taking a little longer. Chuck explained now that they know what Citgo is doing they can finish their engineering plans and submit them to DOTD.

Chuck reported that King Fabricators has submitted a set of final shop drawings for their review. It's about 15 drawings. Chuck said once it is reviewed with their structural engineer and there are no objections, they will be moving on to fabrication. Darla asked if George (Landry) will see those, and Chuck said he can send them to George. Chuck said he spoke with Jared at Jerry's Machine Shop last week, and the materials were still not fabricated. Chuck said he wasn't sure when they were going to be fabricated; but he ensured Chuck that once they get the materials, it would only take them a few days to install it.

X. Executive Session

There was no Executive Session at this time.

XI. Public Comments

There were no Public Comments.

XII. Adjournment

President Dick Kennison adjourned the meeting at approximately 3:49 p.m.



President



Secretary