

West Calcasieu Port Board Meeting Minutes

June 2, 2020

I. Call to order

President Dick Kennison called to order the regular meeting of the West Calcasieu Port at approximately 3:02 p.m. on June 2, 2020, at 7000 Southland Field (Southland Airport), Sulphur, Louisiana.

II. Invocation

Wilmer Dugas led the invocation.

III. Pledge of Allegiance

Pledge led by Scott Foreman and recited by all board members and guests.

IV. Roll call

Tim Dougherty conducted a roll call. The following persons were present either via conference call or in person at 7000 Southland Field (Southland Airport), Sulphur, Louisiana:

- ✓ Dick Kennison
- ✓ Wilmer Dugas
- ✓ Buddy Reams
- ✓ Scott Foreman
- ✓ Tim Dougherty

Also present at the meeting via video conference was Lynn Hohensee.

Also present in person at 7000 Southland Field (Southland Airport) were Darla Perry, Chuck Stutes, Glen James, Richard Doss and Sheila Burton.

V. Approval of minutes of the May 5, 2020 regular monthly

President Dick Kennison entertained a motion to approve the minutes of the May 5, 2020 regular monthly meeting. A motion was made by Wilmer Dugas to approve the minutes of the May 5, 2020 regular monthly meeting, 2nd by Scott Foreman. No opposition. Motion carried.

VI. Amendments, additions and deletions to the proposed agenda

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

VII. Discuss and take action on emergency maintenance dredging VLS Marine Services-Calcasieu, LLC basin slips

Darla Perry explained Port Director Lynn Hohensee has been in negotiations with VLS Marine Services-Calcasieu, LLC regarding the basin slips. VLS is going to engage quotes, and the Port is going to give them a rent deferral. Lynn stated he received an update this morning whereby VLS is prepared to work on it to a certain extent themselves along with a contractor. The estimate is roughly a little under \$200,000; but they feel that is too high. Lynn said they are going to try and get a couple other proposals from other companies. Lynn explained even though dredging was done in that area less than 2 years ago and should hold up for at least 6-7 years, the silting has become really bad in that area of the basin. Lynn told the Board he has been speaking with the Army Corps of Engineers the last couple months to get their assistance in looking into whether the dirt is coming across from the south shoreline where dirt was piled up and then released into the Intracoastal. Lynn stated he has sent materials and videos to the Corps and has not received any response back. Lynn said he is going to continue "pestering" the Corps to see where they stand on the issue, whether they will do any kind of enforcement, and whether the Port will be able to receive any financial remuneration from it.

Lynn explained he would like to have the Board take action to authorize the Port to pursue a program to bucket dredge from the shore on the VLS Marine Services-Calcasieu, LLC basin slips. Darla confirmed with Chuck Stutes that the bucket dredging would actually be done from the shore. Chuck said the quote that Lynn received from Randy Cooper of VLS is in the amount of \$197,000. Chuck explained they will need to get multiple quotes because the Public Bid Law requires a minimum of 3 quotes if it's over \$150,000. Chuck said he will need to get with Lynn and Randy Cooper to find out the exact scope of the project and put together a detailed bid package. If it is under \$150,000, then they can put together 8 ½ x 11 pages of drawings in a brief package and get some quotes so there will be a comparison. President Dick Kennison asked if any action would be required today. Chuck stated what could be done today is to give Port Director Lynn Hohensee authority to move forward to get the quotes and bring it back to the Board.

Darla said she wanted clarification by asking Chuck if this was renting a land-based machine for bucket dredging, getting the silt out of 2 basin slips, putting it into dump trucks and dumping it onto port property. Chuck answered yes and explained the dredging would be about 200 feet, next to the old Devall building, between the new berth all the way up to the barge loading ramp. Attorney Glen James told the Board he did not feel it needed any type of formal board action to authorize Director Lynn Hohensee to get quotes because the Port is not committed to anything right now. There was a brief discussion regarding the VLS bid and the timeline of the project.

Chuck asked Lynn if he doesn't mind finding out what the limit is on being able to receive quotes without going out for bid, because there is a number; and it changes every year. Chuck stated it started with 150,000 but it goes up a few thousand every year. President Dick Kennison asked Chuck whether any formal action needed to be taken at this time. Chuck answered no formal action was needed.

VIII. Discuss and approve any amendments to following leases: CGBM 100, Atlantic Equipment & Surplus, Inc. LLC, General Equipment & Supply

Darla Perry explained CGBM 100, who is leasing the green house with a slip, was paying \$9,500 per month. Darla stated the Board approved that the lease could be dropped to \$7,500 per month; however, she has not seen a written amendment to lease. Darla told the Board their lease expires August 31, and she hasn't received anything on a renewal. Darla asked Lynn if he has received anything on a renewal, and Lynn answered no. Lynn said he believes the lease reads that CGBM 100 can have one year of renewals following the lease expiration.

Lynn explained they will be paying the \$7,500 per month for the green house, the barge slip and the storage building until the Port gets the deep dredging completed in front of the green house as part of the port priority fund grant that the Port is seeking to dredge in front of the new bulkhead. Once CGBM 100 can get their fuel barge repositioned in front of the green house and start their operations, Lynn said they will move their lease back up to the original \$9,000. Lynn told the Board CGBM 100 has a lot of value for staying at the port and paying the \$7,500 for several months until the dredging is done, and he feels they are a very valuable tenant. Darla further explained that CGBM 100 has four 5-year options on their lease to renew, not 1-year options. Darla told the Board it has been difficult this last month with invoicing, and she just wanted to get clarification on the month-to-month leasing.

Darla reminded the Board that Atlantic Equipment & Surplus, Inc. LLC leases the 2 acres that are fenced in, plus leasing an additional 1 acre; however, the 1 acre is not on any written amendment of any type. Darla told the Board they are being invoiced \$5,250 per month for the 3 acres. Darla stated their written lease has expired, so they are on a month-to-month right now. No written renewal has been given at this time. Lynn stated he and Darla have been in contact with Atlantic Equipment & Surplus, Inc. LLC repeatedly, explaining they need to have a written request to extend the lease. No written request to extend the lease has been given to the Port as of yet, but they are continuing to pay their monthly lease for the 3 acres. Darla explained their renewal option in their lease says the amount will be increased by CPI. That would have been due April 1, if renewed. Darla asked if she is to go up on the monthly rental by the CPI even though it is month-to-month. Lynn told Darla he would encourage her to do that. There was a brief discussion regarding the Atlantic Equipment & Surplus, Inc. LLC lease. Darla asked Lynn if the tenant understands that being on a month-to-month, the Port could give them a 30-day notice and bring in a new long-term tenant to replace them. Lynn said he explained to them that the Port could terminate them if they decide to bring in a long-term tenant. Lynn said it works both ways, and either party could terminate at any given time on the month-to-month.

Darla reminded the Board that General Equipment & Supply is a sister company to Atlantic Equipment & Surplus, Inc. LLC; and they are leasing 4 acres at the port where Cemex used to be. President Dick Kennison asked if General Equipment & Supply is paying their lease on time. Darla answered when they moved up to leasing 4 acres, they shorted the Port for the month of May and just paid for 2 acres. Darla said she has sent them statements, and the check is supposed to be coming. Darla stated she will inform the Board if she doesn't get a check within the week.

Lynn explained the business intent of Atlantic Equipment & Surplus, Inc. LLC and General Equipment & Supply and told the Board they have leased a rent house in Lake Charles and will run operations there as well as at the port. Lynn said he feels they will remain tenants at the port for quite a while.

Lynn told the Board with everything going on right now, with the market being unstable, as long as the Port has revenue-paying tenants and they can work with them on lease agreements, it will work out well for the Port.

Lynn reminded the Board that they will be losing Orion at the end of August. Lynn said they are trying to market the property and have had some interest. However, with COVID19, everything has been put on the back burner as far as any new tenants coming in. President Dick Kennison told the Board the Tenant Committee will need to have a meeting sometime within the next week. Darla said she will schedule a Tenant Committee meeting within the next 7-10 days. Darla told the Board no action needs to be taken on this agenda item. She just wanted to make them aware that there are 3 tenants that are on month-to-month leases at this time and that there is property available if anyone knows of a potential tenant.

IX. Discuss and approve Port Director accepting position of President of PAL Board (keeping his duties/position as West Calcasieu Port Director)

President Dick Kennison told the Board he has already checked into it and spoken with Lynn about it. Lynn has assured him there will not be any drop-off in the quality of leadership at the port. President Dick Kennison entertained a motion to approve Port Director Lynn Hohensee accepting position of President of PAL Board (keeping his duties/position as West Calcasieu Port Director). Wilmer Dugas made a motion to approve Port Director Lynn Hohensee accepting position of President of PAL Board (keeping his duties/position as West Calcasieu Port Director), 2nd by Scott Foreman. No opposition. Motion carried.

X. Committee Reports

There were no Committee Reports given at this time.

XI. Port Director Report

Port Director Lynn Hohensee explained to the Board that back in May there were some issues with debris and waste material being collected west of the Devall birdhouse. Lynn said he received a photo this morning that he shared with Darla and Chuck showing River Barge Works took it upon themselves to clean up all of the debris. There was a brief discussion regarding the debris.

Lynn announced there has been some minor damage in the last 30 days to some of the revetments in the west barge basin. David Devall and George Landry reported the damage. Lynn said since that time, it looks like the buckling of some of the revetment concrete has settled in and has possibly been pushed flat by some of the barges. Therefore, it is no longer an issue to worry about at this time.

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

Marketing/Business Development/Retention –

- During the months of April/May and the COVID-19 pandemic, West Calcasieu Port tenants have continued with their respective operations with a priority for health/safety. Transportation-related business operations continue to be exempt from state work closures.
- S.T.A.R. Concrete Pumping has left the port.
- Devall Fleeting operations continue to record record-high or near record-high daily fleeting numbers (as high as 148) in May. USACE repair work at the Calcasieu Locks has had an impact on the rising number of barges fleeted, as has the higher-than-normal number of large 30,000-barrel barges loaded with crude oil.
- General Equipment (South Carolina) has leased two additional acres of the former CEMEX lease area on a month-to-month basis, which follows GE's lease of an original two acres earlier this spring for a year. GE is relocating materials from a portion of the Orion lease area to the newly leased area. GE also has leased a warehouse in Lake Charles as they further establish their business operation in SWLA.
- Atlantic Equipment continues to relocate scaffolding and support materials from the acre that it has leased east of the port entrance road to within its two-acre fenced leased area. AE also has accepted a one-year option extension of its lease agreement with the port.
- CGBM discontinued temporarily marine fueling service to clients on the GIWW. The company will continue to be a port tenant and lease the green house, the 2 acres it sits on and the storage building north of the green house at a temporary negotiated reduced rate. The full lease rate will resume once the waterfront is fully dredged and revetment installed.
- The port continues to actively market the Orion lease property. The port also is assisting Orion in marketing three industrial cranes located on their lease.
- 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 locations.
- Entergy has contacted the port to offer a digital communications effort to assist the port with marketing activity. A presentation on the offering is tentatively planned for an upcoming WCP board meeting.
- The port director participated in a series of tele-meetings and webinars designed to share information re: state and national maritime issues during the current COVID-19 pandemic.

Port Operations –

- The port staff (led by our CPA) continues to work with the Economic Development Administration, the EDA project administrator firm and an engineering firm to facilitate project development for the construction of new bulkhead and heavy-duty crane pad. CSRS serves as administrator, and Meyer & Associates serves as project engineer.
- McManus Construction of Lake Charles continues to make impressive progress with the construction on the port's new entrance roadway.
- Coordination of repairs to the barge loading ramp are currently on hold pending legal developments between the port and the responsible party re: projected repair costs. A King Fabrication team visited the site in March and prepared an estimate of repair cost.
- Calcasieu Parish drainage district (western) had crews at the port for several weeks in March doing vegetation removal and other actions designed to improve the drainage of the ditch that separates the port property (between the green house land and the main portion of the property). The work should be completed in the next few weeks.

Professional Organizations & Networking –

- In May, the WCP director (and/or board members) represented the port at:
 - a. PAL executive committee meetings via Go to Meeting online.

News Media & Community Relations--

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

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

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

ENGINEER: Chuck Stutes reported the new port entrance road is approximately 90% through with the earth work. They are through with the drains, culverts and most of the ditches. They will start on the roadway base next week; and, if the weather holds out, they will begin laying asphalt in July. Chuck said all of the clearing has been done except for one tree by Gross Road.

Chuck said they are still waiting to hear from EDA. The port priority application has been done for the dredging where CGBM site will be located, and the Port was on the program list; however, Chuck said he doesn't know if it's been approved by the Legislature or not. Normally a notice is sent out in July.

FINANCIAL: Darla Perry reported the Port is in its 10th month of their 12-month year. There are 39,923 barge days cumulatively so far this year, which is nearly 6,000 days ahead of last year. Darla said she has been seeing 120-130 barges every day, which helps the Port's revenue. Cash flow amount was high at \$312,000, which included \$258,000 from DOTD for the new road. Darla explained part of the money was expended in March; then another \$199,000 was expended in April for the road project. Darla said Chuck has 2 pay estimates right now, approximately \$300,000, that should be coming from DOTD in the next 3-4 weeks that will be paid to the construction company.

Darla furthered reviewed the financial report with the Board. Darla reported \$5,000 was paid to King Fabricators for the survey on the ramp. Nash Fence Company was paid \$4500 for the security gate. Mr. Fincher was paid \$1100 for cutting grass. Darla explained that more grass is needing to be cut since Orion is gone, so she is going to get Mr. Fincher to define what areas he is cutting to see where all the Port needs lawn maintenance done to prevent any from going into wetlands.

Darla reported net cash flow was a positive \$85,605.89 for the month of April. Tim Dougherty asked if an environmental assessment will be done to make sure Orion hasn't damaged any of the port property. Darla answered yes, an environmental assessment will be done before Orion departs. Chuck Stutes told Darla they have decided to wait until Orion leaves to do the assessment. Darla said she will let Orion know in writing that the port plans on doing that.

President Dick Kennison entertained a motion to approve all of the reports given as presented. Buddy Reams made a motion to approve all of the reports given as presented, 2nd by Tim Dougherty. No opposition. Motion carried.

XIII. Public Comments

There were no public comments given at this time.

XIV. Adjournment

President Dick Kennison adjourned the meeting at approximately 3:38 p.m.

✓ 

President



Secretary