

Minutes of the Special Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 3:00 P.M., Friday, September 17, 2010, in the Board Room of the Port of Lake Charles located at 150 Marine Street, Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

- C. Wade Shaddock, Jr, President
- Walt M. Sanchez, Vice President
- James L. Herford, Secretary/Treasurer
- Harry C. Hank, Assistant Secretary/Treasurer
- Elcie J. Guillory, Commissioner
- Kay C. Barnett, Commissioner
- John LeBlanc, Commissioner

Absent:

None

Also Present:

- Bill Rase, Port Director
- Michael K. Dees, General Counsel
- Richert Self, Director of Administration and Finance
- Robert Guillory, Project/Program Manager
- David Wagoner, Harbor Police Major
- Dan Loughney, Director of Sales and Marketing
- Todd Henderson, Director of Operations
- Michelle Bolen, Executive Administrative Assistant

Mr. Shaddock called the meeting to order at 3:00 P.M. Mr. LeBlanc gave the invocation and Ms. Barnett led the Board and audience in the Pledge of Allegiance.

Mr. Shaddock made a statement reminding the Public of the Port's procedure for the Public to address an agenda item to the Board.

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1. Resolution 2010 – 045 recognizing Commissioner Mark T. Abraham.
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Mr. Shaddock stated the Board would like to recognize Mr. Abraham for his service as Commissioner of the Board of Commissioners of the Lake Charles Harbor and Terminal District.

Mr. Sanchez offered a motion to adopt Resolution 2010 – 045 to commend Mr. Mark T. Abraham for his service to the District and the community as a member of the Board of Commissioners. Mr. Hank seconded the motion and it carried unanimously.

The Board members expressed their appreciation of Mr. Abraham’s service and working with him.

Mr. Abraham thanked the Board and stated it was a pleasure to serve with everyone.

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- 2. Approval of the August 23, 2010 Regular Meeting Minutes and September 1, 2010 Special Meeting Minutes.
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Mr. Sanchez offered a motion to approve the August 23, 2010 Regular Meeting Minutes and the September 1, 2010 Special Meeting Minutes. Mr. Herford seconded the motion and it carried unanimously.

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- 3. Submission 2010 – 046 authorizing Commissioners James L. Herford and Elcie J. Guillory to attend the AAPA Annual Conference in Halifax, Nova Scotia.
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Ms. Barnett offered a motion to adopt Resolution 2010 – 046 to authorize Commissioners James L. Herford and Elcie J. Guillory to attend the AAPA Annual Conference in Halifax, Nova Scotia. Mr. LeBlanc seconded the motion and it carried unanimously.

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- 4. Submission 2010 – 047 authorizing to advertise and receive bids for the new stacker and reclaimers at Bulk Terminal No. 1 in accordance with Louisiana Department of Transportation and Development, Ports Priority Program.
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Mr. LeBlanc offered a motion to adopt Resolution 2010 – 047 to authorize to advertise and receive bids for the new stacker and reclaimers at Bulk Terminal No. 1 in accordance with Louisiana Department of Transportation and Development, Ports Priority Program. Ms. Barnett seconded the motion and it carried unanimously.

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- 5. Submission 2010 – 048 accepting the lowest responsive bid for the Industrial Canal Lead Maintenance/Rehabilitation at Sugar Cane Spur.
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Mr. Herford offered a motion to adopt Resolution 2010 – 048 to accept the lowest responsive bid of Balfour Beatty Rail, in the amount of \$440,793.25 for the Industrial Canal Lead Maintenance/Rehabilitation at Sugar Cane Spur. Mr. Sanchez seconded the motion and it carried unanimously.

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6. Submission 2010 – 049 accepting the lowest responsive bid for electrical modifications for the New Ship Unloader at BT-1.
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Mr. Hank offered a motion to adopt Resolution 2010 – 049 to accept the lowest responsive bid of Kaough & Jones Electric Company, Inc. in the amount of \$273,861.00 for the Electrical Modifications for the New Ship Unloader at BT-1. Mr. LeBlanc seconded the motion and it carried unanimously.

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7. Submission 2010 – 050 ratifying all Board action taken by the Board or Port Director since July 26, 2010.
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Mr. Sanchez offered a motion to amend and adopt as amended Resolution 2010 – 050 to ratify all Board action taken by the Board or Port Director from and including the July 26, 2010 Regular Board meeting forward. Ms. Barnett seconded the motion and it carried unanimously.

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8. Submission 2010 – 051 authorizing the Port Director to enter into a Conditional Option to Lease Property adjacent to L'auberge with one or more parties.
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Mr. Dees stated the Port received three proposals from different potential developers for an option to lease the 230 acres. In addition to those proposals, Pinnacle, Inc. has also submitted a proposal to undertake a master plan study on the 230 acres and look at a nongaming/entertainment/retail development. There are four competing proposals. Staff has reviewed the proposals and discussed with the Board and would like to make a recommendation regarding to how to proceed. They are running close to time on the deadline of the Gaming Board. Anyone who is interested in submitting a license needs to have some basis or some tie to the property for which they propose a development before the Gaming Board.

It is incumbent upon this Board to decide which proposal to take. Does the Port go with Pinnacle for a nongaming development or finalize an arrangement with one or more of the other three proposals. Staff recommends that the Port not pursue the proposal by Pinnacle and have the Board further authorize the Port Director in consultation with General Counsel and the Board President to finalize an option to lease with one or more of the other potential developers, with one provision. One of the things staff carefully considered, and the point has been made, that they did not want to do anything in their judgment that would harm L'auberge. The Port partnered with them on the development of that project. The Port participates in its earnings with them. Anything the Port does to injure Pinnacle would hurt

the Port as well. Staff has carefully considered about what the Port ought to do and being careful not to do something that would hurt them.

One way staff can help ensure to not hurt L'auberge is to require any facility that might get approved by the Gaming Board to go onto that property be a substantial gaming resort – much in the nature to Sugarcane Bay. That was a \$350 million project with a 400 room hotel, golf course, and entertainment facility. It would be another gaming resort and not simply a casino and hotel. A smaller type facility, something less than Sugarcane Bay, could be detrimental to L'auberge, but if another gaming resort like Sugarcane Bay will anchor this area.

Staff is asking to negotiate and finalize one or more option agreements with applicants that meet that standard of generally a Sugarcane Bay facility.

Mr. Shaddock read the proposed Resolution 2010 – 051 to authorize the Port Director, in consultation with the Board President and General Counsel, to negotiate and finalize, without further Board action, a Conditional Non-Exclusive Option to Lease the former Sugarcane Bay lease site property with one or more interested potential gaming entities for development of the former Sugarcane Bay lease site property as a gaming resort similar in scope, concept and size to the formerly proposed Sugarcane Bay development project.

Mr. Sanchez offered a motion to adopt Resolution 2010 – 051 to authorize the Port Director, in consultation with the Board President and General Counsel, to negotiate and finalize, without further Board action, a Conditional Non-Exclusive Option to Lease the former Sugarcane Bay lease site property with one or more interested potential gaming entities for development of the former Sugarcane Bay lease site property as a gaming resort similar in scope, concept and size to the formerly proposed Sugarcane Bay development project. Mr. Hank seconded the motion.

Mr. Shaddock recognized Mr. Anthony Sanfilippo, Pinnacle Entertainment, to address the Board.

Mr. Sanfilippo stated he was disappointed the Board was not going with their option of a non-gaming proposal. He said a second gaming facility would not grow the market and that was the reason they did not build the Sugarcane Bay resort. He said when Texas allows gaming, this option would be an alternative to gaming.

He does not believe there is enough here to support more gaming and is afraid the new gaming facility would be a parasite to L'auberge.

Mr. Shaddock recognized Ms. Deborah D. Harkins, attorney with Mcglinchey-Stafford Law Firm, to address the Board.

Ms. Deborah D. Harkins addressed the Board stating St. Gabriel Downs, LLC's position regarding the proposed Conditional Option to Lease Property issue. She stated they fully respect the beautiful property here and but believe they sincerely have a wonderful project that will bring different energy and will compliment the existing project and grow the market

based on their economist and market studies. They are taking this very seriously and how realistic this is and whether or not they can truly offer the Port something that will grow the market and bring something unique to compliment not just supplement. They think they have done that. They are very excited about the prospect. They think they can be good partners with the Port and L'auberge if they should be graced with the license.

Mr. Shaddock recognized Mr. William E. Trotter, II with St. Gabriel Downs, LLC. to address the Board.

Mr. Trotter commended Mr. Dees and staff for their wonderful job they have done in making their presentation to the Board. He thought it was very straight forward and staff did a great job.

Mr. Shaddock called for a vote on the motion.

Voting for the motion was:

- Kay C. Barnett
- Harry C. Hank
- Elcie J. Guillory
- Walter M. Sanchez
- John LeBlanc.

Voting against the motion was:

- James L. Herford.

The motion passed.

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- 9. Construction of the Sabine and Black Lake Beneficial Use Sites Briefing Note.
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The Briefing Note on the Construction of the Sabine and Black Lake Beneficial Use Sites was rendered to the Board and is on file in the Executive Offices.

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- 10. August 2010 Financials Briefing Note.
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The Briefing Note on July 2010 Financials was rendered to the Board and is on file in the Executive Offices.

- 11. Monthly Staff report from General Counsel.

The General Counsel's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

- 12. Monthly Staff report from Director of Administration and Finance.

The Director of Administration and Finance's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

- 13. Monthly Staff report from Director of Navigation and Security.

The Director of Navigation and Security's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

- 14. Monthly Staff report from Director of Terminal Operations.

The Director of Terminal Operations' Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

- 15. Monthly Staff report from Director of Marketing and Trade Development.

The Director of Marketing and Trade Development's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

- 16. Monthly Staff report from Director of Engineering, Maintenance, and Development.

The Director of Engineering, Maintenance, and Development's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

17. Monthly Staff report from the State Port Lobbyist.

The State Port Lobbyist's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

18. Monthly Staff report from the National Port Lobbyist.

The National Port Lobbyist's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

19. Executive Session.

Mr. Shaddock asked for a motion to enter into Executive Session. Mr. Sanchez offered a motion to enter into Executive Session. Ms. Barnett seconded the motion and it carried unanimously. The Board entered into Executive Session at 3:49 p.m.

- a. West Cameron Port Authority Litigation
- b. Discussion of Potential Litigation with F. Miller and Sons, LLC., et al
- c. Threatened Litigation with Alfred Palma, LLC. and Hely & Patterson, Inc. concerning PLC-No. 05-CIP-38.

The Board returned from Executive Session at 4:23 p.m. No action was taken in Executive Session.

20. Other Matters which may properly come before the Board.

There being no further business to come before the Board, Mr. Shaddock asked for a motion to adjourn. Ms. Barnett offered a motion to adjourn. Mr. Sanchez seconded the motion and it carried unanimously.

All discussions held on the above items were recorded on Compact Disc Number 1, and filed in the Executive Offices of the District.

Please note that when the votes are shown as unanimous, it is the policy of the Board that the President does not vote except in the event of a tie vote by the rest of the Board and/or unless otherwise indicated.

C. Wade Shaddock, Jr., President

ATTEST:

James L. Herford, Secretary/ Treasurer