

Minutes of the Regular Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 5:00 P.M., Monday, October 25, 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
Kay C. Barnett, Commissioner
Elcie J. Guillory, Commissioner

Absent:

John LeBlanc, Commissioner

Also Present:

Bill Rase, Port Director
Michael K. Dees, General Counsel
Richert Self, Director of Administration and Finance
Donald Brinkman, Project/Program Manager
Channing Hayden, Director of Navigation/Security
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 5:00 P.M. Mr. Herford 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.

- 1. Approval of the September 17, 2010 Special Meeting Minutes.

Mr. Hank offered a motion to approve the September 17, 2010 Special Meeting Minutes. Mr. Herford seconded the motion and it carried unanimously.

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2. Submission 2010 – 052 authorizing a Ground Lease Agreement with the Calcasieu Parish Sheriff's Office.
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Mr. Hank offered a motion to adopt Resolution 2010 – 052 to authorize. Ms. Barnett seconded the motion and it carried unanimously.

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3. Submission 2010 – 053 authorizing the Port Director to enter into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development, Union Pacific Railroad Company, and IFG Port Holdings, LLC.
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Ms. Barnett offered a motion to adopt Resolution 2010 – 053 to authorize the Port Director to enter into a Cooperative Endeavor Agreement with the Louisiana Department of Economic Development, Union Pacific Railroad Company, and IFG Port Holdings, LLC. Mr. Guillory seconded the motion.

Mr. Shaddock recognized Mr. Hillery Langley, President ILA 1998, to address the Board. Mr. Langley stated he supported the project and thanked the Board as this will put the Port in a great position for getting grains from the Midwest and rice shipments. He commended the staff for bringing this project to the Port.

Mr. Shaddock recognized Mr. Jamie Warshaw, Farmers Rice Milling Company, to address the Board. Mr. Warshaw stated they are in support of the project but have some concerns. As an operator of Farmers Rice Mill and as representative of Louisiana Rice Industry they too have been involved in this process for 5 – 6 years. The industry felt a need to be able to handle bulk milled rice and bulk rough rice through the Port. They think it is the future. Bulk rice is where they are going. Bagged goods are not the future because the cost to handle in the United States is too high. They had been working with the State and the Port to upgrade the current facility. When the IFG project came along, they embraced it with some concerns. They now have this service provided to them by the Port, who has become a very good provider of handling bulk rice through the elevator at City Docks. They will probably do 145,000 tons this year. It is about \$1 million in gross revenue generated just by the \$7.20 fee to the Port. Their concern is they have to make sure their needs are met as this project goes forward. Specifically, they are going to tear down, under the current proposal, the existing elevator. So instead of the Port being the sole provider of this service they will have to depend on IFG to be the provider. Once IFG is here, the rice industry is dependent on them to provide the service. The Port has agreed to work with the rice industry in their lease to stipulate the needs of the rice industry and the rice industry is willing to work with them as well. However, they have to be comfortable that IFG is capable of providing this service. He stated they support the project but wanted to voice their concerns.

The motion carried unanimously.

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4. Submission 2010 – 054 authorizing the advertisement and receipt of bids for the Bulk Terminal No. 1 New Stacker and Reclaimers Equipment and Electrical Supply and Installation (Phase I of SPN 578-10-0025).
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Mr. Herford offered a motion to adopt Resolution 2010 –054 to authorize the advertisement and receipt of bids for the Bulk Terminal No. 1 New Stacker and Reclaimers Equipment and Electrical Supply and Installation (Phase I of SPN 578-10-0025). Mr. Hank seconded the motion and it carried unanimously.

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5. Submission 2010 – 055 authorizing the Port Director to purchase Construction Management, Field Technical and QA/QC services from River West Enterprises, Inc. for the construction of various capital projects for the remainder of 2010 and for 2011.
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Mr. Hank offered a motion to adopt Resolution 2010 – 055 to authorize the Port Director to purchase Construction Management, Field Technical and QA/QC services from River West Enterprises, Inc. for the construction of various capital projects for the remainder of 2010 and for 2011. Mr. Herford seconded the motion and it carried unanimously.

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6. Submission 2010 – 056 authorizing the Port Director to submit a Capital Outlay Request for the implementation of certain port improvement projects.
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Ms. Barnett offered a motion to adopt Resolution 2010 – 056 to authorize the Port Director to submit a Capital Outlay Request for the implementation of certain port improvement projects. Mr. Herford seconded the motion and it carried unanimously.

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7. Submission 2010 – 057 making certain findings with respect to and authorizing the issuance of not to exceed \$90,000,000 Lake Charles Harbor and Terminal District Revenue Bonds (Lake Charles Cogeneration LLC Project) in one or more series; approving the forms of and authorizing the execution and delivery of a Trust Indenture and a Second Amendment to Financing and Lease Agreement; authorizing the execution and delivery of the Preliminary Official Statement, the Official Statement and the Bond Purchase Agreement; authorizing the execution and delivery of other documents required in connection with the issuance of the bonds; authorizing the officers and trustees of the District to do all things necessary to effectuate this Resolution; and providing for other matters related thereto.
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Ms. Barnett offered a motion to adopt Resolution 2010 – 057 to make certain findings with respect to and authorize the issuance of not to exceed \$90,000,000 Lake Charles Harbor and Terminal District Revenue Bonds (Lake Charles Cogeneration LLC Project) in one or more series; approve the forms of and authorize the execution and delivery of a Trust Indenture and a Second Amendment to Financing and Lease Agreement; authorize the execution and delivery of the Preliminary Official Statement, the Official Statement and the Bond Purchase Agreement; authorize the execution and delivery of other documents required in connection with the issuance of the bonds; authorize the officers and trustees of the District to do all things necessary to effectuate this Resolution; and providing for other matters related thereto. Mr. Hank seconded the motion and it carried unanimously.

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8. Administrative, Audit and Personnel Committee.
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Ms. Barnett stated the Committee met on October 19, 2010 to discuss the actual financials for the nine months ending September 30, 2010 and the forecast for the next quarter.

Ms. Barnett called upon Mr. Richert Self to present the financials for the nine months ending September 30, 2010 and the forecast for the next quarter.

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9. Port Director Quarterly Expenses Briefing Note.
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The Briefing Note on the Port Director Quarterly Expenses was rendered to the Board and is on file in the Executive Offices.

10. Current Market Conditions Briefing Note.

The Briefing Note on the Current Market Conditions was rendered to the Board and is on file in the Executive Offices.

11. Tariff Revisions Briefing Note.

The Briefing Note on the Tariff Revisions was rendered to the Board and is on file in the Executive Offices.

12. Forecast III Financials Briefing Note.

The Briefing Note on the Forecast III was rendered to the Board and is on file in the Executive Offices.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. Executive Session.

Mr. Shaddock asked for a motion to enter into Executive Session. Mr. Herford offered a motion to enter into Executive Session. Mr. Hank seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:54 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 6:40 p.m. No action was taken in Executive Session.

Mr. Dees stated since they have finished with the Executive Session he has a recommendation to make to the Board to adopt Resolution 2010 – 058 determining that PNK (Lake Charles), LLC and Pinnacle Entertainment, Inc. (collectively called “Pinnacle”) are in default of their obligations under the Ground Lease Agreement With Option to Purchase (“Agreement”) entered into with the District in 2007 for development of the Sugarcane Bay Gaming Resort and authorizing the Port Director, in consultation with General Counsel, to take all appropriate action, including but not limited to defending or initiating litigation, to terminate the Agreement; evict Pinnacle from the lease premises and collect all amounts due the District as a consequence thereof.

Because this item is not on the agenda it needs to be added and requires a motion and a second and a unanimous vote including the vote of the President. Mr. Shaddock asked for a motion to add the item to the agenda. Ms. Barnett offered a motion to add Resolution 2010 – 058 to the agenda. Mr. Herford seconded the motion and it carried unanimously.

Mr. Guillory offered a motion to adopt Resolution 2010 – 058 to determine that PNK (Lake Charles), LLC and Pinnacle Entertainment, Inc. (collectively called “Pinnacle”) are in default of their obligations under the Ground Lease Agreement With Option to Purchase (“Agreement”) entered into with the District in 2007 for development of the Sugarcane Bay Gaming Resort and authorizing the Port Director, in consultation with General Counsel, to take all appropriate action, including but not limited to defending or initiating litigation, to terminate the Agreement; evict Pinnacle from the lease premises and collect all amounts due the District as a consequence thereof. Mr. Herford seconded the motion and it carried unanimously including the President’s vote.

22. 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. Hank seconded the motion and it carried unanimously. The meeting adjourned at 6:40 p.m.

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