

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, January 24, 2011, 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
Harry C. Hank, Assistant Secretary/Treasurer
Kay C. Barnett, Commissioner (arrived at 5:08 p.m.)
Elcie J. Guillory, Commissioner
John LeBlanc, Commissioner

Absent:

None

Also Present:

Bill Rase, Port Director
Michael K. Dees, General Counsel
Richert Self, Director of Administration and Finance
Donald Brinkman, Director of Engineering, Maintenance and Development
Channing Hayden, Director of Navigation/Security
Dan Loughney, Director of Marketing and Trade Development
Todd Henderson, Director of Operations
Michelle Bolen, Executive Administrative Assistant

Mr. Shaddock called the meeting to order at 5:00 P.M. and asked for a moment of silence to remember Mr. James L. Herford. Mr. Shaddock gave the invocation and Mr. LeBlanc 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 December 17, 2010 Special Meeting Minutes.

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

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2. Submission 2011 – 001 approving the Election of Officers of the Board of Commissioners.
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Mr. Shaddock stated with Mr. Herford's passing the Board needed to fill his vacancy and any other vacancies created by said vacancy.

Mr. Sanchez offered a motion to adopt Resolution 2011 – 001 to approve the Board of Commissioners Election of Officers as determined below:

Mr. Harry C. Hank	Secretary/Treasurer
Ms. Kay C. Barnett	Assistant Secretary/Treasurer

Mr. LeBlanc seconded the motion and it carried unanimously.

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3. Submission 2011 – 002 accepting the lowest responsive bids of Price Rubber Corporation for new conveyor belting.
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Mr. LeBlanc offered a motion to adopt Resolution 2011 – 002 to accept the lowest responsive bids of Price Rubber Corporation for new conveyor belting. Mr. Sanchez seconded the motion and it carried unanimously.

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4. Submission 2011 – 003 authorizing the Port Director to amend Resolution 2008 – 015 for engineering services with Infinity Engineering Consultants for the new ship unloader at BT-1.
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Mr. Sanchez offered a motion to adopt Resolution 2011 – 003 to authorize the Port Director to amend Resolution 2008 – 015 for engineering services with Infinity Engineering Consultants for the new ship unloader at BT-1. Mr. Hank seconded the motion and it carried unanimously.

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5. Submission 2011 – 004 authorizing a Foreign Trade Subzone Operating Agreement with ConocoPhillips Company.
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Mr. Guillory offered a motion to adopt Resolution 2011 – 004 to authorize a Foreign Trade Subzone Operating Agreement with ConocoPhillips Company. Mr. LeBlanc seconded the motion and it carried unanimously.

- 6. Submission 2011 – 005 authorizing a Lease Option Agreement with U.S. Dongsung Ecore Corporation.

Ms. Barnett offered a motion to adopt Resolution 2011 – 005 to authorize a Lease Option Agreement with U.S. Dongsung Ecore Corporation. Mr. Hank seconded the motion and it carried unanimously.

- 7. Business, Environmental, and Intergovernmental Committee.

The Business, Environmental and Intergovernmental Committee met on January 13, 2011. The purpose of the meeting was to hear a presentation of coastal erosion, sustainability and hurricane protections issues. Ms. Carolyn Woosley, who is an advocate for the Coastal Wetlands group, gave the presentation.

- 8. Port Director Quarterly Expenses Briefing Note.

The Briefing Note on the Port Director Quarterly Expenses ending December 31, 2010 was rendered to the Board and is on file in the Executive Offices.

- 9. Disadvantaged Enterprise Goals for Capital Projects Briefing Note.

The Briefing Note on the Disadvantaged Enterprise Goals for Capital Projects was rendered to the Board and is on file in the Executive Offices.

- 10. December 2010 Financial Briefing Note.

The Briefing Note on the December 2010 Financials was rendered to the Board and is on file in the Executive Offices.

11. Comments from Representatives of the local Rice Industry.

Mr. Shaddock recognized Mr. Jamie Warshaw, Farmer's Rice Mill, to address the Board.

Mr. Warshaw stated he wanted to speak to the Board regarding the BT-2 and IFG project. He stated he had previously addressed the Board regarding the value the BT-2 facility has to the Rice Industry and where they were with the IFG project. He wanted to give the Board an update as an industry. Currently what is called for is to abolish the current elevator that is used solely for the Rice Industry and do a joint venture with IFG. Meaning the Rice Industry and IFG would have to come to an agreement and thereby support the project and guarantee access to move rice through the facility once it is built. They are just at a point where the "rubber meets the road." They are meeting the next day with IFG to try and work through the details. The challenge is that they put 137,000 tons of bulk rice through the Port last year. That is probably 20% of the planted acreage in Louisiana. It is 3 million bags of rice. Twenty percent of planted acreage went through that elevator. It is serious to them. Mr. Warshaw stated he and Mr. Bobby Hanks represent 80% of the milling capacity in Louisiana. They are serious about negotiating a deal that will guarantee them access to continue to move rice through the Port. The challenge is they come to the table with money that Senator Morrish helped them put together in a package that originally was to upgrade the elevator. That was the thrust. IFG has come along and wants to tear it down and build another whole new facility, which they support if they can come to an agreement that guarantees that they will continue to have access to the markets that elevator provides.

He stated that is where they stand and hopefully they can come back and report that they have reached an agreement. But, if they cannot, they may have to come back and tell the Board they did not reach an agreement and perhaps ask the Board to walk away from the project or have IFG move to another location or look for an alternative. For him, half of 137,000 tons is half of what he will mill this year. The only alternative they have is to truck the rice to Baton Rouge and put it on a barge, which is not a competitive alternative. They have already done 12,000 tons by January 23rd and by the end of January they are looking at 20,000 tons. Annualize that and it amounts to 240,000 tons per year. They see the market growing.

Mr. Shaddock recognized Mr. Bobby Hanks, LA Rice Mill, to address the Board.

Mr. Hanks stated he agreed with Mr. Warshaw's statements. He would like reiterate how important it is to the overall Rice Industry. It is not just milled rice; it is rough rice as well. The whole farming community is behind this effort as well. If they do not have a competitive outlet for milled rice, they will have to look for alternative options, which means lower prices for the farming community. This is the elevator they have been using for years and years and it is very important to them. He uses it more than Mr. Warshaw but it will affect the entire industry if they are not able to work a deal. They are looking for at least nothing worse than what they have now. They lobbied hard with the state legislators and are contributing \$12 million to the project and feel like they are making a substantial investment in it. Hopefully they can continue to make positive negotiations with IFG.

Mr. Shaddock thanked the speakers.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

- 17. 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.

- 18. 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.

- 19. 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.

- 20. Executive Session.

Mr. Shaddock asked for a motion to enter into Executive Session. Mr. Sanchez offered a motion to enter into Executive Session. Mr. Guillory seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:32 p.m. to discuss the following items:

- 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.
- d. PNK (Lake Charles), LLC vs. Lake Charles Harbor and Terminal District; 14th Judicial District Court; Parish of Calcasieu; State of Louisiana, Case No. : 2010-5508; Division: A

The Board returned from Executive Session at 6:26 p.m. No action was taken in Executive Session.

21. 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. Mr. LeBlanc offered a motion to adjourn. Ms. Barnett seconded the motion and it carried unanimously. The meeting adjourned at 6:26 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. W. Shaddock, Jr., President

ATTEST:

H. C. Hank, Secretary/ Treasurer