

Minutes of the Special Meeting of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 5:00 P.M., Monday, June 20, 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:

- Walt M. Sanchez, Vice President
- Harry C. Hank, Secretary/Treasurer
- Kay C. Barnett, Assistant Secretary/Treasurer
- Elcie J. Guillory, Commissioner
- John LeBlanc, Commissioner

Absent:

- C. Wade Shaddock, Jr, President

Also Present:

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

Mr. Sanchez called the meeting to order at 5:00 P.M. and asked Mr. LeBlanc to give the invocation. Ms. Barnett led the Board and audience in the Pledge of Allegiance.

Mr. Sanchez 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. Amendment of Agenda.
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Mr. Sanchez stated an amendment to the agenda is proposed to have Mr. Jamie Warshaw with Farmer's Rice Mill address the Board. A motion and a second is needed with a unanimous vote to add this item to the agenda. Mr. Hank offered a motion to approve an amendment to the agenda in order to allow Mr. Jamie Warshaw address the Board. Mr. LeBlanc seconded the motion and it carried unanimously.

Mr. Warshaw stated he has addressed the Board a number of times about the issue on the bulk elevator and the transition going on with the private company IFG coming in and taking over the elevator. They are at the point of finalizing a contract between the Port, industry, and IFG. They want to continue to move bulk rice through the Port. They have an 18 – 24 month period that they will not be able to it without some creative thinking. They have

moved 100,000 tons of bulk rice through the Port this year already. Annualize that and it is a pretty good number. What he is asking for is Board support to let the industry work with the Port to come up with a creative way to make this happen. They are going to need help from the Port, stevedoring company, and unions to make it happen. Their thought is to do it at City Docks. Their alternatives are barges to New Orleans or trucks to Baton Rouge. They think they can do it here but will have to think out of the box. He is asking the Board to please work with them. They think they can keep the tonnage here and lease some barges, buy or rent some equipment, get some reasonable rates to dock barges here. They have some thoughts but need the Board's help. The whole purpose is to keep the tonnage at the Port.

Mr. LeBlanc asked if this issue could be worked out with the Port Director internally. Mr. Rase stated they had started working on this several months ago but have not gone too much into detail other than what the Port thinks they can do and how the Port can do this. As far as approaching with the stevedore and ILA he has done that and there are some things they can do some themselves but since the Port does not have a direct contract with the ILA they cannot get too close to that situation. He stated that number one, it is commendable that they want to continue to ship through the Port during the downtime and number two, thinks it is important they work with them as best as they can.

Ms. Barnett asked Mr. Warshaw what they planned to do.

Mr. Warshaw explained they would like to lease six barges for a year or two years and put in loading equipment and use them as holding barges. They will need about 600 foot of dock space to put three barges abreast. They would use these as holding barges to put their milled rice in. They run trucks here and off load them onto their own equipment into the barges. That presents a problem right there because how they staff this and how the labor works out and if you look at it from them being their own stevedore to using the current system. Anywhere in between could possibly be the answer.

When they lease a ship they use ship's gear and clam bucket the rice out of the barges into the vessel. The key is they cannot have a ship hang around very long. They can pay for the barges and put them there and load ships that way. The thought there is that they would use regular stevedoring operations to load vessels, but they have to make it work economically for all of them. It is a hard negotiation time and a transition time. No one wants to do this forever. They are willing to put up capital money and people to make it happen. They need to move rice as effective as they can to stay in this market place. Specifically, they are leaning on the Port for help, where to put these barges, and what kind of deal can they make to park these barges. They will move them when they get in someone's way and be as flexible as possible. Working with Lake Charles Stevedores will be a key part to figure out how to position this to work with the labor. This is the only practical way they can come up with right now. They need to be creative and this is the best way they can think of.

Mr. Sanchez he believes he speaks for the Board in that all customers are important and appreciated. He stated that it is clear that there is no more important customer to the Port than the Rice Industry and they want to continue the ongoing relationship. Whatever the

Port can do to keep the Rice Industry here, keep those jobs here and keep the stevedores working and the ILA working, the Board wants to do what they can. He appreciates Mr. Rase’s willingness to work with Mr. Warshaw to come up with a solution to get past this downtime.

Mr. Warshaw stated the best alternative is for everybody to give a little to make this work. They would like to continue to use Flanagan/Lake Charles Stevedores. They would like to have it all come together. It will just be an unusual two years to get through this. They are asking everyone to listen to their story and let us see what can be worked out.

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- 2. Approval of the May 23, 2011 Regular Meeting Minutes.
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Ms. Barnett offered a motion to approve the May 23, 2011 Regular Meeting Minutes. Mr. Hank seconded the motion and it carried unanimously.

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- 3. Submission 2011 – 039 approving and levying for the tax year 2011 an ad valorem millage rate of 2.60 mils.
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Mr. LeBlanc offered a motion to adopt Resolution 2011 – 039 to approve and levy for the tax year 2011 an ad valorem millage rate of 2.60 mils. Mr. Guillory seconded the motion and it carried unanimously.

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- 4. Submission 2011 – 040 authorizing to enter into a professional services agreement with Lanier & Associates consulting Engineering, Maintenance and Development Maintenance and Development, Inc. for the Bulk Terminal No. 1 Truck Dump system, Port Project CP11007.
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Mr. Hank offered a motion to adopt Resolution 2011 – 040 to authorize the entering into a professional services agreement with Lanier & Associates consulting Engineering, Maintenance and Development Maintenance and Development, Inc. for the Bulk Terminal No. 1 Truck Dump system, Port Project CP11007. Ms. Barnett seconded the motion and it carried unanimously.

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- 5. Submission 2011 – 041 and 2011 – 041A accepting the lowest responsive base bid of Alfred Palma, LLC and certifying that public bid laws were followed for the Railroad Improvements and Loop Tracks and City Docks; State Project No. 578-10-0026.
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Mr. Guillory offered a motion to adopt Resolution 2011 – 041 to accept the lowest responsive bid of Alfred Palma, LLC, certifying compliance with the public bid laws for the Railroad Improvements and Loop Tracks at City Docks; State Project No. 578-10-0026. Mr. Hank seconded the motion and it carried unanimously.

Mr. Hank offered a motion to adopt Resolution 2011 – 041A accepting the lowest responsive base bid of Alfred Palma, LLC for the Railroad Improvements and Loop Tracks and City Docks; State Project No. 578-10-0026. Mr. LeBlanc seconded the motion and it carried unanimously.

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- 6. Submission 2011 – 042 authorizing a Quit Claim Deed between the Lake Charles Harbor and Terminal District, the Calcasieu Parish Police Jury, and the Waterworks District No. Twelve of Ward Three of Calcasieu Parish, LA.
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Ms. Barnett offered a motion to adopt Resolution 2011 – 042 to authorize a Quit Claim Deed between the Lake Charles Harbor and Terminal District, the Calcasieu Parish Police Jury, and the Waterworks District No. Twelve of Ward Three of Calcasieu Parish, LA. Mr. Le Blanc seconded the motion and it carried unanimously.

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- 7. Submission 2011 – 043 authorizing a Foreign Trade Subzone Operating Agreement with CITGO Petroleum Corporation.
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Mr. Hank offered a motion to adopt Resolution 2011 – 043 authorizing a Foreign Trade Subzone Operating Agreement with CITGO Petroleum Corporation. Mr. Guillory seconded the motion and it carried unanimously.

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- 8. Security and Risk Management Committee.
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The Committee met on May 27, 2011 to hear presentations on the Guard Service RFP responders in Executive Session.

Mr. Hank stated the decision was not an easy one but decided to recommend Securitas Security Services USA, Inc. to provide guard service to the Port.

Mr. Hank offered a motion to adopt Resolution 2011 – 044 to authorize the Port to enter into a professional services agreement with Securitas Security Services USA, Inc. Being a Committee recommendation no second to the motion is needed. The motion passed unanimously.

9. May 2011 Financials Briefing Note.

The Briefing Note on the May 2011 Financials was rendered to the Board and is on file in the Executive Offices.

10. 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.

11. 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.

12. 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.

13. 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.

- 14. 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.

- 15. 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.

- 16. 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.

- 17. 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.

- 18. Executive Session.

Mr. Sanchez asked Mr. Dees if the Board needed to enter into Executive Session. Mr. Dees stated there was no need.

The Board did not enter into Executive Session to discuss the item below.

- a. 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

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

There being no further business to come before the Board, Mr. Sanchez 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 5:23 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.

Walter M. Sanchez, Vice President

ATTEST:

H. C. Hank, Secretary/ Treasurer