

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, December 17, 2012, in the Board Room of the Port of Lake Charles located at 751 Bayou Pines, Suite A, Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

Harry C. Hank, President
John L. LeBlanc, Vice President
Elcie J. Guillory, Secretary/Treasurer
Barbara M. McManus, Assistant Secretary/Treasurer
Daryl V. Burckel, Commissioner
Walter M. Sanchez, Commissioner

Absent:

Dudley R. Dixon, Commissioner

Also Present:

Bill Rase, Executive Director
Mike Dees, General Counsel
Richert Self, Director of Administration and Finance
Donald Brinkman, Director of Engineering, Maintenance and Development
Todd Henderson, Director of Operations
Dan Loughney, Director of Marketing and Trade Development
Michelle Bolen, Executive Administrative Assistant

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

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

Mr. Hank introduced Mr. Don Maley, Lake Charles Clean Energy, to update the Board on their project.

Mr. Maley stated they announced back in October in a press release that they have finally, after a number of years, successfully gotten in place all the contracts that they need both for the sale of their product and supply of the feedstocks to make their project work and move forward. It was a major milestone for them to have both BP and Air Products sign long term contracts with them to allow them to raise the financing they need.

With those milestones accomplished they have everything they need to begin the project and get it off the ground. They have transitioned over the last couple of months to getting the site and civil work completed so the site will be ready for construction. They have to also commence the front end engineering and design work, which is about a nine month process to

get them to a point where they will have all those pieces together and they can raise the financing.

In that regard, they cleared the site and last month they completed the drainage around the perimeter of the site. That was a major accomplishment for them. The next effort on the site will be getting the sheet piling in place with the 404 permit that needs to be done by August 15th. They released the engineering work for that effort the week before last. The first of the year they will start working on a road along the waterfront so that the equipment that is going to install the sheet piling will be able to access that part of the property to get the work done.

In February, they will be able to have enough engineering done to be able to order all the materials for that effort and from March to August they will have that work completed in time to comply with the permit. That is a major milestone they have on track.

Another major milestone for them is the acquisition of almost 25% of the cost of their plant. It is one big piece of equipment called an air separation unit. They need to separate oxygen out of the air for their process. That piece of equipment is going to be supplied by Air Products, which is close to 25% of the hard cost of the plant which is the biggest piece of procurement for them. That contract is completed and they will have a signing on Wednesday in Allentown, PA with Air Products.

The next step for them will be in February. They have five different technologies that are a part of this plant. They have all those people lined up to kick off that engineering in the February time frame. That will get them within 6 – 9 months. They need about 30% of the engineering of the overall plant done to get a cost estimate that they can then get financed.

Hopefully, sometime in the 4th quarter they will be in a position to raise the debt financing for the project and release for full production. There is a lot of work to do between now and then and they will be spending a lot of money to do that but are very excited and thrilled and appreciate everything that the Executive Director and General Counsel have done and the Commissioners have done for them over the years. Without their help they would not be where they are today.

Dr. Burckel asked if things go according to their schedule, how long it would take for the plant to be finished. What would the construction time be? Mr. Maley stated that when they issue financing they have a 36-month construction period and then about a six-month start-up to get to full operations. All together 42 months.

Mr. Hank asked if Mr. Maley had any comment on the recent purchase of Jefferies and the potential impact, either positive or negative, on the project. Mr. Maley stated the company is excited about the acquisition. They have been told that it is business as usual. Jefferies will be run as all of their businesses are – as a separate wholly owned subsidiary but operated on its own. They do not anticipate it having any impact on this project.

Mr. Rase asked Mr. Maley about the amount of money that has been spent on the property. Mr. Cliff Kerr stated as of November 30, 2012 \$19.5 million has been spent. They will end up with \$31 million when they are done with the site.

Mr. Rase said he wanted it known that Lake Charles Clean Energy is spending money at the property and will benefit the Port in the long run. Also, through negotiations with Lake Charles Clean Energy, they have been able to come up with a 25-year operating contract which is the Port's biggest interest in the project.

Mr. Maley added that they expect the plant to have at least a 50-year life and will need the services of the Port for its entire economic life. Mr. Maley thanked the Board for their time.

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1. Approval of the November 26, 2012 Regular Meeting Minutes and the December 3, 2012 Special Meeting Minutes.
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Mr. Sanchez offered a motion to approve the November 26, 2012 Regular Meeting Minutes and December 3, 2012 Special Meeting Minutes. Dr. Burckel seconded the motion and it carried unanimously.

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2. Submission 2012 – 069 establishing the Regular Meeting Minutes of the Board of Commissioners of the Lake Charles Harbor and Terminal District for the calendar year of 2013.
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Mr. LeBlanc offered a motion to adopt Resolution 2012 – 069 to establish the Regular Meetings of the Board of Commissioners of the Lake Charles Harbor and Terminal District for the calendar year of 2013. Ms. McManus seconded the motion and it carried unanimously.

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3. Submission 2012 – 070 approving revisions to the District's Tariff No. 013.
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Mr. Guillory offered a motion to adopt Resolution 2012 – 070 to approve revisions to the District's Tariff No. 013. Dr. Burckel seconded the motion and it carried unanimously.

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4. Submission 2012 – 071 approving an extension for all current stevedore permits until January 31, 2013.
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Ms. McManus offered a motion to adopt Resolution 2012 – 071 to approve an extension for all current stevedore permits until January 31, 2013. Mr. LeBlanc seconded the motion and it carried unanimously.

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5. Submission 2012 – 072 authorizing the Executive Director to purchase Construction Management, Field Technical and QA/QC services from River West Enterprises, Inc. for the construction of various capital projects for 2013.
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Dr. Burckel offered a motion to adopt Resolution 2012 – 072 to authorize the Executive Director to purchase Construction Management, Field Technical and QA/QC services from River West Enterprises, Inc. for the construction of various capital projects for 2013. Mr. Guillory seconded the motion and it carried unanimously.

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6. Submission 2012 – 073 accepting the lowest responsive bid of Alfred Palma, LLC in the amount of \$1,871,337 for the Road Repair and Construction at City Docks.
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Mr. Sanchez offered a motion to adopt Resolution 2012 – 073 to accept the lowest responsive bid lowest responsive bid of Alfred Palma, LLC in the amount of \$1,871,337 for the Road Repair and construction at City Docks. Ms. McManus seconded the motion and it carried unanimously.

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7. Submission 2012 – 074 authorizing the Port to enter into a professional services agreement with Moffatt and Nichol.
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Mr. Guillory offered a motion to adopt Resolution 2012 – 074 to authorize the Port to enter into a professional services agreement with Moffatt and Nichol. Dr. Burckel seconded the motion and it carried unanimously.

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8. Submission 2012 – 075 authorizing Amendment Number One to Foreign-Trade Subzone Operating Agreement with CITGO Petroleum Corporation.
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Dr. Burckel offered a motion to adopt Resolution 2012 – 075 to authorize Amendment Number One to Foreign-Trade Subzone Operating Agreement with CITGO Petroleum Corporation. Ms. McManus seconded the motion and it carried unanimously.

9. Submission 2012 – 076 authorizing Amendment Number One to Foreign-Trade Subzone Operating Agreement with Halliburton energy Services, Inc.

Mr. Sanchez offered a motion to adopt Resolution 2012 – 076 to authorize Number One to Foreign-Trade Subzone Operating Agreement with Halliburton energy Services, Inc. Ms. McManus seconded the motion and it carried unanimously.

10. Submission 2012 – 077 authorizing Amendment Number One to Foreign-Trade Subzone Operating Agreement with Phillips 66 Company.

Mr. Sanchez offered a motion to adopt Resolution 2012 – 077 to authorize Amendment Number One to Foreign-Trade Subzone Operating Agreement with Phillips 66 Company. Mr. LeBlanc seconded the motion and it carried unanimously.

11. Submission 2012 – 080 authorizing a Seventh Amendment to Ground Lease Agreement with Lake Charles Clean Energy, LLC.

Dr. Burckel offered a motion to adopt Resolution 2012 – 080 to authorize a Seventh Amendment to Ground Lease Agreement with Lake Charles Clean Energy, LLC. Mr. Guillory seconded the motion and it carried unanimously.

12. Submission 2012 – 081 accepting the recommendation of the Executive Director and Port staff to award the request for proposal for terminal services at City Docks.

Mr. Sanchez offered a motion to adopt Resolution 2012 – 081 to accept the recommendation of the Executive Director and Port staff to award the request for proposal for terminal services at City Docks. Mr. LeBlanc seconded the motion and it carried unanimously.

The awarding of the RFP went to Federal Marine Terminals. Mr. Hank invited Mr. Michel Tosini with Federal Marine Terminals to address the Board. Mr. Tosini stated they were very happy to have been selected and would live up to their promises and get their equipment, labor staffing in place. He thanked the Board for selecting them.

13. Committee Report.

The Administration, Audit and Personnel Committee met December 11, 2012 to discuss the evaluations of the Executive Director and General Counsel and to review and take action of the 2013 Operating, Non-Operating and Capital Budget.

The Committee recommended to the Board to adopt Resolution 2012 – 078 to approve an evaluation rating and salary adjustment for the Executive Director and General Counsel. Being a Committee recommendation, no second to the motion is needed. The motion passed unanimously.

Mr. Sanchez stated Mr. Richert Self presented the Committee the 2013 Operating, Non-Operating and Capital Budget. The Committee agreed to present the budget for approval at the December 17, 2012 Regular Board meeting.

The Committee also recommended to the Board to adopt Resolution 2012 – 079 to approve the District's 2013 Operating, Non-Operating and Capital Budget. Being a Committee recommendation, no second to the motion is needed. The motion passed unanimously.

14. New Administration Site Selection Briefing Note.

The Briefing Note concerning the New Administration Site was rendered to the Board and is on file in the Executive Offices.

15. Industrial Housing Facility Briefing Note.

The Briefing Note concerning the Industrial Housing Facility was rendered to the Board and is on file in the Executive Offices.

16. November 2012 Financials Briefing Note.

The Briefing Note concerning the November 2012 District Financials was rendered to the Board and is on file in the Executive Offices.

17. 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.

- 18. 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.

- 19. Monthly Staff report from Director of Operations.

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

- 20. 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.

- 21. 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.

- 22. 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.

- 23. 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.

24. Executive Session.

- a. Threatened litigation in writing by the *M/V Advantage* relating to possible damages at Berth 6.
- b. Threatened litigation related to the Bag House Lease termination.

Mr. Hank stated the Board would not enter into Executive Session.

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

There being no further business to come before the Board, Mr. Hank asked for a motion to adjourn. Mr. Sanchez offered a motion to adjourn. Ms. McManus seconded the motion and it carried unanimously. The meeting adjourned at 5:44 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.

H.C. HANK, President

ATTEST:

ELCIE J. GUILLORY, Secretary/ Treasurer