

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, November 16, 2015 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:

Barbara M. McManus, President
Daryl V. Burckel, Vice President
Dudley R. Dixon, Secretary/Treasurer
Michael G. Eason, Assistant Secretary/Treasurer
Elcie J. Guillory, Commissioner
John LeBlanc, Commissioner
Walter M. Sanchez, Commissioner

Absent:

None

Also Present:

Bill Rase, Executive Director
Mike Dees, General Counsel
Richert Self, Director of Administration and Finance
Channing Hayden, Director of Navigation
Todd Henderson, Director of Operations
Donald Brinkman, Director of Engineering, Maintenance and Development
Michelle Bolen, Executive Administrative Assistant

Ms. McManus called the meeting to order at 5:00 P.M. and asked Mr. Dixon to give the invocation. Dr. Burckel led the Board and audience in the Pledge of Allegiance.

Ms. McManus asked if there was any public comment regarding any items on the agenda. Ms. McManus stated there was one public comment from Jamie Warshaw of Farmers Rice Mill.

Ms. McManus asked Mr. Warshaw to address his comments to the Board.

Mr. Warshaw stated he was the CEO of Farmers Rice Mill Company and has had the chance to address the board on several occasions. He wants to talk about the IFG facility, the new elevator in Lake Charles. He said they find themselves, as the rice industry, in a difficult spot right now. Five years ago around 2011 they spent six months negotiating an agreement with IFG where the Louisiana rice industry would have an opportunity to use that facility to put both milled and rough rice through the facility called a Defined User agreement. It included state legislatures, port bodies, lawyers, the owner of the IFG facility, representatives of the rice industry, both on the processing end and the producers' side. They finally got an agreement in the eighth month of 2011. The facility would be constructed – part of that agreement was that they would support state money going to the project, about \$12 million worth of state money

involved in the project. Not directly to IFG but infrastructure. Basically, they were using the old bulk elevator. It was old, but they were using it. They put 21 vessels through it in 2010. They had 12 vessel callings in 2009, putting bulk milled rice through. The hope was that this would work and three years later they would have a nice, new elevator that was efficient and could handle both rice they want to put through in a faster, more efficient, better, cleaner and more economic way to help grow the industry. Bottom line, it is built. They have been unable to put rice through the facility. There is a definite discord between IFG and companies like his. He has asked three months in a row to put cargos through that facility – 7,000 tons in September, November and now again in December. Obviously, the September to November cargo has already gone to barge at the Mississippi River to be loaded. He is asking again to try to put a vessel through there in December and the response that he gets is nothing, nil, void – no response.

Ms. McManus asked if they even answered him. Mr. Warshaw stated no. He said he had a chance to have lunch with Mr. Ahmad, breakfast with him in October. They talked about the November vessel. Mr. Warshaw stated Mr. Ahmad told him that they basically are not interested in doing business until they get all the “I’s” dotted and the “T’s” crossed associated with the Defined User agreement. Mr. Warshaw is just asking for the Board’s help and support. The Port has done a good job. Mr. Dees has worked hard. He thinks everyone is living up to their end of this deal except for... There are some issues there that are – It does not seem like they are going to work anything out in an affable manner of sitting across from each other talking about it. It is going to have to become a legal issue that brings them to the table. Mr. Ahmad does not have to do business with the private sector. But, in 2011, he signed an agreement stating he would. It is just discouraging. Mr. Warshaw has 21,000 tons of cargo he could have put the elevator in the last four months and it is not coming here. He is loading barges and sending it to the river. They are hiring people to do that. It does not make any sense. The whole reason they agreed to be apart of this facility was that it would support Louisiana agriculture – The rice industry and other grains in Louisiana. The cooperative endeavor agreement that he signed with the State says, “Whereas the parties here to agree to cooperate in providing an upgraded rail connection to the new bulk grain terminal at the Port in order to facilitate export of Louisiana rice and other grain crops, thereby promoting the agricultural economy of the State and increasing the State tax revenue related thereto.”

In essence, they have a stalemate. All he is asking is for the Board’s support to push this ball along. It is good for the growers, good for the Port. It is tonnage. The investment is there both for the private and public sector. He does not know of any other answers that can kind of turn the heat up. Mr. Dees is working on that as is Mr. Ringo and he just asks for their support.

Ms. McManus asked if the board members had any questions.

Mr. LeBlanc stated that this is probably the second or third time that a local business has had a problem with IFG. It is nothing but inconsistent throughout. Here is the same thing. They get no response from them. He said he thought the electrical contractor is basically going through some of these exact same issues with IFG. Mr. LeBlanc asked how they could hold IFG accountable. What can they do? They have not seen Mr. Ahmad and it has been a while since he was here. He has to be held accountable on some of these things.

Mr. Rase stated that the process that they have underway, probably close to a month or six weeks ago, is going to bring some of this to the front burner. But, to tell the board that it is going to be completed in the next week or two is probably not possible. They are probably looking at the first of the year or so before they will be able to get things in perspective. The Port has only so many things that they can do. This particular group does not fall under all of the type of restrictions as the Port does, because IFG is a private entity and they have leased property from the Port and have built a facility. Mr. Ahmad has signed off on some things with the State and with the Port. The Port is working towards getting those things resolved, but Mr. Rase does not think it will be an overnight solution at this time.

Mr. LeBlanc stated the Port made some concessions to help IFG when they first started in good faith. Mr. Rase stated the Port made some concessions and actually have some expense going on now that is detrimental to the Port, but so does the rice community and most of the grain community. The Port does not control the whole ball. They can only do what they can do. He thinks they should put that into motion. Some of the legislators have gotten involved. They will just have to see where it all unwinds. This is another issue that one wishes there was a singular and quick answer, but that does not seem to be the case.

Mr. Guillory asked if Mr. Ahmad is ignoring the commitment that he made. Mr. Rase stated that Mr. Ahmad's commitment to build the facility was completed. It is there. He has actually put a rough rice shipment through three weeks ago. The building is there, the equipment is there. Mr. Warshaw and another rice miller have a particular need from the elevator that he is probably not subject to what other types of grain would be subject to, so that is where they seem to be hung up in the majority. Right now, with the actions the Port has taken, has kind of put a halt to the whole process. That is what is going to bring this forward. Eventually they will get these issues worked out. The laundry list is pretty long and pretty involved. He does not want to go into any legal issues and Mr. Dees can, but so far milled rice and the rice community as a whole has been impacted negatively but the Port is working to unblock the roadblock. They are doing it through the methods that are available to them.

Mr. Dees stated he wanted to stay away from the legal issues in a public session. He thinks since Mr. Warshaw has approached the board in a public session with a complaint, he thinks it would be reasonable and fair for the board to request that Kabir come and answer any complaints of customers.

Mr. Warshaw stated that they are trying to pay Mr. Ahmad money. Each of these cargos are worth about \$100,000 to him. With the fee structure and by the time you do the vessel calling, wharfage, etc.... it is money to him as well as the Port. It is not the millers getting paid, it is the opposite, and they are going to facilitate cargo through the facility. It is a difficult situation for them to understand. He has that investment sitting out there. There is something going awry. He cannot explain it.

Mr. LeBlanc made a request that they actually have Mr. Ahmad appear at the next board meeting and to send a formal invitation to make sure he gets here and actually can respond to some of the, not only the rice millers, but the contractors that he is holding out money from.

Mr. Dees stated in order to act on the motion, the item needs to be added to the agenda by a unanimous vote.

Ms. McManus asked for a motion to add the IFG request to the agenda. Mr. LeBlanc offered a motion to add the IFG request to the agenda. Mr. Eason seconded the motion and it carried unanimously.

Mr. LeBlanc offered a motion to actually send a letter requiring Mr. Ahmad and IFG representatives to be at the next board meeting to answer some questions regarding the issues at the elevator. Mr. Guillory seconded the motion. Mr. Rase suggested they request Mr. Ahmad to come as they have something in motion and he would hate to damage or back up from where they are too much. If they request him to come to the meeting to address where he stands and shipping plans are would be enough. The next meeting is December 16, 2015 and with his travel schedule, he is out of the country frequently, so they will have to request he come for the meeting.

Mr. Dixon asked if Mr. Ahmad was mad at Mr. Warshaw. Mr. Warshaw stated that he is by now and is probably tired of hearing from him. Mr. Warshaw stated that they negotiated an agreement specifically around milled rice and rough rice. Again, there were six meetings in 2011 extensively discussing the challenges of handling milled rice through the facility. They finally got comfortable that he would do what he said he would and they politically supported the project and the stated funding for the project. This was support for what they already had operating before them. Now they are in this place and they thought it would be better for the Port, them and the whole community. They have an agreement signed with the Port as a user agreement and at least, back up, IFG has an agreement with the Port signed that he would put milled rice through there at certain conditions on the quantity and days of notice, blowdown rates, tariffs and the whole thing. Now they are having to do an agreement with the millers to the Port. Some of his stipulations on the insurance requirements and part of the agreement are just commercially unacceptable. It is not personal. Simply, there is infrastructure here and they would like to use it and they are asking for any kind of help to move the ball along.

Mr. Rase, stated that Farmers Rice Mill and Louisiana Rice Mill have actively worked to try to get not only the agreements pulled together, but also the agreement to move the product through the elevator. It is not by lack of effort by their part. They were two of the negotiators, although there were 3 or 4 other people from the other side of the rice community – the rice growers. When these agreements were made, it was not a one sided thing.

Mr. Warshaw stated there two sections of industry. They are the producers. They process the grain. The producing side exports 30% as raw material. They were represented by producers that have interest in the raw material leaving the country. They were represented by the Rice Millers, Senator Morrish, and Senator Johns. Senator Morrish was very instrumental in pushing this along. It was all inclusive. They worked out an agreement, and just want to see it brought to fruition. He thanked the board.

Ms. McManus stated there was a motion and second made regarding the request to Mr. Ahmad to attend the December 16, 2015 board meeting and action on the motion is needed. The board voted unanimously to pass the motion.

Ms. McManus welcomed two new staff people: Jonathan Ringo, Assistant General Counsel, and Regan Brown, Environmental Engineer.

- 1. Approval of the October 26, 2015 Regular Meeting Minutes.

Mr. Eason offered a motion to approve the October 26, 2015 Regular Meeting Minutes. Dr. Burckel seconded the motion and it carried unanimously.

- 2. Tariff Revisions Briefing Note

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

- 3. October 2015 Financials Briefing Note

The Briefing Note concerning the October 2015 Financials was rendered to the Board and is on file in the Executive Offices.

- 4. 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.

- 5. Monthly Staff report from Director of Navigation.

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

6. 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.

7. 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.

8. Monthly Staff report from Director of Engineering, Maintenance, and Development and Security.

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

9. 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.

10. 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.

11. Executive Session

- Suit against the Port of Lake Charles – Suit No. 2013-001091- 14th JDC, State of LA.
- Suit against the Port of Lake Charles – Suit No. 2014-004268-14th JDC, State of LA.

Ms. McManus asked for a motion to enter into Executive Session. Dr. Burckel offered a motion to enter into Executive Session. Mr. Eason seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:28 p.m.

The Board returned from Executive Session at 6:16 p.m. Mr. Guillory offered a motion to return to Regular Session. Mr. Eason seconded the motion and it carried unanimously. No action was taken in Executive Session.

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

There being no further business to come before the Board, Ms. McManus adjourned the meeting at 6:16 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.

BARBARA M.MCMANUS, President

ATTEST:

DUDLEY R. DIXON, Secretary/ Treasurer