

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 22, 2018 in the Boardroom of the Port of Lake Charles located at 1611 West Sallier St., Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

Michael G. Eason, Vice President  
David J. Darbone, Commissioner  
Thomas L. Lorenzi, Commissioner  
Carl J. Krielow, Commissioner

Absent:

Dudley R. Dixon, President  
Elcie J. Guillory, Assistant Secretary/Treasurer  
John LeBlanc, Secretary/Treasurer

Also Present:

Bill Rase, Executive Director  
Richert Self, Deputy Executive Director/Director of Administration and Finance  
Michael Dees, General Counsel  
Jon Ringo, Assistant General Counsel  
Donald Brinkman, Director of Security/Engineering, Maintenance and Development  
Michelle Bolen, Executive Administrative Assistant

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

Mr. Eason asked if there was any public comment regarding any items on the agenda. He stated Mr. Don Maley would speak regarding an update on Lake Charles Methanol.

Mr. Eason asked Mr. Maley to address the Board.

Mr. Maley, Lake Charles Methanol, stated the last time they met, they had achieved a major milestone in terms of putting their financing together. They attained a conditional commitment from the Department of Energy to provide long-term debt financing for the project in the amount of \$2.0 billion. This put them on a path of putting the pieces of the puzzle together and moving the project to financial close. As of today, he reported that they have made substantial progress in moving the project to that end. One of the most important things they had to do was when they received an additional commitment in late in 2016, the deal was subject to the Department of Energy completing its due diligence on the project. That involved hiring an independent engineer to look at the design and the cost of the plant. It involved hiring lawyers

to review all of their contracts. It involved getting financial advisors to look at the financial economics of the project to validate that the financials they were presenting were correct.

They had a very intensive six month period, beginning last year, to complete all that work and it cumulated in taking the project to Standards and Poor's for an initial credit rating. It will be part of the final credit package for the Department of Energy to get its final approval. They were successful in getting an investment rating of Triple B- for the project from S&P. It includes the construction risk. It is quite unusual for a project to get investment grade rating during the construction. But, the strength of their contract with Fluor was strong enough that they were able to get that rating.

They are basically at the point with the Department of Energy where once they have all of their equity lined up, within about a thirty day period, they can convert their thirty day commitment into a final commitment and can move to close thirty to sixty days after that to close the financing and break ground.

They have made tremendous progress on that front and firming up and finalizing everything they needed to do with the Department of Energy.

Additionally, they still had one off-take contract to get in place. They were able to secure that last spring. So, they have all of their contracts in place for the sale of all of their product under long-term contracts of 15 – 20 years. They also have all of their contracts in place for their fuel supplies and operating management of the project. They have a complete package to give to the Department of Energy to complete its due diligence. The first part of this year was completing the package. They have all of their permits, contracts, and debt financing ready to go.

It leaves them with one last piece of the puzzle to go, which is to raise the equity for the project. They hired Morgan Stanley about 18 months ago to work with them in putting together the package to go out to the equity markets. They are in the process of completing that process.

They identified, over the summer, three very large investors interested in investing in the fund and they are looking at one more investor to close out that package. They were working with a firm over the summer exclusively. They thought they were close to a deal and the firm decided not to move forward with Lake Charles Methanol. They had to regroup with Morgan Stanley. They are currently in the market. They have a large number of investors looking at the project. Hopefully, very soon one or more of them will be making a decision to close out that package to allow them to move to financial close.

They have made a lot of progress over the last year. They have one last piece of the puzzle to put together and are very excited with the parties currently evaluating the project. The parties are very deep into the due diligence of the project and showing serious interest.

Mr. Maley stated he was quite optimistic they will be able to report something shortly that they have reached that last piece of the puzzle so they can move into the final stages of putting the financing in place and beginning construction.

Mr. Eason stated he knew that Lake Charles Methanol and Port staff have put a lot of time into this project and everyone was anxious to go towards the close and wished them good luck in that final piece of the puzzle. He stated the capital markets were pretty good out there right now with a lot of liquidity. Hopefully, they can close soon.

Mr. Maley stated the energy markets are responding as well. He said he appreciated the support the Port has shown them all these years. They have worked with Mr. Rase and his staff in accomplishing a lot. There are a lot of nitty gritty details that have to be put in place in terms of servitudes and rights of ways, and getting all that put in place. With all of the myriads of permits they had to buy, the Port has helped them all the way. Also, they are working with local companies who are interested in being part of the work and all the stakeholders to make this a success.

He appreciates all of the support from the Board and the community and looks forward to bringing the project home so everyone can reap the benefits for many years.

- 
- 1. Approval of the December 18, 2017 Regular Meeting Minutes.
- 

Mr. Darbone offered a motion to approve the December 18, 2017 Regular Meeting Minutes. Mr. Krielow seconded the motion and it carried unanimously.

- 
- 2. Submission 2018 – 001 authorizing an Addendum Number Four to Real Estate Lease Option Agreement with Lake Charles Methanol, LLC.
- 

Mr. Darbone offered a motion to adopt Resolution 2018 – 001 to authorize an Addendum Number Four to Real Estate Lease Option Agreement with Lake Charles Methanol, LLC. Mr. Lorenzi seconded the motion and it carried unanimously. Note: As there were only four board members, all members' votes counted on this Submission.

- 
- 3. Business, Intergovernmental and Environmental Committee
- 

Mr. Darbone stated the Committee met on January 18, 2018 to discuss City Docks cargo issues.

Mr. Darbone stated the Committee recommended approval of Resolution 2018 – 002 to the full Board at the January 22, 2018 Regular Meeting to submit a directional policy of competitive free commerce at City Docks and the Port of Lake Charles by all stevedores. In addition, Port staff will develop a plan and report back to the Committee relative to how to implement the

policy and work with the Committee on ideas. Being a committee recommendation, no second is needed. The motion passed unanimously.

Also, the Committee agreed with an extension of a one year contract with FMT Stevedores at City Docks.

-----  
4. Executive Director Quarterly Expenses Briefing Note  
-----

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

-----  
5. DBE Briefing Note  
-----

Mr. Darbone asked that Staff look at other ports to find out how their DBE programs work.

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

-----  
6. December 2017 Financials Briefing Note  
-----

The December 2017 Financials Briefing Note was rendered to the Board and is on file in the Executive Offices.

-----  
7. Monthly Staff report from Deputy Executive Director/Finance and Administration.  
-----

The Deputy Executive Director/Administration and Finance's Monthly Staff Report was rendered to the Board and is on file in the Executive Offices.

-----  
8. 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.

-----  
9. 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.

- 10. 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.

- 11. 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.

- 12. 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.

- 13. Executive Session  
-----

Mr. Eason asked for a motion and second to enter into Executive Session. Mr. Krielow offered a motion to enter into Executive Session. Mr. Darbone seconded the motion and it carried unanimously. The Board entered into Executive Session at 5:20 p.m.

- Suit against the Port of Lake Charles – Suit No. 2013-001091-14<sup>th</sup> JDC, State of LA.
- Suit against the Port of Lake Charles – Suit No. 2014-004268-14<sup>th</sup> JDC, State of LA.
- IFG Port Holding, LLC vs LCHTD – Case: 2:16-cv-00146 U S District Court, Western District of Louisiana, Lake Charles Division.
- LCHTD vs IFG Port Holding, LLC – Case: 2:16-cv-00785 U S District Court, Western District of Louisiana, Lake Charles Division

The Board returned from Executive Session and entered into Regular Session at 5:36 p.m.

-----  
14. Other Matters which may properly come before the Board.  
-----

There being no further business to come before the Board, Mr. Eason asked for a motion to adjourn. Mr. Darbone offered a motion to adjourn. Mr. Krielow seconded the motion and it carried unanimously. The meeting adjourned at 5:36 p.m.

All discussions held on the above items were recorded using the FTR Gold program, and saved on the District's main file server in the District's office.

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.

\_\_\_\_\_  
DUDLEY R. DIXON, President

ATTEST:

\_\_\_\_\_  
JOHN L. LEBLANC, Secretary/ Treasurer