

Minutes of the Special Meeting of the Business, Intergovernmental and Environmental Committee of the Board of Commissioners of the Lake Charles Harbor and Terminal District held at 9:00 A.M., Wednesday, May 16, 2018 in the Board Room of the Port of Lake Charles located at 1611 W. Sallier St., Lake Charles, Louisiana.

In attendance and constituting a quorum, were:

David Darbone, Chairman  
Carl Krielow, Committee Member

Absent:

Dudley Dixon, President

Also Present:

Mike Eason, Vice President  
John LeBlanc, Assistant Secretary/Treasurer  
Tom Lorenzi, Commissioner  
Bill Rase, Executive Director  
Richert Self, Deputy Executive Director  
John Ringo, Assistant General Counsel  
Donald Brinkman, Director of Security, Engineering, Maintenance and Development  
Todd Henderson, Director of Operations  
Michelle Bolen, Administrative Assistant

Mr. Darbone called the meeting to order at 9:01 A.M.

The attached notice of meeting was posted and given in accordance with the Open Meetings Law. A Business, Intergovernmental and Environmental Committee meeting was held.

Mr. Darbone made a statement reminding the Public of the Port’s procedure for the Public to address an agenda item to the Committee.

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1. Discussion of material presented at the April 19, 2018 Business Committee meeting with staff.
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Mr. Darbone stated the reason for this meeting was to recap some of the things they had from the previous Business Committee meeting. He intended to just have a discussion with Bill and staff about continuing to move along with their plan. What he wants to do today is go over some information and open the floor up for some more communication.

He wanted to remind everyone that they are talking about jobs – creating jobs. He does not think anyone is opposed to that. The idea is how do they come up with a good plan to continue to move in a direction where they can create more jobs. That is his personal feeling. He does not think any Commissioner on this Board can deny that is what they want to do, in this situation, is make sure that people have jobs in the district. That is his whole point about this – trying to create jobs for people in the district. He knows some people have different opinions about it, but does not think anyone can argue the fact that that is what they stand for. That is what this port was built on. The cornerstone of this port was getting jobs for the people in the district. That is the whole idea of them meeting and going in this direction.

At the last meeting, they heard from a lot of different stevedores. Three out of the four stevedores agreed that competition would be a better thing for the Port to do to create more jobs. He also moved in the Committee meeting that they continue to work with Port staff in moving in the direction of implementing that plan. They developed a policy that says they want the Executive Director and his staff to implement it. That is where they are today. They have some more information that they presented to the Executive Director and staff the first time about some ideas they had. He wants to open the floor and talk about that in an open meeting and discuss where they are with that plan as they continue to move in the direction they agreed upon.

Mr. Krielow said some of the recommendations the Committee discussed on February 22, 2018 with the Executive Director and his staff he would like to go over with everyone here and see where staff is with it, where the Committee is with it and they can put forward. As Mr. Darbone stated, having heard from stevedoring companies, there is an interest in competitiveness. How do they go about doing it, monitoring it and trying to do the right thing so that if they have to they can back up and punt so to speak.

In gathering the information since they started on this in November, there were some key points that staff had concerns with. They discussed some of these recommendations in February and wanted to go over them. They are as follows:

1. If they move forward with the plan, possibly plan for a designated area of storage equipment that would be used by whatever stevedoring companies that are going to be competing for the work so they do not have equipment all over the docks or stuff that is not in the designated area where everybody has a responsible area, whether that will be in a shed or designated area.
2. Some sort of a safety equipment oversight enforcement plan so that the Port can ensure that no equipment is hazardous to personnel on Port property. One of the items discussed on this would be a required quality control plan from the stevedore companies where the Port and staff would assume the role of quality insurance to ensure the stevedores are following that plan, which the plan could have parts of it covering safety, equipment, personnel, supervision – all of the things that make a project run efficiently and smoothly and still have some oversight into it.
3. They discussed that if the pallets are an issue, the Port purchase the pallets and add that as part of the fee in the tariff schedule. That was something that was

looked at in the RFP back in 2012. Again, that is just a suggestion. They might be better off for everyone to have their own pallets. These are the things they discussed with staff.

4. The other thing was a financial guarantee that would protect the Port from any potential damage resulting from the activities of any one stevedore company working at the docks. That could be in the form of a security bond or letter of credit, but make it in an amount that is sufficient enough to cover the value of the work being performed. Right now there are some insurance requirements and some money that has to be posted to operate as a stevedore, but the dollar amount is probably not in line with what the true value of the work for the potential risk of damage to Port property is, so that was another area they talked about.

Absent from that, it is really up to the staff, if they are going to move forward, to come up with a plan that works – logistically will work. These were some of the recommendations that they threw out there that they heard listening to staff and other people and comments in the meetings. From there he would like to put it out to the other Board members for input.

Mr. Darbone stated that part of a plan when you implement a plan, some of the things Mr. Krielow listed are important, but another part of that is an assessment after six months. If you implement a plan, they will have a checklist of things that they want to assess as the plan is being implemented to make sure that they can identify any issues or barriers or any things that they need to do to improve. Part of the plan is any improvement. That is one other thing that they want to do. They want to open it up to the Board and staff about where they are now at this point.

Mr. Rase stated the general idea is something that has been considered and considered often. What they have done and have pursued are three options that they will present to the Committee and Board. He is hoping this will be in the August timeframe, which he has said before. In that, he did not want to really get too deep into those three items because they are still trying to go through them. They are talking to smaller ports and different sized ports to try to see how they handle different situations. What they are coming up with is that there is a lot of exclusivity in all of the small ports. Everyone that put forth a proposal has some form of exclusivity at any of the ports they work. FMT even threw those up on the board and let them see them. If they are going to try to go to a totally open port, it is something that is not done very much in the industry, except in ports that are much, much larger than they are.

Operationally, they have to come up with a way to let all that function and decide how they are going to do the cargo separation. One big concern he has is anything they do, that the Port is not damaged in its reputation in the industry, because that is where cargo comes from. It does not come from the Port. The Port does not generate any cargo at all. It is only the receiver or deliverer of cargo. They are taking a look at all of those things. It will take them a little bit of time, but they have a small group working on it and will come up with some ideas to bring before them in the August timeframe. It should not be any later than that. It might be a little earlier. They need to examine the whole industry. They are not unique but are just a port. In Louisiana there are 32 of them. If you go to a bigger port, such as New Orleans, you will find that there are probably four or five stevedores with three

of those being nonunion and two being union. Those numbers he has to flush out. He is looking at a little capsule right now. But, they have their own facilities. They are in their own spot and have their own cargo mix. If you are going to do containers in New Orleans and use container cranes, you are going to use Ports America because it is the exclusive runner of the container cranes in the Port of New Orleans. He wants to take a look around. Houston has a little different situation. They get about twice as many ships as New Orleans. They need to look at all of these things and try to blend them all. Operationally will be the hard part for this port because they are in the loop, in a circle if you will, everything is right there. Although the Port has 13 berths, not all of them are suitable for cargo. They are trying to move to that, but do they want to look at the cargo of the future or traditional cargo. They need to come up with a blend on that.

Mr. Rase stated that regarding two stevedores' equipment, pallets and everything, they might be able to squeeze that in. If they start talking about four or five, they will have issues with that.

They have looked at buying the pallets. Number one is you have private companies that are willing to support that to begin with. Number two is you pick up liability for the pallet as you use it. He wants to make sure that they do not just jump into that type of a situation and give themselves more exposure than what they need. They can put all things inside contracts but they have learned several times, when you get sued, it does not matter if you have indemnities or not.

He recognizes what the committee has said and the Board has passed. They are going to work toward that goal but hopes that they will give them a little time to do that.

Mr. Darbone said regarding Mr. Rase's point about traditional cargo and looking towards the future, as they start to repair the docks, they should think about diversifying, making sure they can go after all types of cargo and not just one. They can talk about bag cargo in addition to that.

Mr. Rase replied that he was absolutely on Board with that. The trouble is that most of the modern cargo says, "You do not need a shed." That is diametrically opposed to what traditional cargo here is. They have to make sure they get the right blend in that situation. They have a big investment in 9A that the Port just made along with the state. That is a very good shed. They can handle a variety of cargo in that particular shed. The new shed at Number 1 is the same way. Gearbulk is moving into it to handle lumber. That shows the type of shed they need, but when you look at seven and four, five and six, even 15, none of those are really capable of the types of cargo that the future would bring them. They are not really capable of the traditional cargo any longer. They are getting the floor repaired in Berth 5 because it collapsed. That was with bag cargo. They have to work on those things. He knows they have had unfavorable discussions between staff and the Committee. They are going to work toward trying to get what they set as a goal accomplished. However, he wants to make sure they look at all of the parameters that are outside that goal too.

Mr. Eason stated that one of the things they have been talking about and he has done a lot of listening, but one thing he is very comfortable talking about is what business development

means. That is what he does for a living. He manages a Fortune 500 company. Call it what you want, but it is a sales organization, which includes business development. Business development is a cost. It does not matter if you are in law, medicine, what he or anyone else does, there is a cost associated with marketing a business. That is a personal decision on a business plan, no matter what industry they talk about. How much do they want to allocate towards developing their business? He looked at all of the proposals that were presented a month ago. It stood out head and tails who was developing business with efforts. He saw marketing brochures and trade shows that were being attended. Everyone had a level of development, but there was a superior level of business development expense by the current stevedore, FMT, regards to bag cargo. He saw brochures that were done specifically for the Port of Lake Charles. That was impressive to him because laying everybody next to each other, who is actually spending money trying to create something? There is a big difference between taking an order versus going out and developing that business and looking for it and saying, "This is what I did that brought that business in." He pays pretty close attention to the marketing efforts that everyone is making in their business plan. The thing he is going to pay close attention to as they move forward in this, is what additional costs or liability that the Port would incur, whether it be purchasing a pallet or a supervisory capacity to make sure things are following the business plan. That is a cost to do business now. Are they adding a layer of cost to anything they are talking about? He will be paying close attention to that because that cost has to be paid – either absorbed by someone or passed on by someone. Those are the kind of things he will be taking a look at as they move forward.

Mr. Darbone agree with Mr. Eason. Every company he has ever worked for or affiliated with always had a business plan because sooner or later they have to diversify. They have to invest money in order to get more business. Before they became landlords, which is a great deal for them, all they had was cargo. They provided a large number of jobs for folks. They can look at both areas and determine how they can still create jobs and still make sure they do not overspend but spend enough to be able to get people to accommodate a number of different types of cargo.

Mr. Darbone stated that without having a three hour meeting, maybe they could come up with a timeline of next month before the Board meeting where they could meet again and can talk about what they have done up to that point and maybe have a three month timeline of what they are doing and where they are going, so that they can have some end date to make sure that they are ready to do something or have a discussion on it. One of the things they talked about is at least have a timeline – at least give it a year to see if it works – to see if what they implemented works and makes an impact. They talked about not having a problem with at least having a trial period to see how it works.

Mr. Rase stated that if some form or fashion is adopted and this is what they are going to do, he is fine with a trial period. He can tell them that in this business, as you do things, it is pretty hard to have that deal. They are talking about cargo. They are really not talking about cargo which is going to give people the jobs. It is not anything that they can wave the wand over and have happen. The odds of soliciting cargo and trying to get cargo to come to the Port, if you start down on one procedure and get half way through and change to another procedure, that gives shippers problems. They want to make sure that what they

do, if they are going to set a timeline that it is efficient for the cargo that they are developing to be good. A prime example is New Orleans used to do every banana that came into the gulf. All of a sudden they were not doing bananas and it went to Gulfport. It stayed at Gulfport for about 10 – 25 years. They tried to switch back to New Orleans. They could not do it. They had to go back to Gulfport because of the way their bill of lading was cut to the way the freight is carried. There are a whole lot of issues that they do not control. That is cargo that is lost in New Orleans because it moved and then tried to move back and that was over a substantial amount of time. He does not mind saying they are going to look at it in a year, but just because you go a year does not mean that it has failed. It means that maybe it has not matured enough. He would like to have a little bit of flexibility in that so that they do not just hem themselves into “it is going to be a year and then take a look at it and make a decision.” There will be some factors that they will need to consider at that time.

Mr. Leblanc stated he thought there would be some more stevedore companies here because he had some questions. He had asked for a copy of all USDA inspections for the past three years from all the stevedoring companies. When you vet these stevedoring companies, there are some interesting trends. They should ask themselves – He does not think they need to make a change just to make a change. If they can do something positive and create more jobs and be a positive move for the Port of Lake Charles, that is what they should do. But, they should take a really close look at the data. He was not sure if Mr. Rase had supplied all of the data on the USDA inspections that have happened he asked for from all of the stevedoring companies, in particular, that were here at the Port of Lake Charles and the ones that were stevedoring at other ports that are interested in doing it here as well. If you look at some of the trends it kind of – he has it documented where they have some issues which were never addressed by a stevedore company. There will be pallets that will be damaged and pallets that will have mold on them. There will be different things, but it is the way that these companies have addressed these issues. Mr. Darbone asked if he had the data. Mr. LeBlanc replied that he did, every bit of it. Mr. Darbone asked for data as well. Mr. LeBlanc thought they were going to supply it – all the USDA cargo data.

But, the thing is they have to have a company that is willing to make a change whenever they see deficiencies. When you see a company that is getting six, seven or eight warnings on the same thing for three years, they have not repaired their deficiencies. It really makes him question their capabilities of stevedoring and quality. One of the things he does not want to do, and has expressed that previously, is to bring companies in here just to say they are going to have five stevedore companies operating out of here and they get a bad reputation because they have done a poor job and the stevedore companies are not doing what they say they are going to do. They failed to meet the obligations of their customers. He looked at this information and said it would be some good data to look at and see what the other members think about it. They could see some of the deficiencies and how long it had taken for some of them to get corrected. They can see some of them that had deficiencies during the inspections and everything was taken care of in a timely manner. Looking at some other things they have had, he asked one stevedore company if they had exclusivity and was told no, specifically with the Port of Beaumont. They definitely have some exclusivity. They are the only ones to unload this cargo. He does not know if he was not given the right information or his knowledge failed him or whatever, but he does not think

he received the correct information out of him when he asked that question. There is some exclusivity in everything they do here. So, take a look at the data before they go down the road that, like Mr. Rase said – he does not want to get down the road and two years later their reputation gets tainted here and all of a sudden they lose cargo and lose customers because they have allowed a vast amount of stevedore companies to come in and not do what they said they were going to do and lose customers to somewhere else. Once they are gone the Port will not get them back.

Mr. Krielow stated to follow up, that was one of the reasons in their recommendations back in the February meeting with staff, that they suggested this quality control/quality assurance plan so that the Port does not get itself in that position like it did in the past where they had a lot of inferior equipment, inferior operations and lack of supervision to where there is some sort of oversight of quality assurance point. That is the part that they as a Board do not have any say. That will be up to staff to come up and develop a plan that works and polices that with financial guarantees behind it, that if there is a problem, there is some recourse to correct some damage or whatever happened. He did follow up – He knows everyone submits letters of recommendations from customers and carriers. He has contacted some of them and visited. Without saying what anyone said, the general indication he received from the ones he spoke to is that they are satisfied with the stevedore company, high marks, high regards for the ones that are here. There was not anything negative against any of the others. Basically, the impression he got was that they would like competition from the shear point of being able to have competitiveness whenever they go out and solicit their cargo and more or less keep everyone honest. He asked the question to them as to what if they had a problem with a stevedore, would that stop them from coming to the Port of Lake Charles. They told him it would not if they had multiple stevedore companies that could provide the service. If they had a quality issue with one company over another, the next time they do a project they will not use the company they had a problem with previously, even if the other one is at a higher cost. At least they would have the ability to have a competitive market for their stevedoring. It was just a general flavor from what he got in the conversations. He does not think it is anything negative against anyone. The company here has done a great job. They have great equipment and great people. It is just about opening it up for competitiveness.

Mr. LeBlanc stated he agreed with that. He likes being proactive. He does not look at the past to just look at the past. He looks for trends. What he wants to do is make sure they do not in any way damage the reputation of the ability of the Port of Lake Charles. They need to take a close look at that. If they look at some of the data they will see that some of the problems that existed here continue to be issues. As customers of the Port of Lake Charles they have to take a close look at what the future will bring. If they go back to some of the same things they did in the past, it would not look good for the Port. He thinks they will lose business. They are all here to try and be competitive and try and open the market up and bring in more. But, if they make the wrong decision they will hinder their growth profitabilities and maybe lose business.

Mr. Darbone stated they cannot lose any more than they are losing now. He knows they started the year off with a 90,000 ton load, but have they had any work in the last couple of

months? Mr. Lash Chretien stated from the audience that they have not had any work. Mr. Darbone asked if he wanted to speak to please step up to the microphone.

Mr. Chretien stated that they had the 90,000 ton load and had longshoremen working. They really did not have any labor shortages because a lot of other people were coming in from out of town and all of the place. The last ship they had was in March. They have not had 25 people since March. Right now they do not have a bag on the docks. Unless something happens, and he is not saying the stevedores are not trying, they do not have anything. Everyone keeps saying the Port has sales staff too. Everyone needs to pick up. He has a lot of people he tries to represent. They need to see everyone working. When everyone is working, everyone is happy. Mr. LeBlanc asked if he was talking about USDA cargo. Mr. Chretien said he was not just talking about USDA cargo. Mr. LeBlanc asked if they had any work. Mr. Rase stated that is where they get confused on the lines of what is work and what is not. Southern Ionics has had a ship or two. Mr. Chretien stated they do not have that many people working. Mr. Rase said he is saying that BT-1 has had several ships. It is not that there are no ships or work, there is no bag cargo that requires 100 people to work. Mr. Chretien stated they have room to put a lot of more cargo on the docks and it does not have to be bags. Mr. Lorenzi stated they were looking at labor intensive. Mr. Chretien agreed and said that anything that will put them to work is what they are asking. Mr. Rase said that if they are looking for labor intensive work, that is again, traditional work, he is not sure where they will be in the future and is not sure about this, but the Port received 2,300 tons on the last USDA invitation. That is not official yet. He needs to check on that.

Mr. Darbone stated they are talking about diversifying and cargo. He knows a lot of the intensive work is bag, but he is sure there is other work that they could get.

Mr. Lorenzi asked if there was any other cargo, other than bag cargo, that requires a large number of gangs. Mr. Rase replied that only with containers. Mr. Lorenzi stated they do not have any container work at this port. Mr. Rase replied that was correct. Mr. Lorenzi stated that as far as local labor, the way the Port of Lake Charles operates, is to generate large numbers of man hours it has to be bag cargo or there would have to be something else developing. Mr. Rase agreed if they are generating ILA hours. If he is talking about man hours, that is a whole different situation. All of these companies, Southern Ionics has people here. Those are man hours. If they are just looking at just ILA, which seems to be the focus, there is not anything he can see in the future that will bring an enormous amount of man hours to Lake Charles. If they work a project ship, they put 5 – 10 men on it and are done in 2 or 3 days. If they were on a container ship, containers go where people are and they go where there is interstate traffic and national firms like Home Depot, Wal-Mart that put in distribution centers. They do that generally around population centers. If they had a car manufacturer pop up in downtown Lake Charles, they would get some containers. Until that happens, they cannot do it. There is not anything the Port can do nor the ILA can do or any stevedore to drive that type of industry into this community. They are going through a period that is going to change the perspective of where they are at and how many people get employed. If they are talking ILA. If that is what they are talking about on the Board, they need to quit saying local labor and just say ILA labor. There is not anything that will drive that. Now, are there man hours out there that have come because of the Port here? Yes, there are plenty of those. But, in this particular segment, he does not see anything

coming down the road that would do that. If they want to get aggressive on USDA and try to get what they can get out of that, that seems like the only thing. They will still have the commercial cargo and as long as they do a good job for them and can operate efficiently, they will get the commercial. They get probably 99% of the business that goes in bags that is not USDA, but going commercial. They get that at the Port. That is the 90,000 tons they just had. But, those guys are not going to make a sale every day. It does not work that way. He is not trying to be against labor. He has been with the ILA since in the early 80's and he understands their plight and where they are, but he also has to understand what they can do in this area to create the jobs that they need or at least hold on to the jobs they have. That is what the Board is trying to do and they are also. However, he cannot drive any cargo to them.

Mr. Krielow asked Mr. Rase about the other forms of breakbulk cargo, if that requires labor as well. Mr. Rase asked which form. Mr. Krielow said the other breakbulk, whether it is wood coming in or wood pellets going out. Mr. Rase agreed. Mr. Krielow said that is probably Mr. Darbone's point is that there are other forms of business that maybe could be solicited or gone after and could create jobs that go beyond the USDA. He hears what Mr. Rase is saying on the commercial bag cargo and Mr. Rase is correct that it will come here because of geographical reasons.

Mr. Rase said the logistics on that. If they bring these other companies in, such as Southern Ionics, most of their labor is not going to be with the ILA. Just like Mr. Chretien stated, they get some jobs on a ship, but those are very few jobs. They do bring labor into area here and people do have jobs with them. If they can create 50 smaller jobs, then maybe that will do something. Then they have to make sure what those are and where can they handle them. As they look at their restrictions geographically on the terminal at City Docks and at BT-1, both of them have limited space. They can only stuff so many people in those spots. There are several industries that they are out there chasing now, but they are going to require 2 or 3 jobs. It is not going to be 50 – 100 jobs. It is not going to happen.

Mr. Darbone stated that he would like to go ahead and give those stevedores opportunities to go after business and let it see where it goes.

Mr. LeBlanc stated that currently those stevedores have the same opportunity right now to bring business in. They are not restricted now, so what have not they brought business. What has kept them from bringing that business in currently? When they talk about being competitive, he is trying to wrap his arms around what they mean by competitiveness. They have five licenses here currently and every one of them has the opportunity to bring the same business in now. He does not think any of them has had any success of bringing in any additional business. If the stevedore company can go to work for Southern Ionics or XYZ, they should be out chasing that business now. They have that opportunity now because they are not excluded from going out for that business now. Mr. Darbone replied with the exception of bag cargoes. Mr. LeBlanc said he is not talking about bag cargoes. His point is they have that opportunity now and they have not brought in any additional work. Let us not focus on the bag cargo. Let us look at and be competitive. There are five licenses here and no one has seemed to generate any other additional business at this point. Bag cargo, as they know, has a limited amount of cargo that will come here. They

can say bag cargo, but they focus on that, but it is like saying he wants to make sure they get more stevedores so they can get more bag cargo. But, if that business is not here, they can talk about it all day long and say they will put five more stevedores in here, but are still not going to get one more bag of rice into the facility. They have that same opportunity with all five of these stevedoring companies to go out and find other business. He does not think and does not know of any new business they have been able to generate over the last two years that has not shown up on the Port's doorsteps and asked to come here. None of those stevedore companies have been part of that process. When Southern Ionics showed up, they showed up here because of the Port's reputation. They did not show up here because FMT brought them in here or because Lake Charles Stevedores brought them in nor Sonic. They showed up here because of the actual reputation of the Port of Lake Charles. They wanted to do it here because they knew they could get their cargo off loaded on a timely, safely and competitive manner.

Mr. Rase stated that Southern Ionics is a perfect example. They came to the Port because logistics said that is where they should be. They have had some "one ofs". FMT did some graphite barges that they brought in. They brought in a side loader ship. Lake Charles Stevedores brought in some pellets. They did not actually bring them in. They guy had already looked at the space and said he wanted to come here and they cut a deal with Lake Charles Stevedores. That is how most business gets done here. It comes to the Port and then the individuals have a chance to go out and see if they can secure it. Southern Ionics is done by Lake Charles Stevedores. Gearbulk is done by FMT. Other than that, he does not know of any cargo they generate. They go after the business that comes to the Port. That is why they have to have the facilities that offer what they will need in the future. That is what they are trying to get to by taking down some of the old sheds and taking away some of these older docks and doing something different. Honestly, there is not a large man hour producer other than the bag business that the Port will have a chance to get.

Mr. LeBlanc asked Mr. Chretien if currently the only company they have a signed contract with is FMT. Do they have a signed contract with Sonic or Lake Charles Stevedore? Mr. Chretien replied they have a signed contract with all three of them. Mr. LeBlanc asked if they have a signed contract with all three. Mr. Chretien replied they did.

Mr. Joe Thornton, FMT, said that was not what he was told from the District. He said Mr. Chretien told him they did not have a contract with Mr. Flanagan and have not had one since 2009. Mr. Chretien stated that was right. They have had an extension ever since. Mr. Thornton said they have been operating under an old agreement because they refused to sign another one. Mr. LeBlanc said that they do not have a signature for a new contract with any other stevedore except FMT. Mr. Chretien replied they have a contract signed with all three stevedores. They get their same information from the District too. Right now they are in contract negotiations. They might go another year on that same contract. Mr. LeBlanc stated they are working under an expired contract. They have an extension but are not actually working under a signed contract right now. Mr. Chretien replied that they call it a contract. Mr. LeBlanc stated they can call it what they want, but it is like if you go and get a warranty on a car and say that you still have the warranty on it, but quit paying on it four years ago, they are not going to warranty your work. Mr. Leblanc stated that if another stevedore company decides to come in here and do work, they do not have to use the ILA.

They can bring in whoever they want because they do not have a signed contract with the ILA. The only company they have a signed contract with is FMT. They do not have one with Sonic, Lake Charles Stevedores or J. J. Flanagan. The only signed contract they actually have right now is with FMT. There is no one else here that has to use ILA labor to do any of their stevedore work. They do not have to use ILA because there is no signed contract.

Mr. Chretien said what he cannot understand is they were the first to say they do not have a contract. They do have a contract with Sonic Stevedores and an understanding past practice agreement. Mr. LeBlanc asked if they had a signed contract with the ILA. He asked if they have a signed contract that is valid. Mr. Chretien stated they did. He asked Mr. Thornton if he did as well.

Mr. Darbone asked that if any other stevedore came and wanted to do business and bring in cargo, the ILA would normally sign a contract with them to unload that cargo. Mr. Chretien said they work under the West Gulf Maritime Association. West Gulf is all stevedores like Sonic, FMT and Lake Charles Stevedores. All of them are part of West Gulf. Right now West Gulf is in negotiations for the contract right now. This affects their insurance and benefits. They are fighting to be working and stuff because their livelihood is based on how many hours they work. If they do not make 700 hours, they do not have insurance. If they do not make so many hours it affects their retirement. All of that comes through West Gulf. For West Gulf to negotiate a contract the (inaudible....)

Mr. LeBlanc stated he was making sure the local stevedore who is going to operate here, that they worked under contract with ILA and if one of them does not have a signed contract with the ILA, they can bring in whoever they want. They can bring in XYZ out of Houston, TX by the bus loads here to work the docks here. Then, they will be short of work because they will not have a signed contract.

Mr. LeBlanc stated he was just asking that question because it could be detrimental for them.

Mr. Raymond Dallas, ILA, spoke up from the audience that they do not sit down physically sit down and say let us go from A to Z and they will sign a contract with West Gulf Maritime. These companies belong whether they are full or partial members of West Gulf Maritime. They negotiate all contracts. They have a "me too" clause. Usually, what one stevedore does the other stevedores do the same thing. They are in competition with each other. Forty-five miles to the west of them, they pay more money than they get here on certain jobs. But, it has been an extension. They make the same money that they made in 1984. They are making the same money now. The benefits in the past were there were so many hours they did not need a raise. The benefits were great. They have a great benefit package. Retirement and insurance mean a whole lot to their families. Now, there is less work out there – less bags. Whatever USDA is offering to JacintoPort in Houston, let us get down to basics and try to capture that cargo back from them. They have the same as us – spiralveyors. Are they short of labor? Absolutely. The reason you are short of labor is you go so long without steady work. He stated that regarding a signed contract, no they do not have a signed contract with Lake Charles Stevedores. They have a Memorandum of

Understanding with FMT they signed three years ago. It is up for renegotiation at the end of August or September. Sonic is the same way. He wants everyone to understand exactly.

Mr. LeBlanc stated he wanted to make sure...Mr. Dallas said it sounds like they have a contract with one and not the other. Per se, Mr. LeBlanc is right, but with West Gulf Maritime being their umbrella, they have contracts through West Gulf Maritime with all stevedores.

Mr. Joe Thornton said he wanted to address Houston and what are they going to do to get cargo over from there. Also, the fact that the wages are the same. What they got in the contract three years ago they gave a dollar to the benefit package, which he is sure Mr. Flanagan did not do at all. At any rate, they went to the website at JacintoPort, they are hiring at \$12 – 13.00 per hour. Here they are paying \$17.00 and are told they have to have more and that it is slavery they are working for now. Talking about the people at JacintoPort, they are offering \$12 – 13.00 and filling spots. Regards to competition, what Mr. LeBlanc says is there is plenty of business that is open for competition here. They are in the Port and have an office. Gulf Stream comes in here with a bus load of guys from Houston. They work these project cargo ships. They take their bus and money right back to Houston. How are they supposed to compete with that?

Mr. LeBlanc stated that is what concerns him when they say they are going to be competitive. That is what he sees happening. They are going to open it up to everyone that has a license and Mr. Chretien and others, he feels sorry, because once they open this Pandora's Box up, he thinks their hours are going to go down because they are going to start using a bus load of people that are brought in from Houston. Mr. LeBlanc said that if they had a signed contract and a stevedoring company actually bringing the business into here, he believes they can increase and do some good things. But, what he sees it is doing, by opening it up, calling it competitiveness, they are going to water down the stevedore companies that they have here. They will bring in outside labor and in six months they will be back here saying that all the work is now going out to a guy that has a company out of Baton Rouge, Beaumont or Houston. Now they are not getting any work at all because being competitive, they are bidding at \$10.00 per hour and the ILA is not going to work at \$10.00 per hour. They will bring in outside workers and that is where our money and work is going to go, to those people who are going to come in competitively and bring in a lower price. They may get more work here but...

Mr. Darbone stated that happens all over Lake Charles. There are competitive people bidding on projects. There are people bidding on projects, and people get to work depending on who has the best bid and that kind of thing. Having one stevedore that has everything tied up where most of the cargo that they get for labor to work is grouped with one company. Just allow other people to go after the same information. He knows that they have not been that successful with bids, because they are bidding on things but not getting a lot of cargo. Mr. LeBlanc asked who he was talking about. Mr. Darbone replied he is talking about FMT. He knows they go after cargo, but he does not know how much they have actually won. When they presented all of the people they have working for FMT, 12 people, and in business they have to include overhead, whenever they bid on things. Some

people may not have as much overhead and may have an opportunity to bring something in. He thinks they need to open the door for everyone to bring things in.

Mr. LeBlanc asked again by saying Mr. Darbone stated FMT has not brought in any additional business here. What additional business has Sonic? Mr. Darbone replied he was asking Mr. Rase about that data. Mr. LeBlanc said Mr. Darbone made a statement that FMT has not brought in business. Mr. Darbone replied he was making a general comment that he knows they bid on it, but he does not know exactly how much they get.

Mr. Matt McPhail, FMT, asked Mr. Darbone if he was saying FMT should reduce their footprint here so they can lower their rates. Mr. Darbone replied he was not suggesting that. He is just suggesting that they allow people to be able to go after the cargo that might have a different way of bringing it here.

Mr. Rase stated the way he looks at it is, FMT shows 12 people and those are 12 jobs to him. That is the way he looks at it. He is not encouraging them to reduce their footprint, but if they are going to try, they need to try to go after the cargo that is out there and do it in the best method that they can come up with. However, he does not want to do it where the Port does not suffer for its reputation. FMT is here because Gearbulk brought them here. They were not happy with the stevedore that was here, so they brought FMT here. They have been pretty happy with FMT. He does not know anything that they are doing that is not. He said Mr. Lorenzi asked them for some results from the trips that FMT made to Kansas City. They supplied him with those results and he will give them to the Board. On those two invitations, one of them was a little bit different because the freight was awarded and then taken back and re-awarded. They do not know what really happened. But there is about a \$20.00 differential between the freight that was awarded and what was bid at Lake Charles. It was about \$14.00 on the other one. He will give them the paperwork. They did get back some information. He wants to take the time to make sure they focus and narrow their decision down by all of the parameters they can come up with. On the West Gulf Maritime, it is true that all of these guys are members of West Gulf Maritime, but Lake Charles Stevedores is not a member. They only use the payroll service. There is a little difference there against any of the other ILA stevedores. That is not what they are after. They are after the cargo. They need to narrow the focus through getting all of the general information. He is looking for ports that handle general cargo about our size and try and figure out what they do. With a little more time, they will be able to get that presented to them.

Mr. Darbone agreed and does not want to belabor this. He stated to just move in that direction and next month Mr. Rase may have some information he can provide.

Mr. LeBlanc asked Mr. Todd Henderson, Director of Operations, if he could get a list of excluding the USDA cargo, what cargo each stevedore company brings in. Mr. Henderson stated he could but asked when Mr. LeBlanc says which stevedore is it what cargo each stevedore handles? Mr. LeBlanc replied he wants which business they actually handle and which new business have they brought in – not existing business or cargo they have had for several years, excluding USDA cargo. Say, FMT has brought in a graphite barges. That is new business. Regarding Gearbulk, they were brought in here for them. That is new business. Regarding the others Sonic, Lake Charles Stevedores and J. J. Flanagan see

what they have brought in over the last five years. He would like to look at the data. They have all had that opportunity to bring in new business. Let us see what each one of them has brought in over the last five years. Mr. Henderson said he would provide that information.

Mr. Eason stated he heard Mr. Rase say something and this was before he was on the Board. Gearbulk brought in FMT. They have had other stevedore companies that came in here that companies brought it in the last couple of years for cargo. What stares him in the face is why did they make that decision? He said Mr. Rase stated there were problems with the previous stevedore company and they requested to bring in a different stevedore. They have a very good working relationship, as he understand it, with the ILA. But, it is important what Mr. LeBlanc said they do not have the unintended consequences that he easily sees could occur. He also heard Mr. Rase and thinks everyone here agrees, that labor intensive, i.e. ILA jobs, are almost 100% dependent on USDA. Mr. Rase added commercial as well. Mr. Eason said they are trying to understand how decisions are being made on where they are going – whether it is here, JacintoPort or Beaumont. What is the final decision on how they make that? Back at a meeting they had a few months ago, about the total tonnage on the three ports that handle bag cargo. It is fair to say that the Port is getting the largest percentage of the three of the total tonnage on the three bag cargo ports. It is a fair statement to say that the other two port's labor would gladly switch places with this Port because this Port is getting a greater percentage than they are of what is out there on USDA.

Mr. Krielow stated he thought the USDA probably did include the commercial USDA tonnage also in that number.

Mr. Henderson stated that was not correct. Mr. Krielow asked that the ADM, Louisiana Rice Mill etc. was not USDA. Mr. Henderson stated that what Mr. Eason was talking about is they have the tonnage that each port handles of just USDA cargo only – no commercial cargo. Of those, the Port of Lake Charles, for the last three years, handled more. Mr. Krielow asked that like the Iraq. – Mr. Rase stated that was not included in those numbers. Mr. Henderson stated the commercial cargo is going to come to Lake Charles. The USDA cargo is where there is some sort of competition for them. That is the only numbers that were in those figures that they provided them. It was purely USDA cargo.

Mr. Krielow stated on the commercial side, the general consensus he gets in talking to them, is they would like competition in putting their bid together. If that is something they can move forward. That is one area where our customers do not have that ability. They have one stop shopping when they come here. However they move forward and when they move forward, the last thing he wanted to ask staff to do is Mr. Darbone mentioned something about having some sort of update with whatever plan they go forward with. If they could do that on a quarterly basis or more frequently than six months so they get a feel for how the cohesiveness is happening and where road blocks and obstacles are. Maybe as part of that quarterly evaluation, staff can have an open meeting like this where the stevedore companies can come. FMT sent a letter saying they would like to have round table discussions. Let them come in and get their feedback where they see things moving positively or negatively along with staff input to report back to the Board, so if they see

themselves going down a path that is not going to work, they can make a determination as a Board as to how do they want to change this. He hears what Mr. Rase is saying in that you cannot do it over night, but at least you can get a feel for where they are headed.

Mr. Rase stated that what has happened is they are having meetings so regularly that they get disrupted. They have other business to tend to as well. If they just give him a little lead time to mid-July or so, then he would probably have most of the pieces put together and start trying to organize it. It does take some time and they have a fairly small staff. There are other staff that are not involved in this type of business. There are four or five of them that work on these things. He committed to the Board that in mid-July he could do that, but if they have a meeting before that and do a round table, that will be something that would be beneficial but they might be treading thinly. Mr. Krielow stated he was not suggesting to have a round table now. He was saying as the staff develops the plan that he is going to come back with in July or August, maybe keep that as part of a monitoring part of it once they pick a path and go forward on it.

Mr. Rase stated that was fine, but... Mr. Krielow stated they had talked about August is the target date to have a plan for where they are headed for next year. Mr. Rase agreed.

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2. Other Matters which may properly come before the Board.  
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Mr. Krielow stated he had a topic to bring up. He had email conversation with Ms. Bolen dealing with the transcripts of the meeting minutes. He was unaware that the meeting minutes were not being transcribed basically word for word for what people's comments were. He thought it was a misunderstanding on his part. It came to light whenever the minutes from the April meeting came out and there was dialog that had taken place that was not part of it. The only thing that was in there were the submissions with who made the motions and who seconded. He asked her to transcribe those minutes to try to reflect as accurately as possible what people are saying in the meeting so they have a complete written record of what everyone's position is. He wanted to bring it to light to the other Board members if they were unaware of that because a lot of times people ask questions and it may make a decision as to why they support or do not support a certain submission. He thinks it is important to have it in the written minutes.

Mr. Rase stated they follow the City and the Parish and the way they transcribe their minutes. That is what they do. If they want to do something different, they will have to get some different technology so that we can do like a stenographer as people talk they can type and then go back and review it. Meetings like this, it is very hard for Ms. Bolen to get from here, and if they were still having the Board meeting on Monday, to get to there by Monday. They will do whatever the Board wants them to do. He is just saying what they do is what the City and Parish do.

Mr. LeBlanc stated he thought the Port's official transcript is the recorded transcript. Mr. Rase agreed that it is the recorded transcript.

Mr. Rase said that if there is a negative vote it is written in the minutes. They do by and large just like the City and Parish. Mr. LeBlanc stated that was his understanding when he first got on the Board was the official documentation of their meetings was recorded version.

Mr. Krielow stated that since he has been on here, and he reads the minutes every month before their meeting and they have been for the most part pretty transcribed pretty close to conversations that took place in the Business Committee meetings. She has done a great job as some of those minutes look like an encyclopedia. She has captured everything that everyone has said fairly close to his recollection. He was taken aback when he saw the April minutes come up and there were several items that had dialog on it that was left out. He thinks if someone from the public asks for a copy of the minutes of the meeting, they are not going to ask for the tape, they are going to ask for a copy of the written minutes. If they are not in there, it may be a different reflection on a Board member as why he opposed or supported something. To that end, he is asking for the minute meetings transcribed and if the Board members feel differently... Mr. Rase stated he will leave that up to the Board. They are looking into the technology so they can be prepared to do that. It is hard to do it the way they are doing it today.

Mr. LeBlanc stated he was told that the official minutes were the ones that were on the recording and the transcript was a synopsis of what went on – not word for word.

Mr. Rase stated they will get the technology. That is all he could say.

With no other business to be discussed, Mr. Darbone adjourned the meeting. The meeting adjourned at 10:10 a.m.

This minute entry is made to document the presence of a quorum of the Committee. No other minutes are required or necessary.

All discussions held on the above items were recorded on Compact Disc Number 1, and filed in the Executive Offices of the District.

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DAVID DARBONE, Chairman

ATTEST:

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CARL KRIELOW, Member