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Caddo-Bossier Parishes Port Commission
Regular Board Meeting
Regional Commerce Center, Board Room
6000 Doug Attaway Blvd., Shreveport, LA 71115
September 20, 2018, 4:30 p.m.

President Commissioner Rick C. Prescott called the meeting to order at approximately 4:49 p.m. in the Board Room of the Regional Commerce Center, 6000 Doug Attaway Blvd., Shreveport, LA.

Commissioner Bigby led the Pledge of Allegiance.

The roll was called. Commissioners: Rick C. Prescott, Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins. We have a quorum. Absent: None.

Introduction of guests: Joe Johnson, Sarah McKinney, RP Agency; Ty Scroggins, Scroggins Consulting and Tyler Comeaux, Burk-Kleinpeter. Staff: Eric England, Dannye Malone, and Hettie Agee.

Commissioner Prescott asked if there are any public comments on any agenda items. Hearing none, they moved to the first item of Unfinished Business.

UNFINISHED BUSINESS:

Motion by Commissioner Bigby, seconded by Commissioner Gregorio, to approve the Regular Board Meeting Minutes of August 16, 2018. Motion approved by the following vote:

AYES: Commissioners: Rick C. Prescott, Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins. NAYS: 0. ABSENT: 0. ABSTENTIONS: 0.

Motion by Commissioner Bigby, seconded by Commissioner Griggs, to approve the July 2018 Financial Reports: Motion approved by the following vote: AYES: Commissioners: Rick C. Prescott, Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins. NAYS: 0. ABSENT: 0. ABSTENTIONS: 0.

"This institution is an equal opportunity provider and employer."

MEMBERS: Rick C. Prescott, President; Roy Griggs, Vice President; Walter O. Bigby, Jr., Secretary-Treasurer; Erica R. Bryant; Sam N. Gregorio; James D. Hall; Capt. Thomas F. Murphy; James L. Pannell; Steve Watkins

Marketing Committee Meeting of September 10, 2018: Commissioner Bigby called the Marketing Committee meeting of September 10, 2018 to order at approximately 12:00 p.m. in the Board Room at the Regional Commerce Center.

Commissioner Griggs led in the Pledge of Allegiance.

Commissioners present: Roy Griggs, Walter Bigby, Erica R. Bryant, Sam N. Gregorio, James D. Hall and Capt. Thomas F. Murphy. A quorum was present.

Commissioner Bigby called for introduction of guests: Chelsea Rich and Sarah McKinney, Romph & Pou Agency; Tyler Comeaux, Burk-Kleinpeter and Pearlina Thomas, PLAC Enterprise, LLC. Staff present: Eric England, Danyne Malone, Gloria Washington, Hugh McConnell, Rick Nance, and Hettie Agee.

Hearing no Public Comments on Agenda Items, Commissioner Bigby called on Eric for Potential Customers/Projects. He reported on Project High Noon and ADS Logistics, Ronpak and Benteler. In addition to working on an FTZ subzone, we have a special project for Benteler. We met with another customer last week who is on the brink of announcing a \$14 million enhancement to one of their manufacturing lines. It's going to bring additional employment and over 50,000 tons additional cargo moving through the Port.

Eric said part of Kathy's role is going to be evolving more into marketing and sales. One of the things that we wanted her to do was get some on site experience at the general cargo dock. It's one thing to be able to promote the Port as a whole in terms of an economic engine, but it's another to know to have marine terminal management, to have that clerking experience. It helps the customer if you're out there promoting the Port and they're asking how do you do bills of lading, how do you handle this and that? One of the best ways to get that is just immerse yourself in that environment and conduct the operations. She started at the end of August, worked all the way through Labor Day weekend and was out there this past weekend as our operating crew has been over 30 days straight. Tomorrow we have the Shreveport Leadership presentation and tour of the Port. Wednesday we have the Breakfast of Champions which is held by the Shreveport Chamber of Commerce and then Dr. Scott's LEO, Louisiana Economic Outlook, on September 28th. We're working with the Shreveport MPC on the American Association of Planners who will be here in October. The calendar reflecting these events and others is in your packages.

Commissioner Bigby adjourned the meeting at approximately 12:09 p.m.

Motion by Commissioner Bigby to approve the September 10, 2018 Marketing Committee Report. Motion approved by the following vote: AYES: Commissioners: Rick C. Prescott, Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins. NAYS: 0. ABSENT: 0. ABSTENTIONS: 0.

Operations Committee Meeting Minutes of September 10, 2018: The meeting was called to order by Commissioner Griggs, Chairman, at approximately 12:10 p.m., September 10, 2018 at the Regional Commerce Center Board Room.

Commissioners present: Rick C. Prescott, Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall and Capt. Thomas F. Murphy. A quorum was present.

Guests: Chelsea Rich and Sarah McKinney, Romph & Pou Agency; Tyler Comeaux, Burk-Kleinpeter; Pearlina Thomas, PLAC Enterprise, LLC; Ty Scroggins, Scroggins Consulting and Charley Kingery, Wieland.

Staff members: Eric England, Dannye Malone, Hugh McConnell, Gloria Washington, Rick Nance, and Hettie Agee.

Hearing no public comments on the agenda items, Commissioner Griggs called on Hugh for the Operations. Hugh provided an overview of rail activity and related matters. In total, there were 515 rail cars, 46,015 tons passing through the Port.

On barge activity, it's just been extremely busy at the general cargo dock. The Port's stevedores worked 20 barges over the course of about 30 days, 12 barge loads of slabs for Skyline Steel. We have probably some 500 on the ground now at the hardstand. Between Ternium, Vulcraft and Texas Tubular, we worked 7 barge loads of coil and also loaded 1 barge of scrap for Progress Rail. Oakley reported 19 barges of frac media which has been pretty steady for them. Genesis Energy reported 6 barges of petroleum. So in total there were 45 barges, 73,715 tons. Commissioner Pannell asked last month about back loading barges. I spoke with the folks at Oakley and if you take their numbers and average it out, they handle about 160 barges per month. About 60% of those are probably available for back loading, so that's about 100 barges per year that pass through the Port that could be available for backloads or for a backhaul.

Commissioner Griggs said you talked about rail being down last month. Hugh said yes sir, just for this past month. But year to date, how are we performing? Hugh said last month I told you something like 20% or so and I would expect that to remain. Just this month, compared to the last couple, there were a couple of fewer rock trains, but we're on target to have a good year.

Commissioner Murphy said in regards to working 20 barges in 30 days, you might also be proud—we should be proud to tell you to pass on to your guys—understand you fellows set a record in discharging a slab barge this past weekend! Commissioner Murphy said this weekend they set a record. We have a total of 8 in the Ops crew. Eric said that's correct. Commissioner Murphy said is still smaller than a professional longshore gang in New Orleans or Houston and we ought to be very very proud and I personally would say—pass on to the guys—they've worked weekends and holidays in this kind of weather. We're proud of them Hugh said they do well. They all do a super job.

Hearing no additional questions or comments, Commissioner Griggs called on Rick for Port Projects. Rick said we upgraded the capacity of the 27.5 on the 30 ton crane to a full 30 ton and also on the 50 ton from two 27.5 tons to a 60 ton capacity. Rick provided an update on the ADS Warehouse, Phase I North Railyard and they are actively engaged in Phase II of the rail yard expansion, the actual track laying. Fender rehab – between barges and berth one and berth two and back and forth, we have eight more timbers to put in underneath the lowest level. We're cleaning up the location of the former house on Hwy 1.

Tyler Comeaux came forth to give a power point update on the alternative water project. Alternative 1 is the reuse option which brings the effluent of Lucas Wastewater Treatment Plant which is the City of Shreveport's wastewater plant, cleans it up a little bit, gets it down here. We looked at that and got the blend necessary to give Pratt the water quality it needs. Alternative 2 blends back these waters together and send it out to the distribution which would be Pratt. All your others, and from what we can tell, if they can't take reuse water in this quality, then they're probably going to have to take at least potable, if not greater than potable water. Alternative 3 is the treatment options drawing from the Red River. That's really just looking at regular conventional treatment off of the Red River. Alternative 4 is membrane treatment which is what Bossier City has. It gets the water through a membrane treatment system. It gets it to a pretty high acceptable level, a really good quality. 5-A and 5-B are a combination of those two. They're treatment options and you'll see the numbers here in a minute. They use reverse osmosis to get it to that next step. When we talked to Ternium, they said we normally get reverse osmosis in all of our plants. They've been working here without reverse osmosis. We've talked to them and said we'll look at the reverse osmosis process, but it's probably not going to be advantageous for you to expend the money to get to reverse osmosis for those types of manufacturers. Alternative 6-C takes a water line from the end of Bossier's system, a 20 inch water line near Hope Street on Highway 71, and runs it south. We've worked with Rick and Eric as well as Manchac Consulting, who does the water side for Bossier, to get this alternative alignment. It runs it down to the Port near the general cargo dock. Essentially what we have done for this alternative for costing purposes with some of the existing prospects—they're looking at Tensas Delta—so we ran it towards Tensas Delta and Robson Farms Tract which was purchased on the other side of Hwy. 1 for the total distance to get the total distance of the would-be-needed 24" water line just for the ultimate build out capacity of a 10 mgd. Right now, Bossier City, through the conversations we've had, it appears they can start to provide 1.5, build up to 3 with the ultimate capacity to get to 10. They have to do some system improvements inside the system close to the plant so they can get that 10 down to the Port. Right now, it looks like 1.5 would not be a problem which would accommodate the prospect at Tensas Delta and any other additional capacity they can provide. That kind of gives you a sense of what Alternative 6-C.

To give you a sense of what we're looking at as far as capital costs, Alternative 1 – it treats the water to an extent but right now it's not getting you the amount of total suspended solids down in the water. Alternative 2 – would work for your existing tenants. It's a reuse option from Lucas Wastewater Treatment Plant for Pratt purposes for where the water quality doesn't have to be potable water; it's \$4.05 in capital costs per gallon. You still have to do the Operations & Maintenance on that as well. Getting down as you can see that the costs goes significantly up not to mention the recurring O&M that you would have. That's why Alternative 6-C makes a lot of sense in that the capital costs you would lay a 24" line for \$7 million dollars. The O&M costs would be similar to what you have for the City of Shreveport that Bossier would sign a CEA in the sense that they would do the O&M on that as well as they would give you that water. You pay for it essentially but your tenants would pay for it. You can see the capital costs per gallon is \$7 million dollars.

Basically what we would like to move forward with Alternative 2 and with Alternative 6-C which is a reuse option from Lucas with a blending water to get it a minimal acceptable standard and then a 6-C which is the \$7 million dollar water line. The initial capacity goal of 1.5 mgd with an ultimate build out capacity of 10 mgd. Either one of these would be your second independent source of water to come down to the Port not relying on the City of Shreveport's water system in particular. That would be the

one-time cost for the Port to install. The other thing I wanted to mention is all those costs that were on the previous slide were for the initial capacity of 2.5 mgd with the exclusion of 6-C. 6-C just accepts the water; you don't have to actually produce it. The infrastructure and capital costs this here is for 2.5 mgd build except for 6-C where 6-C could produce up to 10 mgd.

Commissioner Bigby said the one-time cost if we have to go to 10 mgd, do we know what that is or...? Tyler said it is the \$7 million. That's exactly right and that's a very good question. Again, that other slide. That is only for 2.5; you can basically quadruple that to have...no O&M, no recurring costs.

Commissioner Gregorio asked for Alternative 2, what standard of water does that produce for us please? Tyler said it's Pratt Industries acceptable standard, all of your other industries here for reuse. Commissioner Gregorio asked is it considered gray water or potable water? Tyler said gray for sure. Commissioner Gregorio said for 6-C what's the quality of that water. Tyler said potable. That's off their water line.

Commissioner Gregorio said so we have our one source now. This proposal will become the one backup source. Tyler said one backup or primary source for a new tenant, depending on the tenant where it's located etc.

Eric said we started this project several months ago and it was our belief and knowledge at that time that there was excess capacity greater than that facility. As we've been working with Project High Noon specifically, it's come to our attention these lower availability numbers. It really drives the need for us to consider how are we going to find excess capacity, number one. Also number two, where would we find an alternative source in the event there was an issue with the primary source? I'll just say it could very well be that we have two primary sources, that being the City of Shreveport and the City of Bossier. Alternative 2 would be just a backup to help if we could preserve some of that available potable capacity. But as you can see, the pricing would lead a customer toward potable. Commissioner Gregorio said particularly the 10 versus 2.5. Eric said and the price per gallon from the customer's side, that 2.81 versus the 4.05. Commissioner Gregorio said let me ask you one more question. Lucas growing their capacity is not within short term expectation? Tyler said the problem with Lucas growing their capacity is you have to have the capacity coming in to have a steady source going out. In other words, at their low flow periods, their low flow has to equal or exceed your needed incoming flow here. The low flow periods at Lucas currently are right around 10 mgd per day. In other words if you have more than 10 mgd's here, not saying you will, but the limiting factor right now is Lucas's low flow periods of treatment. They can increase capacity there. We did a master plan for that where we're looking at some expedited treatment filtration options to treat more water during high flow periods. But that's not necessarily going to help you out because you're looking at the lowest flow going out from the plant where you can draw the most coming down here. Their 10 mgd is their average annual dry day condition. Commissioner Gregorio asked so at that low flow, how much do we need here? Tyler said right now you're not taking anything. As it stands it would be roughly a million gallons if Pratt said 100% of my flow can come here, not quite a million gallons. You have plenty of capacity to draw from Lucas, it's just that \$10 million dollar investment as well as the occurring O&M costs. Those cloth medias need to be changed every 5 years as well as well as the reverse osmosis will need to have O&M on it as well. Commissioner Gregorio said so we could have Lucas expanded capacity; it would just be more expensive than Alternative 6-C. Tyler said correct...and the recurring O&M as well.

Commissioner Griggs said so you have two recommendations here, but you're saying Alternative 2 is not a viable....Tyler said it's a viable option. So our scope reads that we're going to take two forward and bring them to a conceptual stage design replication. So 6-C is going to be relatively simple in that it's just a water line. We're going to get some alignments; we're going to get some preliminary plans etc.

Commissioner Bigby asked will the Port be metered by the City and then we distribute it to the tenants and charge for it? Eric said those are conversations we have not had yet. At this point, we've been going from that shotgun approach of just identifying options which have been laid out, but at this point, unless there are objections, it's going to be my recommendation we go with these two just in accordance with the scope. But to continue further answering your question, there are options out there. There are alternatives out there that would give you the answer to that question. Is the line that would be run in option 6-C going to be for new industrial development or is there going to be, like you suggested, a metering? Is there going to be a manifold where the Port receives the city water, the Bossier water, and then we meter it to our customers and our customers pay us and we return payment to—those conversations—I just threw out a couple of options right there, but those are options we're gonna have to pursue and bring some closure to as we move forward. There are existing agreements we'll have to review with the City of Shreveport. Our obligations with them stem back to the mid 90's when we first established water and sewer services out here, so all that will have to be taken into account. Tyler said and that is all on our radar. As Eric and I have had several discussions on that, we've kind of started laying out the options that haven't been nailed down yet. But yes, that is being discussed.

Commissioner Gregorio said on the Lucas expansion, 2 would just give us gray water. Is there any potential for the Lucas expansion to give us potable water. Tyler said yes, and it would be extremely expensive. Commissioner Gregorio asked was that one of the other options? Tyler said it would be essentially what you see here, not exact numbered wise, but you start getting into these ranges here and that's for 2 mgd. Commissioner Gregorio asked would that cost all be on the Port, or is that something to be shared with the City or picked up by the City? Tyler said one thing that I will say—I'm not going to answer for that—but there is potentials which we are going to investigate for Alternative 2 to have green funding grants for Alternative 2 site type of treatment options. The cost burden I don't know exactly, but I would assume that it would be mostly the Port. We at the Port have an existing agreement with the City of Shreveport in that the reuse option that the Port put in all that infrastructure—don't quote me here—but it's 50% of the revenue generated with the 750 mgd threshold is given back to the Port to give back that debt in perpetuity. Correct? Eric said there's an agreement in place for water and sewer services. There's an agreement in place for gray water. The gray water revenue will be split 50/50 and not charge less than \$1.50 per thousand. Obviously we now know that there is a floor higher than \$1.50 per thousand and it also stipulated that if a certain number of gallons per day were not met, a portion of the revenues would have to go into a sinking fund for the City for O&M. The gray water agreement is one that could be in place for in perpetuity, whereas the water and sewer agreement, if I were going to point out the primary difference between it, it has a term. As soon as the water and sewer infrastructure is paid off, or 2037 when it's scheduled to, just based on our regular amortization schedule, 100% of the infrastructure, the assets, will transfer to the City of Shreveport. The title will transfer to them and we, the Port, in a way would be out of the water and sewer business. We would not be receiving 90% of the gross revenues off the system as we are

today. As it is today, we receive 90% of the water and sewer gross revenues. In addition to that, we're receiving a portion of excess revenues, because until Pratt Paper came to the Port, we were running a deficit in that line item. Our debt service was higher than the revenue that we were making. At one point, that number was more than \$5 million dollars. Over the past several years, we've reduced it to about a million dollars the last count. But at some point that million dollars is going to be paid off and the City is going to have the option do they want to take that excess revenue because there is excess revenue off the water and sewer system now. They may choose to take it or they may tell us to pay down the debt and pay off the bond before 2037. All this is being evaluated. To Tyler's point, there are two different agreements. But with gray water, it was set up with parameters that didn't take into account the analysis you've done. It was under the auspices that pretty much there would be some initial clarification done to that gray water that came out of Lucas and that was it. What we've learned from our customers is there's an incredible amount of treatment that needs to be done before they can use it.

Commissioner Griggs called for any additional comments or questions for Tyler. Hearing none, a **motion was made to move forward with Alternative 6-C and Alternative 2 by Commissioner Murphy and seconded by Commissioner Griggs. Motion approved by the following vote: AYES: Commissioners: Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall and Capt. Thomas F. Murphy. NAYS: 0. ABSENT: Rick C. Prescott, James L. Pannell and Steve Watkins. ABSTENTIONS: 0.**

Eric said the Projects & Status sheets are in your folders. I will be glad to answer any questions.

While we're talking about projects, I've communicated with you about the MOU we've signed with Rail Link. We had representatives on site last week and a couple more are in town this week and they're continuing their due diligence. The team that is in town today is going to be doing quite a bit of investigation into the actual day to day rail operations. Rail Link has been in business since the late 1800's. They've done over 40 of these types of acquisitions in terms of taking over rail operations and they operate over 30 ports in the country. Just as soon as this week is over and the report is done from these individuals that are here, we'll have a more detailed transition plan in that 8-12 weeks period of time. They just need to get more of their operations folks on site to understand just how much time it will take them in the transition. As I've mentioned to you, the Operations crew, as you've heard from the reports, they are busy as can be. Our stevedoring operations, part of the transition will be they will have a human resources officer come down. They may be interested in offering jobs to some of our Operations team. I've assured our Operations team that our Operations at the general cargo dock are busy enough, and as long as we have the customer load we have today, there will be no layoffs as a result of this. It's obvious with the outlook, and just planning our 2019, that we're going to be busy enough to support that 8 operations crew. It's a busy week for us. Last week was incredible. The Rail Link team and I met with our rail customers personally. We went to each of their businesses and met with not only the managers of the operations but also their rail logistics folks. Of course, some of the main things they were concerned about were service and price. Rail Link was there and personally gave them the assurance that those were going to stay intact, and they wouldn't see the prices increase. In keeping with the Organizational Assessment, we're moving forward with another piece of that deal.

We're already starting to work on the budget, and we have the Special budget meeting coming up in October. Gloria and I have visited with Nnamdi Thompson last week and are working on him giving us

some idea if we chose to do a bond issue next year to support some of our capital projects what we'd be looking like. Also the balance between that is we've got our Capital Reserve fund; we've got our General Fund; we also have our Economic Development Reserve Fund that we've made a commitment to funding up to the \$30 million dollar level. What we want to do is make sure if there is an immediate capital project need that we at least bring that to the Commission so we can say this is a project we want to do. We'll split the property tax revenues between that and the Economic Development Reserve fund. We're going to present all that to commissioners and allow for you to make the input and suggestions on that.

The last item we have is a job description change. As the Board knows, there are two job descriptions that are approved by the Board, one of which is mine and the other is Dannye Malone's. We have proposed changes to his job description to General Counsel/Chief Legal Officer. One of the key things in the change is—I'm going to read this from the job description "assumes the duties and responsibilities of the Executive Port Director in the absence or inaccessibility of the Executive Port Director". Previously there was wording in the Deputy Director job description about in the absence. It really isn't just absence or on vacation. We think we've addressed it in that regard and then also the ten years' experience.

Motion by Commissioner Hall, seconded by Commissioner Murphy, to approve the job description, as changed, of Dannye Malone to General Counsel/Chief Legal Officer. Approved by the following vote: AYES: Commissioners: Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall and Capt. Thomas F. Murphy. NAYS: 0. ABSENT: Rick C. Prescott, James L. Pannell and Steve Watkins. ABSTENTIONS: 0.

Hearing no further questions, Commissioner Griggs adjourned the meeting at 12:48 p.m.

Motion by Commissioner Griggs to approve the September 10, 2018 Operations Committee Meeting Minutes: Motion approved by the following vote: AYES: Commissioners: Rick C. Prescott, Roy Griggs, Walter O. Bigby, Jr., Erica R. Bryant, Sam N. Gregorio, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins. NAYS: 0. ABSENT: 0. ABSTENTIONS: 0.

Commissioner Prescott called for the Port Director's report since there was no New Business.

NEW BUSINESS:

No New Business.

PORT DIRECTOR'S REPORT: Mr. England provided a security implementation update to the Commission. He said we went through the Security Assessment Plan. Our security consultants were on site last week and will be back on site next week to move forward on three different

areas: 1) Video Management system; 2) Mass Emergency Notification System and 3) Emergency Response and Business Continuity Plan.

ADJOURNMENT: That concludes our meeting; we stand adjourned at approximately 4:54 p.m.

Respectfully submitted,

Walter O. Bigby, Jr.
Secretary-Treasurer

October Meetings

Regular Board Meeting, Thursday, October 18, 2018 4:30 p.m.

Regional Commerce Center, 6000 Doug Attaway Blvd, Shreveport, LA 71115

November Meetings

Special Board Meeting, Monday, November 5, 2018 10:30 a.m.

Marketing & Operations Committee Meetings, Monday, November 5, 2018 Noon