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Caddo-Bossier Parishes Port Commission
Special Board Meeting
Regional Commerce Center, Board Room
6000 Doug Attaway Blvd., Shreveport, LA 71115
October 9, 2017, 10:00 a.m.

President Commissioner Gregorio called the meeting to order at approximately 10:00 a.m. in the Board Room of the Regional Commerce Center, 6000 Doug Attaway Blvd., Shreveport, LA.

Commissioner Gregorio called on Mr. England for roll call: Commissioners: Sam N. Gregorio, Roy Griggs, James D. Hall, Capt. Thomas F. Murphy and James L. Pannell. Rick Prescott joined the meeting later. We have a quorum. Absent: Lynn Austin, Erica R. Bryant, and Steve Watkins.

Commissioner Gregorio called for introduction of guests. Guests: Joe Johnson; Sarah McKinney, Romph Pou Agency. Staff: Eric England, Danye Malone Gloria Washington and Hettie Agee.

Commissioner Gregorio asked if there are any public comments regarding an agenda item? Hearing none, he said we'll go to the 2017 Budget and called on Eric. Eric said you'll see in your packages following the agenda is for several budget sheets. At the Budget Meeting last December there was a motion, an action that was adopted by the Board, that in all future budget meetings that backup of each line item be provided. For the sake of keeping things organized, I want the commissioners to know we have backup for the line items within the General Fund. To save from there being just numerous tabs behind your budget, we have provided you one handout that covers the lion's share of those. We have others that we'll just hand out to you if discussion develops from those. Another item that was voted on at the last Special Meeting where we discussed the budget was that we would add a Variance column. So you'll see in the budgets that are before you for the 2017 General Fund and the 2017 Capital that we have a Variance. So in addition to the budgets, I want to hand you our 2017 Operations estimates.

This time last year we were formulating our 2017 estimates. There are two documents for you. One of them is 2017 and one is 2018 which we will refer to later in the meeting. When you look at the 2017, if you flip to the second page you'll see the total revenue of \$1.4 million. This is what we forecasted last year to be our 2017 revenues off of things, as you'll see on these sheets, things such as our rail and stevedoring mainly. As you'll see in the final column, our revised estimate, based on our operations for the year, we're tracking for \$2.7 million roughly instead of \$1.4 million. Commissioner Griggs asked what happened. Commissioner Pannell

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

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

asked is that the expected amount? Mr. England said we expected \$1.4. To answer the question, there are a number of things. We've seen an uptick in the Haynesville Shale activity; we've seen an uptick in the amount of materials that are used for the development of natural gas wells, things such as frac sand and aggregate, rocks that build the pads and build the roads. And then our new customer, Nucor, Vulcraft, the steel coils and also the steel slabs are accounting for a large part of this not to mention Ternium, as well as ADS and our other customer Priefert.

Commissioner Hall said I followed two eighteen wheeler loads of chunks of steel coming in this morning. Mr. England said coming in, yes. So the barges that are arriving to the Port with steel coils, we're backhauling them with the scrap steel. That is the ideal logistics scenario that you want.

Commissioner Pannell said the reason why I was asking and I think emphasis would have to be put on when there's a variance of that much, emphasis has to be put on why because it's kind of like if the architect gives you an estimate on what a job would run and it runs way over or way under, then you've got to figure out why that happened because we have to estimate every year and we just try to make sure the system which we use to estimate those numbers is an accurate enough system. If it misses, it has to be a reason why it misses so I think the emphasis has to be put on why it misses so we can understand that the system we have in place is a good system but the reason was because—so that's why I said I need the emphasis on why it was missed by that much so we're clear that we have a good system to determine what that budget should be.

Mr. England said we also, to talk about in terms of the River, we were on the tail end at the time what we knew to be 24 months of just hard times with regard to the River, 2015 floods, 2016 floods. Our forecasts were conservative for that regard. We had the concerns of additional rains if we wound up in that situation again.

As we continue the discussion regarding the 2017 Revenues, the Industrial Land Lease Revenues, we can forecast that. Contrary to the commodity operating and the rail business, the land leases are predictable. Every now and then we might have an uptick just on an unexpected lease for an option payment like we did with the solar project, but for the most part they're locked in in contract. We can forecast those out some 10, 20, 30 years based on those revenues.

The snapshot for revenues is good. What I want to mention also when we look at the budgets, we're also bound by the Louisiana Law and we've talked about amending budgets in the past. One thing we have to be observant of is, one, if our revenues fail to meet the estimate or budget amount by 5%, or, two, our expenditures go over by 5%, looking at our 2017 numbers of course on revenue, we don't foresee us falling on our revenue goal and we don't

see our expenses going over by 5%. So what we have here is a budget that doesn't have to be amended.

To talk about the expenses, with the, and again following up on the request that all backup material be provided, these are in your packages already, the backup. I will tell you that if any commissioner would like backup information on our insurance, we have an insurance backup. Of course, if you need any of the salary information. All that's provided already. Any other information in even more detail, we can provide that as well.

The main line item that I want to call your attention to is the Stevedore/Terminal Operations. Two things I want to emphasize, with the increased amount of business from our customers that I mentioned, we have increased the number of temporary employees that we utilize when we work barges. Our operating costs have increased significantly. It's tremendously less than our revenue which is a good thing. The second thing is that I want to make a recommendation. Up until this point, we have placed routine rail maintenance into our stevedore line item. It's going to be my recommendation, based on the fact that rail infrastructure—some of it is over 20 years old at this point—these expenses are no longer \$1,000 and \$5,000. They're becoming the \$5,000 and the \$20,000. These need to be long term capital expenditures. What we're gonna recommend is that they in 2018 be shifted from General Fund to Capital. But for now, we do not need to amend the budget; we don't need to change that line item. There's still plenty of room for us to take the expenses that we did spend in 2017 and keep them in there. Even though they were more than usual, we still have room. But looking forward to 2018, we know we had the damage assessments; we know what's ahead of us. We need that to be a Capital expense. I believe that covers what I wanted to hit with regard to the 2017 General Fund. If there aren't any questions...Commissioner Pannell said would there be a way to correlate between what our expenses went, the cost of the overage on the expenses and the uptick in the revenue because that would....it's like you had to increase the amount of temporary people, but that increase correlated to how much more we made just based on that? What happens is that when you read this off, it'll help if we have a true picture because if you're saying that we increased our payroll this amount but we made this much money more than we expected to make, then it makes a truer picture as to how we're growing or not growing and it helps the staff because what happens is we make decisions now; we put the money out there, but y'all make decisions on how the money is spent. So it would give us a true picture of how well the decision y'all made on doing certain things how well that was from the staff's standpoint. So if you could do it that way, because I'm doing the math in my head and I'm not good on doing it on paper. But I know that to me that sounds like a huge increase in what y'all actually accomplished. Mr. England said I think we can get to that. We definitely can do that. We'll follow up.

Commissioner Gregorio called for any more questions and called on Eric.

He said 2017 Capital is in that package as well. Again you can see we've added the Variance. So with this budget what we find is the backup is not the same as General Fund. For example, this is mainly comprised of bonds, projects etc. Whereas on our insurance we might have a cost of each individual policy or on benefits, we might have employee benefits for BCBS, STD, LTD, these by themselves they don't have backup per se. If anyone wants to see particular amortization schedules, of course we can provide those or any information on the project. It's really an apples and oranges comparison.

What we wanted to call your attention to, based on our discussions last year, is the Fire Station Operations as you can see through July 31, we're at \$335,000.

We are going to have to add a line item to this and the amount is \$60,000. You will recall we designed a 100,000 sq. ft. warehouse at about the same time we were doing a 50,000 sq. ft. warehouse. The 100,000 sq. ft. warehouse was a building that could be sited pretty much on most of our industrial available sites. We didn't get it site specific. As time has continued, we've had interactions with some of our customers and we've been able pick a site we believe one of our existing customers will be interested in that facility. So what we want to do is take the lower loading capacity of that warehouse which is roughly 3000 psf and do additional engineering to go ahead and take it up to 4500 psf. I don't want to call it a spec warehouse but where we started it being a general purpose warehouse that could have been also for manufacturing, not necessarily storage. We are going to need to do some additional engineering, additional calculations. The second thing is that now that we know a more specific site we want to understand if we can add rail to the building. To do that, we're going to need to perform a survey and have additional design work done for rail. That will run in the neighborhood of roughly \$100,000 and what we've predicted is it will be about \$60,000 in 2017 and \$40,000 in 2018. We will add that line item, but similar to the 2017 General Fund, we don't see a need to amend. There is room given those parameters that the law provides. Fortunately as a summary, the Capital Budget projects all have progressed as we had hoped. We have a busy final quarter of the year. I believe only one of our projects that we saw a need for, the railroad, said "no" to and that was an air compressor station to help us build the unit trains back here on the Northwest Louisiana Aggregate site. The railroad said they weren't gonna use it. They admitted it was a good idea, but in the end they're not going to change their SOP. What that means is trucks will be held up just a little bit longer when they're building their unit train at John Holt Blvd. It's unfortunate, so we won't move forward. That's the only project we won't move forward with.

Commissioners, I am pleased to report to you the 2017 Budgets compared to where we've been over the past couple of years are looking really good. It's attributable to the great staff we have working hard and doing what they do. That concludes what I have with 2017. What I wanted to do was begin the 2018 discussion. Commissioner Gregorio asked if there are any

questions on 2017 before we move forward. Commissioner Gregorio asked Eric to do the 2018 Budgets please.

Mr. England said to go back to what I mentioned earlier in the meeting, I'd like to utilize this time talking about the 2018. You don't have any 2018 numbers before you. There's no budget. We wanted to get feedback from you. I also wanted to share with the commissioners I've had conversations with many of you about projects/ideas throughout the year. I've kept a tally of those and I'll bring those up for discussion today. I want to use as much of this time as possible to form an idea of what we should bring back to you for the 2018 budget meetings.

One of the main things that I have where we had talked about this last year and we had a subsequent personnel meeting was we were tasked with conducting a survey of Gulf Coast ports and also any other survey information we could get relating to Gulf Coast ports of Louisiana relating to salary ranges particularly whether or not ports had salary ranges, if they granted COLA and/or merit raises and also an Employee Assistance Program. So I have two documents, one of which has a port letterhead on it and the other one is the internal survey we did by contacting Gulf Coast ports. In summary, what we found from the ports starting out with this survey was that were seventeen different ports that responded. Nine of the seventeen did not have salary ranges. Six of the seventeen did. Of the seventeen that responded, four had an Employee Assistance Program (EAP).

We also did a survey of ports outside Louisiana within the Gulf Coast and we tried as much to match them to employee size, revenue size and the tonnage. That is hard to find, that type of correlation. Of the eight, we found that five of them had salary ranges; three did not. Of those, one was Civil Service and seven were not. The majority are five had Employee Assistance programs; three did not. And what we found was the average Cost of Living Adjustment was 2.5% and the average merit was roughly in that 1-5% range. Also what we found in just visiting with those Louisiana port directors were salary ranges were in place for the Civil Service employees, those that were classified positions, those that are afforded protections under the Fair Labor Standards Act, but the majority of the non-classified employees did not have salary ranges. I will be glad to answer any questions about the survey and the results. We're providing this for information based on the action that the Commission took and the instructions that they gave us.

I think if we were to discuss the topic of the Salaries line item, if we go back to these documents that we handed out in Operations, behind the first stapled set is the 2018. In anticipation of this meeting we had our Operations Department put together revenue forecasts for 2018. If you turn to the 2nd page, again we're basing this on what we know and trying our hardest to be conservative yet not too optimistic. We're in basically the \$2.4 million range compared to our \$1.4 million range estimate. So if you were to look at the 2018 Budget and compare it to the 2017 Budget that's in funding now, we're gonna project roughly today \$1

million more dollars in revenue over where we are today. I know in the past there's been questions about when revenues were down in '15 and '16 was there room in the budget for adding funds for raises whether it be COLA or merit. I intend to bring a recommendation to the Board at the Board at the November meeting of raises. I know that there was discussion about whether they be COLA or merit and we can talk about that now or we can talk about that in November, but I believe that what we have is a budget that has ample room for that. I believe that the staff, based on their performance over the past year and what we expect of them in the coming year, it will be warranted.

Commissioner Pannell said several points here based on information that we're given here. My position last year and my position this year is that on some of our salaried people we should cap certain salaries that that is the maximum that we're going to pay for that salary. When you give Cost of Living (COLA) increase, they would get COLA increase but they wouldn't be in the conversation about salary raises because there's some of these salaries that we have here, I just think that they need to be capped at a certain point here because we shouldn't be talking about raises and COLA in the same conversation. And when we talk about raises, we'll only talk about raises for people who don't have salaries capped already. To me, it makes it a cleaner situation because at some point what is the maximum that you're going to pay someone for a position? I didn't get any—and I might not be explaining myself well enough—but I'm saying at some point if, say for instance we had our salary capped for attorney. He may not be making the amount that we cap it at, but we note that he's not gonna go over that amount. If he leaves here and we have to have another attorney and the new attorney comes in, he's not going to be paid what Dannye is making, but we can tell him what it's going to be capped at. At some point, we need to cap salaries and then those salaries, we would only look at COLA on those salaries and when we look at the numbers they're giving us here, I'm given numbers that would help me because when I look at for instance, when I look at tonnage here and I look at the amount of employees, when you look at our tonnage and what our people do, how much tonnage do we move—and I think the numbers are going to be good numbers, but I think we move more tonnage with less people than some of these ports do. So at some point we're going to talk about increasing or possibly increasing the amount of employees that we need and we would have a formula to do that with. We're doing too much stuff off the top of our head and we've got information here that we can make those decisions with. That's all I'm saying. When most of us sit here and we look at how much increase we're going to give, a lot of times we just go by what we sit in here and think of as opposed to—because my thing is at some point we have to know where we are in conjunction to the rest of the ports. This information we have right here—this would tell us exactly where we are here. And the other part of that is I have asked for an evaluation of our operations, and I think that has confused people.

The conference that Eric and I have just come back off of confirms what I have been saying all along. One of the problems that we have is that we built a green building here which

is a nice building but we stopped at that point. There is so much technology out there that we're not using, and I'm saying that when we have problems—part of what we have been doing for the last two and a half years, we have been dealing with fixing problems that we have had from one thing to another. And I'm going to give you a possible example. But I'm saying that Brenda's office is in here, but she's over Operations. Several of us right now can pull up our house and we can see what's going on around our house right now. To be in here and technology would show us everything that's going on out there on that dock; technology would show us what's going on with every important point here. In my building in New Orleans they've got 50 cameras. Somebody could do anything and a week later you found out just continually running the tape back and see what went on. I'm saying that somebody should be able to sit in here and see what's going on down there, communicate with them people because I don't want somebody saying I wasn't there. I don't know. We ought to know. I'm saying if that communication is in there with Brenda, it could be on Eric's pad. Eric's not looking at it, because that's not what he does. But if Brenda runs into a problem, she could say Eric, pull your computer up and let me show you what's going on here because we can't keep going through this stuff about somebody didn't know and we don't know who did what. We need to move this Port into the technological era that we're not in. And I think that we need to have someone to look at that and then some of that stuff is going to show that we need less employees because of the technology we are using. I am through.

Commissioner Griggs asked Commissioner Pannell if you have gone to a port that has that type of technology? Commissioner Pannell said we went to Panama and we were walking through a room there and it just looked like some kids playing a game on computers. And I asked the question, what were they doing. They were unloading barges from in that room. Nobody was even out there. They were not on the dock unloading that. The Port of New Orleans, the Port of Long Beach, they have showed us how they can sit here and they can do certain things from a remote location.

And the other thing is that all of our diesel fuel should either be running off of batteries or natural gas or something. We need to look at every way that modern technology is and move to that area. I took Eric to a booth because I think we were talking about buying a piece of equipment. And you may be able to speak to this because I don't know the equipment, but the man was showing him some equipment that was totally electric that you may be able to speak to what that was. He said he would be happy to come and give a presentation. And we have people saying they would come in and look at our system here without even charging anything.

Commissioner Griggs said I certainly agree with y'all about technology because it's a new day now and how we operate with technology is the wave of the future. What I think about is you remind me without having that capability of viewing my store from a remote location, really adds an added benefit for me. And I think when we look at technology it's something we should strongly take a look at to be more proactive by having that type of technology because

it's available out there. So I totally agree with Commissioner Pannell about technology and how we could operate more efficiently.

Commissioner Murphy said I'll have to say I agree with both of you. I don't want to appear to be argumentative, I just want to say just recall that the ports you are comparing with the technology are moving one particular single type of cargo and that's by container which right now it is not practical or feasible for the Port of Caddo-Bossier in the container business. So while I thoroughly agree with you that we need to keep up with technology, we don't think that—I personally do not think that needs to be number one lead expenditure in our mind if we do not have the capability of handling containers. Certainly as we get there, and I would love to be here and see this Port become a container port also, then indeed yes, get the best of the best equipment.

Commissioner Pannell said I will say this Capt. Murphy and I appreciate you. But what I'm saying is compare apples to apples. I was saying that I went to a convention I paid for myself. They were talking about at that convention because you've got a lot of ports in Louisiana that also cannot receive containers. Their stuff will come on barges too. We've got a lot of inland ports that come on barges and I'm saying that those ports are the ones to compare to because that is what the meeting was about trying to upgrade some of these ports to where they could bring in containers because they couldn't. The people who was there was the people who, and I'm saying there was a lot of people there from ports in Louisiana and they were there to figure out how they can get container business there. So there's a lot of ports that I'm talking about that don't deal with containers, and I'm saying that when you start looking at information, these people are smart enough to know apples from oranges, so when they start comparing stuff, they're comparing apples with apples and what I'm saying is that at some point we're going to have to increase our workforce. But my point is before you do that, look at every way because some of those people—don't we still cut grass? All I'm saying is that before I increase somebody to cut grass, we have people coming here to cut grass that we've gotta contract to—we don't have their Workman's Comp; we don't have their liability. We don't have none of that stuff there. Why would I want to hire someone who knows how to run an engine to cut grass? To me, that's crazy. Why are you caring about grass out there? Why would I be paying somebody \$20 an hour to carry trash out? That is what we're doing here. One thing I do know. I know about productivity. I've had a ton of training on productivity and I know when something. I knew when they suggested to have ours to cut grass we could sub that out. The State of Louisiana would hire people to cut that grass. Everywhere I go between here and New Orleans somebody's going to be cutting grass and they don't work for the State. They are under contract so I'm saying at some point we have to operate as a Board from the standpoint of looking at our own operations and saying that yes, we have a good operation but I'm telling you that Walmart has a good operation; Sears has a good operation. Sears has to close but why. Because one of them saw ahead and one of them reacted. I can tell you that if we had to have a grade, we'd have a grade of A. We'd have an A

grade with everything that happened here. We reacted very well. The roof blowed off the property; something else happened. We reacted.

Mr. England said if there aren't any more questions—Commissioner Gregorio said I do have a comment. I'd like to make my comment on the question of the cap because nobody else mentioned that. I'm not in favor of a cap as a general statement. I think that we run the risk of valued employees leaving and hurting our income stream. I think we should look at the situation each year and make a decision based on the facts. If someone's working and producing the money and there's some level of fairness, they share on that. Finally, I'm always concerned about Board over sighting, getting over stretching and getting involved in your business, the Executive Director and the staff. I see this more your decision salaries and ranges. I just wanted to say I'm not in favor of a cap.

Mr. England said again, this meeting is to gather feedback and it isn't restricted to this meeting today. We have time between now and the November budget meeting, and if you have comments on this, please don't hesitate to call or email me and as we bring the 2018 budgets, I'll bring a recommendation to you and we can pivot off of those.

I do have some things--there's been discussion on some of them, but some things that we want to discuss some of them have been discussed earlier this year by commissioners; some have not but one of the things we've done in the past is that we'll go ahead and---for example last year when the aquarium made a presentation for a display inside there. We agreed we would place it in the budget, but before we expended any funds, we would come back before the Board. Along those same lines, I want to tell you of course everybody I know is familiar with the Sci-Port situation. We have an annual cooperative endeavor agreement with Sci-port. They provide a program for us and instead of just renewing that, obviously I want to see what the new program of Sci-Port will be. But that's one of those we'll anticipate but again, just like the aquarium, we won't make any move until we know what the new program is and have a discussion with the Board.

We had talked earlier about technology, Commissioner Pannell, and there was previous discussion in the year about an Operations efficiency study. One of the things that I think after hearing the feedback and being at the AAPA session this week, I believe there are some areas where we can look for green initiatives. Commissioner Pannell mentioned the front end loader. I know at last month's meeting we discussed a fork truck for example that's capable of lifting this new product that we have, steel slabs. We've done essentially a business plan review of acquiring the fork lift. This is a big forklift now. This is like a 55,000 lb. forklift and I'm gonna attempt to tell you how we think in terms of productivity, not necessarily in terms of technological upgrades. Today when we are receiving those slabs, one of our customers, ADS, is taking them into a warehouse. They don't have to be stored in a warehouse but that's the only way we can lift them on to the customer's truck. We don't have an ability to lift them with

like a forklift. We're calling it a fork truck. Just think of it like a forklift that you would see in a warehouse. We'd have to do it with our crane. We can't store all the slabs underneath our crane. The crane would fall into the River. We don't want to do that. So we have to move them into a warehouse. If we buy this fork truck, for example, we're gonna see increased profit because we're gonna be able to take those slabs and store them outside on our general cargo dock. We won't rely on it being transported to a warehouse. The second thing is that warehouse is set up for mainly steel coils. You don't use the same apparatus to handle steel coils as you do steel slabs. So our customer is having to wait for these steel slabs. We're not only going to increase our profitability, we're going to increase our productivity. That's how the watch is made, but let me tell you about what we are currently evaluating. That fork truck—just call it half a million bucks. And we want to put this—I'm jumping ahead but I have that in my 2018 Capital notes. While we're talking about this, it's about a half a million dollar purchase. From our interactions at the AAPA meeting last week, we know that we have the potential of the expense being about a 50-75% increase over your traditional diesel engine.

Commissioner Hall said what did you just say about the 50-75%? Mr. England said for the electric model you will spend 50-75% more. Commissioner Hall said and I want to be as green as anybody with natural gas etc., but I want to tell you the problem with that. First of all, the cost always goes up when you go electric. Secondly, it's not been vetted. Everything that's electric is not always as good as it is so I mean I'm all for buying the truck; but just because it's green doesn't make it better. And to pay 50-75% more for untested technology that's recently out, I'm out. I think we need to get as much capability as we can to have as much multiple uses but to pay 50 or 75% just to say you've got a green piece of equipment. The one that you're gonna buy or looking at buying that's diesel, it operates every day all over the country. And even though they've got three or four places, I'm all about cameras, technology doing stuff, but I'm not all about just doing green stuff to be green particularly at a 50-75% premium. That's just my thought. And the other thing I know we own a ton of heavy equipment in Bossier and diesel runs every day all day and it runs a long time. The life span of it is huge. So while I want to be as green as we can where we can, I don't want to sacrifice money for something like that. Secondly this is a mother of a machine that will operate daily and make money for the Port. I want it to continue to operate for several years without having to get somebody in here to revamp it or check it, so I just want to say. I thought that's what you said, 50-75% additional so. Mr. England said we had already done the analysis and that's good feedback to get. Anything that we would bring in terms of the green, we want to make sure we just don't bring it lopsided. We want to bring you both the expense as well as the overhead so we can make those.

One of the other things that we had too was Brenda and her team are looking at what we will call the major tracks to bush hog. As we've increased our level of activity, there was a time we said our operators did everything. But they can't do everything now. So we are looking at what I'll call the major tracts, the Ron Bean tract, just our larger tracts that are not leased for

agricultural purposes. We're gonna have a budget number for you to show you at the November meeting then.

One of the other programs we started in 2017, the MBE Program, that we've enhanced. It's not a program where you just establish it and that's it. We have a data base; we have certifying steps that have to be done. We have additional goals that we want to do. We know we're gonna have MBE consultant expenses for that as well. I just wanted to make sure the Commission knew we didn't see those as a one-time expense.

We talked about this earlier this year with regard to Blue Cross Blue Shield. I know many of you saw this in your organizations. We saw that increase for 2017. For 2017, we had a partial-year increase, but 2018 you'll see a bump in our employee benefits for Blue Cross Blue Shield portion of it.

I think I've covered—I know we have a number of commissioners that are not here today, but some of these have been from conversation, some of them from emails. But I think that concludes what I had for the 2018 discussion unless there's any other Board discussion or comment.

Commissioner Hall said the only question I have is we talked about earlier taking some of the revenue from the stream of income coming to the Port and creating an economic development fund. Is that somewhere budgeted? Mr. England said it would come under the Capital. It could come—what we would need to do is establish the flow before anything else. We could establish our own internal covenant for that. I can tell you we have the Capital Operations reserve already in place which is already funded to a significant level. We just need to establish number one, that practice by Board action and secondly, an amount if we want to establish a goal. Commissioner Gregorio said this will be putting some money aside for eventual use for economic development. Commissioner Hall said whatever the source be, you know that we start accumulating it because like I've said the State of Louisiana doesn't have a lot of money; At the end of the day, I think over time, if somebody knocks on the door that's a legitimate industry that we want, if you've got \$20/\$25 million dollars and you're a player against Texas, Houston, it just seems to me over a period of time, I don't see the prognosis for the State of Louisiana getting better. At the end of the day we need to set a goal like we did with Riverboat revenue in the City of Bossier. We did it with that; we did it with hospital revenue from the sale of Bossier Medical Center. So when you've got a fund base from an economic development standpoint, you automatically are talking infrastructure and things you can bring to the table that would benefit that industry. Should you get an amazon or somebody that would come, they're not going to come without some enticement. In days gone by, you could depend on the State of Louisiana, but I think that's old school of thought right now. Commissioner Gregorio said I would like to do that. I think that's a good idea partly because we just take more control of our own destiny and I think we can do it quicker, more

responsively, but we have to have a plan and some money in hand. I would suggest that also. That's a good idea, Jimmy.

Commissioner Pannell said what happens to the--when you set the budget at \$1.4 million and it ends up being \$2. Something, what happens to the extra money?

Mr. England said anything that's left in the Operating account over \$200,000 every month, we transfer that to our reserve accounts. So Commissioner Hall, when you asked the question, I immediately thought about property tax which is \$7 million dollars a year which will be the larger injections into this trust fund or this seed fund. But in addition to that, we also have our excess monthly revenue. So the majority will come from the property tax. Commissioner Hall said I'm good with the money from the property tax going into that fund and the rest of it going into a reserve account for operations or whatever we need. But what I'm saying is that you know you think about three years from now and you're sitting there on \$21 million dollars from the property tax. If somebody comes—you know there's a competition going on between the State of Texas and the State of Louisiana and they don't have anything to bring. The other thing I've found, if you can put your own money on the table, the State of Louisiana will step up because they're for every dollar you're spending, they may spend \$2. But they're getting return on their money. If it's the right industry that's coming here, they may put up 2 to 1. They're getting a bang for the buck. But even if you have to match them, at \$21 million dollars, you're in the conversation with anybody across the country. And if you look at Alabama, they have an Economic Development fund. Other states have it but I think as a Port, we need to have a fund set up for that kind of situation and I think you can then dictate some of the industries that you want to come, the technology industries, those kind of things. They're not going to come here just because it's a great place to build a facility. They're going to want infrastructure and you to provide them some funding for that evolution. Just like Benteler, and everybody else got some benefit. Even if you have to set up some internal system of offset against their employment for some period of time, whatever the economic development may be. Eric shared with me some years back an economic development contract from the State of Alabama and then I understood why everybody was going to Alabama. I think we need to progress along this and let it grow until we get that right industry that makes sense to bring them to the table. I think it really is the future of this Port.

Commissioner Gregorio asked does LED have any money. I'm sorry, not LED but North Louisiana NLEP. Mr. England said their revenues sustain their operations. Commissioner Gregorio said it would be LED that would have some money which is the State. Mr. England said it would be LED, Red River Waterway Commission. I agree with Commissioner Hall. Commissioner Hall said it's a lot easier to go to the Red River Waterway Commission and say "we're putting in \$20 million. Will you put in \$20 million?" Because they're getting a dollar for dollar return, that's a \$40 million dollar pot. Go to LED and say, "we've got \$40 million. Will you put in \$20 million?" That's \$60 million. You can have all kinds of things, but when you bring

your own money to the table and lay it on the table, it tends to bring other money because they're getting a bigger bang for the buck than they would somewhere else in the State. Commissioner Gregorio said so the fastest way to make that fund would be tax revenues going in.

Mr. England said 2017-2018 what we're seeing is a retiring of the bond debt service. We're making tremendous strides there. So 2018-2019 we'll be able to—I think in addition to that what I would recommend that we do is draft a motion for the Commission to consider along these lines and that will also give us time to go back and look at our fund balances of our Capital budget and also compare that to our reserves because too, the idea of setting up this fund, I don't believe we have to start at "0". I believe we can pre-fund this, if you will, because we've been doing this. We just haven't done it formally. Commissioner Gregorio asked is that part of the Capital Operations reserve that's in the Capital budget. Mr. England said it is. You have that. Well in the budget, no. The Capital Operations fund in the budget is like using your savings account. We use that to supplement our capital. But on our Financials, it is. Commissioner Gregorio said that's where it shows up on the Financials and not as Capital Operations. How much is in there now? Mr. England said I just pulled up our July. \$12 million at the Capital Operations reserve, \$11.7 Capital Operations reserve plus another \$2 million. Mind you some of these we have escrowed for projects in our Capital. So that's where I'd like some time for us to reconcile these numbers. Gloria said some of it is restricted. Commissioner Hall said and don't get me wrong. I'm not trying to take that fluidity away that you have in those accounts. I'm trying to create something different that some future group of people would really think twice before they would take that money for any purpose other than the development of the Port. I'm telling you over time you can have a real conversation with people and you can also get the State to do things that they normally wouldn't because they're getting return on the investment instantly because you're putting up money too. Gloria said Commissioner Hall you're talking about a totally different pot of money. What you're saying would be totally different. This Capital Operations reserve fund, that is funded from excess revenues from the General Account. What you're discussing would be tax revenue in the Capital account. Commissioner Gregorio said and my question went to more of starting. Where would we start? Mr. England said we'll come up with a motion that will establish the process flow of how money will get into this account as well as how much—after we reconcile, how much we can establish it with, if any which I think we will. And then, a cap. My number is \$30 million I would think because for several reasons. I think if you look at what we did for the Benteler Steel project. I think even if there was a period of time that the funds weren't used, I think one of the things we have to keep in mind is that you can always leverage the interest off of that amount as well. So be thinking...any feedback that you have on that would be helpful. Commissioner Hall said I think that's a good number. You don't want it to get so large that it begins to be an issue that you're sitting on a ton of money. But I'm telling you, you need it to be significant enough to have that conversation because let's face it, the world's changing and there's gonna be new technologies and new places that they want to

operate out of that make strategic sense. But none of these companies come--the Cyber Innovation Center wouldn't be sitting in Bossier without a \$50 million investment from the Jury and the City. You wouldn't have CSRA there; you wouldn't have those opportunities. So I think it gives us an opportunity. Like I said I'm not forecasting the end of the world for the State, but at the end of the day they have brought a lot less to the table from LED this term because of the budget issues that they constantly are going through. I think to some extent we have to take control over our own destiny.

Commissioner Gregorio said Eric, how would this relate to land purchases on our expansion? Mr. England said we have, and that will be part of the reconciliation process to determine what we have in the budget, what we have in the fund balance and what we might be able to pre fund the trust fund account with. If you use—let's just isolate the property tax revenue. If you take the \$7 million dollars of property tax revenues and don't take into account excess revenues off of our Operations. In drafting the motion, we would want to consider the flexibility of things like that. So if we have \$7 million dollars of revenue, it may be that you would take \$4/\$5 million dollars of those and escrow that until your trust fund equals this and leave—I'm just using numbers here---\$2 million that you could leverage for land purchases. Where we may not have \$10, \$15, \$20 million dollars to buy land, we could borrow that much and still set up the trust fund. Just in listening to this, that would be one option. Commissioner Hall said the norm is \$1 million dollars will get you \$15. So \$2 million would get you \$30 million. You take \$5 and put in the development fund, you still have \$2 million that would allow you to leverage it for \$30 million dollars to purchase land. Commissioner Gregorio said just as long as we account for that, have thought about it and have a plan for it. Commissioner Pannell said but you would be able to put in place if we were to go into that fund and tap that fund, then whatever we use that for if it is a revenue generating purpose, then that revenue would go back to that fund first before it goes back...Mr. England said you always maintain that at that level that we discussed.

Mr. England said I appreciate the feedback. This gives us enough to work on. We can draft up some language. Commissioners, that brings to a close what I had for the General Fund. I wanted to shift gears to the 2018 Capital. These are things we have talked about some and some we have not. I have my list of things and please feel free to interrupt. These are things we're gonna look to put in the budget.

We own a residence on Hwy. 1, a house. The house has fallen into disrepair. It's our plan is to demolish the house. We've got some quotes for that. That's a minor thing.

The second thing involves us and the Caddo Levee District. In 2015 during the Red River floods, there is about a mile stretch of the Caddo Levee District from about the RCC to our tank farm to the south. The River came within 2 feet of topping the levee during 2015. So the Caddo Levee District has a plan to raise the levee and this a portion of the levee that the Port

uses quite a bit just in our day to day operations. Our operations crew, if there's a train for whatever reason they need to use the levee, they'll use it. It would be better if there was rock or aggregate base on top the levee. The Caddo Levee District has asked us to partner with them. They think the real number is \$90,000 to place rock on top of the aggregate. I do recommend that we do that. It's gonna do two things: it will allow us to use the road; it will not damage the levee in any way and keep that elevation where it needs to be. We won't accelerate the erosion of the levee by having that rock piled on there. So we'll enter into like we typically do like a CEA under those regards. But we'd like to place that in the budget.

We covered the fork truck purchase. That's a major deal. I do have a Stevedoring Analysis for you just to show you how when we look at Operations, how we would look at it from a break even standpoint. We're showing about an 8.6 year payback on the diesel model. Just to show you how we look at things, this is just one product. This is us using the Ford truck on every move that we do, whether it be steel coils, scrap steel, the slabs. This is how we build our rates and determine our ROI.

We've had a couple of meetings with Secretary of Department of Transportation and Development Shawn_Wilson this year and some members of his key staff. There's been a good dialogue and a lot of questions asked about the Port in terms of traffic in and out of the Port. What I'm going to recommend is that the Port update its most recent Traffic Study. One of the things that the transportation planning officials at the State level are asking of the Port is what are the major traffic flows and when we start talking about whether it be I-20, I-49, I think we as the Port need to understand and have a better grip on where the inbound flows and where the outbound flows are so that when the time comes, as I see it, the State is being said there's a tremendous amount of roadway needs whether they be bridges or roadways. Of course, there's a limited amount of funding. As we continue to just take that from a shotgun approach down to that that rifle approach, we're going to have to become more selective on the projects that we unify on as a region. For example, in the past it was always I-49 North. What's going to be the next major project for this region? It's still to be determined. I want the Port to be equipped and have the information in hand.

One of the other topics that we've talked about several times over the past year has been water. Just to recap where we were with regard to water, this is what we know. Take for example Pratt Paper. Pratt Paper utilizes a million gallons a day of water. It's a paper mill. Here's what we know about potable water that we have a supply for today. A fairly accurate estimate is roughly 4 million gallons or less that's available to us at this point per day. It's not a function of treatment but more so a function of system distribution. This is what we know as of now. It's enough to tell us, this is on your radar---Commissioner Hall said 4,000 of potable? Mr. England said a day of potable water. It's enough for us to know if we land another Pratt, there goes 25% of that and if we're going to buy 3,000 more acres, we need to be planning for this now. It's where we need to be paying attention to. But this was the

genesis of the water study to identify whether grey water, re-use water could be utilized in addition to the potable system. So we had a proposal prepared by Burk-Kleinpeter. It was in the \$50,000 range. And then there was ample discussion about that where that we were looking at a bigger picture than that. The study was asked to be refined to take it in greater detail and the proposal was returned to the Commission, the presentation made and it was in the \$225,000 range. It took a considerable amount of time to prepare that proposal because it in itself is a study that will--think of it this way commissioners. Think of the ADS warehouse expansion, think of the 100,000 sq. ft. warehouse. When we get this study finished, it's our goal that we can almost take this to an engineer and say adapt this and we can be ready. It's like having a design on the shelf at the \$225,000 level. Commissioner Hall asked so this is to treat grey water? Mr. England said two things. When we say grey water, I want to specify two different things: water from the Lucas Wastewater Treatment Plant or taking water from the Red River and treating it to an industrial standard, not potable, but just to an industrial standard that can treat millions of gallons, not what I would call an individual package plant for an industry, just a smaller scale. So as we've gone through \$50 to \$225, there's also that BKI was asked if well if \$225,000 is too much, why don't you scale it back down? We're now down to \$75,000 but I want to emphasize to the commissioners is that if we know that we're going to need water, if we know that we're gonna buy land, which we are, it seems then why wait? If the study that will be in the \$200 to \$225 range will have the detailed information that will enable us to have the design on the shelf so that we can move faster for industry, it makes the question why would you not go ahead and do it? So what I want to tell you as your Director is we've gone through these proposals and I believe it is in our best interest to go ahead with the more elaborate study and get as much detailed information as we can. I'm afraid that if we wait on this years down the road we'll find ourselves in a regretful position. Commissioner Gregorio asked does the water study answer all of our long-term questions, including our expansion? Mr. England said it will. Commissioner Gregorio asked and will it include the question of package plants as an alternative? Mr. England said yes. Commissioner Gregorio said I agree with you. I think we're going to need it--we need to get it done now and plan for the future. Commissioner Hall asked will it also quantify the cost. Mr. England said absolutely, yes. Commissioner Hall said I'm in. And it will check the Red River versus grey water too, right? Mr. England said it will compare but what we know enough about now is that we can do both. Commissioner Pannell said I think that was one of the reasons why that we questioned as to why we could not go further down the River because of the redundancy that's necessary. If we purchase land there and an industry needed water, instead of trying to run water all the way down there we'll know what that package system would be and then all we would have to do from here would be to take the potable water that's necessary which is a smaller situation only for whatever their use is. The system would take care of what they use it for. That would give us an idea as to whether we would look at the land further down because of that being then the problem as to why we weren't going that way in the first place. Commissioner Hall said you might want to look on the other side of the River. That's where we get our

water. Commissioner Pannell said that's the same situation, the exact same situation. Mr. England said thank you.

I've mentioned in the 2017 discussion about rail repairs. You'll see rail taken out of Operations. Stevedore expenses have been moved over to Capital.

I also mentioned the 100,000 sq. ft. warehouse. We'll have some trailing money spending on design all with the hopes of getting us to an estimate which I foresee given the trust fund or the reserve fund establishment we can make some strides and get some participation from the Waterway Commission or even Port Priority on that. That warehouse could easily be in the \$15 million dollar range, when we start adding the features that we need. Commissioner Pannell asked how much do you anticipate possibly getting from the Red River Waterway Commission. Mr. England said if we tie it to barge transportation, it could be upwards of 100%. That's the key with them, barge transportation. Commissioner Pannell said my thing is that I think that if we got a warehouse built that should be a process in place where we automatically contribute to the next one because that warehouse becomes a bondable product that we would have at that point and possibly of having something that we could go back to. As long as the source is there we should continue as far as the...one thing we know with the available land that we have now that is not usable for pretty much bringing in industry because of the configuration of it that we already know that would be land that would match with the warehouse and then now we have a process in place that would possibly get some of those warehouses built with very little money from us as long as it supplies us. So I think once one is finished and possibly tenants would be in it, it should trigger the next one. Automatically that should come back to us for our discussion at that point without anybody having that. That automatically triggers y'all bring that back to us again.

Mr. England said a minor expense in the scheme of some of our others is it's time to swap out our servers; so we're getting quotes on that in terms of IT.

Security system—even before this discussion with regards to technology, the same thing. The security system in this building, mainly the cameras is in need. We're in a system that's over six years old. So it's time to see what technology is out there and upgrade.

One of the ideas also that I've had discussion with a commissioner about is think about the steel slabs, an example that I gave earlier where we're storing those outside. I want to build on that example. When we took a tour of the Port of Catoosa a couple of years ago, one of the things that we found was they utilized some of their outdoor hardstand in a better way by placing what I would call a temporary structure. Think of like a heavy duty poly material like a rubberized material whereby it's not necessarily a tarp but it's a heavier duty, but it allows the ports to be a little bit more nimble in their operation. For example, if we were to handle steel coils that had to be stored inside and the ADS warehouse on our dock was filled, our 30,000 sq.

ft. warehouse was filled and we needed to erect a temporary structure. This is only gonna be a six month deal to get them to get them to the Port. I would like to recommend to the Board that we not only identify what it would take to engineer but also build one of these temporary structures and where the best place for it would be. I don't report to you today that we have a customer for this, but again, I just want to be able to pivot quickly when that day comes and I think it would be just putting another advantage on our list of things that we could offer. Commissioner Murphy said that does my heart good to hear you say that because there is a definite need today. Commissioner Pannell said I think that's what we saw a lot of that when we went on that trip. That's one of the main things that they were doing and they was doing it before they even had the customers and then they went from customer to customer and it was already fitted. A lot of the overhead was engineered in a way where natural light came in where you had very little use for regular lighting. I think that we've seen the benefit of it already. Commissioner Murphy said for the benefit of my fellows, these are relatively inexpensive in construction, but for undercover storage, in addition to our slabs we've got frac sand people or whatever needs to be covered temporarily for very easy access. Thank you for bringing that up. I think we definitely need it.

Mr. England said our re-used water line, we borrowed funds for that project. The bids came in significantly less than the estimate and we have roughly \$2 million dollars remaining that we have in escrow. We have additional water and sewer needs and what I propose to do is visit with the City of Shreveport. We're bound by a Cooperative Endeavor Agreement with the City of Shreveport and we amended that cooperative endeavor agreement when we borrowed the additional funds. I propose that I'll hold a meeting with the City to lay out to them our plans to use that \$2 million dollars. We can take our re-used water to the Tensas Delta site which is by our tank farms and/or we can install water and sewer lines to the Scopini Island tract. So we'll just see how far the dollars can go but we'll interact with the City to let them know because they are a party to that agreement.

We mentioned just a little bit in terms of technology and we've talked about green initiatives. There's some others that may not be as expensive that we want to explore. We learned a lot last week, not a 50/75% premium on a capex but maybe some things in terms of lighting. Lighting was a major emphasis at a lot of these booths that we visited last week in terms of saving. I think we have to explore that. We're gonna need to get some help in terms of exploring that. I believe that concludes what I have for 2018 Capital. If there are any other ideas, initiatives or suggestions, please contact me in the few weeks that we have.

Commissioner Pannell said one of the things I would like to see or look into is there's a program that's going on and I think they're in the process of increasing that amount. What happens is that the utilities and the Public Service Commission and the State of Louisiana has invested quite a bit of money into the energy savings program and those energy savings programs will pay up to \$50,000 in the area of lighting and \$50,000 in the area of upgrading in

equipment. I'm quite sure that the businesses that we have on the Port would not know that. But I attended one of these meetings in New Orleans where they had all of the food service people in there and they were making them aware of the program because of the technology that was there that could save them money. I would like to see where the people from SWEPCO could be invited to one of our tenant meetings to explain to the tenants how that free money is available for upgrade because a lot of them have older lighting. If you understand that lighting now is cut representing what we normally use lighting for the 60 watt light bulb right now, this is how much 2.5 watts to run a 60 watt light bulb. In New Orleans, their training session I had there and the training sessions I had here they have no connection with each other, but they both said the same thing that we make ourselves available because when you go out to people and you do the work on that, they're going to not believe you because of the amount of savings it is. So we'll make ourselves available because when we come out as SWEPCO, then they will believe us because they're not gonna believe the amount of savings you actually would make. So I think that they're going heavily toward heavy industry right now to try to put more money in there. I think that it makes sense for us to let our customers know that is available so I would like to reach out to SWEPCO at our next tenant meeting to have them come in and explain that program.

Mr. England said before we move to the next agenda item, I would like to make a recommendation and provide just a bit of information about our by-laws where I have a little bit of a concern. We have an Executive Committee meeting planned for November 6. That's where we have always discussed the budget. What I would like to recommend is that we hold either a Special Board meeting followed by an Executive or if it's possible a joint Board/Executive Committee meeting so that we have the full board in for budget discussions. With regards to the By-Laws, the By-Laws do say that the professional services are reviewed by the Executive Committee and proposed to the full Board. With all the projects we have, we have a number of professional service providers that I do need to run through the Executive Committee. So with the committee's approval, I would ask that we make the Executive Committee of November a meeting of the full Board/Executive Committee and we address those items of professional services at the Executive Committee. We'll vote on those. At the same time, they could be ratified by the Board. These professional service providers are not for projects in the budget; these are projects we have a need for right now, for example the ADS warehouse, we need to select a Project Manager, a testing lab etc. and we need to get moving on it. Those are what we propose to do. Commissioner Gregorio asked do you need a motion for that. Mr. England said that would be great. The motion was made by Commissioner Hall and seconded by Commissioner Griggs. Commissioner Gregorio said we have a motion and second. Open for discussion. Hearing none, he said all in favor please say "Aye". Opposed? That passes.

YEAS: Commissioners: Sam N. Gregorio, Rick C. Prescott, Roy Griggs, James D. Hall, Capt. Thomas F. Murphy and James L. Pannell

NAYS: None

ABSENT: Lynn Austin, Erica R. Bryant and Steve Watkins

ABSTAINING: None

Mr. England said that brings us to our last agenda item: Port Night & Appreciation Events, Promotional Items. I had asked Dannye some questions with regard to promotional items and some guidance in regard to our Port Night and Customer Appreciation. He drafted an opinion and he's here to address it now.

Dannye said I'm not sure if you all had an opportunity to review the Opinion. I'm sure Jimmy is well aware that Port Night and appreciation events must be examined in light of Article VII, Section 14 of the Louisiana Constitution of 1974, which essentially provides that funds, credit and property of the State and its political subdivisions shall not be loaned, donated or pledged to any person, public or private. The Louisiana Supreme Court in 2006 ruled in "The Cabela's Case" that Art. VII, Section 14 is violated when public funds or property are gratuitously alienated. In light of the Cabela's case, the Louisiana Attorney General established a procedure and a process in order to expend public funds. The Louisiana Attorney General opined that the public entity must have the legal authority to make the expenditure and must show a public purpose for the expenditure or a transfer that comports with the governmental purpose; 2) the expenditure or transfer taken as a whole does not appear to be gratuitously donated; and 3) that the public entity has a demonstrative, objective, and reasonable expectation of receiving at least equivalent value in exchange for the expenditure or transfer of public funds. The Cabela's case placed a strong emphasis on the reciprocal obligations of the public entity to ensure that there's not a gratuitous donation of public funds. One of the things that the Cabela's case focused on is the reasonableness standard. Unlike the old "Port Allen" case that was the predecessor to Cabela's, the Louisiana Attorney General stated that you have to look at the reasonableness of the expenditure. Such factors include the overall expense, the location of the meal, the participants and the attendees at the meal, the public purpose and the public benefit of the meal to determine what is considered to be reasonable under the circumstances. And so when Eric and I examined the expenditure of Port funds, he requested me to take a look at it because I think traditionally the Port has given gifts to attendees. I think it is an absolute prohibition under Art. VII, Sec. 14 to provide gifts to anyone for that matter. What's really important is there must be a reciprocal obligation which must be a proportionate benefit that the Port receives. Now taking it a step further, Title 51, does allow the Port, municipalities, parish governing authorities to promote and advertise industry and economic development. In that same vein, the Port, can in fact, expend public funds to promote its industry and economic development under Title 51. But it must be viewed in light of the Cabela's standard. Although, statutorily the Port can advertise and promote for industry purposes, it must be examined in light of the Cabela's standard. What are we actually expending the money on and what benefit do we receive as a result of the expenditure of those funds? So I think the Commission has to really take a look at that on how we expend public

money. I reviewed several attorney generals' opinions in this regard. For example, the LCTCS has established a standard or criteria in order to expend public money. The LCTCS established a policy by which there are certain activities the LCTCS would expend public money. For example, if there is an honoree at a college or institution; if there are visiting professors that may come to a particular community college, the LCTCS has established a policy by which it would expend public funds for those identified activities. I think likewise the Port Commission can do the same thing. The opinions are not saying that you cannot expend public funds, but you have to look at it from a reasonable perspective.

And one of the other things that I'd like to mention is whether the Port can purchase alcohol with public funds? The opinions, prior to Cabela's, stated the purchase of alcoholic beverages was considered to be unreasonable. But in light of Cabela's, one could surmise that serving champagne and caviar at an educational seminar remains unreasonable. Whereas serving wine at a dinner to entertain commercial, private sector clients where the public purpose is to develop commerce for the public benefit would not be considered unreasonable. So it just depends on the context in which the public funds will be expended. And so I think we need to perhaps develop a policy in line with Cabela's and Title 51. I'm happy to answer any questions that you have.

Commissioner Hall said first of all I'd like to tell you I think your opinion is excellent. It was a great analysis of the law from Port Allen through Cabela's. But my theory is if I apply the standard you've laid out which I think is totally on point, what benefit, we call it the Customer Appreciation, but how much additional business are you going to get from that? Those are people we already have here. My theory is that while it's a nice function etc., at the end of the day it doesn't have a reasonable standard of getting a benefit from it, so I would prefer to see the policy be that money is put into recruitment of additional industry partners and there being a policy. We had an issue the other night, when we had the Transportation Committee. The menu selection was not the standard Port deal. It was less than good. What really bothered me about it is our lobbyist set it up, so I'm thinking there's all kind of machinations where the lobbyist could pay the bill and there could be reimbursement; the alcohol could be separate etc. Anyway, just so we don't head down that path again, my belief is the Customer Appreciation by its name is insufficient under the reasonable standard to continue that, but I do believe the funds should be expended for future recruitment because then you can see a benefit. Even if it doesn't happen, you're still in the game with those people you know as far as future discussions. That's just my thought.

Commissioner Gregorio said just a couple of questions. How do you quantify "C" which is a reasonable expectation of receiving a benefit proportion? Because I think ultimately we ask you for an opinion and how do you and we quantify? Danye said one of the things that we do now is that we enter into cooperative endeavor agreements for various events and functions. For example, the Mayor's Prayer Breakfast. We entered into a CEA for that

particular purpose for approximately \$250, something along those lines. And yes, I think we have a table; I think we have advertising opportunities, marketing opportunities and what else Eric? Mr. England said various organizations that we...the Bossier Chamber of Commerce, Shreveport-Bossier African American Chamber. We enter into agreements that Dannye has developed for us that take out the ambiguity of that and it quantifies and specifies what we did, the quid pro quo. Dannye said that's exactly right. Commissioner Gregorio said the agreement itself quantifies the quid pro quo. Dannye said that it does.

In fact, the cooperative endeavor agreements that I draft on behalf of the Port takes into consideration the Cabela's standard. And so we examine what benefit we're getting for the money that we're spending. \$250 for that type of activity we think is reasonable.

Commissioner Gregorio asked what about when there is no cooperative endeavor, CEA? For example, Customer Appreciation Night, how do we quantify that, or Port Night, how do we quantify that? Dannye said we have not. Mr. England said we haven't for Port Night or customers. Commissioner Gregorio asked we didn't get an opinion from you each time?

Commissioner Hall said you could quantify Port Night because it is the Red River Valley Association that I believe if you added up all the money that they've provided for projects on this Port, there is a quid pro quo that there is a benefit versus the cost. The cost may be one thing, but the benefit is huge. But on the Customer Appreciation, you already have the customer, so at the end of the day they're not doing additional business or not doing business. They're not picking up and leaving because you don't do a Night. So to me, they're totally separate events.

Commissioner Gregorio said I don't doubt that we could connect some or all. It's really more how and do we have to get an individual opinion each time? Dannye said yes. And the reason I say that is I was faced with the same challenge when I was Parish Attorney for Caddo Parish and we received request for funding from non-governmental organizations on an annual basis. And one of the things that we examined was the Port Allen standard, which was the law of the State of Louisiana at that time. And it involved a three-pronged test, at that point. It wasn't a gratuitous alienation, but you had to have a public purpose; you had to have a legal obligation to expend the funds; and there had to be a proportionate benefit received by the governmental entity for the expenditure of the funds under the Port Allen standard. And at that time it was fairly simple. Do you have the legal obligation to expend the funds? If it doesn't meet that first prong, then the Commission would not fund that particular request. And so we examined every request in light of that standard and will do the same thing here, but under Cabela's. Commissioner Gregorio said I guess other boards have policies and we would be bringing our standards up to the best practice. Dannye said that is correct. Commissioner Gregorio said last question is at one point we had funded something that was YMCA or basketball related, you know we've had the aquarium request; we've had Sci-

Port, do all of those expenditures come into question under this analysis? Dannye said absolutely. Commissioner Gregorio said and y'all would give us some guidance as we face a couple of those here in the upcoming future? Dannye said absolutely. Each funding request would obviously have to be vetted in light of Cabela's. Commissioner Gregorio said thank you and called for any other questions.

Commissioner Pannell said I think that (machine inaudibility)

Dannye said that's a great idea. In fact, I reviewed the LCTCS's sponsoring policy and it's a good policy.

Commissioner Gregorio said I think my impression is we will not need a motion at this time, unless y'all want one. Dannye said we'll bring the Commission a proposal.

Calling for anything else, questions? Mr. England said thank you for your comments. Commissioner Gregorio said that concludes the agenda. As such we stand adjourned at approximately 11:48 a.m.

Respectfully submitted,

Commissioner Roy Griggs
Secretary-Treasurer

October 2017 Meeting Notices

Regular Board Meeting: Thursday, October 19, 2017, 4:30 p.m.

Regional Commerce Center, 6000 Doug Attaway Blvd, Board Room, Shreveport, LA