

# CADDO/BOSSIER PORT COMMISSION

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## Minutes of the Regular Monthly Board Meeting January 28, 2010

The regular monthly Board meeting of the Caddo-Bossier Port Commission was called to order by President James L. Pannell at approximately 4:34 p.m. at the University Club, Shreveport.

**Roll Call:** Commissioners Lynn Austin, Erica Bryant, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins were present, constituting a quorum. Commissioners absent: Ernest Baylor, Ronald J. Miciotto and Michael H. Wainwright.

Public Comment/Introduction of Guests and Comments:

**Others Present:** Charles Tutt, Tutt, Stroud & McKay LLC: Anne Gremillion and Emi Fitzgerald, Gremillion & Pou. Staff included Eric England, Executive Port Director; Brenda Levinson, Deputy Port Director; Hugh McConnell, Director of Operations; Gloria Washington, Director of Finance & Administration, Rick Nance, Director of Engineering & Planning; Marilyn Haley, Public Relations Manager/Human Resources and Hettie Agee, Secretary.

**Minutes of the Regular Board Meeting of December 17, 2009:** Minutes from the Regular Meeting of December 17, 2009 were presented by Commissioner Hall. Hearing no corrections, additions or deletions, Commissioner Hall moved for approval of the minutes. The motion was seconded by Commissioner Austin and carried.

**Financial Reports, December 2009:** Commissioner Hall presented the December 2009 financial reports. Hearing no corrections, additions or deletions, he moved for approval of the report. The motion was seconded by Commissioner Watkins and carried. Mr. Pannell offered his congratulations to the new officers.

### UNFINISHED BUSINESS:

**2010 Nominating Committee Report:** Commissioner Austin, Chairman of the committee, said the Nominating Committee met and offered to the Board the following slate of officers for 2010: Mr. James Hall, President; Mr. Ron Miciotto, Vice President and Mrs. Erica R. Bryant as Secretary-Treasurer. Unless there were any other nominations from the floor, he made a motion to close nominations and this slate of officers selected. Motion was seconded by Commissioner Murphy and carried.

**Executive Committee Report of January 11, 2010:** The Executive Committee meeting was called to order by Commission Vice President Jimmy Hall at approximately 10:03 a.m. on January 11, 2010 at Sci-Port. Committee members in attendance included Jimmy Hall and Lynn Austin. Commissioner Erica Bryant was also present. Others in attendance included Charles G. Tutt, Tutt, Stroud & McKay LLC; Tim Nielsen, Heard McElroy & Vestal, CPAs, Ken Francis, Wright & Percy, Eric England, Gloria Washington and Hettie Agee, Port staff.

After an opportunity for public comment, Mr. Hall called on Tim Nielsen, Heard, McElroy & Vestal, to present the capitalization policy. Tim said as a quick update they had done the interim work as of September 30, 2009. They have the year-end audit scheduled for February 24<sup>th</sup> and the next week, March 1<sup>st</sup>, as soon as Gloria gets the bank statement reconciled, they will start doing some planning. On year end, so far everything through September has gone fine; so that's where they are on the audit. Tim said he would shoot an email to the Board individually to get their comments or see if there were any concerns on the audit as discussed in a previous meeting.

Mr. Hall called for questions and Tim said that was one of the recommendations that they had made that the Board formalize a capitalization policy and he had given Gloria some examples. On the agenda today is a recommendation that anything over \$5,000 be capitalized. This is kind of clarifying the policy. This one is not real in-depth or detailed; it can be expanded if you need it to be. That was one of the recommendations they had made last year and this was a follow up on that. Mr. Hall asked if there was a point where that could be adopted and Eric said following the proposal here and the discussion, it can be placed on the January 28<sup>th</sup> Agenda for adoption. Mrs. Bryant asked if they were proposing \$5,000. Tim said right. He said they did do

The Caddo-Bossier Port Commission is an equal opportunity provider."

**MEMBERS:** James D. Hall, President; Ronald J. Miciotto, Vice President; Erica R. Bryant, Secretary-Treasurer; Lynn Austin; Ernest Baylor; Capt. Thomas F. Murphy; James L. Pannell; Michael H. Wainwright; Steve Watkins

some combination in there like the conference table and chairs. You might link those things together. Charles said he thought it was \$6,000. Tim, yes, it's \$6,000 if you have something that's combined and put together. \$5,000 was for the individual items. Mrs. Bryant said then those things are tagged on ownership etc and that gives you an inventory. Tim said that was a good idea. Hearing no further questions on capitalization, they moved to Portfolio Manager and called on Gloria.

Gloria said they had met with several firms: Sisung Investment Management Services LLC, Reliant Investment Management and Grisby and Associates. Our portfolio manager is mainly to supervise and manage certain assets of the Port which is mainly for our cash and securities by investing and reinvesting in such things as bonds and T-bills, commercial paper and LAMP. The advisor, whomever they choose, will agree to the investment objectives of the Investment Policy. They will work with us to create an Investment Policy once we choose an Investment Manager and that is the guidelines they will use in investing our assets. Regarding fees, Sisung is 15 basis points for the first \$100 Million and 7 basis points for the next \$100 Million. Reliant is 25 basis points for the first \$10 Million and then goes down to 20 for the next \$30 Million. So we have to invest \$40 Million dollars with Reliant to get the 15 basis point fee that Sisung is offering us for 0 dollars all the way up to \$100 Million dollars. Also Sisung already works with—we use the Bank of New York—and they already work with Louisiana Asset Management Pool, so I am going to recommend that we go with Sisung. Hearing no further questions, Mr. Hall called on Ken for the Insurance Renewal Overview.

Ken distributed the Commercial Insurance Proposal to the Board members who were present. He said most of the Port's insurance program renews December 31<sup>st</sup> of every year. The only policy that doesn't is an auto policy. They just haven't been able to change the date on it. The insurance marketplace for ports is fairly limited. There are some players out there. There's always been a London market. Because of the maritime nature of the Port, there are not many mainline insurance companies that get into those kinds of risks. They have a large property insurance package with Travelers that our buildings and personal property within the Port is now at \$47 Million. We also have a schedule in here of all the Port's contractor's equipment which is covered. Included in that are the locomotives and cranes. About \$3.2 Million dollars is covered on those. Now we have about \$104,000 of EDP on the Port's computers, software etc and a security system. We were at \$97,000 and have just upgraded to \$104,000. They also have insurance on all of the piers, wharves and docks and the two liquid docks under this policy. Those limits are \$7 Million dollars. One other thing that's attractive about this property package is that Travelers gives us a \$10 Million flood coverage. That's very significant because you have to go to the flood insurance market which will only insure \$500,000 and then you have to go out and build specific excess insurance on top of that. Once you get into the excess market after you're through dealing with FEMA getting the first \$500,000, you are talking about some real money. There's not a lot of players up there. Nobody wants to write flood insurance at a port. Travelers has always given us this \$10 Million limit as a catastrophe limit for any type of flooding. This package policy also picks up employee dishonesty, forgery those types of things. The Travelers also provides General Liability coverage. It's actually maritime liability. Included within the policy is Stevedore's legal liability, Wharfingers legal liability, Terminal Operators and just general liability for the Port's operations. So that's another reason we do business with Travelers because they have a very good liability insurance underwriter. He's been to the Port. He's familiar with it and has done a good job. As you probably know, Workers Compensation Insurance does not cover masters and members of the crew of vessels. You have to go out and insure that separately under the Jones Act and so Travelers wrote hull insurance for us on the Port's vessel and also what's called P&I or Protection & Indemnity Insurance to cover the crew operating it. The vessel is currently laid up. They've got the insurance on the vessel on Port risk and if it navigates again, they can attach that operating insurance back on it. It's not a problem. There's a new vessel being built and as soon as that comes on line they'll be able to cover it under this same policy. Workers Compensation Insurance is not with Travelers. It is with Louisiana Workers Comp Corporation. One of the reasons it's with LWCC is because the Port needed some US Longshoreman and Harbor Workers Act coverage. There are not many markets that will provide that. The Port has an Incident of Exposure for USL & H in case someone files a claim and tries to say that the Port was negligent. They have to bring an action and they're entitled to benefits. So that's why we have that protection and LWCC provides that for us. We're in the LWCC Preferred Risk Program and have been in there for many years. LWCC is the market of last resort in Louisiana but they're also a competitive State fund. So not only do they take all the business they have to take, they also compete for good business like the Port's and so they're competitive with the rest of the marketplace. This last year we identified some exposures that hadn't been identified before and in talking with Eric and Charles about Railroad Liability and found in looking at the contracts and business the Port was engaged in, the Port was legally liable for damaged rolling stock and that the Port could also be found liable for the cargo in those cars. We started talking about the Federal Employees Liability Act which is workers compensation (sort of) for railroad employees. They're covered by a Federal Act just like masters of the crew and vessels. We started investigating and looking into things and found out that in order to buy this FELA coverage, it's bought through a general liability policy rather than a workers comp policy. We got out in the market and looked around for that and found a market that would provide what we needed, the FELA coverage, the legal liability to the rolling stock and cargo. We bought a primary insurance policy from Steadfast which is part of the Zurich Insurance Company. We developed a lot of information, presented the risk to them and they insured the primary liability for us for \$2 Million occurrence and \$4 Million aggregate annually. We didn't feel like that was enough insurance and then went to the Travelers Insurance Company which provides a \$10 Million dollar umbrella for all of the Port's liabilities and they said no we're not touching railroad liability, so we started a dialogue discussion with them and they

ended up bringing their umbrella over the top and so we now have \$12 Million in all as far as railroad liability is concerned. We feel like \$10 Million dollars is an adequate limit. We see other ports around maybe carry a little more than that but they have a lot heavier maritime exposure than the Port does. One other type of insurance that we placed for the Port is Public Officials Liability and Employment Practices Liability. It's contained in the same policy and done with National Union Insurance Company which is part of the AIG group. Essentially it covers Errors and Omissions for the public officials in your management decisions in running the Port. With the scandals several years ago this type of insurance became very important. You are answerable to the Public for your actions. One good thing about Public Officials Liability as opposed to Directors and Officers Liability is Public Officials Liability not only covers the entity itself, the Board, the Port, it also covers the action of the Port's employees. So it's a nice piece of insurance. We have a \$2 Million limit umbrella that's not set on top of that because umbrellas don't. You have to pick a primary limit and decide if that's enough. A couple of years ago we took a look at the \$1 Million limit we had and realized how much would it cost to get \$2 Million and we took a look at that and said let's do that. It's a little bit more protection. Included within this policy is Employment Practices Liability which you are probably familiar with. This policy covers all the legal expenses in defense of any claims brought on this policy. Charles Tutt then added that employment liability is the main reason we bought the policy because as long as you are acting in good faith...Ken said one of the things they are involved in with the Port is contract review. Whenever there is a contract that comes up, Charles, Eric, or Hugh will send me a copy of the contract or lease agreement and we review those portions of the contract and make sure that it dovetails with your insurance coverage. The Port has full contractual liability coverage. It follows all of the Port's liabilities that are assumed under contracts. So it's a joint effort whenever there is a new contract around and after it's passed to me, I can look at the insurance indemnity language and see if that fits with the type insurance coverage that we have. We also provide loss control services to the Port if needed. We had some help from our Loss Control person last year and he helped the Port talk about putting up some signs around the Port and have more uniform speed limits etc. He said if they wanted to know anything about it they can call or email him. Mr. Hall called for questions and Mrs. Bryant asked if she could get a summary sheet of each policy, the premium and deductible—one page. Ken said right now they are getting all of the renewal documents together so they don't have all of the policy numbers in. When they do that it prints out a summary of insurance. Mrs. Bryant asked if the assessment for Louisiana Citizens was still reimbursable by the State to be reimbursed back to the government agencies. Ken asked if she had been getting it back. Gloria said we did once, the very first time. Mrs. Bryant said she didn't know if it was temporary or there was something they...Ken said it was supposed to be temporary but it looks like every year the temporary continues. Ken said the reason it is on the Port's policy is all admitted carriers in Louisiana, Travelers being one of them, shares in the windstorm pools, the substandard property pools etc. This is still the State's assessment on carriers to try to make Citizens whole again, if possible. Charles asked who we would talk to to see if it was reimbursable, the State or the Insurance Commissioner? Ken said we did this the first time we got billed and asked Gloria if she remembered what we found out? She said she didn't remember and Tim said probably the Department of Revenue. Charles said he would call somebody and see if he could find out. Mrs. Bryant said she was just curious and Ken said that was a good point. He was glad she brought it up and they had addressed it a few years ago and it was something the Port has to do. Tim said the Louisiana Department of Revenue had a special form for people that don't file tax returns so that you submit that when...Mr. Hall asked if there were any other questions of Ken and Eric said another thing is we've covered what we did today, and as you all know that's just a portion of the picture when you take into account something we reviewed earlier this year when we looked at our benefits packages, short-term disability and long-term disability. Those are managed by Montgomery Agency, David Montgomery. We had asked him to be here today but he had a matter that had been on the books for quite some time with several parties and wasn't able to be here and he expressed his regrets. If in the future we could have him report to the Committee as well. Ken then said he had two other things that he forgot to mention. The Port also has a Pollution policy that provides liability for pollution damage and also provides cleanup cost coverage. It's a three year policy and expires in January 1, 2011. We'll start working on renewal of it in September of this year. It's with AIG. We've had some pollution incidents reported under the policy but it has been a good piece of insurance. The other thing is at the current time we have four Builder's Risk policies running with Travelers. The rates are .19/.20 on the completed value and includes flood insurance and feel like that's a good quote for us. Charles said it also helps us with our sales tax issue. We don't pay sales tax on materials that are bought to go in the building. We have to carry a Builder's Risk. Of course, you are going to have to pay for it anyway so it doesn't matter. It saves us a lot of money on the sales tax. Mr. Hall asked if there was anything else in reference to the insurance renewal overview. If not, they will move to the 2010-2011 Plan of Action, Eric.

Eric said within your folders is the Plan of Action and what the process has been for the Executive Committee is to present this for the committee to review and make comments on. Then typically what we do is provide it to the Board via memo update and then move under these directions. The majority of these directions are in keeping with the Master Plan that was prepared for the Commission in the 90's and as you know we are underway on our new Master Plan. Given that process will take about a year and a half, we will continue to be guided by this two-year action plan and will move into developing a new action plan once we have that Master Plan. With that new Master Plan coming on line, it's going to be a land use development plan for the Port property as well as a strategic plan formed by missions and goals. He said he would like to mention that what they are proposing to do for our February committee meetings is have a startup session with the folks that are doing the master plan to get some ideas from the Board members and make sure we're headed in the right directions from the discussions. Mr. Hall asked if there were any questions about the 2010-2011 Plan of Action. If not, we have an issue with regard to Profit Sharing Plan Interim Plan Amendment.

Eric said some years ago when the Port offered the parochial retirement system we also kept the retirement plan that was on the books for certain people that were eligible to not participate in the parochial system. This amendment is part of an annual process that we go through and is something that needs to be adopted by the Board. And just in keeping with our practice of having summary discussions before the Executive Committee before these types of things are adopted by the full Board, we wanted to make sure that they were on the agenda for a possible discussion. This is for the 401-A. Mr. Hall asked if this was recommended by the manager of the plan. Eric said yes, Wertz and Associates. Eric said it's required and recommended. Mrs. Bryant asked how much do we contribute. Gloria said 10 percent. Mrs. Bryant asked how much do the employees contribute. Eric said the employees do not contribute to the 401-A. Mrs. Bryant asked if they have anything like the 457 that they have to contribute to. Eric said they do have the option of 457 but it's not required. Mrs. Bryant said they don't contribute and we contribute 10 percent. But on PERS they have to do 9.5 and we're going to start contributing 15.7 percent. Eric England said coming up, that's correct. And how many employees do we have in this plan? Gloria answered five. Mrs. Bryant asked why don't we require that they contribute something towards their retirement. Eric said at the time that the plan was amended to offer the parochial system, that was the Port's existing plan. It was never a requirement and was a benefit the Port offered to employees without a match. Mrs. Bryant said these employees on this plan are still Social Security. Gloria said yes. Eric said they pay 6.2 to Social Security...Gloria said they still pay 6.2 but we don't. Everybody has to pay the FICA. Eric said 1.45 Medicare. Gloria said everybody has to pay the Medicare, the 1.45, but the people in parochial where we have to put in the 9.5 percent, we don't pay the 6.2. Mrs. Bryant said these pay the 6.2 so they are contributors. Tim said all retirement plans are undergoing amendments required by the IRS this year. Eric said this came in late December real close to the Board meeting and we knew we had the Executive Meeting coming up. Mr. Hall asked if there was any other questions about the Profit Sharing Plan Interim Plan Amendment. If not, Eric, Job Descriptions.

Eric said the By-Laws of the Port Commission state that the job descriptions are reviewed annually by the Commission. As you all recall last year we had the formation of the Personnel Committee and we underwent quite a bit of organizational study and job structure and job reviews. These job descriptions are available to any Commission member and we did not print every single job description out and what he was going to suggest to the committee was in an update we could make them available if there is a commission member that would like to review any job description and head in that direction just to keep from inundating you all with that information. There are no changes in job descriptions to be proposed this time. Eric said one thing he would like to comment on with regards to jobs is with the passing of Alonzo Jackson the Port has continued to operate just as we did from June when Alonzo started his leave of absence by absorption from existing positions and the functions we are contracting out with CDM. Our proposal is to continue in that direction. One of the things that they do foresee in the way of jobs is with the building of the Regional Commerce Center we believe there's going to be that ideal time when we see a need for a Building Manager for the new Regional Commerce Center. It's very likely that what we will look to do is have that person brought on some time either very late this year or early in 2011. It very well could be that the responsibilities that are currently being outsourced could be absorbed by that same person, by that same job because I don't believe there is a full-time position for both at this time. That's what we're planning to do at this point.

Mrs. Bryant said since you brought up Alonzo, she said she had once asked about insurance in case somebody retires. What do we have in the case of when an employee should pass away and they've been on the Port's health plan forever and their whole family has? Do we have anything in place for a situation such as that that for a spouse or? She said she wasn't saying that we should, but you have to think about those things. You have to consider the fact that employees spend a good deal of their time then if something happens, what is the mechanism to make sure that family has health insurance. Eric said the Port does not have anything in that regard other than what's initiated by federal law under Cobra. Mrs. Bryant said so you all don't have mechanisms to allow them to still participate in the plan after that if they pay Cobra premiums if they come up with the funding. Eric said we don't have that in terms of death or retirement. Mrs. Bryant said at the time when the Port was started those issues just weren't considered. But as you grow and as people develop years here you have to consider those things because it does make it—it's difficult later on in life when you have to consider health insurance issues on both aspects and not just on Cobra because Cobra can be too expensive. Eric said if it's the committee's pleasure they could explore some of those and report back at the April Executive Committee meeting. Mr. Hall said yes. Lynn asked Jimmy if the Cobra plan as it currently stands covers an employee's death that the employer pay 65% of that premium for the first 9 months of the 18 months. Gloria said no, the employee's family has to absorb the whole thing. Mr. Austin said it did with them. Mrs. Bryant said she wasn't saying a permanent benefit but something---Charles said that's a City determination. Mrs. Bryant said she wasn't saying a permanent benefit but something when you have employees...Mr. Austin asked if they had an employee under their insurance, a death benefit that they pay. Eric said like life insurance, yes. Mr. Austin asked how much that was and Gloria said it's \$50,000. Eric said that one of the things they upgraded in August of this year. Mr. Austin said with Cobra, it lasts 18 months. Mrs. Bryant asked if we offer anything where the employees can pay a part of their premium towards life insurance so that they can have an upgraded benefit...so that if I pay a portion of the premium at two times my salary. Mr. Austin said that would be good—a lot more than what they had. Mrs. Bryant said it is term; they can get term as they get older. Eric said they could definitely explore those and report back prior to and have them for discussion in April if that's the pleasure of the committee. Mr. Hall asked if there was anything else about job descriptions or benefits that anybody wants to make comment. Ken said he wanted to throw

in what he mentioned earlier that they provide, through Wright & Percy, they provide loss control services and help customers with OSHA compliance and all sorts of standards. We started working with Alonzo several years ago to help him set up a lot of the standards and manuals etc. So please feel free to use us again. If they don't have what you need, we can get the Traveler's loss control people in here to take a look at what's going on. It's all free. You might as well use it if you can. Mr. Hall said next is I-69 Update.

Eric said I-69 is a very important project and he wanted to make sure the commission was up to date now on what we're doing. At one of their committee meetings late last year we proposed the alternatives to the routing of I-69 through the Port and now that they made the decision to explore going around the Pecan Station, we did submit to them those drawings and we're waiting to hear back from them to see what they had to say about them. I anticipate that once we hear back from them we'll move into a direction of having to adopt a formal resolution of what the commission officially chooses but we're waiting to see how they react to our solutions that we proposed. Mr. Austin said Mayor Walker is head of the I-69 Coalition for Louisiana. Eric said we just got our invoice in for the Coalition for the....one of them anyway, the \$7500, and we always do one of the newsletter printings as well and then the event that they have usually in DC. Mr. Austin said it would be a big help to them if they bypass the Pecan Station with I-69 making sure it still comes through the Port like we want it to. Eric England said he did not think they have the knowledge to focus on what issues are important to us and he thought that once they listen to what our issues are, a solution could be developed. Mr. Hall asked how responsive they were about getting back to us about those issues. Eric said very responsive. In fact they talk to us pretty regularly. Mr. Hall said so you think at some point we'll have that locked down with them so that when we do the master plan we'll kind of have a good idea how that's going to impact. Eric said yes, in fact those discussions have been held and just to go one step further, with that property we just bought, I-69 will go right through it and one of the things that when we were talking to the MPC about the Southern Precisions Sands issue that's out at behind the former AT&T plant, we were talking about zoning of that property we just bought and we had a neighbor that had quite a few concerns. He contacted me several months ago saying he just wanted to be a good neighbor but that's not what he portrayed at the MPC meetings. In the end, the MPC said just come with a master plan, but we're not ready to do that.

Hearing no further comments on I-69 Mr. Hall called for Other.

Eric said under Other, they would mention this at the next Marketing meeting. The invitations will be going out for the Groundbreaking to be on the 28<sup>th</sup> which is a Board meeting day at 10:30 a.m. We wanted to get the Groundbreaking done before the rainy season, before it got to be too big of a mess out there. We're going to have someone from the Port of New Orleans on the agenda to speak on the program.

Hearing no further questions or comments, Commissioner Hall adjourned the meeting at approximately 11:00 a.m.

Commissioner Pannell deferred the Executive Committee report to Commissioner Hall who presented various highlights of the meeting including the recommendation for formalization of a Capitalization Policy, the recommendation of Sisung Investment Management Services as an investment advisor, a presentation with regard to commercial insurance, a discussion with regard to the Plan of Action, the Master Plan, the Parochial Retirement System and the By-Laws of the Port Commission. Hearing no additions, deletions or corrections, he moved for adoption of the January 11, 2010 report. The motion was seconded by Commissioner Watkins and carried.

**Marketing Committee Report of January 11, 2010:** The meeting was called to order by Commissioner Jimmy Hall at approximately 12:00 p.m., January 11, 2010 at Sci-Port Discovery Center.

Mr. Hall began with introduction of guests and an opportunity for public comment. Port Commissioners Lynn Austin, Ernest Baylor, Erica R. Bryant, James D. Hall, Ronald J. Miciotto, Capt. Thomas F. Murphy and Michael H. Wainwright were present. Others included: Bobby Clark, The *Shreveport TIMES*; Rich Brontoli, Red River Valley Association; Mike McQuillan, DiMatter & Associates; Charles Tutt, Tutt, Stroud & McKay; Anne Gremillion and Emi Fitzgerald, Gremillion & Pou and Associates, Inc.; Robert Vinet, Burk-Kleinpeter, Inc. and Sean Wesley and Charley Kingery, Wieland-Davco Corporation. Staff included Eric England, Executive Port Director; Brenda Levinson, Deputy Port Director; Hugh McConnell, Director of Operations; Gloria Washington, Director of Finance & Administration; Rick Nance, Director of Engineering & Planning; Marilyn Haley, Public Relations Manager and Hettie Agee, Secretary.

Mr. Hall called on Brenda to provide an update on Port customers. 1) Brenda said **Pratt Paper Mill** continues to run their production levels above what they have been budgeted for. The finished product quality, customer satisfaction remains excellent and they are maintaining an excellent safety record. The rail spur to the mill facility was also completed in December and in speaking with Ed Kersey at the mill, they are expecting to see a considerable decrease in the number of drop trailers that they have to maintain in order to accommodate both the inbound and outbound material. Material going through the **MRF** that has supplied the mill has continued to increase as they go after more commercial business. So all in all they have ended the year on a really good note and are expecting a lot of good things coming out of the mill for 2010. 2) **Omni** also had a great year last

Year. Their goal was to try to finish with a double digit increase over what they did in 2008 and they accomplished that. Stihl had a good year. They ran a promotion for Stihl that started in January; they were able to run that product in December and get it shipped out. Omni also met with Stihl in mid December to plan their promotions for 2010, but because they are working with the parent company in Germany, they plan into 2011 on all of those promotions. Omni is working with TruSouth on a Stihl branded mix of what used to be the 40/50 FUEL that they have renamed as TRUFUEL. They're going to do a private label for Stihl and they'll be shipping it back to Omni and Omni will ship it out with the rest of their products. Homelite had a good December. They're shipping more product to China into Europe and working on several new items for them that will be all new business. O'Reilly had a phenomenal year last year and ended up with double digit increases and that is all the business on the west coast. They're running a big promotion for them right now which they have to have the product to them to be in their stores the first of March to start shipping out. They also meet where all of the managers of their top suppliers meet with all of their people the middle of January, and at this time Omni will be introducing the new Full Synthetic line of product that they did in a specially designed bottle for O'Reilly. They have on order over 3,000 displays for the 2-cycle and 4-cycle. They had a great year; they're expecting an even better year this year and Omni still is able to hold on to all that business on the west coast and able to keep up with their demand, their volume and on-time delivery. Lowe's also had a good December. They placed big orders for January for more of the displays that they do on the 2-cycle and 4-cycle business. So that, coupled with just regular orders, gave them a great December and are expecting a good January with them. The export business, they were hoping to say they had a double digit increase in that. They did. Omni shipped out over 400 containers in 2009. They are so driven by the 2-cycle and 4-cycle business Omni is going back and investing over \$1 Million dollars in their 2-cycle line and their goal is to increase its speed and get their cost efficiencies out of it. They're also putting some money into their gallon line and that is to get a better fill rate off of that line which also gives them some cost efficiencies. They have over 300,000 gallons of new tank storage coming in and this will be for them to keep up with the volume of business. In talking with Curtis Young, he said that Jude and his Dad made the decision several years ago to keep putting money back in the business so that they were able to keep up and supply the customers they had to put them in a position to go out looking for new business knowing that they could maintain it and service it; it had been a good decision for them because they could pick up any business. Their cost efficiencies are excellent so it enables them to put these investments back in the business. 3) **Ternium** had a good December as they had anticipated. They're still expecting to see some market change and turn around in the first quarter for their particular piece of the business. We've had some more discussions with them about more product that will be coming up here from their sister facilities in Mexico. 4) **TruSouth** had a good December even though they used the month of December to work their inventories down. As mentioned earlier, they had changed the name of their 40/50 FUEL product to TRUFUEL. So they are working with Omni on a product for Stihl. They are doing a product for Sears under the Craftsman label and expecting to have some of this product in Walmart stores in 2010. 5) **Carbo Ceramics** had a great year. Already they are anticipating and believe it or not are looking for ways to gather more efficiency because they're expecting 2010 to even surpass what 2009 did which is phenomenal for what they thought this operation would do. 6) **Southern Precision Sands**, even though this isn't December business, they did meet with the MPC. Their site plan has been approved for the operation they are doing at our Intermodal Yard. Their Vice President of Operations flew in from Birmingham. They have 34 silos set and their site plan allows them to set 16 more. From conversations with them, they are anticipating that they are going to be a part of the Port operation for at least 10 years.

Port Site New Business/Prospects: Brenda said on Southwest Paper, they updated all the materials for Southwest. As you recall they were at the Port looking at a possible site for the mill for operations in mid 2000 and we took the operation and did an update on the North Whittington property which is what they had looked at. The difference in their operation from 2003 until now is that it actually includes phase 2 which she was sure there would be a second paper machine. It's a major investment on their part and a large headcount of new employees should they make the decision at this time to go ahead and move forward with that plan. They have the information; we've had several conversations with them and we're anticipating that they would make a site visit to the Port hopefully in January.

Mr. Hall called on Eric and he said the contact report was in their packages which provides a detailed summary of some of the things just discussed as well as the public affairs report. You'll see we had quite a few items on it. Moving on to the calendar of activities, he said he wanted to give an advance heads up, we're approaching February and it's the time of the year we have the Red River Valley Association annual meeting and also that's when we hold our Board meeting in conjunction with the Valley Association as well as our Port Nite event and we're putting together the details of that similar to what we've done in the past. One other particular item of interest with regard to the calendar of activities is the Groundbreaking for the Regional Commerce Center. We have slated January 28<sup>th</sup> at 10:30 and I have asked Marilyn Haley who is coordinating with Gremillion and Pou to give us an update on where we stand with regard to the Groundbreaking. Marilyn said we do have that scheduled for Thursday, the 28<sup>th</sup>. We looked at the calendar and contemplated waiting and the equipment they have out there now for a tent and heating, we decided to go ahead and move forward with it and find a site that's going to be accessible for us to have all that set up and ready. We've secured those items and are moving forward with sending out our invitations. Those will go out by mail this Thursday and then a week before the event will do a follow up by email blast. Ted Knight with the Port of New Orleans is going to be representing the two areas that will be talking about the economic impact that it's going to make and of course the security in being able to provide them a safe haven in the event they have an event. Ted will be here to address what it's going to mean to them and that aspect of it.

Eric said in that regard at the last Administrative Building Committee meeting we discussed the invite list and also discussed the camera that will be recording the construction of the building. It's due in the next few days and that will be set. We'll also promote the presence of that camera via a link on our website so folks can access the progress over the next year of that project.

Hearing no further questions or comments, Commissioner Hall adjourned the meeting at 12:14 p.m.

Commissioner Hall presented the Marketing Committee report, and hearing no additions, deletions or corrections, he moved for adoption of the January 11, 2010 report. Motion carried.

**Operations Committee Report of January 11, 2010:** The meeting was called to order by Commissioner Ron Miciotto at approximately 12:15 p.m. January 11, 2010 at Sci-Port Discovery Center. Mr. Miciotto opened with an opportunity for public comment.

Port Commissioners Lynn Austin, Ernest Baylor, Erica R. Bryant, James D. Hall, Ronald J. Miciotto, Capt. Thomas F. Murphy and Michael H. Wainwright were present. Others included: Bobby Clark, The *Shreveport TIMES*; Rich Brontoli, Red River Valley Association; Mike McQuillan, DiMatter & Associates; Charles Tutt, Tutt, Stroud & McKay; Anne Gremillion and Emi Fitzgerald, Gremillion & Pou and Associates, Inc.; Robert Vinet, Burk-Kleinpeter, Inc. and Sean Wesley and Charley Kingery, Wieland-Davco Corporation. Staff included Eric England, Executive Port Director; Brenda Levinson, Deputy Port Director; Hugh McConnell, Director of Operations; Gloria Washington, Director of Finance & Administration; Rick Nance, Director of Engineering & Planning; Marilyn Haley, Public Relations Manager and Hettie Agee, Secretary.

Mr. Miciotto called on Hugh for the Operations report. Hugh said this was an exceptional year for December. They had four separate shipments of aggregate for *Blount* and *C&S*. Those two companies combined brought in a total of 276,000 tons over the year. That was a little over a quarter of the Port's tonnage through the Port. *Carbo Ceramics*, as Brenda mentioned, had another tremendous month. They alone brought in 190,000 tons throughout the year. These customers are by far the biggest tonnage movers. *Pratt Industries*—their spur is in place now and we expect them to start shipping outbound finished product by rail which will improve their efficiencies and also help their cost. *Ternium*—we've seen an up-kick in their steel coming in by rail. The last several months they have been trucking material in from out of state but now we're seeing the railcars begin to move again and come in from Mexico. *Ternium* had a little over 3,000 tons for the month of December and we're seeing more cars come this way. *T.G. Mercer* also unloaded some pipe during the month, 4,675 tons, and we've also talked to some of their people and they are bidding on new pipeline jobs coming by barge. So we hope to see some pipe come in by barge in the next couple of months later on in the year. For the total, we had 73,976.96 tons by rail.

Hugh said for barge traffic, we had a total of 15 barges, 3 of which were from *Oakley*, pig iron and fertilizer. *Red River Terminals* reported 12 barges which is a very strong month for them. They had 10 outbound barges of lube oil. Again that was 15 barges total for the month, 39,681 tons.

Hugh McConnell said as a recap for 2009, if you look at a lot of the indicators and a lot of the environment, river conditions were high most all of the year which were not very favorable for barge traffic. Local manufacturing was down due to the economy. Car storage fell off because a lot of folks instead of holding rail cars they turned them back to their leasing companies and so our storage numbers dropped off. Thank goodness for the Haynesville Shale because that kept the commodities rolling and actually kept new customers and new potentials looking to the Port. If you look at last year's tonnage compared to this year's, we increased tonnage 15.2% and are knocking on the One Million Ton per year door at the end of the year at 922,000 tons. Our operations revenue increased 12.1% and that's through November (don't have December yet). Our operations expenses decreased 7.9%. I have to say it was really due to the Operations personnel—didn't have a whole lot to do with me. I would like to mention those people here: James Sonnier, Victor McCarthy, Garland Wells, Jerry McCune, Julius Mitchell, Stephen Tingle and Michele Duet. Those 7 people managed all of this commodity throughput, managed the rail and rail invoicing and kept track of equipment. We've got a lot of Policy and Procedures in place that we didn't have before. It's been a great year for us.

Capt. Murphy asked Hugh if he had gotten an update from Mr. Scully as to when to anticipate a delivery date. Hugh said not yet. He had talked to him earlier in the week. He was having some issues with locating the door going into the head. Boats are kind of like campers. When you move something, something else has to move so he's kind of working his way around and getting it all put together. But as far as a delivery date, I do not have that yet.

Mr. Miciotto called on Rick for Port Projects. Rick said as had already been mentioned the rail for Pratt is in use already. They are still waiting on the Lien Clearance for the actual last portion of that rail job which was the track work. The project is already under use. Most of our projects are really dragging due to the mud before—it's now the cold. We cannot place concrete in these weather temperatures. As you might expect, right now we're doing piles. The *warehouse* got several hundred done last week and the week before but they're holding now because of weather conditions. The same thing is true with the *pump station*.

We are going to drive a test pile this afternoon when the temperature rises a little bit. We did get the excavation for the sump done. We're going to do the test pile now. We're skating the standard just a little bit. That's been approved by the engineers because they're not going to use these piles as current piles. The warehouse is basically sitting until the weather comes up. The dock, we did the test piles last week. We've got some issues with the lengths of the test piles. They may have to be extended. They're reviewing that right now. We have two sizes, one is 16" and one is 18". It's the 18" that we have an issue with. It's where we would be right underneath the crane and rails if we have a rail-mounted crane. So we've got to really look at that right now. They have not turned the ground yet on the Regional Commerce Center but are getting their dirt work ready to move on the *Regional Commerce Center*. Mr. Miciotto then called on Eric England for monthly reports.

Eric said just to follow up with what Rick was saying the Regional Commerce Center we are ready to get started on that.

Eric said on the right-of-way agreements we do have one right-of-way agreement we are working on with Cohort Energy/J-W on a well that's been drilled to get the necessary pipelines. Our resolution that we adopted when we entered into that lease year before last takes care of that so it's just a matter of refining the document. Although we don't have any definite information yet, there is another right-of-way that someone is asking for in property that we actually have an easement; we don't own the property. They need to bring us a final document of request.

Mr. Miciotto called on Eric for monthly reports and he said they were in their packages and as you can see our year-end tonnages are high and we are nearing that \$1 Million ton mark which we've always had as a benchmark for an annual operation.

Eric said Brenda would follow up on the Safety & Security but he did want to mention with Environmental that a work plan for the Frank's field site has been prepared and they're waiting for final comments right now before submitting it to DEQ regarding the groundwater aspect of that site. As soon as the comments are received it will be submitted to DEQ. Just trying to move that project along.

Mr. Miciotto called on Brenda for Safety and Security updates and she said from our last Safety & Security meeting with all of our tenants, they are all keeping a high level focus on safety and security around their premises. One thing is we did have Carl Hatfield with Homeland Security that was at the meeting and one of the opportunities that we got with some of the new grants coming up was to pool resources so that we could do something with additional security with cameras on premises of the property so we are talking with tenants about what we could do to put together a consolidated grant thing that would address some of those issues and provide a greater security level. In talking with tenants too there are a number of them that have the opportunity to do additional training, but there is a minimum headcount that has to be there which they can't always meet. What we're going to do is whenever anyone has a need for training, they're going to let us know and see if we can't from within all of our tenants is to be able to come up with a headcount—everyone pays for their pro rata share and this will afford all of our folks out there including ours to participate in training that otherwise would be too costly or something we couldn't do. Everyone is keeping an alert eye on it and staying very aware. We've also talked to the National Security Council who does the training for our stevedores and will work with them to come up with a list of topics that we can use to hold regularly scheduled meetings for our admin staff too as well. They would be held inside the office. Mr. Miciotto then called on Eric.

Eric said he had a few comments. As the Commission knows with the new year we've started our master planning process which is going to take up to 18+ months and give us the roadmap to the decade ahead. Our next committee meeting is on February 8<sup>th</sup> and we're planning to have a kickoff meeting at 11:00 a.m. where we will have the consultants come in and meet with commissioners on just general topics of more a strategic sense for the master plan, not necessarily land use but more focused on Mission and Goals and Strategy of the master plan itself.

Also we are underway on an important institutional part of the Port, digitizing the plans of all the as-builts of the Port where that will become integrated into one as well as the storm water runoff plan. As you all know we transformed what otherwise was a farm and agricultural property into an industrial city and there's six to seven hundred million dollars of infrastructure out there and a lot of concrete.

He said he also wanted to mention regarding CCS as they all know we were the issuer of bond debt some time ago and mentioned several months ago that they were going to make some changes to their lease and mortgage. We're awaiting final documents and we anticipate that we'll have those in the next couple of weeks and we'll look to have those approved by the commission in February and they also have requested an easement. We're moving in the direction of giving them access to do the necessary survey and we are in the process of finalizing the commercial terms of that and will come back to the commission just as soon as we have that negotiated. Where we were going to tie the agreement to the Frank's field, we're going to just have a straight commercial agreement that's revenue based like all the other Port agreements.

Hearing nothing further to bring before the committee, Committee Chairman Miciotto adjourned the meeting at 12:30.

Commissioner Hall presented the Operations Committee report, and hearing no additions, deletions or corrections, he moved for adoption of the January 28, 2010 report. Motion carried.

**NEW BUSINESS:**

**\*Motion to Authorize 2010 Officers to Sign on Continued Projects:** A motion was made for authorization by Commissioner Murphy, seconded by Commissioner Austin and carried.

**\*Resolution No. 1 - Systems Survey and Compliance Questionnaire:** Mr. England said this was a requirement of the Legislative Auditor of the State of Louisiana kicking off on our audit process. A motion to adopt was made by Commissioner Watkins, seconded by Commissioner Austin and carried.

**\*Capitalization Policy Adoption:** Mr. England said as discussed at the Executive Committee meeting on January 11, 2010, they've established a Capitalization Policy for assets \$5,000 and above. A motion was made by Commissioner Hall, seconded by Commissioner Bryant to adopt the policy. The motion carried.

**\*Inventory Control Policy Adoption:** Mr. England said in conjunction with the above Capitalization Policy, we also discussed Inventory Control Policy for the Port Commission assets that ranged in value from \$1,000 to \$4,999. A motion for adoption was made by Commissioner Hall, seconded by Commissioner Murphy and carried.

**\*Port Portfolio Manager Selection:** Sisung Investment Management Services LLC: Mr. England said in line with the discussions at the Executive Committee meeting, the selection of Sisung Investment Management as the Port's Portfolio Manager is recommended. A motion was made by Commissioner Austin, seconded by Commissioner Bryant and carried.

**\*Resolution No. 2 - Profit Sharing Plan – Interim Plan Agreement:** Mr. England said this was regarding 401-A, one of the Port's retirement plans the Port offers its employees. These amendments are in keeping with IRS regulations. A motion for adoption was made by Commissioner Bryant, seconded by Commissioner Hall and carried.

**\*Resolution No. 3 – Regional Commerce Center, Amending Resolution dated August 20, 2009, Award of Bid and Agent of Record on General Contractor & All Subcontractors:** Mr. England said this resolution will name additional subcontractors for them to make purchases as Agents on behalf of the Port. A motion for adoption was made by Commissioner Murphy, seconded by Commissioner Bryant and carried.

**\*Resolution No. 4 - Project Acceptance on SPN 578-09-0012(325) Slack Water Harbor Gray Water Utility Supply (Phase 5 of SPN 578-0012):** Mr. England said as they would recall they split the Gray Water project into two in two phases. This part accepts the Gray Water Line portion. A motion to approve was made by Commissioner Bryant, seconded by Commissioner Austin and carried. (Resolution to be forwarded to DOTD and copy placed in the permanent records of the Port Commission)

**Port Director's Report:** Mr. England thanked Mr. Pannell on behalf of the staff for his leadership as President for the past couple of years and thanked the slate of officers for their accomplishments over the past couple of years. He said he thought the tempo we've kept has been unmatched for what he's seen in the past decade if not past 15 years and felt that was attributable to the leadership we have on the Commission and he wanted to thank him for that.

We did communicate with you about there being a Kickoff meeting with Burk-Kleinpeter for our Master Plan prior to our next committee meeting in February. The lead facilitator who is in charge of that meeting has two children, one of which is a Marine and being deployed and another one that will be coming home on that day. Recognizing the need that he will not be able to be here, what we're proposing is we will postpone that meeting for that committee meeting day given the situation and propose to have it at 3:30 p.m. prior to our Board meeting on the 18<sup>th</sup> which will be held in conjunction with the Valley Association. And if that is the pleasure of the Board, we'll get notices out to that effect. Mr. Hall asked Eric what the purpose of that particular meeting was. Eric said the purpose of the meeting is to give the master planners an interaction session from the start with the Commission. Mr. Hall said it may be overkill, but it just seemed to him that an hour and a half might be more appropriate. Eric said if it went beyond an hour and a half, they could always amend the agenda to have a master plan as a topic as well. Eric said he did like the idea of an hour and a half so we'll make it that if it's the pleasure of the Board.

Mr. England said our work boat...Captain Murphy had been involved and we had some news on that. Capt. Murphy said the latest he had in conversation with Hugh McConnell was that he had been in contact with the builders and they're ready to sandblast and paint the hull and they're running electrical cables now. It looks for delivery toward the end of next month. It could stretch into the first of April, but we're looking to the end of February for delivery. The details of delivery need to be worked out. We'll get back to you on that as the date gets closer. Hugh McConnell said he spoke with the man that morning and they're doing that. All we're waiting on now is the GSA contract to be available to the general public and it's ready to go.

Mr. England said the Regional Commerce Center program went well this morning.

Last week we were in Washington D.C. for the D.C. Mardi Gras, but while we were there we were making full use of our time and we did have meetings on Capitol Hill as well as in the departments. We will be back at the end of February when we are up there for our Gulf Ports Association doing some immediate follow up visits as well as the AAPA Spring meeting is when we will try to tie in some more appointments. It was a good kickoff trip and Mr. Pannell had some comments he would like to make in that regard. Mr. Pannell said he just wanted to comment...he said he thought it was a good move getting the D.C. individuals involved and anytime you spend additional money you like to see results from it as soon as possible. He said some of the meetings they had were very encouraging and they feel something would happen. One of the things he was trying to do was talk to George Kleinpeter and they had some conversation about their lobbyists. What he was trying to do was to get a meeting with our folks because you can't have too much help. He said he had been told, and we think we all know the condition of the State, and the Port Priority program has been extremely good to us. But we all know that money is getting short and one of the things he wanted to do was to have these people meet and talk because when they put that master plan together it should be put together where they know funds are. So we can start looking for money in other places. But rather than putting it together and then going out and looking for the money, at least try to identify it. We were given a lot of information as to where money would be in the future. It was a pretty interesting meeting detailing how it actually works and what's in the plan now and where money would be. One of the things, and I know several people will probably, I think thirty minutes would actually be good because now is the time for people that have issues that are important to have them put in there and one of my main issues and I was signing some papers this morning that Eric pointed that out, is that he knows they talked about how much \$49 Million and the \$650 Million dollars. That's impressive but that is the amount of money that has been spent within the boundaries of the Port. It's in that master plan for them to tell us because when it comes into the Port those products don't stay at the Port and it has to have an effect somewhere else in a lot of other places and we don't know where that is and he thinks it would good to know and it would be good to have when they get ready to go back to the citizens and talk about renewing that bond issue. Finally they talked about some of the things that's happening at the Port now that commissioners back awhile had the foresight to do those things and he's just hoping---I know we're making progress now---but I just feel that a lot of what we have done will have a huge effect on things in the future and I keep saying at the Groundbreaking ceremony this morning that when we started on that building we had no idea we would end up with what we have there now and that's an impressive building and I say for the last time that I think the committee did a tremendous job because it wasn't somebody else's idea. It represents the idea of this Port Commission so in years to come we can say that was an idea we put together with the members on the committee and I would like to thank you again for that.

Mr. England said congratulations to Jimmy, Erica and Ron and, on behalf of the staff, we look forward to working with you in your new roles.

Mr. Pannell said if there was no further business with the Port, he would entertain a motion for adjournment at approximately 4:54 p.m. The motion was made by Commissioner Austin, seconded by Commissioner Murphy and carried.

Respectfully submitted,

Ronald J. Miciotto  
Secretary-Treasurer

#### **NOTICE OF MEETINGS!!**

**Special Board Meeting, Thursday, February 18, 2010, 3:00 p.m., Diamond Jack's Convention Center, Bossier City**

**Date and Place of next Regularly Scheduled Board Meeting: Thursday, February 18, 2010, 4:30 p.m.**

Diamond Jack's Convention Center, Bossier City

**Marketing and Operations Committee Meetings, Monday, February 8, 2010, 12 Noon**

Sci-Port, 820 Clyde Fant Memorial Pkwy, Shreveport