

GREATER LAFOURCHE PORT COMMISSION

AGENDA

June 8, 2016 at 10:30 AM

Administration Building · 16829 East Main St · Galliano, LA

(Revised: June 7, 2016 at 9:10AM)

- I. Call to Order
- II. Pledge of Allegiance
- III. Roll Call
- IV. Consider approval of minutes for May 11, 2016 regular meeting
- V. Executive Director's Report
 - A. Northern Expansion
 1. Northern Expansion Slip C 800 LF East Bulkhead *(Angelette-Picciola)*
 2. Northern Expansion Slip C 800 LF East Sweep Dredging *(Angelette-Picciola)*
 3. Northern Expansion Slip C 950 LF West Bulkhead *(Angelette-Picciola)*
 4. Flotation Canal Hydraulic Dredge *(Picciola & Associates)*
 - B. Airport Projects
 1. Pump Station – Engine & Pump Replacement *(Picciola & Associates)*
 2. Beacon and Tower Painting
 3. Storm Water Management
 4. Generator & Fence Electrical work
 - C. Other Projects
 1. Fourchon Bridge Repair project *(Picciola & Associates)*
 2. Assumption of Maintenance Study
 3. Section 203 Feasibility Study *(GIS Engineering)*
 4. LA 3090 Overlay *(DOTD)*
 5. Geotube Beach Repairs *(Angelette-Picciola)*
 6. Town of Golden Meadow Floodwall Improvements/Bulkhead
- VI. Update from South Louisiana Economic Council
- VII. Public Comment - None
- VIII. Committee Reports
 - A. Executive Committee
 1. Consider approving the request from Newpark Drilling Fluids for a landlord agreement on sites GLF317 and GLF317-AB
 - B. Permits & Waterways Committee
 1. Review the permit applications from South Lafourche Levee District, Bollinger Fourchon, LOOP, Petrogulf Corp., Donald Vizier, and Endymion Oil Pipeline Company
 - C. Construction & Development Committee
 - D. Finance Committee
 1. Consider approving payment of May 2016 invoices and recognize expenditures over \$10,000
 2. Consider approving the 2015 Financial Audit
 3. Consider approving the out of state travel request
- IX. Any other business – None
- X. Adjournment

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OFFICIAL PROCEEDINGS OF THE GREATER LAFOURCHE PORT COMMISSION
June 8, 2016

The Board of Commissioners of the Greater Lafourche Port Commission met in regular session on Wednesday, June 8, 2016 at 10:30 AM at the Administration Building 16829 East Main Street, Galliano, LA.

President Gisclair called the meeting to order and Vice President Gaudet called roll.

ATTENDED: Perry Gisclair, Kris Gaudet, Rodney Gisclair, Wilbert Collins, Larry Griffin, John Melancon Jr., and Ervin Bruce

ABSENT: Chuckie Cheramie and Jimmy Guidry

Upon motion by Melancon and second by Bruce, with no public comment, the board unanimously approved minutes for May 11, 2016 regular meeting.

Executive Director's Report

Northern Expansion – Engineer Larry Picciola reported Shavers Whittle completed all concrete deadman and steel sheets for Slip C 800 LF East Bulkhead project. They are working on welding the whaler beams, bumper pipe, and excavating for the lightweight aggregate. They did send a request for 30 weather days which will move the completion date to July 17th. Engineer Picciola reported Slip C 800 LF East Dredge project started advertising today with bid opening on July 7th. Engineer Picciola reported Blanchard Contractors has driven piles for 9 concrete deadman for the Slip C 950 LF West Bulkhead. They have started driving steel sheets but had issues and had to remove them and start again. Engineer Joe Picciola reported Crosby Dredging has been on site for a couple of weeks now for the Flotation Canal Hydraulic Dredge project. They are currently pumping spoil material to develop lease sites between Slip C and Slip D. Melancon questioned completion timeframe, which Picciola replied they are a third complete.

Airport Projects – Davie Breaux reported the Pump Station Replacement project is complete just waiting on the delivery and installation of the lights. Lights are expected to be shipped this week. The Beacon and Tower Painting project is 100% funded by DOTD. The low quote was awarded to Rouse Construction for \$6,195. The Storm Water Management drainage study is 90% FAA Funded and 10% DOTD funded. Duplantis Design Group is 50% complete with the design. The generator & fence electrical work that was awarded to Regional Electric for upgrades to the fuel system and electric gate has started.

Other Projects – Engineer Joe Picciola reported the Fourchon Bridge Repair project is complete and in the lien period. There is a meeting scheduled next week to discuss the cost of the fender damage repairs. Executive Director Chiasson reported the Assumption of Maintenance Study is under review by the Corps office. There will be a public notice period for comments then it can move forward with approval. Neil Malbrough reported working on the management plan for a complete study start to finish for the Section 203 Feasibility Study. There are team meetings set for the end of June but in the meantime we have been notified by the Corps that the memorandum of agreement has been approved by the district office and on its way to the Vicksburg office. Chiasson stated Mr. Autin did receive an electronic copy yesterday of the MOA and after review we responded with the few minor grammatical errors. He stated once the MOA is approved and sent back we can sign it and move on. Malbrough stated that we are setting up with the Corps a Kickoff meeting for mid-July. Davie Breaux reported the LA 3090 Overlay project is complete and the contractor is doing final cleanup of the area. Joni Tuck reported on the Geotube Beach Repairs project. We did have a FEMA site visit on May 26th. We are working with Larry Picciola for the design and also contacting estuary agencies for any issues with nesting areas on the beach. Breaux stated we contributed \$100,000 to the Town of Golden Meadow for the Floodwall Improvements/Bulkhead project. The project is \$1.2 million and our contribution went towards the Town's match. Material of wooden piles

and vinyl bulkhead sheets are on site and they have started to drive the piles. Melancon stated this helped out with the Port's bayou stabilization program good money for a good cause. We appreciate the Town getting this done.

Update from South Louisiana Economic Council (SLEC) – Vic Lafont handed out the 2015 SLEC Annual Review which listed the projects and programs they deal with. Lafont then reported on some upcoming projects and programs such as: SLEC monitors all bills effecting industry with legislation that benefit the financial viability of the region. They will be working with the Parish to upgrade their economic department services to a higher level. They coordinated with Restore or Retreat in working for our coast setting up workshops to provide direction to local companies on how to participate in land restoration projects in restoring our coast. They will help the Port to develop a marketing campaign to promote and publicize both the water and air services of this bayou region. SLEC is conducting a region wide survey to determine what and how our services should be directed during this downturn in our economy. SLEC is spearheading an Industrial Trades Job Fair on June 10th from 9AM – 1PM at Fletcher Technical College in Schriever to help connect unemployed residents of our region with those companies with job opportunities within driving distance of the bayou parishes. They commissioned a study of the Manning Camp which yielded \$4.5 million impact to our community from tourism, housing, and entertainment. SLEC will be hosting a round table event between the Port of Progresso from the Yucatan and the four bayou ports on June 27th to discuss and explore common ground on shipping and trade opportunities across the waters of the Gulf. SLEC members are involved with the Super Region Committee that will be participating in a canvassing tour of the Panama Canal region of Mexico on September 20th to explore common ground. SLEC will be coordinating the business assistance part of a Business Expo hosted jointly by Thibodaux and South Lafourche Chambers on September 30th to bring some survival assistance to those local companies largely affected by the downturn of the oil and gas industry. Lastly, SLEC has teamed up with Baton Rouge Area Chamber and GNO, Inc. to participate in an EDA grant program for the purpose of marketing specific industrial sectors that effects regional economies. P. Gisclair questioned by dealing with economy figures daily do you have future predictions, which Lafont replied SLEC does have a business barometer on their website at bayouregion.com which has quarterly reports of jobs lost, gained, rig counts, etc. but from what he is seeing it does not look good. Some say oil prices will get better in 6 months while others say 18 months.

Committee Reports

Executive Committee - The committee met on May 25th in Fourchon present was Cheramie, Griffin, P. Gisclair, and Melancon. They also met on June 6th in Galliano with Cheramie absent.

Upon motion by Collins second by Melancon, with no public comment, the board unanimously approved the request from Newpark Drilling Fluids for a landlord agreement on sites GLF317 and GLF317-AB, subject to provisions requested by Port Attorney. Port Attorney Bryce Autin stated this agreement allows our tenants to collateralize moveable equipment and inventory on their site. We subordinate any lien we would have from the payment of rent to the interest of the bank with provisions regarding default by the tenant to allow the bank to seize the property. Chiasson stated that Newpark has completed considerable improvements to the site within the last 6 months.

Permits & Waterways Committee - The committee met on May 25th in Fourchon present was Cheramie, Griffin, P. Gisclair, and Collins. They also met on June 6th in Galliano with Cheramie absent.

Griffin presented for the board's review the permit applications from South Lafourche Levee District, Bollinger Fourchon, LOOP, Petrogulf Corp., Donald Vizier, and Endymion Oil Pipeline Company.

Construction & Development Committee - The committee met on May 25th in Fourchon present was Griffin, R. Gisclair, Bruce, and P. Gisclair. They also met on June 6th in Galliano with Bruce absent.

No project document approvals to report.

Finance Committee - The committee met on May 25th in Fourchon present was Guidry, P. Gisclair, Melancon, and Gaudet. They also met on June 6th in Galliano with Guidry absent.

Chairman Melancon veered from agenda to move out of state travel requests before audit. Upon motion by Melancon second by Collins, with no public comment, the board unanimously approved the out of state travel request from Chett Chiasson to attend meetings regarding the Port and LA 1 with our

congressional delegation, Corps of Engineers, and other government agencies in Washington, DC July 13 – 15th.

Upon motion by Melancon second by Gaudet, the board unanimously approved the payment of May 2016 invoices and recognized expenditures over \$10,000 which total \$2,070,083.29.

Melancon then presented for the board's consideration approving the 2015 Financial Audit. Karla Tipton, CPA with Lanaux & Felger presented to the board the highlights of the financial statements. She stated that there are 3 reports that are involved in the audit. The first report is the Independent Auditor's Report which resulted in an unmodified opinion which is the best one to get. This opinion states that the financial statements are presented fairly in all material respects in accordance to general accepted accounting principles. The second report is the Yellow Book Report also known as the governmental auditing standards which resulted in no compliance findings and no deficiencies in internal controls. The third report is the Single Audit Report resulted in an unmodified opinion on compliance with federal program requirements and no deficiencies in internal controls.

The big change for this audit was the implementation of the new pension accounting standard which is GASB Statement No. 68. This standard was applied "retrospectively". It requires employers to record their share of unfunded liabilities of the multi-employer pensions which they participate. Most employees participate in LASERS with one in the Teacher's Retirement System. In 2014 beginning balances were restated to increase pension liabilities and decrease unrestricted net position by \$6,992,403. The 2014 Pension Expense increased by \$334,924. As of December 31, 2014, net pension liability was \$7,670,496. In 2015 Pension Expense increased by \$125,486. As of December 31, 2015, net pension liability was \$8,334,774. This also required additional footnote disclosures and schedules.

Some financial highlights are: net position of \$258.3 million (8.4% increase from 2014), annual operating revenues of \$26 million (.6% increase), cash and cash equivalents of \$68 million (.8% increase). The Port had operating profits of \$5.9 million (15.7% decrease from 2014), net income before capital grants of \$11.2 million (5.9% decrease), capital grants of \$8 million and expense grants of \$1.9 million.

The total revenue and capital additions by source are identified on a graph as 64% of self-generated fees, 20% of state and federal capital construction grants, 11% of ad valorem taxes, 4% of state and federal operating & maintenance grants, and 1% of other. The total operating income by source identified on a graph as 97% seaport revenue and 3% airport revenue which is same as last year. The total operating expense by function as 53% seaport expenses, 19% administrative, 19% harbor police, and 9% airport cost. The total expenses and other uses of funds are identified on a graph as 42% of capital construction and purchased equipment, 19% of depreciation and disposal of assets, 13% salaries and benefits, 10% lease expense, 6% maintenance supplies and operating facilities, 6% other operating expenses, and 4% hurricane damage repairs. She then presented a bar graph that shows the difference from capital construction grants versus expenditures and in 2015 it shows that with \$16.5 million of construction approximately \$7 million was self-funded and \$9.3 million was funded by grants. She then presented a 2014 comparison chart to other ports of similar size to Fourchon such as Iberia, Lake Charles, St. Bernard, and Baton Rouge. This resulted in total assets ranking Fourchon with over \$276 million of assets second to the Port of Lake Charles at \$362 million of assets. The comparison of net operating revenue generated by investments and fixed assets which looks at the total amount invested versus generated revenue leaves the Port at 28% profit margin for an annual return of 14.2% on investment which is very strong for the Port. She then thanked the Port for time and years of service Lanaux & Felger has with the Port appreciate working with administration.

Gaudet questioned when the pension unfunded actuary projections will break even, which Mark Felger replied there is a state law that requires them to get these numbers under control within a 20 – 25 year period but we are not sure of when that will be. From the graph shown earlier that covered 6 years, we are not seeing progress of closing that gap. Pension plans are generally funded 55% - 65% some are better funded than others. Attempts were made 2 years ago by legislator to get this under control by limiting pensions for new employees, however it did not pass. The state has other fiscal problems at this point so pension issues are not on their radar. Felger does not see it getting better anytime soon. For the Port, the amount of money showing on the books is pretty insignificant in comparison to a parish, city, or school

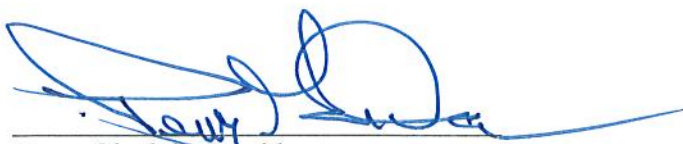
system which has most expenses tied up in labor. Chiasson stated our audit has historically been good and we appreciate the work and support Lanaux & Felger gives us and it is good to know our office is doing a good job following all the rules and laws. The cash and cash equivalent of \$68 million in the bank is a lot of money but we have a plan for the next 15-20 years that will cost a half a billion dollars. \$68 million will not go a long way if we are looking at doing things in the future that will cost \$500 million. It is important for the public to know yes we do have money on hand to get things done to continue growing the port and airport and provide jobs for the community but we do have bigger plans than that. Gaudet then congratulated and thanked Mr. Rome for doing a good job on the audit.

Mark Felger stated that the Port has a clean audit opinion with no findings because you have a conscientious staff that takes time to do their jobs and they are concerned about doing it within the rules. Felger then commended the commission for hiring good people and commended the staff for being conscientious in their job. Upon motion by Melancon and second by Griffin, with no public comment, the board unanimously approved the 2015 Financial Audit.

Chiasson recognized Mr. James Rome our Director of Finance who will be retiring and presented him with a certificate that states, *"Upon your retirement, the GLPC hereby acknowledges James Rome in appreciation for your years of dedicated service and your leadership in the realm of finance, we wish you good health, happiness, and continued success in your life after retirement."* There is nothing more to say but thank you. President Gisclair stated on behalf of the board we thank you, congratulate you, and good luck with your future endeavors.

Upon motion by Griffin second by Melancon, the board adjourned the meeting at 11:31 AM.

ATTEST:



Perry Gisclair, President



Harris "Chuckie" Cheramie, Jr., Secretary