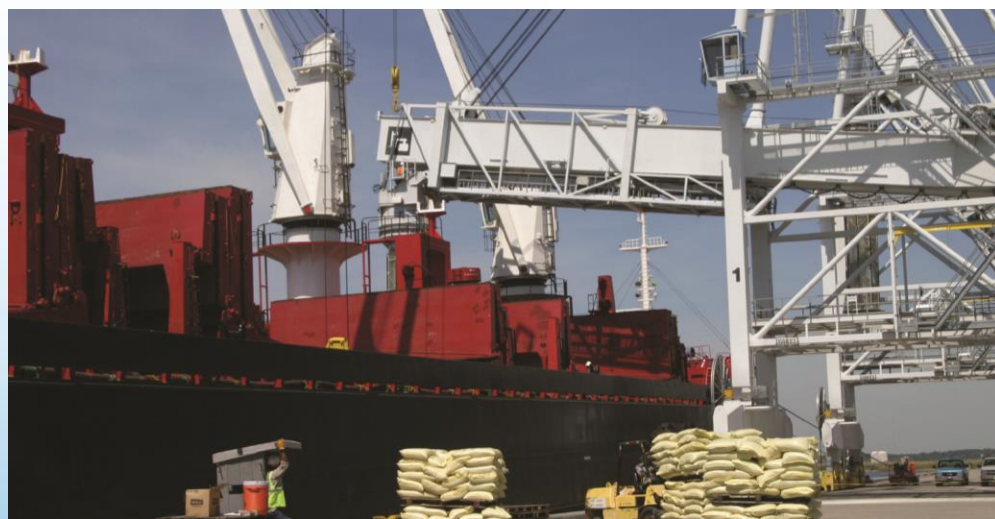




PORT OF LAKE CHARLES

LAKE CHARLES HARBOR & TERMINAL DISTRICT





Port History

- **Formed in 1926 as a political subdivision of the State of Louisiana and is currently the 13th largest port by CORPS statistics and one of two major river systems, along with the Mississippi River, in Louisiana.**
- **Channel is 67 miles in length. As with most ports, dredging is a top problem and priority.**
- **Port cargo consists of: Variety of petrochemical products, bagged grains, bulk grains, barite, rutile, lumber, rubber and frac sand.**
- **Have announced over \$60 billion in capital investment in past 3 years; port property will house about half of this investment.**
- **Two different nontraditional port undertakings have been the development of casinos and a 4,000 person employee village for temporary workers in the area.**



State Legislation

- In 2003, the State Legislature specifically addressed the Port of Lake Charles Commission within State Bill LA R.S. 34:201. This bill contains the guidelines and sets the tone for commissioner and staff activities.
- The Port has 7 Commissioners who are nominated by the cities, parish governing bodies, and state legislators in the Port's district. Out of the 7 nominations, the state legislators nominate 3 candidates for each of their 3 commission slots, the cities and parish nominate 3 candidates for each of the other 4 slots. The Governor selects one of the three nominees for each of the seven spots.



State Legislation

LSA-R.S.34:202 includes the following provisions for Commissioners:

- The governing authority of the district shall be a Board of Commissioners.
- The governor shall appoint Commissioners, subject to Senate confirmations.
- Three nominees submitted by the governing authority of Lake Charles.
- Three nominees submitted by the governing authority of Calcasieu Parish.
- Three nominees submitted by the governing authority of Westlake.
- One nominee submitted by the governing body of Cameron Parish.
- Three nominees submitted jointly by the state legislators of the district.



State Legislation

LSA-R.S. 34:202 cont'd

- No member shall serve more than two consecutive terms.
- Commissioners shall serve without compensation.
- The Commission shall be responsible for establishing broad, directional policies of the district and may take only such action which is in accordance with powers and authorities established in this Part or otherwise as authorized by state or federal law. *Neither the Board of Commissioners nor any individual member thereof shall conduct day-to-day operational decisions of the port director or any other employee of the district.*
- No person shall be elected to serve for more than two consecutive years in the same office. After serving two consecutive years in a particular office, a member shall not be eligible to hold that office for a period of one year.
- The Board shall not pay any costs associated with out-of-state travel by a board member unless such payment is approved by five members of the board voting at a meeting of the board.



State Legislation

LSA-R.S.34:202 cont'd for Commissioners:

- **The Board shall contract with and employ a Port Director who shall meet the minimum qualifications of a bachelor's degree from an accredited college or university or at least five years of experience.**
- **The Board may fix the compensation of the Port Director. The term of the employment contract with the port director shall not exceed three years. The Board shall conduct, at least once a year, a written performance review of the Port Director in accordance with an evaluation procedure to be established by the Board. Within ten days of its completion, such written evaluation shall be sent to the members of the state legislative delegation who represent any part of the district.**



State Legislation

LSA-R.S.34:202 cont'd for Executive Director:

- **The Port Director shall be the chief administrative officer of the district. He shall be responsible for the efficient administration of the district and shall oversee its day-to-day operations.**

The Port Director shall:

- 1. Supervise enforcement and execution of the broad, directional policies and other procedures of the board.**
- 2. Attend all meetings of the Board of Commissioners.**
- 3. Recommend to the Board any measures necessary or expedient for the good governance and welfare of the port.**
- 4. Supervise the official conduct of all officers of the district appointed by the director.**
- 5. Supervise the performance of all contracts for work to be done for the district, make all purchases of material and supplies, and see that such material and supplies are received and are of the quality and character called for by the contract.**
- 6. Supervise the construction, improvement, repair, maintenance, and management of all district property, capital improvements, and undertakings of the district, including the making and preservation of all surveys, maps, plans, drawings, specifications and estimates for capital improvements.**



State Legislation

LSA-R.S.34:202 cont'd for Executive Director:

- 7. Cooperate with any city and parish officials in the operations of the district.**
- 8. Keep the state legislators who represent any part of the district fully advised of the financial and other conditions of the district and of its future needs.**
- 9. Prepare and submit to the Board annual operating and capital budgets.**
- 10. Conduct the business affairs of the district and cause accurate records to be kept by modern and efficient accounting methods.**
- 11. Make available to the Board, not later than the fifteenth day of each month, an itemized financial report, in writing, showing the receipts and disbursements for the preceding month.**
- 12. Contract with superintendents, stevedores, and other agents and employees and fix their compensation and terms of employment as deemed appropriate. However, the port director shall enter into an agreement with stevedores that extends for a period of more than one year only with the approval of the board.**
- 13. In accordance with applicable law and without approval of the Board, employ, reclassify, fix the compensation of, or discharge or impose other disciplinary action on all employees who do not directly contract with or report to the board (aka – attorney).**



State Legislation

LSA-R.S.34:202 cont'd for Executive Director:

- 14. Summarily and without notice to the Board or otherwise, investigate the affairs and conduct of any department, agency, officer, or employee who does not directly contract with or report to the Board and who is under the Director's supervision. The director may compel the production of evidence and attendance of witnesses relative to such investigation. Based on such investigation, the Port Director make take, in accordance with applicable law, any action he deems appropriate and in the best interest of the district.**
- 15. Hold an annual orientation session for Board members which includes ethics training, information on audits of the district, responsibilities of members, policies and procedures, and the current financial condition of the district.**
- 16. Perform all such other duties as may be necessary to carry on the day-to-day business affairs of the district within the broad, directional policies established by the board of commissioners.**
- 17. Perform all other actions and duties as authorized by the Board.**



Commissioner and Staff Objectives

- **Financial condition**
- **Standard port functions**
- **Economic development**
- **Ethics**
- **Designee for channel**
- **Yearly legislative overview**



Commissioner and Staff Ethics

“Public employee” means anyone, whether compensated or not, who is (a) an officer or official of a governmental entity who is not filling an elective office; (b) appointed by an elected official to a position to serve the government or government agency, when the elected official was acting in his official capacity; (c) engaged in the performance of a governmental function; or (d) is under the supervision or authority of an elected official or another governmental employee.

The Code of Governmental Ethics prohibits the:

- Receipt of a thing of economic value from a source other than the governmental entity for the performance of official duties and responsibilities.**
- Receipt of a thing of economic value for the performance of a service substantially related to public duties or which draws on non-public information.**



Commissioner and Staff Ethics

- **Receipt of a thing of economic value by a public servant for services rendered to or for the following:**
 - **Persons who have or are seeking to obtain a contractual or other business or financial relationship with the public servant's agency;**
 - **Persons who are regulated by the public employee's agency; or**
 - **Persons who have substantial economic interests which may be substantially affected by the performance or nonperformance of the public employee's official duties.**

Financial Disclosure

- **Persons holding statewide elected office, the secretaries of certain departments of state government, the superintendent of education, the commissioner of higher education, the president of each public postsecondary education system, and persons holding certain positions in the office of the governor must file a financial disclosure report with the Board of Ethics annually, by May 15 of each year. The financial disclosure form must be filed each year the office or position is held, and the year following the termination of the office or position.**



Commissioner and Staff Ethics

Ethics Training

- **Beginning January 2012, each public servant shall receive a minimum of one hour of education and training on the Code of Ethics during each year of his public employment or term of office. Newly elected officials must receive training within 90 days of taking the oath of office.**



Commissioner Oversight of Staff

- **Long-term contract oversight.**
- **Email updates as needed. Most from our attorney, who answers directly to the board and is the only staff member not on a “hire and fire basis” to the executive director. Rarely from executive director.**
- **The Board reviews and approves the annual operating budget and annual capital budget in December of each year.**
- **Staff prepares a Comprehensive Annual Financial Report (CAFR) annually which includes audited financial statements. The CAFR is presented to the Board for approval in June of each year. Subsequent to approval by the Board, it is submitted to the Louisiana Legislative Auditor.**



Commissioner Oversight of Staff

- **Delegation of Authority**
- **Staff updates the Board with quarterly operating and capital forecast:**
 - **Forecast I – YTD March actual results plus remaining 9 months forecast**
 - **Forecast II – YTD June actual results plus remaining 6 months forecast**
 - **Forecast III – YTD September actual results plus remaining 3 months forecast**
- **Monthly meeting**
- **Monthly briefing**
- **Weekly staff reports**



Commissioner Oversight of Staff

DELEGATION OF AUTHORITY

PLANS, OBJECTIVES, BUDGETS:

Master Plan

Strategic plan

Strategic Objectives

Operating Budget

Capital Budget

Operating Budget Amendments

Up to \$175,000

Over \$175,000

Board Authority

Board Authority

Board Authority

Board Authority

Board Authority

Exec. Director Authority

Board Authority



Commissioner Oversight of Staff

Delegation of Authority cont'd:

Capital Budget Amendments

Up to \$200,000

Exec. Director Authority

Over \$200,000

Board Authority

PROPERTY RIGHTS:

Acquisition & disposal of real property

Board Authority

Leasing -

Port Related

Up to one year

Exec. Director Authority

Over one year

Board Authority

Non-Port Related

Up to one year

Exec. Director Authority

Over one year

Board Authority



Commissioner Oversight of Staff

Delegation of Authority cont'd:

Utility easements (water, gas, sewer, electricity, communications, etc.), rights of way, and agreements for services for Port properties or tenants

Exec. Director Authority

Other easements and rights of way

Up to one year

Over one year

Exec. Director Authority

Board Authority

Assignments and Consents

**Exec. Director Authority
and General Counsel**



Commissioner Oversight of Staff

STATEMENT OF REVENUES AND EXPENSES THREE MONTHS ENDED MARCH 31, 2014 AND FORECAST I

BRIEFING NOTE

Operating Statements

•Attached is the operating statement – budget to actual comparison – for the three months ended March 31, 2014. Also attached is Forecast I, which includes the actual results for the three months ended March 31, 2014, and projections for the nine months ending December 31, 2014, compared to the original budget for 2014.



Commissioner Oversight of Staff

Financials Briefing Note cont'd:

Three months ended March 31, 2014 Actual vs. Budget

•Revenues

•Operating revenues for the three months ended March 31, 2014 were \$9.1 million compared to a budgeted amount of \$7.9 million, resulting in a favorable budget to actual variance of \$1.2 million. This favorable budget to actual revenue variance was due to the following:

- Petroleum coke exceeding budget expectations due to timing of delivery and due to mechanical and scheduling issues at a customer's facility.



Commissioner Oversight of Staff

Financials Briefing Note cont'd:

- **Storage revenue associated with petroleum coke due to mechanical and scheduling issues at a customer's facility.**
- **Dockage fees associated with two large commercial bagged rice shipments at City Docks during the first quarter, exceeding budget expectations.**
- **Partially offsetting the favorable revenue variance was lower than expected barite and calcined coke tonnage, due to timing.**



Commissioner Oversight of Staff

Financials Briefing Note cont'd:

Expenses

- Operating expenses for the three months ended March 31, 2014 were \$8.8 million compared to \$9.2 million budgeted, resulting in a \$0.4 million favorable budget to actual variance. This favorable budget to actual variance was due to the following:
- Lower insurance expense due primarily to a lower than expected property insurance renewal as a result of a successful marketing effort by the District's Aon Insurance Broker.
- Lower legal expenses associated with delays in the suit filed by a prior stevedore.
- Lower depreciation expense associated with differences in the timing of completion of several capital projects, as compared to budget.



Commissioner Oversight of Staff

Financials Briefing Note cont'd:

- The favorable budget to actual expense variance was partially offset by higher stevedoring and other operating expenses associated with increased petroleum coke tonnage during the first quarter, as compared to budget and higher utility charges at City Docks.

Non-operating Revenues and Expenses

- Net non-operating revenues and expenses for the three months ended March 31, 2014 were \$0.8 million, as budgeted.

EBITDA

- Earnings before interest, taxes, depreciation, and amortization for the three months ended March 31, 2014 were \$3.5 million compared to \$1.9 million budgeted. The District generated \$4.4 million in net cash flow compared to \$2.9 million budgeted (excluding grants).



Commissioner Oversight of Staff

Operating Statement for three months ended March 31, 2014

	2013	2014	2014	Variance
	Actuals	Forecast	Budget	Favorable (Unfavorable)
Vessel & Cargo Services	\$20,221,173	\$20,680,650	\$20,530,692	\$149,958
Rentals	12,198,732	12,223,016	11,858,713	364,303
Other	<u>791,193</u>	<u>392,521</u>	<u>390,500</u>	<u>2,021</u>
Total Operating Revenue	33,211,098	33,296,187	32,779,905	516,282
Wages & Benefits	10,987,840	11,894,548	11,794,969	-99,579
Contract Services	5,020,770	5,286,746	5,769,056	482,310
Supplies & Maintenance	4,588,696	4,834,306	5,004,881	170,574
Utilities	804,935	987,105	801,400	-185,705
Depreciation	11,530,355	13,583,289	14,092,365	509,076
Dredging	<u>1,327,210</u>	<u>849,999</u>	<u>850,000</u>	<u>0</u>
Deferred Maintenance	-	-	-	-
Total Operating Expenses	34,259,806	37,435,993	38,312,670	876,677
Operating Income (Loss)	-1,048,708	-4,139,806	-5,532,765	1,392,959
Mark to Market Adjustments	-	-	-	-
Interest Income	212,199	229,161	288,000	-58,839
Other	<u>3,792,012</u>	<u>2,910,096</u>	<u>2,910,000</u>	<u>96</u>
Total Nonoperating Revenues	4,004,211	3,139,257	3,198,000	-58,743
Interest Expense	2,764	8,191	10,548	2,357
Other	<u>700,046</u>	<u>-1,873</u>	<u>5,000</u>	<u>6,873</u>
Total Nonoperating Expense	<u>702,810</u>	<u>6,318</u>	<u>15,548</u>	<u>9,230</u>
Net Nonoperating Revenues & Expenses	3,301,401	3,132,939	3,182,452	-49,513
Net Income (Loss)	<u>2,252,693</u>	<u>-1,006,867</u>	<u>-2,350,313</u>	<u>1,343,446</u>
EBITDA	10,481,647	9,443,483	8,559,600	883,883
Cash Flow	14,262,349	13,055,773	12,221,368	834,405
Excludes Grants				



Commissioners Oversight of Staff

Operating Statement for three months ended March 31, 2014

	<u>2013 Actual</u>	<u>2014 Forecast</u>	<u>2014 Budget</u>	2014 Favorable (Unfavorable)
Vessel & Cargo Services	20,221,173	20,680,650	20,530,692	149,958
Rentals	12,198,732	12,223,016	11,858,713	364,303
Other	<u>791,173</u>	<u>392,521</u>	<u>390,500</u>	<u>2,021</u>
Total Operating Revenue	33,211,098	33,296,187	32,779,905	516,282
Wages & Benefits	10,987,840	11,894,548	11,794,969	(99,579)
Contract Services	5,020,770	5,286,746	5,769,056	482,310
Supplies & Maintenance	4,588,696	4,834,306	5,004,881	170,574
Utilities	804,935	987,105	801,400	(185,705)
Depreciation	11,530,355	13,583,289	14,092,365	509,076
Dredging	<u>1,327,210</u>	<u>849,999</u>	<u>850,000</u>	<u>0</u>
Deferred Maintenance	-	-	-	-
Total Operating Expenses	34,259,806	37,435,993	38,312,670	876,677
Operating Income (Loss)	(1,048,708)	(4,139,806)	(5,532,765)	1,392,959



Commissioners Oversight of Staff

•Operating Statement for three months ended March 31, 2014 cont'd

	<u>2013 Actual</u>	<u>2014 Forecast</u>	<u>2014 Budget</u>	2014 Favorable (Unfavorable)
Mark to Market Adjustments	-	-	-	-
Interest Income	212,199	229,161	288,000	(58,839)
Other	<u>3,792,012</u>	<u>2,910,096</u>	<u>2,910,000</u>	<u>96</u>
Total NonOperating Revenue	4,004,211	3,139,257	3,198,000	(58,743)
Interest Expense	2,764	8,191	10,548	2,357
Other	<u>700,046</u>	<u>(1,873)</u>	<u>5,000</u>	<u>6,873</u>
Total Non Operating Expense	<u>702,810</u>	<u>6,318</u>	<u>15,548</u>	<u>9,230</u>
Net Nonoperating Revenues & Expenses	3,301,401	3,132,939	3,182,452	(49,513)
Net Income (Loss)	<u>2,252,693</u>	<u>(1,006,867)</u>	<u>(2,350,313)</u>	<u>1,343,446</u>
EBITDA	<u>10,481,647</u>	<u>9,443,483</u>	<u>8,559,600</u>	<u>883,883</u>
Cash Flow	<u>14,262,349</u>	<u>13,055,773</u>	<u>12,221,368</u>	<u>834,405</u>
Excludes Grants				



Commissioner Oversight of Staff

Monthly Meeting Agenda

TERMINAL DISTRICT

A G E N D A

REGULAR MEETING

Lake Charles Harbor and Terminal District

5:00 P.M., May 27, 2014

Board Room

751 Bayou Pines East, Suite A, Lake Charles, Louisiana

INVOCATION

PLEDGE OF ALLEGIANCE

PUBLIC COMMENT PROCEDURE

The Board encourages public comments and questions regarding all agenda items. Persons wishing to do so should complete a speaker's card, which is at the entrance to the Board Room. When speaking or asking a question on an agenda item, one should in addition to completing the card, come to the microphone, be recognized and provide your name, address, and phone number. Comments by individuals will be limited to three (3) minutes.



Commissioner Oversight of Staff

Monthly Meeting Agenda cont'd

AGENDA

MINUTES

- Approval of the April 28, 2014 Regular Meeting Minutes.

1.

SUBMISSIONS FOR APPROVAL

- Submission 2014 – 025 authorizing the attendance of Board Commissioner Daryl Burckel at the 2014 AAPA Commissioners Conference and payment of expenses associated with the conference.
- Submission 2014 – 026 approving a professional services contract with Gahagan and Bryant Associates, Inc.
- Submission 2014 – 027 approving a Cooperative Endeavor Agreement with Axiall.

2.

3.

4.



Commissioner Oversight of Staff

Monthly Meeting Agenda cont'd

- Submission 2014 – 028 approving a Real Estate Lease Option Agreement with Prairie Land Company.

5.

BRIEFING NOTES

- Tiger Grant Briefing Note
- Executive Director Quarterly Expenses Briefing Note
- April 2014 Financials Briefing Note

6.

7.

8.

DEPARTMENT REPORTS

- Administration and Finance Monthly Report
- Navigation/Security Monthly Report

9.

10.



Commissioner Oversight of Staff

Monthly Meeting Agenda cont'd

• Operations Monthly Report	11.
• Marketing and Trade Development Monthly Report	12.
• Engineering, Maintenance, and Development Monthly Report	13.
• State Lobbyist Monthly Report	14.
• National Lobbyist Monthly Report	15.
<u>EXECUTIVE SESSION</u>	
• Executive Session <ul style="list-style-type: none">➤ Suit filed by Lake Charles Stevedores and Tom Flanagan as owner against the Port of Lake Charles – Suit No. 2013-001091.	16.
• Other Matters which may properly come before the Board.	17.



Commissioners, Executive Director and Staff

- **Commissioners:**
 - Have limited staggered terms
 - Receive no pay
 - Are not allowed in day-to-day operations
 - Have no port office
 - Watch each other to make sure of boundaries
 - Required to complete a LA Personal Financial Disclosure Form annually
- **Executive Director**
 - Has only contract and is the Commission's hire
 - LASERS defined benefit package
- **Port Staff**
 - Staff comprised of Unclassified and Classified Civil Service
 - LASERS defined benefit package