



6000 Doug Attaway Blvd. | Shreveport, LA 71115 | P (318)524-2272 | F (318)524-2273 | port@portsb.com | www.portcb.com

Special Board Meeting  
Regional Commerce Center, Board Room  
6000 Doug Attaway Blvd., Shreveport, LA 71115  
December 5, 2016, 10:00 a.m.

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

Commissioner Griggs led the Pledge of Allegiance.

Commissioners present: Rick C. Prescott, Roy Griggs, Lynn Austin, Erica R. Bryant, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins. We have a quorum. Absent: Sam N. Gregorio. Staff: Eric England, Danye Malone, Gloria Washington & Hettie Agee.

Commissioner Prescott called on Eric for an overview of the 2017 budgets. Commissioner Bryant suggested in the future putting an actual figure by adding a fourth column to the budget. Commissioner Pannell said the user fees—what would it be above? Mr. England said it's for an event where there's minimal use of the RCC. There's no particular charge, per se, but if it's an event where we're gonna incur fees, we're gonna charge that in the fee to the customer. It's a wash with the expenses. Mr. England called for comments and Commissioner Watkins said as we get through this, if we wanted to amend anything in the budget, are we going to do it line by line as you go through it? Mr. England said it's at the pleasure of the Board. We're prepared to make adjustments either way. Danye said he wanted to make a comment. This is not an actual Board budget meeting, per se, from my understanding. We haven't introduced an Ordinance to actually approve the budget. So if you're going to make some kind of amendments, I would think it appropriate to amend it at this meeting. Commissioner Bryant said we can adjust these numbers before presentation if we have a majority of us that would like to see a number change before you present it to the full Board. It's not an amendment because the actual budget has not been presented, so it's not a true amendment it's just recommendations for the Board of what we would like to see. Commissioner Pannell said that would be all the more reason to change it now because if you put something out there for the public and then you come back and change it, then you've given the public false information. Commissioner Pannell said I just want to complete the circle. So they can come in prior to that meeting, say what they want to say and then if some change is made based on—Danye said in fact you can actually amend the budget during that budget meeting. There will be a public hearing prior to the meeting as a matter of law. One has to be conveyed before the actual adoption of the budget itself. Mr. England said the public hearing will be a part of the December 15<sup>th</sup> Board meeting.

Commissioner Watkins provided the Board an overview of his analysis of salaries and operations revenues. I'd like to see us put a salary freeze for 2017. Commissioner Bryant said while I'm not opposed to limiting salary adjusted, I am opposed to not giving COLA because we have to ask the employees to pay additional costs for their health insurance etc. and that's

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

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

what COLA does. I do agree that in certain, in looking at the salaries, we have given—we have been very generous with employees, but this Board made those decisions and so now I don't want to penalize them for decisions that we made in regards to just pure expense. So I would like to see a COLA. And in the discussion, you have to talk about cost of salaries because it's going to go into this salary line item.

Commissioner Griggs said I think there needs to be a range that we need to establish maybe with a cap and then we can work on--possibly we can talk about that. But when you have longevity worked out in terms of salary range, is that job really worth \$30 or \$40,000 more to stay ten years if they're doing the same task that they've been doing and that's my concern when I look at these numbers. But there has to be some kind of dates and guidelines that we need to establish for job areas. My thought.

Commissioner Pannell said the last time when I raised that concern is that we are having a hearing based on salaries based on making a motion. We have no information in here to determine what those salaries would be and the information we have we should have here now was the information I asked for the last time because we have to make a decision on salaries based on something. We have an industry and the question is what is the industry rate? It may not be the same as in Shreveport. If we had four ports in Shreveport and we could say like we have school boards, we would say what are the range for teachers or what are the range for principals? We don't have but one port here so those salaries have to be adjusted based on some information. We have to determine what are we going to use. Are we going to go by what somebody makes at the City or where those salaries are within the industry that we're in? But my overall point is that at some point, we've got to be able to say this is it as far as a salary increase. You are at the maximum that your salary is going to be. That is the reason why I'm saying breaking it out because even if we set, which we have to decide in here what the salary of these people is going to be. If it's at that level, and at that point there's nothing wrong with saying we're going to give those people a COLA. But if we're still talking about salaries and we're still giving people salary increases, what are we increasing the salaries for if we have determined that is the level of what the industry says. But we can still give COLA because COLA is just based on the fact that things have gone up. This meeting is not the meeting I know to discuss this, but I'm going to offer a motion that we never discuss a budget in nothing but a budget meeting from now on. I don't care how long we've been doing it, but what we've been doing. At this point, we have to make sure that we as Port members are doing what is best for the Port and if we have to adjust what we have been doing in the past, I don't think nobody has a problem with doing that.

Commissioner Murphy said I hope what I'm hearing is both what Steve and Commissioner Pannell is saying and you too, Erica. Why don't we just consider as far as in the salary section just the COLA, as opposed to salary increases as a separate item? Yes. Just COLA across the board and let it go at that.

Commissioner Bryant said right. In the discussions we're having about the salaries itself I think should go to the Personnel Committee so we can determine going forward if we would like to have maximum, if we'd like to have ranges, because those types of things take time to develop of what you want a particular position, what you want that max level to be, the minimum level, the mid-level, those types of things. So that's not something I think that we can determine here today but we can say from a Board's perspective that we want to put that to the Personnel Committee for a future item and determine that for budget purposes going into '17 that we would just present a COLA for today. Commissioner Murphy said you put it in words very eloquently, just my thoughts. Thank you. Commissioner Pannell said that's my position too. Commissioner Griggs said and I totally agree with that.

Commissioner Hall said one of the questions I have when you started talked about COLA, you talked about health insurance. I was under the impression we paid the health insurance for the employees, and I was under the impression we also bought an additional policy that covers the uncovered stuff. So that's 100% paid. So when you talk about COLA, what is the true COLA? So and I'm just saying from government perspective on the other side of the River, when you freeze salaries, there's no COLA. It's the same thing. Where is the COLA? You're still raising salaries. Whatever percentage you raise it for COLA, that's what it's going up. So the salary line keeps expanding based on COLA. We had a five year freeze—no COLA, no budget increases so I don't know how—I think it's semantics because when you talk about COLA, you're increasing the salary line.

Commissioner Bryant said you're right. And when I say—I'm talking about all expenses—when you talk about your living costs. No one living cost stays the same every year. So COLA and whether or not we give it or not give it, that's up to this Board, but COLA is adjust of those costs that are rising each year—not just your costs you pay through your paycheck but everyone has a light bill, cable bill, phone bill, water bill, rent.

Commissioner Austin said I think the COLA this year based on the government is .3%.

Commissioner Pannell said my issue has been satisfied because my main concern was getting these salaries in some kind of structure and I'm saying that there may be a difference between what people are making in the office and what people are making out in the field. Okay, the issue of the workers in the field is—my business is a non-union business but my salaries are based on what the union salaries are. So I'm not talking about the workers out there. We need to look at those and see where they need to be adjusted, but when I look at some of the salaries of the people that are on the inside, I don't think that we have a problem there. At some point if we're going to have a meeting to look at those salaries and see where they are overall, and make sure that we adjust those that we know what we're doing what is best for this Port and we're in line with other ports, I have no problem with the COLA. Whatever the Board decides, I'm good with it.

Commissioner Watkins said maybe that we look at 2017 that we freeze salaries as far as any merit increases or increases for salaries and consider a 1% COLA for all employees top to bottom and then refer to the Personnel Committee their task of putting a minimum, maximum on every job position we have and that way, when we come into 2018, we have a tool we can use to start that.

Commissioner Pannell said I don't know about putting it off too long. Commissioner Watkins said we're going to have to give them some time. Commissioner Pannell said to gather the information but I think the discussion needs to start fairly soon. Commissioner Bryant said we would want to have anything finalized by the end of June. You go into your budget process by July, right, to present it to us? July/August is the normal around that time. When you're having these determinations, y'all start having conversations about that time. We may not get it until later, but you all start having those conversations I would think you would have to have something by the end of June if whatever we decide.

Commissioner Pannell said and our situation is unique as far as the outside people from the standpoint that if you go to someone like the Port of New Orleans, people who drive trains, they drive trains. That's all they do. People who unload barges; they unload barges. That's what they do. Our situation is different because we have the same people that's doing the same thing. We have to sit here and figure what is---we can't just call and get a number. We have to sit here and figure out what is the percentage of what they're doing as far as the train, the cars.

Commissioner Prescott called for any other discussion. Commissioner Murphy said what kind of number would you recommend that we submit to the Board next week? Would it be a 1%? Commissioner Watkins said I'll make the motion that we do a 1% COLA across the board and otherwise freeze salaries until 2018. The motion was seconded by Commissioner Hall. Commissioner Prescott said there's a motion on the floor. It's been seconded. All in favor say "Aye". All opposed? The motion carries.

YEAS: Commissioners: Rick C. Prescott, Roy Griggs, Lynn Austin, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins

NAYS: Erica R. Bryant

ABSENT: Sam N. Gregorio

ABSTAINING: None

Commissioner Watkins said since we lumped those first four together, can we get a breakout at some time what exactly goes into employee benefits? I know it's health insurance but there's got to be other things in there, retirement etc. If you just look at it, if you just divided it equally, it's about \$35,750 an employee. So you know, and I'm glad we have those

type benefits and I know it helps us keep employees here, but it would be beneficial to know what those numbers really are.

Commissioner Pannell said but you're saying in the future. Commissioner Watkins said in the future. Anytime we talk about a budget, I think there's several line items that need a backup. Commissioner Pannell said I'd rather see that in the motion. We keep saying we do things based on what we've done in the past; we need to do things based on the decision we made as to how that's going to be done. So for that purpose, I would rather have that in a motion. Commissioner Watkins said I would make a motion that in the future when we talk about budgets, I would like the backup to each line item and what makes up those line items. For example, utilities, what goes into that number? Commissioner Pannell seconded the motion. Commissioner Prescott said there's a motion on the floor. It's been seconded. All in favor say "Aye". All opposed? The motion carries.

YEAS: Commissioners: Rick C. Prescott, Roy Griggs, Lynn Austin, Erica R. Bryant, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins

NAYS: None

ABSENT: Sam N. Gregorio

ABSTAINING: None

He said included in your tab at the back are breakouts of fee subscriptions and Professional Services-Other. Commissioner Watkins said under Travel and Promotion, that's a great breakdown, but then the Other is 70% of that budget so really the Other needs to be broken out. To say 70% of that quarter of a million dollars is Other doesn't give us anything to go by. Mr. England said we could re-title that line item as Staff Travel and Other. Does everyone have those handouts, while we're talking about that and while we're having the discussion, within the Promotion & Marketing, you'll see that there's a line item of the Aqua Group of \$30,000. We've suspended, if you will, discussion to a future date. But my question is, is it the pleasure of the Board to keep that \$30,000 in the budget. Commissioner Murphy said I recommend that we remove the \$30,000 from the budget. Commissioner Bryant said I'd like the \$30,000 to stay and then we talk later whether or not we're going to actually pay it. There's nothing wrong with putting it in the budget. A budget does not give the staff or administration authorization to give \$30,000 to the organization, but I'm not prepared today to say that we shouldn't. I think it should be in the budget and—I'm not prepared to discuss today the merits of it. I don't think I have the information to discuss the merits of whether we should or shouldn't do it, but I would like to see it just remain there, the \$30,000 for the Aquarium. That's just my thought. Commissioner Prescott said I feel the same way and I think we should discuss it because I'm looking at the budget. That's a small amount of money to compare to things that are in the budget that we can contribute and we are on the Red River and that will give us more exposure I think. And I think it's a good deal. I mean and the \$5,000 is like up to \$5,000 and it would be our exhibit and it would be another form of information for people that don't know what's really going on. Some people are not fortunate enough to even

come out here and see what we have going on. I know everybody don't have the information we need to discuss it but going forward, I'm in favor of it. Commissioner Pannell said as a point of order, basically what we're having is two different discussions here and I think we're going to have to separate them. One of them is the discussion is whether we leave it in there and discuss it later on or we take it out. So at that point, that's two issues on the floor so that's what that's going to have to be limited to. Based on again, parliamentary procedure, those are the two issues that's on the floor. So I'm saying the merit of it, we can't discuss the merit of it because that's not the position. The position is whether we leave it in the budget or not and discuss the merit of it at a later date. That's the two issues that's on the floor because if we get into discussion whether we should have it or not, that's having a discussion that we're talking about having at a later date. We're having that now. Commissioner Prescott said I understand that. I was just making a statement. Commissioner Pannell said basically what I'm saying is that the basic premises of parliamentary procedure is to limit discussion and put them in the order that they go in because when meetings get out of order, that's how they get out of order because we're not following. Commissioner Griggs said with that being said I would like to offer a motion that we leave the \$30,000 in. Commissioner Pannell said that's what has to happen. Commissioner Bryant said I would like to make an alternate motion. Did you get a second? Commissioner Pannell said I'm saying by parliamentary procedure if he offers a motion, it has to be seconded and then the discussion starts. It can't start on a motion. I'm gonna bring a book in here now because I'm very proficient in parliamentary procedure. I know it well backwards and forwards. So if Roy gets a second, we can discuss whatever we want to discuss but without a second, that discussion is dead. Commissioner Bryant said we did all that discussion with no second. Commissioner Pannell said it wasn't a motion though. The motion was seconded by Commissioner Watkins. All in favor say "Aye". All opposed? The motion carries.

YEAS: Commissioners: Rick C. Prescott, Roy Griggs, Lynn Austin, Erica R. Bryant, James D. Hall, Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins

NAYS: None

ABSENT: Sam N. Gregorio

ABSTAINING: None

Commissioner Pannell said now the discussion is okay. Commissioner Bryant said I think we just need to say we'd like the \$250 to stay because what you've listed here is just estimates of what you think. None of this has to happen—Commissioner Travel, Sci-Port, Aquarium, Mileage—those are just things we have listed here but what we need to do is decide whether or not the \$250 is an adequate number for Travel Promotion Marketing and this Board at some point later, we have an idea of what we will spend some of this on. So I would like to see the \$250 remain with the caveat that the Other be broken down into Staff Travel so that we can know that a good portion of this budget is for Staff Travel. Commissioner Griggs said I'm okay with that if we're going to look at the whole category as a whole, then I would rescind my motion because that \$30 will stay in. Commissioner Murphy said let me see if I've got this

straight then. Leave the \$30,000 in for the number of \$250,000 recommended to the Board and during discussion of whether we put that \$30,000 toward the Aquarium....Commissioner Pannell said is a line item for a particular meeting....Commissioner Murphy continued..and if we decide not to put the \$30,000 to the Aquarium, the \$30,000 stays there to be used for something else or not used at all because we have put it into the budget to include, which doesn't say we have to spend. Commissioner Pannell said that's it exactly. Commissioner Prescott called for any other discussion and said, all in favor. Commissioner Watkins said he rescinded the motion. Commissioner Pannell said the motion was rescinded so you revert back to the actual budget....Commissioner Murphy said so it's still in there. Commissioner Pannell said so there is no discussion. Commissioner Griggs said do we need to vote on the \$250 then? Commissioner Bryant said no, we're just deciding if any of these line items need to be changed. Commissioner Pannell said the line items are already in there. There's not a discussion. Commissioner Bryant said the only ones we've changed so far, Salaries and these other costs associated with salaries will change because salaries are going down. Salaries, the taxes, the benefits, those first four line items are the only thing that we recommended changing so far unless—I guess we still have discussion and see if we have any other changes to these particular numbers that have been recommended. Commissioner Pannell said so it's back to Eric.

Commissioner Watkins said I've got a question on Professional Services – Other. In there we have Heard McElroy & Vestal of \$21,250 and I'm sure that is for our annual audit. I'm gonna skip too because it ties in. In our Capital Budget, we have Professional Services Accounting for the exact same number, \$21,250. Gloria said the audit is \$40,000 but they're auditing both the Capital and the General side so we just cut it in half. Commission Bryant said let me ask a question. The \$40,000, does that include an Internal Control Audit? Is that just the external audit? Gloria said that's the external audit. Are you talking about for 2017? Commissioner Bryant said for 2017. Gloria said that's everything because they have to do the Internal Audit and the Internal Controls Audit. Commissioner Bryant said and do we know that the estimated cost is for the internal? Gloria said I can get with Tim. Commissioner Bryant said I'm just curious. I know that when you split it out we probably are going to incur more costs of the Internal Audit because you'll have persons that are not familiar with your process and they're going to charge you a little more. I'm not saying you shouldn't switch. I'm just saying that it's probably going to cost a little more than what Heard is. Gloria said right because they do a lot of their field work while they're already out here doing the Internal Audit. They do most of their Internal Control work field work while they're physically out here doing the audit.

Commissioner Austin said Eric I have a quick question. At one time we had an agreement with the City of Shreveport on the Shreveport Fire Department that we were gonna contribute \$500,000 a year to that particular fire station to provide services for the Port. How did we get from \$500 to \$600? Mr. England said the agreement says that the Port and the City

will split the costs. There's no cap on it. Commissioner Watkins said I seem to remember that we had big discussions about this and they came to us and we were still meeting at Sci-Port at the time and they wanted a big increase one year and I'm pretty sure the Board voted at that time to put a cap on it. Commissioner Austin said that's when they wanted to buy the big ladder truck. Commissioner Hall said that's when Kelvin Cochran was here and we had the discussion about going to Desoto and hooking up with them and paying the difference for our insurance for our customers at the time and they came back and said \$500,000. I thought we capped it then too. Mr. England said it was not memorialized in the agreement. Commissioner Watkins said can we check old minutes? Mr. England said we can check. Commissioner Watkins said I may be wrong too but I seem to think that we did put a limit on it, the Board did. Commissioner Pannell said my question would be how do we verify the figures that they're giving us. Do we just pay for what they give us or do we look at something? Even if we were just going on a percentage, even if we just have a capped number, it doesn't matter to us but if we're paying half of what you're saying that you spent, I need to see something. Gloria said they send a bill every month. Commissioner Austin said you will be paying \$800,000 in three years. You know we talked about at the time Class 1, Class 2 and Class 3. And I know this because the fire department pushes Class 1 operation versus Class 2 and the insurance savings etc. The insurance savings on 1 and 2 is negligible. It doesn't even pay this amount that we went up to get the Class 1. It's really negligible between a Class 1 and a Class 5. It doesn't really make that much of a difference. But your insurance costs are not gonna go down that much. It's just not gonna happen. We discussed that in detail about Class 1 and Class 2, Class 3, what the difference on an insurance rate on a \$200,000 home or a million dollar business was. There wasn't that much difference. It's a status to be a Class 1 fire department. But the insurance savings is not big at all. Commissioner Pannell said and Steve is saying that we need to look back at the... Commissioner Austin said I want to look back but I thought we went into that pretty thoroughly when they wanted to buy a ladder truck, and we said we're at \$500,000 and that's gonna be it. That's what we contributed is \$500,000 for our part. Commissioner Austin said it's \$10 to \$15,000 every year, every year and all they've got to do is assign two more people down there and we go up \$15,000. And that doesn't include what we grow out here; it's what's growing in South Shreveport because we're providing fire service to a heck of a lot of people with the money we're spending. We're doing a big service to the City of Shreveport by paying that. Commissioner Pannell said I guess my question would be if the agreement is not the way you say it is, would that be something we'll put on the agenda in the future to try to figure out how do we resolve? Commissioner Austin said I just want to see what the minutes say about when we had that big discussion when we were in the other building and we talked about Class 1, Class 2 and then Kelvin Cochran came and he wanted to buy a big ladder truck. They wanted us to pay for the ladder truck. We had maybe one building out here that would use it. They did it when they built Willis-Knighton Piermont. They needed it for the big ladder truck for Willis-Knighton Piermont but they wanted us to pay the full cost of the ladder truck. Commissioner Hall said we did buy them a ladder truck and they demonstrated it out here one day. Commissioner Pannell said I asked for that truck to be

brought outside and I guess my question is if it's an MOU or whatever it is there, what prevents us from opening that up and re-negotiating that on today's issues? And I'm saying that just off the top of my head if I was going to negotiate something, I would look at how many times that these people make a run and where they're making those runs to and then I'd divide that into how many times they make a run into this Port and that would be our ground position on where we start negotiating from. And then, come up with a reasonable amount because I understand people pay taxes to us, but then we are charged with paying for what we get. Commissioner Austin said well we've been a money tree for a lot of people and they come to us first just like the Aquarium, they come to us \$30,000 is nothing. That's just a small percentage and we're going to give these \$30,000, \$5,000 a year to a For a Profit organization. I'm not even sure that's legal. Danye is that legal? Danye said Eric asked me that question some time ago and under Article 7, Section 714 it was pursuant to a constitutionally sanctioned cooperative endeavor agreement. Public bodies may get into those agreements with public or private entities. So it could be construed as being legal. Commissioner Austin said we have to get some benefit back from the Port. Danye said the benefit has to be commensurate with expenditure of the public fund. That's correct.

Mr. Pannell said the one thing where we're showing the \$10,000 for Scroggins & Associates here. I'm concerned about two things. One is the amount of money and the other one is to identify what the money is going for even though we don't even have an agreement anymore. So if we put this in and say that we're going to spend that and it is voted upon, it seems like we have decided that is affirmed. Mr. England said it's the same structure as the Planet Aqua Group. We're planning that we are gonna spend \$10,000 and at this time our existing relationship is with Scroggins Consulting. But anything above and beyond our existing agreement would have to come through MBE Committee and be approved by the Board. Commissioner Pannell said and what my concern is my intention was to bring that Fair Share Program into the internal Port operations. And talking to Mr. Malone, he's saying that may be a problem with him being involved in that and that he's not going to be involved. We have to figure out another way internally to do that because I'm in agreement to bring this number down but I want to make sure that we can figure out a way to have that done. I kind of halfway understand what you're saying and that's probably a conversation for another time. I don't want for the Board, but for you to give me a reason. I feel comfortable if you are overseeing that. Maybe I didn't understand that may be a problem with you overseeing that. Danye said we can discuss that. I thought we were going to meet on that after the meeting today and I'll explain what the potential concept is. Commissioner Bryant said on that particular line item, we're dropping that to \$102,950. Are we taking out the \$10,000? Mr. England said we can. That would be a change that we would make. Commissioner Pannell, with regard to not necessarily Scroggins Consulting but with regard to MBE, if for whatever reason or whatever the circumstances may be, once that program is stood up or in conjunction with it being stood up, those are discussions that will still go through MBE Committee as next steps. We still have to decide the things you are talking about, and if for whatever reason that

number needs to change, increase, that would be communicated to the Board. Then, depending on that amount is how it would affect the budget. If it would cause the expenses to go over 5% of this budget, then we'd have to consider an amendment, but I would doubt that it would be that much. That would be \$250,000 if we were going to amend the budget. Commissioner Pannell said I'm good. I just didn't want to be put in a position to say I'm using somebody that we may or may not use. Mr. England said we can change that to M/WBE under Professional Services – Other. Commissioner Pannell said I'm not saying I'm dissatisfied with that, but I'm just saying somebody else to make a decision that I have to live with. She's doing a report for us now that she's under contract. I haven't seen the report, so how do I know that I'm going to be happy with the report.

Commissioner Watkins said just one question. We're paying \$45,000 a year on a leased locomotive. What would it cost us to buy one? Commissioner Pannell said that was used when we bought it. Mr. England said we've done an analysis before. We can re-evaluate that analysis.

If the Board is okay with the way the 2017 General Fund budget has been presented and discussed, then the next step would be for us to consider a motion. Commissioner Murphy said I make a motion we present the 2017 Budget to the full Board as discussed here. Commissioner Prescott said we have a motion on the floor and need a second. Commissioner Pannell seconded the motion and said discussed mean the changes will be added before it's presented. Commissioner Bryant said she just wanted to go over the changes right quick so we all know what we: Mr. England deferred to Gloria who said so the COLA will go from 2% to 1% so that's probably about a \$20,000 decrease. And then, Professional Services – Other, we'll do away with \$10,000 Thoroughfare Plan which will decrease it to \$102,950. And so, this budget should go down about \$30,000. There are no changes in Revenue. Commissioner Prescott called for any more discussion. Hearing none, he said all those in favor by saying "Aye". All opposed? The motion carries.

YEAS: Commissioners: Rick C. Prescott, Roy Griggs, Lynn Austin, Erica R. Bryant, James D. Hall,  
Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins

NAYS: None

ABSENT: Sam N. Gregorio

ABSTAINING: None

2017 Capital Budget, Attachment No. 9 in your packages, the Red River Waterway Commission line item will be increased significantly. It's recommended by the staff and the Ports Committee that they provide us \$6,250,000 for an expansion of one of our warehouses that we own and \$550,000 improvements at Red River Terminals/Genesis.

Capital Operations Reserve – Think of that as the Port's savings account that we utilize to fund the difference between our revenues and expenditures. It is our variable depending on

the items that are at the bottom of this budget. Commissioner Watkins asked where we stand today in that fund? Mr. England said the fund is roughly \$12.5 M if you take into account the money we have in the bank account and that we have Sisung investing for us monthly. Separately it's like a million and \$11.6. So \$12.6 million there in Capital Operations Reserve. You may be thinking well if we only have \$12.6 in the Capital Operations Reserve, are we going to take \$10.5 and spend it on Capital projects? No, we're not doing that because we do have other bank accounts. For example, the Redundant Water Line Project – we have a bank account set up for the Redundant Water Line Project with the proceeds from a bond issue.

So I'd say that we've had the discussion about the P&L side of things on the General Fund, but with regard to a cash position with regard to Capital projects, we're meeting the needs; we're expanding and growing; we have enough in our Reserve Fund and we still have borrowing capacity. Any other questions with regard to the Revenue?

With regard to capital expenses, Commissioner Pannell said one question, the re-use water line, is that part of what is being paid for that water line? Mr. England said no it's not. The re-use water line is a separate agreement. Commissioner Pannell said but what you were talking about now reverts back to the ownership of the City of Shreveport. What project is that? Mr. England said sanitary sewer and potable water infrastructure. So all of the lift stations and gravity and force sewer lines, booster stations and water tower and all potable water lines will revert to the City when the debt service is retired. If no early principal payments are made, that will be 2037. Commissioner Pannell said I guess because I don't know where that is in this budget here, but this is where I am. We have a re-usable water line system that we paid for that's not being used because of the particles of dirt, however many, that makes this not usable. I know that you can almost purify water to the point that you can drink that water. My thing is that I don't know where that is in this budget here, but I would like to see a study done to see what needs to be done to this water where Pratt and other people can use this water. And whatever would need to be done, that would have to be paid for out of the funds that we use that is eventually gonna go back to the City at some point. So if we add to that, because to me it seems like we have paid for some water that's not even being used because—and you can explain that—there's a reason why it can't be used. Can you explain to me why or just a brief explanation as to why it can't be used? Mr. England said at this point it is an answer that's derived from the cost benefit analysis. The effluent from Lucas Wastewater Treatment Plant will require what I would call a considerable amount of clarification to be used, whether you call it for industrial or for processed water. Right now, based on the potable water rates, that extra level of clarification or cleaning up of that gray water is not beneficial for industry to do that. That's today. We have an eye on the future as we always have at the Port. As evidence of such, and the Expenditure line item we have Gray Water Feasibility Study to get ahead of that curve. That's exact precisely what we're doing is because we feel two things are going to hinder the Port in the future: 1) the amount of potable water that will be available to industries at the Port; and 2) the sanitary sewer processing capability of Lucas

Wastewater Treatment Plant. We believe, and again this is our belief, that gray water, re-use water, is the answer to satisfy most of our major concerns. Because that's our belief, we want to recommend to the Board that we study it even further because we're hearing price tags of between \$10 and \$30 million dollars to address this globally. This feasibility study will be able to identify to the Commission, for example, is it a better idea to install a central primary clarifier at the Port site, to take water from our existing pipeline or is it better to set up individual packaging units at 15 different industrials? The goal is to get people on gray water and to keep the Port competitive with these industrial prospects that we're seeing from water and sewer perspective. Commissioner Pannell said what I'm looking at that part of it, but I'm also looking at if we were to spend additional money to put whatever needs to be put in, that would go back toward the bonds that once those bonds are paid off, that goes back to the City. We're giving them back to them, so anything that we spend at this point would be derived from the bonds that we're going to eventually give back to someone anyway, if that makes any sense, because I know once we got a call from the City asking what are y'all doing? Y'all added something to those bond costs that's going to come out of our pocket here. And I'm saying that to me someone has to explain to me why we would put that cost on to something I'm going to give back anyway? Mr. England said I understand what you're saying. Right. Your concern is more on if that number after we do the studies, \$10 or \$30 million dollars, having that discussion with the City about how we're gonna pay for that and how are we going to transfer ownership. Commissioner Pannell said that extends the life of that agreement where we're gonna turn that back over to them for another "X" amount of years until that's paid for. But that's not coming solely out of the Port's money. What if we get down to the point where we give that back to the City and then now we determine that we need to do whatever we need to do to purify the water to that extent? That money comes from—we have to figure out where that money's coming from. At this point now I've got an agreement with you and I decide that we've got some other stuff we need to do is coming out of both of our monies. It's not coming out of my money. So I'm saying we need to look at that now to see what needs to happen and determine whether we want to extend that agreement where we're both paying for that before I give it because we've both got a car here. And I'm saying that—I'm looking at this thing and the motor is going to run out in this car here. At this point, I need to get a new motor in this car while we're both paying for it which reduces my cost before I turn around and end up giving that to you. We're going to eventually give this to the City so whatever needs to be. So what I'm saying now is the cost of that water if we have water here now where it can be used at an industry it gives us a leg up because we can determine that we're going to sell this water to you at a very low cost because it's re-used water. But Pratt's sitting there saying we can't use it because it's not in the condition that we need it to be in. So why do we have a re-used water in the first place if nobody can use it and what needs to happen to it to put it in a position where it can be used? It's not making sense to me that we paid whatever amount of money we paid for something that at this point it can't be used and there is nothing in which you can make that usable. But we're gonna wait till water gets to a point where it's a major problem and then we're going to try to figure out what we're going to do with it at that point? But I'm saying the

issue has been addressed. If we're spending \$50,000 to determine that and I think that my question has been answered. I just brought it up at the wrong point. We've talked about the Fire Station operations and we'll get on that task of pulling the meeting minutes as well as the CEA.

Port Complex Bus Service. This number is for a full year of operations to the Port. It's my recommendation that we agree with Sportran and Caddo Parish Commission to do a six month pilot study that we would split the operational cost 50/50 but this number, \$39,000, is for a full year. If after the first six months the participation is low or for whatever reason it's recommended, it will stay in the budget but just won't be used.

Additional Rail 6300lf – Largest project the Port is doing with its reserves. Will give us some additional railroad storage capacity. Will generate revenue. Commissioner Pannell asked what the number is we receive on rail storage. Mr. England said it is under this Rail Operations/Switching/Storage. It would have to be broken out. Commissioner Pannell said that would be Union Pacific doing the storage? Mr. England said Union Pacific (UP) could be a customer but don't think of it as UP as a railroad operator. Think of it if UP owns railcars and they need to store cars here. UP would be like any other customer whether they're a tenant or non-tenant. So for example, if a company that's not a Port customer or Port tenant calls and says they need railcar storage, we can negotiate that. UP controls railcars so they could be a customer but it won't be UP storing cars on our track. It will all have to go through us. We won't work out a facilitation agreement with UP. It would be an ordinary agreement with UP if they choose to store railcars here. Commissioner Pannell said so we would know the possibility of what that number would be based on what we're already doing now.

Mr. England said that concludes the 2017. Commissioner Prescott entertained a motion. The motion was made by Commissioner Pannell. Commissioner Prescott said it's been moved and is there a second? The motion was seconded by Commissioner Griggs. Calling for discussion and hearing none, he said all in favor by saying "Aye". All opposed? The motion carries.

YEAS: Commissioners: Rick C. Prescott, Roy Griggs, Lynn Austin, Erica R. Bryant, James D. Hall,  
Capt. Thomas F. Murphy, James L. Pannell and Steve Watkins

NAYS: None

ABSENT: Sam N. Gregorio

ABSTAINING: None

Commissioner Prescott said there is no Executive Session needed and asked if there was anything else. Mr. England thanked the commissioners for their time. This was two hours that was very much valuable and very much appreciated. Thank you. Commissioner Prescott adjourned the meeting at 11:56 a.m.

Respectfully submitted,

Commissioner Roy Griggs  
Secretary-Treasurer

**December 2016 and January 2017 Meeting Notices!!**

***Next Regularly Scheduled Meeting: Thursday, December 15, 2016, 4:30 p.m.***

Marketing & Operations Committee Meetings: Monday, January 9, 2017

***Next Regularly Scheduled Meeting: Thursday, January 19, 2017, 4:30 p.m.***