

**THE BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS
MINUTES OF THE REGULAR BOARD MEETING
TUESDAY, FEBRUARY 22, 2022**

A REGULAR MEETING OF THE BOARD OF COMMISSIONERS OF THE PORT OF NEW ORLEANS, HELD IN THE FIRST FLOOR AUDITORIUM AT ITS OFFICES LOCATED AT 1350 PORT OF NEW ORLEANS PLACE, NEW ORLEANS, LOUISIANA, WAS CALLED TO ORDER BY CHAIRMAN CHARLES H. PONSTEIN AT 1:56 P.M.

MEMBERS

PRESENT:

Charles H. Ponstein, Chairman
Jack. C. Jensen, Jr., Vice-Chairman
Joseph F. Toomy, Secretary-Treasurer
William H. Langenstein, III, Member
Darryl D. Berger, Member
Walter J. Leger, Jr., Member
James J. Carter, Jr., Member

STAFF:

B. Christian, President and Chief Executive Officer
R. Wendel, Chief Financial Officer
A. Evett, Vice President, Chief Engineer
J. Escudier, Executive Counsel
R. Aragon Dolese, Director, Marketing and Communications
M. Gresham, Chief Governmental Affairs Officer
E. Pansano, Director, Internal Audit
M. Scelson, General Counsel
G. Palermo, Deputy General Counsel
C. Coats, Director, Operations & Real Estate
D. Cordell, Chief Information Officer
C. Gilmore, Director, Engineering
M. Verderame, Director, Records
S. Gauthier, Director, Cruise
C. Labat, Director Procurement
Captain M. Montroll, Harbor Police Department
J. Ragusa, Manager, Communications
C. Falgoust, Real Estate
P. Jackson, Legal Assistant
M. Singley, Board Secretariat

GUESTS:

M. Stolzman, NOPB
C. Kocur, NOPB
I. McPherson, NOPB
A. Ferrand-Rodgers, NOPB
T. Bryant, NOPB
S. Guernsey, NOPB
B. Applefeld, Tulane Law
B. Boyd, ILA 1491
S. Price, PD Consulting

I. Roll Call & Determination of Quorum

Following a roll call of Board members, Chairman Ponstein confirmed a quorum and called the meeting to order at 1:56 p.m.

II. Approval of Meeting Minutes for January 2022

Chairman Ponstein called for a motion to approve the public meeting minutes for January 2022, as previously circulated.

Commissioner Berger moved to accept the minutes and Commissioner Langenstein seconded the motion. **MOTION CARRIED UNANIMOUSLY**

III. Public Comment

Chairman Ponstein asked Ms. Verderame to provide an overview of the Board's process for submitting public comment. Chairman Ponstein asked for any agenda-related or general public comments, but there were none.

IV. Action Items:

A. Acceptance of the Consolidated Financial Statements for January 2022

Mr. Wendel presented the consolidated financial statements for January 2022, a copy of which is made a part of these minutes.

Ms. Coats provided an overview of the Board's cargo volumes, reporting very strong breakbulk numbers with imports reaching 260k tons versus less than 80k tons last year at this time. Vessel calls have also increased by 64%. Volumes for all major commodities have significantly increased and the removal of the steel tariff in Japan should strengthen this market even more.

Vessel omissions have decreased but remain a challenge for container volumes. Backlogs in foreign ports are affecting schedules, causing frequent delays and omissions. Imports are up by 16% compared to January of last year but overall numbers are still down due to a significant reduction of empties coming in by vessel. The Board is working with carriers to develop empty repositioning programs while pushing gateway imports.

There were fourteen (14) ocean cruise vessel calls and two (2) river cruise vessel calls this month but, with the rise of COVID cases, January's revenue ended \$500,000 under budget as ocean-going vessel occupancy dropped from 95% to less than 50%. Additionally, two (2) of Norwegian's vessel calls were cancelled due to positive COVID cases on board. Carnival Cruise Lines cancelled several calls of the *Glory*, as the vessel was sent to wet

dock for maintenance. Fortunately, with the steep downward trend of Omicron cases, passenger counts should rebound next month.

Commissioner Jensen quoted a recent article of the *Journal of Commerce* reporting that the Port of New Orleans saw the largest breakbulk increase in the country. Ms. Coats confirmed and added that, for the first time in thirty (30) years, a vessel carrying breakbulk coffee was recently serviced at the Board's facilities.

Mr. Wendel presented January and fiscal year-to-date figures for gross revenues, labor costs, operating costs, and operating revenue for the Board, as well as on a consolidated basis for the New Orleans Public Belt Railroad Commission for the Port of New Orleans ("NOPB"). He reported that all of NOPB's volumes were strong this month. The Board's container revenue was below projections in January but a very strong breakbulk revenue offset this deficit, bringing the total terminal operations revenue \$296,000 over budget and in line with the year to date budget projections.

Cruise revenues were below budget projections this year due to the rise in COVID cases and the cancellation of Royal Caribbean's calls for the rest of the year. Cruise revenues are in line with the year to date budget at this time but should drop in the next months due this ocean carrier's cancellation. Real estate revenues were \$118,000 over budget and are now slightly above the year to date projections. Overall, the Board's revenues were \$182,000 below budget for the month but are still in line with the fiscal year-to-date expectations.

Mr. Wendel noted that NOPB's overall revenue was \$336,000 over budget for January and \$678,000 above the year to date projections. On a consolidated basis, total operating revenue was \$153,000 over budget for the month and \$9.5 million over last year's numbers at this time.

Commissioners Ponstein and Toomy asked for precisions on the duration of the cancellation of Royal Caribbean cruises and Mr. Wendel confirmed that the calls have been cancelled for the rest of the calendar year.

The Board's labor expenses remained below budget by \$246,000 this month and are now more than \$1.5 below projections for the fiscal year. This gap should be reduced in the next few months as vacant positions are starting to be filled. Other operating expenses remained controlled at \$213,000 below budget. The total operating income was \$277,000 over budget for the month and \$7.2 million over last year at this time.

NOPB's operating revenues exceeded expectations while labor costs remained below budget, resulting in an overall operating income \$312,000 over the monthly budget and \$1.5 million above January 2021.

On a consolidated basis, January's operating income was \$589,000 over budget for the month, \$4 million over the year-to-date projections and \$8.7 million over last year's numbers at this time.

Commissioner Leger moved to accept the consolidated financial statements and Commissioner Jensen seconded. **MOTION CARRIED UNANIMOUSLY**

B. Consider Approval of a Resolution Authorizing the President and Chief Executive Officer to Renew the Board's Property and Casualty Insurance Policies for Primary and Excess Property, Boiler and Machinery/Equipment Breakdown, Primary and Excess Liability Insurance, Hull and Machinery and P&I Insurance, Vessel Pollution Liability Insurance, Public Official's Liability Insurance, Law Enforcement Liability Insurance, Government Crime Insurance, Cyber Insurance and Business Automobile Liability Insurance at a Not to Exceed Cost of \$6,424,737, all Arranged Through Arthur J. Gallagher Risk Management Services, Inc.

Mr. Wendel presented and recommended approval of the resolution. He gave an overview of the current state of the insurance market, noting that property insurance premium, which represents more than half of the Board's total premium, saw a 30% increase due to recent Hurricane Ida claims and the arrival of the new cranes. The marine liability, hull and machinery and P&I renewal premiums increased by 40-50% due to recent claims. The workers' compensation premium increased by 27% as a result of a larger labor force and recent claims. Despite the absence of significant claims the auto insurance premium increased by 20% reflecting the state of the market in Louisiana.

Chairman Ponstein inquired about the insurance coverage listed as "others." Mr. Wendel enumerated the smaller insurance programs under this coverage, adding that they represent a small fraction of the Board's premiums.

Commissioner Jensen inquired about the property appraisal process. Mr. Wendel responded that the appraisals would be for insurance replacement value, not the real estate market value. Commissioner Toomy asked if these appraisals are based on the condition of the properties and Mr. Wendel stated that they strictly reflect their replacement value. Commissioner Toomy recommended maintaining properties to enhance the neighborhoods and Mr. Wendel noted that, thanks to all the post Hurricane Ida inspections recently conducted, the Board is accurately aware of the maintenance needs on all properties.

Commissioner Leger expressed concern for the overall increase of insurance premiums and inquired about some of the Board's recent claims. He also commented on the various parameters determining insurance rate increases.

Commissioners Leger, Carter and Langenstein asked for precision on the Huey P. Long Bridge insurance premium and Mr. Wendel stated that this coverage is estimated on the remediation of a catastrophic event.

Commissioner Berger moved to approve the resolution and Commissioner Jensen seconded. **MOTION CARRIED UNANIMOUSLY**

C. Consider Approval of a Resolution Authorizing the President and Chief Executive Officer to Enter into a Professional Services Contract with Royal Engineers &

Consultants LLC, to Provide As-Needed Salesforce Configuration and Technical Support Services for a Period of Three Years, at a Cost Not to Exceed \$300,000 for the Full Contract Term.

Mr. Wendel presented and recommended approval of the resolution. He stated that under the scope of this contract, Royal Engineers & Consultants LLC will continue to provide as-needed services for software configuration and technical support to expand the tools and applications within the Board's current Salesforce system. This work will include enhancing and expanding the functionality of the Board's construction management and project management tools in Salesforce. Funding for this project is allocated in the Board's Capital Investment Plan.

Chairman Ponstein asked if this is a new contract and Mr. Wendel responded that it is a new contract, but that the consultant has performed similar work within the Board's Salesforce environment.

Commissioner Carter moved to approve the resolution and Commissioner Leger seconded.
MOTION CARRIED UNANIMOUSLY

D. Consider Approval of a Resolution Authorizing the President and Chief Executive Officer to Enter into a Contract with C.H. Fenstermaker, LLC to Provide Topographic Survey and Utility Mapping Services for the Louisiana International Terminal Project for a Period of Six Months, at a Cost Not to Exceed \$250,000.

Mr. Gilmore presented and recommended approval of the resolution. The scope of this contract includes topographic survey and utility mapping services for the Louisiana International Terminal Project (the "Project") including performing field topographic, planimetric, and utility surveys, office computations, and 3D digital mapping to be used in conceptual designs for the Project. In response to the Board's Request for Proposals, C.H. Fenstermaker, LLC was the highest ranked of eight (8) firms, according to the selection committee's evaluation criteria. Funding is allocated in the Board's Capital Investment Plan.

Commissioner Langenstein asked if the mapping services will also include any existing easements and servitudes. Mr. Gilmore responded that the tittle company has provided this service and the conclusion of their report will be included in the survey.

Chairman Ponstein inquired about the surveys on soil conditions and Mr. Gilmore responded that those engineering services will be presented in the next Board item.

Commissioner Langenstein moved to approve the resolution and Commissioner Toomy seconded. **MOTION CARRIED UNANIMOUSLY**

E. Consider Approval of a Resolution Authorizing the President and Chief Executive Officer to Enter into a Professional Services Contract with Eustis Engineering

Services, LLC to Provide Geotechnical Services for the Louisiana International Terminal Project for a Period of One Year, at a Cost Not to Exceed \$800,000.

Mr. Gilmore presented and recommended approval of the resolution. The scope of this contract includes professional geotechnical engineering services required to permit and design the Louisiana International Terminal Project including soil borings, laboratory testing, reporting, site preparation and drainage recommendations, foundation and slope stability analysis, and pavement design. A non-competitive (direct) solicitation contract with Eustis Engineering Services, LLC is proposed due to their involvement in the early phase engagement, extensive site knowledge, ongoing collaboration with all design team parties, and overall professional qualifications. Funding is allocated in the Board's Capital Investment Plan.

Chairman Ponstein commented on the soil conditions adding that this area has one of the highest elevation in the parish. Commissioner Langenstein asked for specifications on the previous contract with this provider and Mr. Gilmore responded that a previous request for proposals was issued for as-needed geotechnical services and the contract was awarded to the same contractor.

Commissioner Jensen asked for clarifications on the timeline of the reporting. Mr. Gilmore responded that information will be shared as it becomes available and all surveys will be consolidated in one final report. Commissioner Jensen asked if early remediation would be possible if the surveys reveal that some areas of the Project might be prone to particular problems. Mr. Gilmore responded that the surveys will provide guidance on surcharging the land but no actual work will take place before completion of the permitting phase.

Commissioner Toomy asked if the soil analysis will be conducted in phases. Mr. Gilmore responded that all phases of the project will be included in the surveys. Commissioner Leger inquired about the analysis process wondering if any work could be performed during that phase. Mr. Gilmore stated that soil-boring samples will be analyzed in laboratories and the results will provide valuable information to determine the permitting process. Commissioner Leger asked if the one-year service contract was likely to be extended. Mr. Gilmore responded that all the information needed would probably be gathered within twelve (12) months. Chairman Ponstein and Commissioner Leger stated that the parish community should be informed of the fact that these surveys are part of the studying phase and do not constitute any construction work on the project.

Commissioner Jensen moved to approve the resolution and Commissioner Toomy seconded. **MOTION CARRIED UNANIMOUSLY**

- F. Consider Approval of a Resolution Authorizing the President and Chief Executive Officer to Enter into a Contract with Stratigos Dynamics, Inc., to Provide Security Guard Services for a Period of Three Years with Two One-Year Renewal Options, for an Estimated Cost of \$577,000 for Year 1 of Contract Term.**

Captain Montroll presented and recommended approval of the resolution. The contractor will provide unarmed security guards at the Board's three (3) uptown Facility Access Stations (FAS), as well as an armed guard the Administration Building. A request for proposals was issued and the Selection Committee elected Stratigos Dynamics, Inc. among eight (8) firms. Based on hourly rates, these services are anticipated to cost approximately \$577,000 for the first year, with 4.5% and 4.3% increases in the following years. The Harbor Police Expense Budget will provide funding.

Chairman Ponstein asked how many employees will be hired for this contract. Captain Montroll responded that a total of 16 employees will perform the security work.

Commissioner Jensen asked if the Harbor Police Department (HPD) will manage the security guards. Captain Montroll stated that the contractor manages the security guards but HPD officers also monitor the guards 24 hours/7 days a week to ensure that they are reliably present in the Uptown restricted areas.

Commissioner Carter moved to approve the resolution and Commissioner Jensen seconded. **MOTION CARRIED UNANIMOUSLY**

G. Consider Approval of a Resolution Authorizing the President and Chief Executive Officer to Enter into a Lease Amendment with The Kearney Companies, Inc. for Property Located at 4000 France Road Parkway in New Orleans, LA.

Ms. Coats presented and recommended approval of the resolution. She stated that the current lease for the property located at 4000 France Road Parkway (the "Lease") will expire by term on February 28, 2022. As of January 1, 2022, the Board and the Kearney Companies, Inc. ("KCO") entered into an agreement to negotiate a Master Lease Agreement for all four (4) of the KCO leased premises. This proposed amendment, will extend the term of the current Lease for an additional ten (10) months, with a one (1) one-year option to extend if necessary, in order to allow adequate time to draft and execute the Master Lease Agreement. The rental rate will be adjusted according to the Consumer Price Index but the rate increase will not take effect until the roof repairs on the Berth 4 Shed are complete. Staff is working diligently to complete the work within six (6) months.

Commissioner Langenstein moved to approve the resolution and Commissioner Jensen seconded. **MOTION CARRIED UNANIMOUSLY**

V. Report by the President and Chief Executive Officer

Ms. Christian gave a special recognition to Henry Broom, Fender-Pile Driver Manager and Makai Brown, Marine Operator who returned to work after their shifts and performed repair work until 2:00 a.m. to reattach a fender that had broken loose and was floating in the river. The fender is imperative for cruise ships docking at the Erato Street terminal and these employees' hard work allowed the cruise ships to dock safely and as scheduled, saving the vacations of many passengers. Ms. Christian also thanked the Maintenance Department and Mr. Gauthier, Director of Cruise, for their commitment.

Ms. Christian announced that, as part of the Board's ongoing commitment to work with the St. Bernard Parish community on the Louisiana International Terminal project, three (3) open houses will be held in St. Bernard Parish to share up-to-date information with neighbors and address their issues and concerns. Ms. Christian indicated the time and location of each events and reiterated that all information on the open houses and the project is available on the Board's *Your Working River* website or at the local Community Connection Office in Violet.

Lastly, Ms. Christian thanked staff and Commissioners for their commitment to their mission and wished everyone a safe and happy Mardi Gras holiday.

VI. Commissioners' Comments

Chairman Ponstein opened the floor for any Commissioners' comments and joined Ms. Christian in wishing everyone a happy Mardi Gras.

VII. Adjournment

There being no further business to come before the Board, Chairman Ponstein called for a motion to adjourn. Commissioner Carter so moved and Commissioner Leger seconded. **MOTION CARRIED UNANIMOUSLY** and Chairman Ponstein adjourned the meeting at 2:47 p.m.