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STATE OF LOUISIANA

PILOTAGE FEE COMMISSION

Meeting of the Pilotage Fee  
Commission of the State of Louisiana, held at  
602 North Fifth Street, Galvez Room, Baton  
Rouge, Louisiana 70802, on May 14, 2009.

1 APPEARANCES OF COMMISSIONERS:

2  
3 CHAIRMAN ALFRED LIPPMAN  
4 Commissioner Ann Trappey  
5 Commissioner John French  
6 Captain A.J. Gibbs  
7 Captain Michael R. Lorino, Jr.  
8 Captain Michael G. Miller  
9 Captain William O. Watson  
10 Mr. Billy App  
11 Mr. Channing Hayden  
12 Mr. Greg M. Bowser  
13 Mr. John Hyatt

14 ADMINISTRATOR:

15 LARRY E. McNUTT, JR.

16 COUNSEL:

17 Mr. Paul West

18 REPORTED BY:

19 CINDY ROGERS LA COUR, CCR, RMR  
20 Certified Court Reporter

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1                   CHAIRMAN LIPPMAN:

2                   Now I would now entertain a  
3 motion to call to order the regular meeting of  
4 the Louisiana Pilotage Fee Commission, and I  
5 would call on Mr. McNutt for confirmation of a  
6 quorum.

7                   ADMINISTRATOR McNUTT:

8                   Thank you.

9                   Again, Captain Watson.

10                  COMMISSIONER WATSON:

11                  Present.

12                  ADMINISTRATOR McNUTT:

13                  Commissioner Miller.

14                  COMMISSIONER MILLER:

15                  Present.

16                  ADMINISTRATOR McNUTT:

17                  Commissioner Lorino.

18                  COMMISSIONER LORINO:

19                  Present.

20                  ADMINISTRATOR McNUTT:

21                  Commissioner Gibbs.

22                  COMMISSIONER GIBBS:

23                  Here.

24                  ADMINISTRATOR McNUTT:

25                  Commissioner Trappey.

1 COMMISSIONER TRAPPEY:  
2 Here.  
3 ADMINISTRATOR McNUTT:  
4 Chairman Lippman.  
5 CHAIRMAN LIPPMAN:  
6 Here.  
7 ADMINISTRATOR McNUTT:  
8 Commissioner French.  
9 COMMISSIONER FRENCH:  
10 Here.  
11 ADMINISTRATOR McNUTT:  
12 Commissioner Hyatt.  
13 COMMISSIONER HYATT:  
14 Here.  
15 ADMINISTRATOR McNUTT:  
16 Commissioner App.  
17 COMMISSIONER APP:  
18 Here.  
19 ADMINISTRATOR McNUTT:  
20 Commissioner Hayden.  
21 COMMISSIONER HAYDEN:  
22 Here.  
23 ADMINISTRATOR McNUTT:  
24 And Commissioner Bowser.  
25 COMMISSIONER BOWSER:

1 Here.

2 ADMINISTRATOR McNUTT:

3 We do have a quorum.

4 CHAIRMAN LIPPMAN:

5 Right. We have all  
6 commissioners present.

7 The first agenda item then is a  
8 discussion by the Budget Committee of proposed  
9 fiscal year 2009-2010 commission operating  
10 budget.

11 You have a report?

12 ADMINISTRATOR McNUTT:

13 Chairman Lippman, the agenda in  
14 the first item there is a -- the matter of  
15 approval of the minutes --

16 CHAIRMAN LIPPMAN:

17 Oh, I'm sorry.

18 ADMINISTRATOR McNUTT:

19 -- of the previous meeting,  
20 which I put in your packet of materials.

21 CHAIRMAN LIPPMAN:

22 All right. We'll have --  
23 everyone has received the minutes? Any  
24 questions about the minutes that have been  
25 submitted by Mr. McNutt?

1                   If not, I would entertain a  
2 motion that the minutes as presented be  
3 adopted.

4                   COMMISSIONER TRAPPEY:

5                   So moved.

6                   CHAIRMAN LIPPMAN:

7                   It's been so moved by Miss  
8 Trappey. Second?

9                   COMMISSIONER HYATT:

10                  I second.

11                  CHAIRMAN LIPPMAN:

12                  Is there any discussion?

13                  Hearing none, call for a vote.

14 All in favor signify by saying aye.

15                  (All Commissioners voted in favor.)

16                  CHAIRMAN LIPPMAN:

17                  Opposed?

18                  All right. Now we go to the  
19 second item listed and that is a report on the  
20 budget and with respect to the recommendation  
21 of the Budget Committee on the budget hearing  
22 that was just held and the resolution that  
23 resulted from that, and that is that we  
24 recommend that this commission approve the  
25 adoption of the budget by the commission for

1 the fiscal year commencing 1 July 2009. I'll  
2 call on Miss Trappey to state what that  
3 recommendation is.

4 COMMISSIONER TRAPPEY:

5 Okay.

6 CHAIRMAN LIPPMAN:

7 Miss Trappey is vice chairman,  
8 also chairman of the Budget Committee,  
9 chairperson of the Budget Committee.

10 COMMISSIONER TRAPPEY:

11 We recommend to approve the '09  
12 -- the fiscal year '09-2010 operating budget  
13 with the total operating expenses of \$307,500  
14 -- 307,5 -- excuse me, \$307,500 total  
15 operating expenses, and also recommend this  
16 budget to include the funding of the  
17 retirement account of the administrator in the  
18 amount of -- in the amount of \$5,000, subject  
19 to compliance with the retirement rules.

20 CHAIRMAN LIPPMAN:

21 All right. So this is the  
22 recommendation that we -- the commission in  
23 full session adopt the budget as recommended  
24 by the Budget Committee and at the public  
25 hearing.

1                   Miss Trappey, do you make that  
2 in the form of a motion that we adopt?

3                   COMMISSIONER TRAPPEY:

4                   Yes, I do.

5                   COMMISSIONER GIBBS:

6                   Second.

7                   CHAIRMAN LIPPMAN:

8                   Moved and seconded that a  
9 budget for this commission for the year  
10 commencing -- fiscal year commencing 1 July  
11 2009 in the amount of \$307,500 be adopted.

12                   Is there any discussion?  
13 Hearing none, call for a vote. All in favor  
14 signify by saying aye.

15                   (All Commissioners voted in  
16 favor.)

17                   CHAIRMAN LIPPMAN:

18                   Opposed?

19                   All right. We -- that takes  
20 care of Items 2 and 3, Mr. McNutt.

21                   ADMINISTRATOR McNUTT:

22                   One and two. Three is next.

23                   CHAIRMAN LIPPMAN:

24                   Which? Oh, I see. I have --  
25 all right. I have the Budget Committee. I'm

1 sorry. Okay.

2 Report by the administrator on  
3 the status of rulemaking process to Rule 4.

4 ADMINISTRATOR McNUTT:

5 Thank you, Chairman.

6 Just to refresh the record, the  
7 commission approved a resolution that added  
8 detail to Rule 4 regarding the term and  
9 election of officers for the Pilotage Fee  
10 Commission. The changes recommended or  
11 specified in this resolution have now been  
12 published in the Louisiana Register. The  
13 publication date was March 20, 2009. The  
14 requirement for publication is 60 days. That  
15 60-day period will expire on May 20, 2009.  
16 The publication period is to allow the public  
17 opportunity to comment and make suggestions on  
18 the proposed rule revision. After May 20th my  
19 office will compile the -- any comments or  
20 suggestions that are made and this matter will  
21 be brought up again at a regular meeting on  
22 July 9, 2009, at which time the board will  
23 discuss and perhaps --

24 CHAIRMAN LIPPMAN:

25 Adopt.

1 ADMINISTRATOR McNUTT:

2 -- adopt or discuss the  
3 revisions, the suggested revisions to the  
4 changes in the rules as per anything that came  
5 out of this publication period. So that  
6 period will expire May 20th, and this will  
7 again be on the agenda on the regular meeting  
8 for July 9, 2009.

9 CHAIRMAN LIPPMAN:

10 Thank you.

11 Any questions of our  
12 administrator with respect to that? It's in  
13 the process.

14 COMMISSIONER HAYDEN:

15 Mr. Chairman, one question.

16 CHAIRMAN LIPPMAN:

17 Sure.

18 COMMISSIONER HAYDEN:

19 Larry, if we do get public  
20 comments and we decide to revise the rule  
21 based on those public comments, does it then  
22 have to go out for another 60-day period or  
23 can we just adopt?

24 ADMINISTRATOR McNUTT:

25 It can be adopted with the

1 recommendations or you can choose to restart  
2 the process again, which would require  
3 re-publication.

4 CHAIRMAN LIPPMAN:

5 It would require  
6 re-publication?

7 ADMINISTRATOR McNUTT:

8 Yes, sir.

9 COMMISSIONER HAYDEN:

10 If we include something that's  
11 not in there?

12 ADMINISTRATOR McNUTT:

13 If it's material and it's  
14 something that wasn't within the scope of  
15 published proposals. However, if you adopt  
16 changes that are determined -- if you in  
17 effect strike parts of the change that were  
18 objected to, then this could be handled at the  
19 July 9th meeting.

20 CHAIRMAN LIPPMAN:

21 Mr. McNutt, I would like you to  
22 clarify that and discuss that with Mr. West  
23 because I'm not -- it doesn't -- for instance,  
24 what happens, Mr. Hayden, if there's another  
25 change later on, we never get it adopted.

1 COMMISSIONER HAYDEN:

2 Well, that's where I'm going  
3 with that.

4 CHAIRMAN LIPPMAN:

5 I know. I know.

6 ADMINISTRATOR McNUTT:

7 I'm addressing changes that are  
8 substantive and material.

9 CHAIRMAN LIPPMAN:

10 I mean, they could be -- just  
11 come up every time and you might not get  
12 anywhere and you have to go to the expense of  
13 the publication and the time for preparing it.  
14 But anyway, you check that out with Paul.

15 ADMINISTRATOR McNUTT:

16 This would be changes that are  
17 made -- if the change made within the scope of  
18 the recommendations, let's say they said we  
19 don't --

20 CHAIRMAN LIPPMAN:

21 Just do this, get us a clear  
22 report on what it is, get us a memo on what it  
23 is.

24 ADMINISTRATOR McNUTT:

25 Absolutely.

1                   CHAIRMAN LIPPMAN:

2                   All right. We'll end it that  
3 way.

4                   Is that satisfactory?

5                   COMMISSIONER HAYDEN:

6                   Yes. Thank you.

7                   CHAIRMAN LIPPMAN:

8                   All right. Report by the  
9 chairman on educational presentation to  
10 commissioners conducted by the Bar Pilots on  
11 April 27, 2009.

12                   The three independents  
13 attended: Mr. French and Miss Trappey and  
14 myself, and we were accompanied by Captain  
15 Lorino and others of the Bar Pilots. We -- I  
16 will assure you that the state on behalf of  
17 the independents -- as you know, we get \$150 a  
18 day, and we earned every cent of it that day  
19 because it was -- I think everyone found it  
20 extremely educational, well presented,  
21 enjoyable. It was -- we got an opportunity to  
22 ride, I think, on three vessels, and one  
23 cruise ship, the Carnival Fantasy, which was  
24 fascinating, especially since I found out  
25 later on that several of my law partners were

1 on the same vessel going to Mexico. I didn't  
2 know that. Anyway, be that as it may. Each  
3 vessel was a different perspective and gave us  
4 a different view. But we certainly saw  
5 firsthand what the operation of a vessel  
6 entails and what a pilot does from an  
7 operational standpoint.

8                   It is -- it certainly was not  
9 without its moments of enjoyment and also of  
10 fear when you really had to climb that rope to  
11 get up to that vessel. I think the most  
12 frightening part of it was not that, but when  
13 we were departing from the Carnival Line the  
14 entrance and exit is -- in this instance, is  
15 almost at sea level and the boat -- little  
16 pilot boat that we got on was dropping a great  
17 deal, so you had to get off the vessel that  
18 wasn't rocking and get onto this pilot boat  
19 going up and down, and it was very interesting  
20 that, thank goodness, we were held from the  
21 time we got there -- from the time we left the  
22 vessel until the time we got on. And then in  
23 my case when I looked up climbing that rope  
24 and I looked down and then I got -- finally  
25 made it up and I said, what happens if you

1 fall, you fall between the vessel and the  
2 pilot ship? He said, well, you get very thin  
3 at that moment. But anyway, it was enjoyable.

4 I've asked -- my only question  
5 was, from an ethics standpoint, I've asked  
6 Paul West to address the issue of whether or  
7 not we have to reimburse the pilots. I  
8 realize I would suggest it's up to them, but  
9 it would be nominal what the cost of the meal  
10 was and lodging. I know on a federal basis  
11 you have to do that because that would involve  
12 doing things similar on a federal basis. If  
13 it does, the independents will reimburse. It  
14 will be a relatively short amount of money --  
15 small amount of money, I guess. But anyway.  
16 But whatever it is, we'll pay it, but we want  
17 to be clear of any ethics question. But it  
18 was well done and I want to tell you 100  
19 percent I think it accomplished the purposes  
20 that it was intended.

21 I do want to report also in  
22 that -- and I see it comes next, we have  
23 invitations similar but from a different  
24 perspective because it will be in a different  
25 area from NOBRA, and I think one is pending

1 with Lake Charles also. So we'll have to  
2 arrange those.

3                   Now, let me say, in this  
4 instance it took -- we got -- we started at  
5 8:00 and I think it was 1:00 in the morning  
6 when we hit the bed, and then got up  
7 relatively -- NOBRA let us sleep in till 7:30,  
8 8:00, we toured the facility and we left. But  
9 it was a full day and a half or two days it  
10 required, but it accomplished the purpose and  
11 we appreciate it.

12                   Management did not -- didn't  
13 have any representatives present. They were  
14 invited many times. I know that Commissioner  
15 App had mentioned that had he realized, he  
16 would have been there, and I know several  
17 others would have. And I would encourage  
18 management to have representatives present at  
19 these upcoming presentations because if you  
20 haven't done it, I think it's really  
21 interesting from every standpoint to see what  
22 a pilot does indeed.

23                   So we have -- that brings on  
24 now a discussion of a similar but different  
25 presentation by NOBRA.

1                   Captain Gibbs, my suggestion is  
2   that we do similarly to what we did  
3   previously, and that is, pick a number of  
4   dates and circulate them to the commissioners  
5   and to industry. Now, remember, that you do  
6   have relatively, as all the pilots know, you  
7   do have relatively limited space. We'd like  
8   -- certainly we'd like Mr. McNutt to accompany  
9   us and our attorney Mr. West to accompany us.  
10   And it gets relatively crowded on that bridge.  
11   We had about five this time, and probably my  
12   guess would be six or seven would max it out  
13   as far as space is concerned. On that cruise  
14   ship I think that we were there merely because  
15   they really requested in a pleading manner to  
16   let us come aboard, and they did, I think,  
17   with a degree of reluctance, but it ended up  
18   we were -- we didn't really make any noise.  
19   But on that bridge and in particularly on that  
20   cruise line, it's an incredible site to see.  
21   And we stayed there about two and a half  
22   hours. The entire bridge is dark and you see  
23   these enormous rows of electronic equipment,  
24   primarily radar and things of that nature. It  
25   is operated entirely different from a

1 conventional vessel.

2                   Anyway, Commissioner Gibbs, I  
3 suggest that you talk about dates that would  
4 be available and then circulate -- have Larry,  
5 whatever you desire, circulate available dates  
6 for you all, you know, and perhaps this can be  
7 one day rather than two. I don't know, but it  
8 is -- it's difficult with the commissioners to  
9 try to get two days. It's time constraints  
10 and you have a problem with busy schedules.  
11 But anyway, having said that, we certainly  
12 look forward to NOBRA and to Calcasieu, and I  
13 would think Calcasieu would follow-up when  
14 NOBRA finishes.

15                   Anybody want to comment on  
16 either, A, our trip with Bar or our upcoming  
17 trips with NOBRA and Calcasieu?

18                   COMMISSIONER GIBBS:

19                   Mr. Chairman, the only comment  
20 that I would suggest, strongly suggest that  
21 this trip be accomplished within the next 30  
22 days simply because the river now is coming up  
23 almost to 15 feet in the next week or two.  
24 And you really get a significant snapshot of  
25 the challenges of managing traffic in that

1 vessel on the river when the river is at a  
2 high stage, it's 15 above sea level at the  
3 Carrollton gauge, about five, six, seven knots  
4 of current, so it really gives you a total  
5 perspective that's different. I will send  
6 some dates out.

7 The only other thing is the  
8 International Freight Forwarders conference is  
9 at the end of May, the last Thursday, Friday,  
10 Saturday of May, but other than that.

11 CHAIRMAN LIPPMAN:

12 Two things. No. 1, get that  
13 memo out, you know, asking people to report at  
14 once.

15 COMMISSIONER GIBBS:

16 Sure.

17 CHAIRMAN LIPPMAN:

18 Immediately.

19 Larry, you want to work with  
20 Captain Gibbs on that? No. 2, make sure you  
21 have good ladders.

22 COMMISSIONER GIBBS:

23 Well, our situation is a little  
24 bit different, occasionally it depends on the  
25 ship. When we leave the dock, you have a

1 gangway stairway.

2 COMMISSIONER FRENCH:

3 How do you get off?

4 COMMISSIONER GIBBS:

5 Getting off, there will be a  
6 pilot ladder getting off, just note that.

7 CHAIRMAN LIPPMAN:

8 I looked up, that was  
9 frightening. Anyway, I saw how high it was.  
10 All right. And we will endeavor to do that.

11 COMMISSIONER GIBBS:

12 Thanks.

13 CHAIRMAN LIPPMAN:

14 All right. Any other comments?

15 ADMINISTRATOR McNUTT:

16 Chairman Lippman, if I may,  
17 just one clair -- point of clarification. In  
18 your materials you'll see that there is a  
19 letter from the Crescent Pilots that Captain  
20 Gibbs filed with my office in the form of an  
21 invitation for the at-large and industry  
22 members to attend an educational presentation.  
23 Captain Watson also in the form of an  
24 e-mail --

25 CHAIRMAN LIPPMAN:

1                   Calcasieu Pilots.

2                   ADMINISTRATOR McNUTT:

3                   No, sir. Captain Watson with  
4 the NOBRA Pilots, the New Orleans Baton Rouge  
5 Association submitted in e-mail form an  
6 invitation which is -- it's an educational  
7 presentation but in a slightly different form  
8 where the industry would attend the Maritime  
9 Institute in Covington, Louisiana which  
10 contains a very sophisticated simulator that  
11 pilots use for training.

12                  CHAIRMAN LIPPMAN:

13                  And Captain Watson, that would  
14 be -- that would be the equivalent of the  
15 presentation?

16                  COMMISSIONER WATSON:

17                  You can have either way; you  
18 can go ride a ship.

19                  CHAIRMAN LIPPMAN:

20                  Probably this would be good  
21 because it would be different.

22                  COMMISSIONER WATSON:

23                  The difference is,  
24 Mr. Chairman, you can see all the different  
25 routes, pilotage routes in the simulator:

1 Calcasieu --

2 COMMISSIONER MILLER:

3 Lake Charles is in the  
4 simulator also.

5 COMMISSIONER WATSON:

6 Everything is in the simulator.

7 CHAIRMAN LIPPMAN:

8 That would be interesting, and  
9 that probably can be taken care of in one day,  
10 right?

11 COMMISSIONER WATSON:

12 Yes.

13 CHAIRMAN LIPPMAN:

14 That's good. Would that be a  
15 joint presentation?

16 COMMISSIONER WATSON:

17 It can be.

18 CHAIRMAN LIPPMAN:

19 Yeah, that would probably help  
20 us.

21 COMMISSIONER MILLER:

22 And maybe just a site visit to  
23 Lake Charles if you want, maybe not riding on  
24 a ship having seen the simulation. We would  
25 like to show you the facilities.

1                   CHAIRMAN LIPPMAN:

2                   We want to do it. It's just a  
3 matter of getting everybody scheduled  
4 together, and we appreciate it. Any other?

5                   So we actually have three left,  
6 maybe two would be combined, and definitely  
7 the Crescents would be the one that would be  
8 coming up next. All right.

9                   COMMISSIONER HAYDEN:

10                  Mr. Chairman, if you're talking  
11 about combining Lake Charles and NOBRA on the  
12 simulator, I think it's a terrific idea for  
13 you all to go see the simulator and to see the  
14 institute, but I would suggest that you come  
15 over to Lake Charles and physically look at  
16 the channel because it's substantially --

17                  CHAIRMAN LIPPMAN:

18                  And that's good, and we'll  
19 consider that, Mr. Hayden, and I agree with  
20 you. The only thing we may not be able to do  
21 it back on back.

22                  COMMISSIONER HAYDEN:

23                  Oh, yes, sir.

24                  CHAIRMAN LIPPMAN:

25                  Okay. Anything else on these

1 trips? As I said, I think they're good ideas  
2 and they're going to accomplish the purposes  
3 intended.

4 All right. Report by  
5 administrator, general status of the office,  
6 finances and the staff.

7 Mr. McNutt.

8 ADMINISTRATOR McNUTT:

9 Thank you, Chairman.

10 I've provided in your materials  
11 our bank statements, as well as a list of  
12 checks that are outstanding. There are some  
13 figures to note. Our money market balance in  
14 MidSouth Bank is presently \$203,024. Our  
15 total on all of accounts presently is  
16 \$514,142.57. This is notable because at that  
17 figure, although not presently obligated to,  
18 the commissioners would be elevated to Tier 1  
19 in their financial disclosures with the Board  
20 of Ethics. The budget that was approved today  
21 will account for the overage in that account  
22 as well as variances in the pay period which I  
23 don't believe were subtracted from the total  
24 figure here. We will hover below 500,000 on  
25 our budget level and the enhanced disclosure

1 for next year shouldn't be necessary if the  
2 budget stays where it's projected.

3 In terms of the money market  
4 account, we have -- to take advantage of FDIC  
5 protection, we have researched other  
6 institutions to open another -- a second money  
7 market account and limited our search to local  
8 Louisiana institutions. The most competitive  
9 and actually the best rate we were able to  
10 find was with Business First Bank which, I  
11 believe, is headquartered in Lake Charles.  
12 They offer a rate of 1.25 percent on \$100,000,  
13 which we will --

14 CHAIRMAN LIPPMAN:

15 How much? What period of time?  
16 Is that money market funds?

17 ADMINISTRATOR McNUTT:

18 It's money market funds.

19 CHAIRMAN LIPPMAN:

20 So it rolls every day and you  
21 can take it out at any time?

22 ADMINISTRATOR McNUTT:

23 Yes, sir.

24 CHAIRMAN LIPPMAN:

25 That's a good rate.

1 ADMINISTRATOR McNUTT:

2 I have included in your  
3 materials an entity authorization resolution,  
4 which I believe needs signatures from each of  
5 the commissioners on two copies of this. If  
6 you'll remain seated briefly after the meeting  
7 adjourns, I will obtain these signatures.

8 CHAIRMAN LIPPMAN:

9 All right. We have a general  
10 resolution, don't we, with respect to  
11 investment funds, so we don't have to go  
12 through a specific authorization on each time  
13 you open an account? Do you have that  
14 resolution?

15 ADMINISTRATOR McNUTT:

16 This is a resolution.

17 CHAIRMAN LIPPMAN:

18 Then you're going to have to  
19 amend -- we're going to have to agendarize it.  
20 We're going to have to have the motion to put  
21 it on the agenda since it's not listed  
22 specifically. Finance is not specific enough.  
23 If we have a resolution for a bank account,  
24 then I'm going to entertain a motion that we  
25 place it on the agenda.

1 COMMISSIONER HAYDEN:

2 So moved.

3 COMMISSIONER FRENCH:

4 I'll move.

5 CHAIRMAN LIPPMAN:

6 Second?

7 COMMISSIONER HAYDEN:

8 Second.

9 CHAIRMAN LIPPMAN:

10 It's been moved and seconded  
11 that we place on the agenda authorizing the  
12 opening of the account and administration  
13 thereof in accordance with the resolution that  
14 Mr. McNutt has and I guess is approved.  
15 Mr. McNutt, you've approved that resolution?

16 ADMINISTRATOR McNUTT:

17 That's correct. The language  
18 is identical to the one that we have approved  
19 for our other bank, MidSouth.

20 CHAIRMAN LIPPMAN:

21 With respect to the investment  
22 of \$100,000 of commission funds. Any  
23 discussion?

24 Hearing no discussion on the  
25 motion to place it on the agenda, all in

1 favor?

2 (All Commissioners voted in  
3 favor.)

4 CHAIRMAN LIPPMAN:

5 Opposed?

6 Now I would entertain a motion  
7 that we authorize -- we adopt the resolution  
8 of authorizing the opening of the account with  
9 Bank --

10 ADMINISTRATOR McNUTT:

11 Business First Bank.

12 CHAIRMAN LIPPMAN:

13 Business First Bank in Lake  
14 Charles in the amount of \$100,000.

15 COMMISSIONER HYATT:

16 Mr. Chairman, so moved.

17 CHAIRMAN LIPPMAN:

18 Any second?

19 Hearing none, call for a vote.

20 All in favor signify by saying aye.

21 (All Commissioners voted in  
22 favor.)

23 CHAIRMAN LIPPMAN:

24 Opposed?

25 Okay, Mr. McNutt, you got it.

1 ADMINISTRATOR McNUTT:

2 Thank you. That concludes my  
3 report on finances.

4 CHAIRMAN LIPPMAN:

5 Okay. Now I want to bring up,  
6 though, and I'd like you to have this ready at  
7 the next meeting. At one point in time we  
8 visited the fact that when is the time that we  
9 have too much money and we would have to do --  
10 we would have to amend our charges and, you  
11 know, we want to do that certainly leaving a  
12 reserve, a good reserve, but at one point in  
13 time when it becomes apparent that we have  
14 excess funds, I think it's our obligation to  
15 reduce our charges to the vessels collected  
16 through the pilots. And have a report next  
17 time -- how much cash do we have available  
18 now?

19 ADMINISTRATOR McNUTT:

20 Presently it stands at  
21 \$514,142, that includes our reserves.

22 CHAIRMAN LIPPMAN:

23 That's all your cash resources?

24 ADMINISTRATOR McNUTT:

25 That's correct.

1                   CHAIRMAN LIPPMAN:

2                   That does not -- do you have  
3 any accounts receivable out there that are  
4 coming in?

5                   ADMINISTRATOR McNUTT:

6                   Not at present.

7                   CHAIRMAN LIPPMAN:

8                   All right. Okay. So that's  
9 not unreasonable. It's about one year, a  
10 little over a year, so it's not unreasonable  
11 to have it, but I would suggest that it's  
12 going to be in the not too distant future that  
13 we're going to be obligated to reduce that  
14 cost, which is what we want to do.

15                  ADMINISTRATOR McNUTT:

16                  That's correct. And this issue  
17 was made part of the discussion during the  
18 Budget Committee meeting.

19                  CHAIRMAN LIPPMAN:

20                  Right.

21                  ADMINISTRATOR McNUTT:

22                  They advised that for purposes  
23 of adopting the new budget, accommodating the  
24 new expenses, that the tariff should be -- or  
25 the surcharge should be frozen at its present

1 level, subject to reduction, if anything, but.

2 CHAIRMAN LIPPMAN:

3 Yeah. And we would have to go  
4 through the requirements at such time as we  
5 reduce that and in any way change it.

6 ADMINISTRATOR McNUTT:

7 That's correct.

8 CHAIRMAN LIPPMAN:

9 Okay. All right.

10 COMMISSIONER TRAPPEY:

11 I have a question.

12 CHAIRMAN LIPPMAN:

13 Surely.

14 COMMISSIONER TRAPPEY:

15 What exactly -- that level from  
16 Tier 1 to Tier 2, what exactly are the  
17 additional requirements going to be?

18 ADMINISTRATOR McNUTT:

19 The Tier 1 requirements --

20 CHAIRMAN LIPPMAN:

21 All income.

22 ADMINISTRATOR McNUTT:

23 All income. You have to attach  
24 a copy of your tax returns. It's significant  
25 more detail than the Tier 2.1 form which I've

1 included in your materials. You've all gotten  
2 what appeared to be a very frantic e-mail from  
3 me on Monday. I had presumed all along that  
4 the Board of Ethics would have been in regular  
5 communication with you to provide the new  
6 forms when the law changed on January 1st. I  
7 discovered that their communication was not  
8 that thorough.

9 CHAIRMAN LIPPMAN:

10 Nothing.

11 ADMINISTRATOR McNUTT:

12 That you just received a  
13 notice. I was concerned that there would be  
14 some confusion among the commissioners that  
15 the disclosure that was done personally to the  
16 legislative audit, that you would feel that  
17 that would be sufficient for the purposes --

18 CHAIRMAN LIPPMAN:

19 Mr. McNutt, you gave us that  
20 impression, okay? So continue on. You told  
21 me several times, you know, don't worry about  
22 it, even if you don't get it timely filed,  
23 that's going to help you, but when I saw that  
24 one liner, I knew it wasn't going to help.  
25 Continue on.

1 ADMINISTRATOR McNUTT:

2 Well, be that as it may, you  
3 have the forms. The deadline is tomorrow. If  
4 you'd like to fill it out here today, if  
5 you're able to, that's fine. I believe we've  
6 received 10 of the 11. But we will going  
7 forward, as policy, make it our mission to  
8 communicate with you, get this form completed  
9 in the form that the Board of Ethics requires  
10 and submit it to their office timely before  
11 May 15th.

12 CHAIRMAN LIPPMAN:

13 Let me just mention several  
14 things in that regard. Commissioners, this is  
15 a very important form. It's public. It's one  
16 of them that traditionally people on  
17 commissions and boards and those that are  
18 other required officials required get in  
19 trouble. It's not necessarily intentionally,  
20 it's a question of omission. I went over it.  
21 For instance, a lot of us on pro bono boards  
22 that you have to list them, and in many  
23 instances, as I thought through the process,  
24 those boards get grants from the state. So  
25 you particularly have to list those.

1 Interestingly, you had sources of income, and  
2 -- from the state, and I did not list this  
3 board on that one. Larry says it's  
4 self-evident, but I don't think so. I think  
5 you got to list this board, at least it would  
6 only apply to the independents, but we have a  
7 source of income from the state from this  
8 board, so I'm going to have to take that into  
9 consideration. But be careful on filling out  
10 these forms. And what I had to do is go  
11 through every organization, every business  
12 entity in which I'm involved, and if it met  
13 the requirement -- and I think the requirement  
14 on the Tier 2 is ten percent ownership is the  
15 triggering?

16 ADMINISTRATOR McNUTT:

17 2.1.

18 We are subject to Tier 2.1?.

19 CHAIRMAN LIPPMAN:

20 Yeah, 2.1. I think it's ten  
21 percent ownership, I think, is what it says.  
22 Make your own decision on that. Be careful.  
23 Make you sure you have it complete. That's  
24 just sitting back and thinking or having  
25 whoever your administrative assistant is, if

1 indeed you have one, look over your  
2 biographical sketch of the organizations that  
3 you're in and, you know, list -- it's better  
4 -- more listing is better than less listing.

5 COMMISSIONER HYATT:

6 Mr. Chairman, I got a copy of  
7 that form from Larry Monday. I filled it out  
8 and I attempted to fax it to the Board of  
9 Ethics all day long; the fax does not work.  
10 So if you need to personally hand it in  
11 somehow, get it in person to him, because  
12 tomorrow is the deadline, as I understand it,  
13 and that fax machine doesn't work. It's  
14 always busy.

15 CHAIRMAN LIPPMAN:

16 I think in my case maybe we  
17 were fortunate. I know what it is, that  
18 they're so jammed up they're not accepting.

19 Larry, this is what I want you  
20 to do: I want you to call that board today  
21 immediately after this meeting, and during our  
22 discussion on this report we're going to be  
23 getting, I want you to report back to us what  
24 are they doing about that situation. If the  
25 fax lines are clogged, and what happens is

1 people are -- it's been my experience that  
2 people are attempting to fax the fax.  
3 Normally eventually it works, because those  
4 faxes go into memory. I don't know why they  
5 wouldn't be. I think in my case they accepted  
6 mine. I got a confirmation, but I looked for  
7 that confirmation. So I guess the best thing  
8 to do is that as a stopgap tomorrow -- today  
9 or tomorrow, you say I have endeavored to file  
10 it, putting a copy in the mail just to be  
11 safe.

12 ADMINISTRATOR McNUTT:

13 Yes, that would be wise. Also,  
14 if you're not able to get through on the fax  
15 line, if you fax it to my office to our fax  
16 number, we will hand deliver it to the Board  
17 of Ethics before 5:00 p.m. tomorrow.

18 CHAIRMAN LIPPMAN:

19 My suggestion is tomorrow, you  
20 have 10 of the 11 in hand, bring them all.

21 ADMINISTRATOR McNUTT:

22 Well, not in hand, but that  
23 includes commissioners who have already filed  
24 on their own.

25 CHAIRMAN LIPPMAN:

1                   Have you received copies of  
2   them yet?

3                   ADMINISTRATOR McNUTT:

4                   We haven't received all copies  
5   yet. We've gotten yours.

6                   CHAIRMAN LIPPMAN:

7                   Gentlemen, Miss Trappey, I  
8   would suggest that we get them today, if  
9   possible, get them to Larry or in the morning,  
10   and Larry, have someone hand carry them and  
11   say, this is just precaution, if you haven't,  
12   but I want to deliver to you, and have a  
13   letter accompanying it saying that we've  
14   experienced trouble with fax machines and here  
15   are the financial reporting for 2.1 tier for  
16   the Pilotage Fee Commission of blank, and list  
17   all of them so that you have evidence of that,  
18   and if necessary, get them to stamp it.

19                  ADMINISTRATOR McNUTT:

20                  Yes, sir.

21                  CHAIRMAN LIPPMAN:

22                  Okay. And I would suggest that  
23   you get a copy to Larry and he'll hand carry  
24   that so we'll have that amount of insurance.  
25   Okay. Anything else on that form? It's

1 something that's important, and let's just  
2 hope we don't go to Tier 1 because that will  
3 take you a week and everybody in the country  
4 will know every source of your income. But --  
5 okay.

6 Let's see. The notice of the  
7 next regular meeting on 9 July 2009 at which  
8 time either Miss Trappey or Mr. French will  
9 chair this meeting because I will be in  
10 Africa. We planned a year ago. Anyway. But  
11 we do have the next regular meeting on 9 July.

12 All right. Any new business,  
13 comments or discussions to come before the  
14 board?

15 COMMISSIONER APP:

16 Mr. Chairman, Mr. Mannella  
17 wanted to make a statement.

18 MR. MANNELLA:

19 Thank you, Mr. Chairman, other  
20 commissioners.

21 My name is David Mannella. I'm  
22 with Coastal Cargo Company which is a  
23 stevedore and terminal operator domiciled in  
24 New Orleans, and we have operations in the  
25 Port of New Orleans, the Port of Houston and

1 the Port of Pascagoula. I respectfully  
2 address the commission this morning on two  
3 fronts.

4                   First, we very much appreciate  
5 your endeavors in taking on these roles to  
6 watch over and govern the fact of our pilots,  
7 our waterways, it's a tremendous endeavor.

8                   Secondly, I'd like to thank our  
9 pilots for their excellent performance in  
10 ensuring that vessels move to and from our  
11 ports in the State of Louisiana, particularly  
12 the Mississippi River, Lake Charles, the  
13 entire region, and in a safe and efficient  
14 manner. However, I would also like to address  
15 to the commission the fact that given our  
16 current economic situation, we as a terminal  
17 operator and stevedore have been approached by  
18 numerous carriers and cargo interests  
19 regarding current expenses that they have to  
20 endure to move commerce through the Louisiana  
21 ports and waterways. Specifically brought up  
22 was that of our pilot fees.

23                   I've asked them, as well as our  
24 other staff and organizations to please  
25 address the commission directly. At this

1 point in time I will not disclose to you who  
2 they are, but I will go back and ask them to  
3 send letters and to publicly speak on their  
4 behalf. However, I would respectfully request  
5 that the commission take into consideration  
6 current economic times and the fact that  
7 pilotage, though so important, also needs to  
8 be one of providing value to move the vessels  
9 safely and efficiently, as well as the  
10 commerce that goes along these waterways.

11                   So I would ask that you keep  
12 mindful of that, because some of these cargo  
13 interests and vessels have disclosed to us --  
14 and we know because we operate in other ports  
15 -- that they are now in the process of moving  
16 cargo out of the State of Louisiana to the  
17 Ports of Houston, the Ports of Mobile  
18 particularly, and then bringing back those  
19 parcels they need to go up the Mississippi  
20 River. They're very serious, and I would  
21 again respectfully ask the commission, listen  
22 to them, listen to us, do a survey, find out  
23 who actually pays the bills, for us to be able  
24 to generate jobs and to perform commerce on  
25 these waterways.

1                   I'd be pleased to answer any  
2 questions or comments you may have, and I  
3 appreciate your time.

4                   CHAIRMAN LIPPMAN:

5                   Do you have -- first of all,  
6 you know, this, I would characterize it as a  
7 trial balloon because we can't really consider  
8 anything except on a formal basis, if it would  
9 come to any sort of proposal with respect to  
10 pilotage rates. So I understand your position  
11 here now and your discussion that you just  
12 made as food for thought. But if you -- I  
13 would encourage you if you have any evidence  
14 of loss of substantial business or the loss of  
15 business as a result of anything, not  
16 necessarily pilotage fees, but things of  
17 locations or places being too far. For  
18 instance, one of the things we know is that in  
19 Pascagoula and in Gulfport and in Houston the  
20 routes to the main ports are much shorter than  
21 they are in New Orleans. We can't do anything  
22 about that. That may be a factor and  
23 certainly it is a factor. In Gulfport you  
24 drive up to it, so, and I'm not sure that  
25 that's not one of the major factors because

1 distance is time is money. But if you have  
2 information that shippers and vessel owners  
3 are specifically saying, whatever the cause is  
4 affecting their ability to stay here and  
5 operate profitably here or to operate here at  
6 all, I think it is something that we would  
7 certainly want to know, but in the proper  
8 context.

9                               So we understand, we appreciate  
10 you appearing before us, and understand what  
11 you're saying, and if anybody else has any  
12 observations or questions, I'd encourage them  
13 to ask them.

14                               COMMISSIONER GIBBS:

15                                       I do, Mr. Chairman.

16                               CHAIRMAN LIPPMAN:

17                                       Yes.

18                               COMMISSIONER GIBBS:

19                                       Dave, I understand economic  
20 cycles that are in the shipping industry right  
21 now. You represent primarily cargo that would  
22 be handled by breakbulk vessels?

23                               MR. MANNELLA:

24                                       That's correct.

25                               COMMISSIONER GIBBS:

1                   What type?

2                   MR. MANNELLA:

3                   What type of cargo? Steel  
4 cargoes, rubber, forest products, particularly  
5 in the Port of New Orleans particularly.

6                   COMMISSIONER GIBBS:

7                   What do you think the current  
8 rates are, freight rates for breakbulk?

9                   MR. MANNELLA:

10                  Freight rates or charter rates?

11                  COMMISSIONER GIBBS:

12                  Freight rates, daily rates.

13                  MR. MANNELLA:

14                  On charter hire?

15                  COMMISSIONER GIBBS:

16                  Yeah.

17                  MR. MANNELLA:

18                  They're significantly decreased  
19 to the point where we do know that vessel  
20 owners are beginning to default contracts on  
21 new vessels.

22                  COMMISSIONER GIBBS:

23                  Do you have a number?

24                  MR. MANNELLA:

25                  No, sir, not for the

1 commission.

2 COMMISSIONER GIBBS:

3 What might they have been two  
4 years ago?

5 MR. MANNELLA:

6 They were very high.

7 COMMISSIONER GIBBS:

8 Extremely high.

9 MR. MANNELLA:

10 Yes, sir.

11 COMMISSIONER GIBBS:

12 They didn't call the Fee  
13 Commission two years ago and say, give the  
14 pilots a raise because our rates are high?

15 MR. MANNELLA:

16 No, sir, they didn't, nor do  
17 they ask you to invest in their endeavors.

18 COMMISSIONER GIBBS:

19 Are you familiar with a Dan  
20 Haeuser?

21 MR. MANNELLA:

22 Yes, sir. Dan Haeuser is the  
23 president/CEO of my company.

24 COMMISSIONER GIBBS:

25 I'll give you a quote that Dan

1 Haeuser gave to me probably no more than two  
2 years ago. He said, you guys get a bum rap.  
3 You can charge ten times what you charge and  
4 it's not going to affect cargo moving through  
5 this port. That's your boss.

6 MR. MANNELLA:

7 That's correct.

8 COMMISSIONER GIBBS:

9 That's a direct quote from him  
10 to me.

11 MR. MANNELLA:

12 I would say two years ago,  
13 Captain, in all due respect, the economy has  
14 changed dramatically. Gas has gone from \$1.50  
15 to \$4.00, back to a \$1.70 a gallon.  
16 Speculators have driven up costs all over the  
17 world. The economy has changed dramatically.  
18 We now have major automotive companies in this  
19 country that have and will declare bankruptcy.  
20 And my point is this: We all are in it  
21 together. We all need to do whatever it takes  
22 to generate commerce for the State of  
23 Louisiana. And whether it be factual or  
24 perception -- and I agree with the chairman  
25 that the carriers and cargo interests need to

1 come forth to this commission with facts, but  
2 also goodwill and public perception is a major  
3 indicator. The fact that perception of any  
4 increases would be such, whether fact or  
5 perception, to cause carriers to move cargo  
6 because they have other options. And as the  
7 chairman said, we might have a geographical  
8 problem that we cannot necessarily easily deal  
9 with. The fact that it's 100 miles of  
10 pilotage for the Port of New Orleans, that's a  
11 geographical issue as compared to a cost issue  
12 in Houston or Mobile or competing ports;  
13 however, like anything in the world of  
14 commerce, we have to collectively come up with  
15 a sufficient and effective means to retain or  
16 attract business owners in our locations.

17 COMMISSIONER GIBBS:

18 Are you aware of the fact that,  
19 Mr. Mannella, that it is further to the Port  
20 of Houston than the Nashville Avenue wharf in  
21 the Port of New Orleans?

22 MR. MANNELLA:

23 I would take your expertise for  
24 that, Captain.

25 COMMISSIONER GIBBS:

1                   Therefore, the total voyage  
2 cost between Houston and New Orleans is  
3 greater to go to the Port of Houston with a  
4 breakbulk vessel carrying steel than it is to  
5 come all the way to Nashville Avenue.

6                   MR. MANNELLA:

7                   Then there must be some other  
8 total value for which they want to bring it to  
9 Houston, whether it's consumption that reduces  
10 the inland transportation costs to the  
11 destination, but there is a reason why it's  
12 going there as compared --

13                  COMMISSIONER GIBBS:

14                  Tremendous variables and  
15 dynamic factors that are constantly changing  
16 in this business, as you know. Market being  
17 one of them. And the reason that the river is  
18 so heavy with traffic primarily is because of  
19 barge movements to reach the inland heartland  
20 of America where steel products generally go  
21 by barge many times directly over wood, and  
22 there is a tremendous savings if you can bring  
23 a vessel by economy of scale further up the  
24 river toward that market then there is a  
25 savings there, indeed to the total point to

1 point delivery of cargo.

2 MR. MANNELLA:

3 I would say, Captain, my point  
4 is, do we have your commitment and all the  
5 pilots, commissioners, to make a more  
6 efficient system for our carriers?

7 COMMISSIONER GIBBS:

8 I can tell you that speaking  
9 from our perspective, I think that I'm a very  
10 efficient pilot organization on the river, the  
11 amount of services, time and distance that we  
12 deliver on a daily basis.

13 MR. MANNELLA:

14 So we do have your commitment  
15 to consistently look at --

16 COMMISSIONER GIBBS:

17 It's always been there and  
18 that's the way we function.

19 MR. MANNELLA:

20 Thank you.

21 COMMISSIONER GIBBS:

22 Thank you.

23 COMMISSIONER HAYDEN:

24 Mr. Chairman, I would like to  
25 take one exception to what Captain Gibbs said.



1 point.

2 COMMISSIONER BOWSER:

3 Mr. Chairman, if I might, first  
4 of all, I want to thank you, sir, for coming  
5 today, and I know that it must be a very --  
6 you must have some deep concerns from a  
7 business perspective to be here. And I think  
8 the pilots have done a good job, as you  
9 stated, in handling your cargo, so. But I  
10 think, Mr. Chairman, this may be an issue  
11 while we're doing our educational rounds, if  
12 you will, this may be an issue that we may  
13 want to somehow put on our radar screen to  
14 look at maybe how we are compared to other  
15 ports, what some of the other folks are doing,  
16 what's causing some companies to take a look  
17 at other places. Based on what Captain Gibbs  
18 has said, what this gentleman said, and  
19 listening to Channing, I'm not sure why this  
20 would be taking place. So I don't know, maybe  
21 other commissioners have a better handle on  
22 how this stuff all works and why we're where  
23 we are, but I think it is something that we  
24 may want to put on our radar screen as a  
25 commission maybe from outside, maybe from some

1 of those companies that are looking at  
2 alternatives and try to find out why that is.

3 CHAIRMAN LIPPMAN:

4 All right. And that's a point  
5 we can consider. Have the pilots in other  
6 ports reduced their fees any?

7 MR. MANNELLA:

8 I'm speaking to the State of  
9 Louisiana, sir.

10 CHAIRMAN LIPPMAN:

11 But are you familiar with --  
12 you didn't speak of Louisiana earlier. You  
13 talked about Pascagoula and Houston and so  
14 forth.

15 MR. MANNELLA:

16 Where we operate and where they  
17 are moving cargoes, do they --

18 CHAIRMAN LIPPMAN:

19 Do you know if the pilots there  
20 reduced their fees any?

21 MR. MANNELLA:

22 I do not, no, sir.

23 CHAIRMAN LIPPMAN:

24 Okay. Are there any other  
25 comments? Thank you very much.

1 MR. MANNELLA:

2 Thank you.

3 CHAIRMAN LIPPMAN:

4 We appreciate it and we  
5 understand the issue that you've raised, or  
6 the request that you've raised. All right.

7 Anybody else to address the  
8 commission?

9 No more discussion, I'll call  
10 for an adjournment of the commission.

11 Would someone enter --

12 COMMISSIONER TRAPPEY:

13 Motion.

14 COMMISSIONER FRENCH:

15 Second.

16 CHAIRMAN LIPPMAN:

17 Second.

18 All in favor signify by saying  
19 aye.

20 (All Commissioners voted in  
21 favor.)

22 CHAIRMAN LIPPMAN:

23 All opposed? Meeting  
24 adjourned.

25 (Whereupon the meeting was

1 concluded.)

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## 1 REPORTER'S CERTIFICATE

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3 I, CINDY ROGERS LA COUR, C.M.,  
4 Certified Court Reporter, do hereby certify  
5 that the above-named witness, after having  
6 been first duly sworn by me to testify to the  
7 truth, did testify as hereinabove set forth;

8 That the testimony was reported by  
9 me in shorthand and transcribed under my  
10 personal direction and supervision, and is a  
11 true and correct transcript, to the best of my  
12 ability and understanding;

13 That I am not of counsel, not  
14 related to counsel or the parties hereto, and  
15 not in any way interested in the outcome of  
16 this matter.

17

18

19 CINDY ROGERS LA COUR, C.M.,  
20 CERTIFIED COURT REPORTER

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