

**THE BOARD OF DIRECTORS OF
THE NEW ORLEANS PUBLIC BELT RAILROAD CORPORATION
MINUTES OF THE RAILROAD COMMITTEE MEETING
MONDAY, DECEMBER 16, 2019**

A MEETING OF THE RAILROAD COMMITTEE OF THE BOARD OF DIRECTORS OF THE NEW ORLEANS PUBLIC BELT RAILROAD CORPORATION, HELD IN THE PRESENTATION ROOM ON THE FOURTH FLOOR AT THE PORT OF NEW ORLEANS OFFICES LOCATED AT 1350 PORT OF NEW ORLEANS PLACE, NEW ORLEANS, LOUISIANA, WAS CALLED TO ORDER BY COMMITTEE CHAIRMAN DARRYL D. BERGER, AT 2:05 P.M. ON MONDAY, DECEMBER 16, 2019.

COMMITTEE MEMBERS PRESENT: Darryl D. Berger, Committee Chairman
Tara C. Hernandez, Member
Arnold B. Baker, Member
William H. Langenstein, III, Member
Joseph F. Toomy, Member

ABSENT: Charles H. Ponstein, Member

STAFF: B. Christian, Chief Executive Officer
M. Stolzman, General Manager
J. Escudier, Executive Counsel
T. Haver, Vice President of Strategy & Industrial Development
C. Kocur, Vice President of Engineering
K. Turner, Manager, Community Affairs
M. Smith, Office Administrator

GUESTS: M. Ganon, Port of New Orleans
R. Landry, Port of New Orleans
A. Fant, Port of New Orleans
R. Wendel, Port of New Orleans
A. Evett, Port of New Orleans
M. Verderame, Port of New Orleans
E. Pansano, Port of New Orleans
M. Scelson, Port of New Orleans
C. Coats, Port of New Orleans
J. Ragusa, Port of New Orleans
J. Sholar, Port of New Orleans
G. Palermo, Port of New Orleans
T. Carter, Port of New Orleans
C. Alfonso, Port of New Orleans
J. Mansour, Port of New Orleans
A. Aragon Dolese, Port of New Orleans
S. Gauthier, Jr., Port of New Orleans

I. Determination of Quorum and Call to Order

Committee Chairman Berger determined the existence of a quorum and called the meeting to order at 2:05 p.m.

II. Briefing and Discussion Items:

A. Recommend to the Board at its Regular Monthly Meeting a Resolution Authorizing the Chief Executive Officer to Enter into an Agreement with GATX Rail Locomotive Group, LLC to Lease up to Ten Locomotives for a Term of Five Years in an Amount Not to Exceed \$2,354,250.

Mr. Stolzman presented and recommended approval of the resolution. He stated NOPB is seeking to increase the efficiency of their locomotive fleet by leasing up to ten (10) EMB GP38-2 locomotives for a term of five (5) years. A request for proposals was issued, and GATX Rail Locomotive Group, LLC (“GATX”) was the sole respondent. Mr. Stolzman stated NOPB’s current locomotive fleet will be reduced from fifteen (15) locomotives to eight (8), and as business levels potentially increase, two (2) additional locomotives may be added. He noted that locomotives acquired under this lease will meet EPA’s Tier 1 emissions standards, as well as all applicable Federal Railroad Administration standards and guidelines. Based on GATX’s proposed rates, the lease value for the first year is approximately \$376,680, with a five-year value not to exceed \$2,354,250.

Director Langenstein asked for confirmation on how many locomotives NOPB will lease initially, as well as to the disposition of the fifteen (15) locomotive fleet currently owned by NOPB. Mr. Stolzman confirmed that eight (8) locomotives will initially be leased, and NOPB’s current fleet will be sold through a public bidding process.

Director Baker questioned staff’s cost estimate of \$300 per locomotive per day, in comparison to the proposed lease rate of \$129 per day per locomotive. Mr. Stolzman noted the pricing difference may be attributed to a flooded leasing market in connection with Class I railroad business fluctuations.

Committee Chairman Berger questioned as to the anticipated resale value of NOPB’s current fleet. Mr. Stolzman stated the smaller locomotives typically have a higher value than the larger locomotives, and he estimates a range between \$100,000 and \$180,000 per locomotive.

Director Hernandez asked if the lease price for the two (2) additional locomotives will be the same as the initial eight (8) locomotives. Mr. Stolzman stated the \$129 per day lease rate is set for as many as ten (10) locomotives, for the full term of the lease.

Director Langenstein questioned as to the length of the lease and the lessor. Mr. Stolzman stated the intent is to lease the locomotives for the full five (5) year term. He noted GATX is one of the largest lessors of locomotives in the United States.

Ms. Christian asked the estimated delivery date of the locomotives. Mr. Stolzman stated the first set of locomotives will be available for delivery in late January, with the remainder

arriving throughout the month of February.

Director Baker questioned as to what happens with the locomotives at the end of the lease term. Mr. Stolzman stated the locomotives will be returned to GATX, and if a new lease is issued, a new set of locomotives would be provided by GATX. He noted that under the terms of the lease, all major locomotive components, such as generators and motors, are guaranteed by GATX and NOPB will provide routine maintenance.

Director Langenstein questioned if any additional security would be required from NOPB. Mr. Stolzman confirmed that NOPB will not be required to provide a letter of credit.

Director Langenstein moved to recommend approval of the resolution at the Directors' Board meeting. Director Toomy seconded. **MOTION CARRIED UNANIMOUSLY.**

B. Recommend to the Board at its Regular Monthly Meeting a Resolution Authorizing the Chief Executive Officer to Enter into an Agreement with The Galvez Street Warehouse, LLC to Purchase Property Known as Lot A, Square 853, Located in the Third Municipal District, City of New Orleans for an Amount Not-To-Exceed \$310,000.

Ms. Haver presented and recommended approval of the resolution. Located in the Third Municipal District of the City of New Orleans, Lot A, Square 853 (the "Property") is approximately 2.35 acres currently owned by The Galvez Street Warehouse, LLC. Ms. Haver stated that the Property is currently vacant with partial perimeter fencing, and NOPB intends to use the Property to add an additional seventy-five (75) rail car storage spaces at the Claiborne Rail Yard, further supporting growth on the Inner Harbor Navigation Canal. She stated that a Phase I Site Assessment has been conducted, and based on intended use, it was determined that no extensive environmental remediation will be required for the Property. Ms. Haver noted the estimated value of the Property was approximately \$3.00/sq. ft. based on a letter of valuation issued in October 2019, but that an appraisal was just completed which values the Property at \$280,000. Staff recommend amending the resolution to authorize the Chief Executive Officer to purchase the property for an amount equal to or less than the appraised value of \$280,000.

Director Langenstein questioned the number of rail car storage spaces that will be added in connection with acquiring the Property. Ms. Haver responded seventy-five (75) additional car spaces will become available with the expansion of the Claiborne Rail Yard.

Director Berger questioned as to whether NOPB previously owned the Property. Ms. Haver confirmed NOPB previously owned the Property, and sold it in 1981.

Director Toomy questioned as to the increased storage at the Property. Mr. Stolzman stated NOPB owns adjacent property, and with the addition of this Property, NOPB will be prepositioned for future expansion in the area.

Director Langenstein questioned as to the funding for the purchase of the property. Mr. Wendel stated the funding is in the Capital Budget.

Director Hernandez moved to recommend approval of the resolution, as amended, at the Directors' Board meeting. Director Toomy seconded. **MOTION CARRIED UNANIMOUSLY.**

C. Recommend to the Board at its Regular Monthly Meeting a Resolution Authorizing the Chief Executive Officer to Enter into a Professional Services Contract with CDL Electric Company, Inc. to Provide Signal Maintenance and Inspection Services in an Amount Not to Exceed \$1,116,000.

Mr. Kocur presented and recommended approval of the resolution. He stated that in connection with an agreement to lease 5.75 miles of rail track (the "Track") from Canadian National Railway, NOPB will be required to inspect and maintain the Track and the corresponding signalization.

NOPB issued a request for proposals to provide these services, and the evaluation committee recommend awards the contract to the sole respondent, CDL Electric Company, Inc. ("CDL"). This contract includes maintenance and inspection services of Track signals and supporting equipment, including the twenty-two (22) power switches, five (5) grade crossings, fourteen (14) signal bungalows, and one (1) railroad crossing diamond, all located in centralized traffic control territory. Under the terms of the contract, all inspections, maintenance and reporting must be conducted in accordance with FRA guidelines, and CDL must adhere to a sixty (60) minute response time for emergency call outs. The contract term is for a period of one (1) year, with two (2) one-year renewal options. The estimated annual value of the contract is \$372,000, with a not-to-exceed amount of \$1,116,000 for the full contract term. Funds for this contract are included NOPB's Operating Budget.

Committee Chairman Berger questioned whether the sole respondent to the request for proposals is due to the specialization of work. Mr. Kocur stated that the work is very specialized, and CDL currently provides similar services to NOPB on other portions of the rail network.

Director Langenstein asked which railroad owns the Track, and whether the \$1,116,000 not to exceed value was for the full contract term. Mr. Kocur stated Canadian National Railway owns the Track, and the not to exceed value covers the full three-year term.

Director Baker moved to recommend approval of the resolution at the Directors' Board meeting. Director Toomy seconded. **MOTION CARRIED UNANIMOUSLY.**

III. Report of the General Manager

Mr. Stolzman provided a summary of car shop operations, storage, and switching volumes. He noted that for the month of November, there was a slight increase in local switching volume. Class I switching remains on target with operational goals for the year.

Mr. Stolzman noted that dwell times were below thirteen (13) hours. Storage revenue continues to increase. He stated NOPB is holding an average between 580-620 cars per day in storage with a 28-day average release time. There was a decrease in intermodal

traffic, which Mr. Stolzman noted aligns with the conclusion of the peak season for rail traffic.

Mr. Stolzman gave an overview of engineering and maintenance productivity, including cross tie replacements, and mill tie production. He noted a monthly average of 750 cross tie replacements as part of the maintenance plan. He noted the car department is working diligently with their mobile fleet, and that overall car shop repairs have decreased proportionately to the current rail car volume.

Mr. Stolzman noted that approximately 65% of the locomotive fleet is currently operational. He noted four (4) locomotives are down with two (2) requiring significant repairs.

Committee Chairman Berger questioned whether the new locomotive lease will improve the fleet availability percentage. Mr. Stolzman stated the leased fleet will improve the locomotive availability percentage, noting he anticipates 90% availability, allowing for locomotives down for routine maintenance.

IV. Public Comment

Committee Chairman Berger called for public comment but there was none.

V. Adjournment

There being no further business to come before the Committee, Committee Chairman Berger called for a motion to adjourn. Director Langenstein moved, and Director Baker seconded. **MOTION CARRIED UNANIMOUSLY** and the meeting was adjourned at 2:28 p.m.

**THE BOARD OF DIRECTORS OF
THE NEW ORLEANS PUBLIC BELT RAILROAD CORPORATION
MINUTES OF THE DIRECTORS' MEETING
THURSDAY, DECEMBER 19, 2019**

A MEETING OF THE DIRECTORS OF THE NEW ORLEANS PUBLIC BELT RAILROAD CORPORATION, HELD IN THE FIRST FLOOR AUDITORIUM AT THE PORT OF NEW ORLEANS OFFICES LOCATED AT 1350 PORT OF NEW ORLEANS PLACE, NEW ORLEANS, LOUISIANA, WAS CALLED TO ORDER BY CHAIR TARA C. HERNANDEZ AT 1:32 P.M. ON THURSDAY, DECEMBER 19, 2019.

DIRECTORS

Tara C. Hernandez, Chair

PRESENT:

Darryl D. Berger, Vice-Chairman

William H. Langenstein, III, Secretary-Treasurer

Charles H. Ponstein, Member

Joseph F. Toomy, Member

ABSENT:

Arnold B. Baker, Member

STAFF:

B. Christian, Chief Executive Officer

M. Stolzman, General Manager

J. Escudier, Executive Counsel

T. Haver, Vice President, Strategy & Industrial Development

C. Kocur, Vice President, Engineering

C. Bonura, Manager, Industrial Development

K. Turner, Manager, Community Engagement

R. Zimmerle, Manager, Human Resources

A. Ferrand-Rogers, Generalist, Human Resources

GUESTS:

A. Fant, Port of New Orleans

B. Landry, Port of New Orleans

R. Wendel, Port of New Orleans

A. Evett, Port of New Orleans

M. Scelson, Port of New Orleans

C. Coats, Port of New Orleans

T. Carter, Port of New Orleans

D. Feraci, Port of New Orleans

E. Pansano, Port of New Orleans

G. Palermo, Port of New Orleans

B. Nalley, Port of New Orleans

M. Verderame, Port of New Orleans

A. Madere, Port of New Orleans

Capt. M. Montroll, Harbor Police Department

U. Anderson, Louisiana Deputy Justice

M. Miller, NOCS/BHBM

J. Wade, American Cruise Lines

R. Brisco, Gulf South Engineering

K. Palmisano, Ports America
H. Blackwell, BDE
T. Wells, Waldemar S. Nelson
O. Tucker, Trucking Innovation, LLC
J. Parker, NOT
K. Pries, NOT
P. Roberts, EMPAQ Group, LLC
J. Jensen

I. Determination of Quorum and Call to Order

Chair Hernandez determined the presence of a quorum and called the meeting to order at 1:32 p.m.

II. Pledge of Allegiance

Director Langenstein led the Board and attendees in the Pledge of Allegiance.

III. Safety Briefing

Ms. Verderame provided the Board and attendees with a brief safety orientation.

IV. General Public Comment

Chair Hernandez called for general public comment, but there was none.

V. Approval of November 2019 Public Meeting Minutes

On motion duly made by Director Toomy and seconded by Director Berger, the Board unanimously approved the minutes of its November 2019 public meetings, as previously circulated.

VI. Acceptance of November 2019 Financial Statement

Mr. Wendel provided a summary overview of the financial statement for November 2019, a copy of which is made a part of these minutes. He noted November and fiscal year-to-date figures for gross revenues, labor cost, operating costs, and operating income for the New Orleans Public Belt Railroad Corporation (“NOPB”).

Director Ponstein moved to accept the November 2019 financial statement and Director Berger seconded. **MOTION CARRIED UNANIMOUSLY.**

VII. Actions Required:

- A. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Enter into an Agreement with GATX Rail Locomotive Group, LLC to Lease up to Ten Locomotives for a Term of Five Years in an Amount Not to Exceed \$2,354,250.**

Mr. Stolzman presented and recommended approval of the resolution. He stated NOPB is seeking to replace its current fleet of fifteen (15) locomotives by leasing an initial eight (8) EMB GP38-2 locomotives from GATX Rail Locomotive Group, LLC (“GATX”). He noted the leased locomotives will reduce maintenance and consumption expenses, as well as provide a substantial reduction in emissions and green house gases. The locomotive lease rate under this agreement is \$129 per day per locomotive, for an estimated annual cost of \$376,680 and a not to exceed value of \$2,354,250 for the five-year contract term.

Director Ponstein questioned as to the number of proposals received. Mr. Stolzman stated GATX was the sole respondent.

Director Toomy asked if all of the existing fleet will be disposed of. Mr. Stolzman stated the intent is to eventually dispose of all fifteen (15) NOPB-owned locomotives.

Director Langenstein asked whether NOPB will maintain any of its current locomotives after receipt of the leased locomotives. Mr. Stolzman stated the current locomotives will be maintained until the replacements arrive, at which time all NOPB-owned locomotives will eventually be retired.

Director Langenstein asked if all of the leased fleet will meet EPA’s Tier 1 emissions standards. Mr. Stolzman stated all locomotives currently manufactured are required to be Tier 1 or above. The current fleet are non-tier locomotives.

Ms. Christian complimented the NOPB team for the significant environmental impact achieved by procuring the new locomotives, citing an estimates of a 40% anticipated reduction in nitrous oxide, as well as a 50% reduction in particulate emissions once the fleet is transitioned.

Director Langenstein inquired about previous grant awards for retro fitting existing locomotives to reduce emissions. Ms. Christian stated NOPB applied for grant funding to retro fit a single locomotive. After a cost benefit analysis, it was determined that replacing the entire fleet with leased Tier 1 locomotives would be more cost effective, as well as generate a greater environmental impact.

Director Ponstein questioned as to the anticipated delivery time. Mr. Stolzman stated expected delivery will begin mid to late January and continue through February.

Chair Hernandez asked Mr. Stolzman to confirm if the daily lease dates for the initial eight (8) locomotives will also apply in the event NOPB needs to add additional two (2) locomotives, and he did so.

Chair Hernandez advised the Board that the Railroad Committee had reviewed this item and voted to recommend it for approval at this meeting. Director Berger moved to approve the resolution and Director Toomy seconded. **MOTION CARRIED UNANIMOUSLY.**

- B. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Enter into an Agreement with The Galvez Street Warehouse, LLC to Purchase Property Known as Lot A, Square 853, Located in the Third Municipal District, City of New Orleans for an Amount Not-To-Exceed \$280,000.**

Ms. Haver presented and recommended approval of the resolution. Located in the Third Municipal District of the City of New Orleans, Lot A, Square 853 (the “Property”) is approximately 2.35 acres currently owned by The Galvez Street Warehouse, LLC. Ms. Haver stated that the Property is currently vacant with partial perimeter fencing, and NOPB intends to use the Property to add an additional seventy-five (75) rail car storage spaces at the Claiborne Rail Yard, further supporting growth on the Inner Harbor Navigation Canal. She stated that a Phase I Site Assessment has been conducted, and based on intended use, it was determined that no extensive environmental remediation will be required for the Property. Ms. Haver noted the appraised value of the Property is \$280,000.

Chair Hernandez advised the Board that the Railroad Committee had reviewed this item and voted to recommend it for approval at this meeting. Director Langenstein moved to approve the resolution and Director Toomy seconded. **MOTION CARRIED UNANIMOUSLY.**

C. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Enter into a Professional Services Contract with CDL Electric Company, Inc. to Provide Signal Maintenance and Inspection Services in an Amount Not to Exceed \$1,116,000.

Mr. Kocur presented and recommended approval of the resolution. He stated that in connection with an agreement to lease 5.75 miles of rail track (the “Track”) from Canadian National Railway, NOPB will be required to inspect and maintain the Track and the corresponding signalization.

NOPB issued a request for proposals to provide these services, and the evaluation committee recommends awarding the contract to the sole respondent, CDL Electric Company, Inc. (“CDL”). This contract includes maintenance and inspection services of Track signals and supporting equipment, including the twenty-two (22) power switches, five (5) grade crossings, fourteen (14) signal bungalows, and one (1) railroad crossing diamond, all located in centralized traffic control territory. Under the terms of the contract, all inspections, maintenance and reporting must be conducted in accordance with FRA guidelines, and CDL must adhere to a sixty (60) minute response time for emergency call outs. The contract term is for a period of one (1) year, with two (2) one-year renewal options. The estimated annual value of the contract is \$372,000, with a not-to-exceed amount of \$1,116,000 for the full contract term. Funds for this contract are included NOPB’s Operating Budget.

Chair Hernandez asked if all signals and supporting fixtures on the Track are included in this contract, and Mr. Kocur confirmed that is correct.

Director Langenstein noted it was stated in the Railroad Committee meeting that CDL currently performs similar work for NOPB on other portions of the rail network. Mr. Kocur confirmed that CDL maintains 33 crossings for the NOPB.

Director Langenstein also noted the contract is limited to an annual not to exceed value of \$372,000, which Mr. Kocur confirmed.

Chair Hernandez advised the Board that the Railroad Committee had reviewed this item and voted to recommend it for approval at this meeting. Director Berger moved to approve the resolution and Director Ponstein seconded. **MOTION CARRIED UNANIMOUSLY.**

VIII. Report by the General Manager

Mr. Stolzman provided a summary of car shop and transportation operations, as well as storage and switching volumes. He noted an increase in switching revenues, noting a slight decrease in Class I switching which is consistent with peak season closing out. He noted dwell time remains at approximately thirteen (13) hours per car. There was an increase in long-term storage revenue and averaging in excess of 600 cars per month with a 31 day stay per car on average. He noted a significant decrease in intermodal and export revenue.

Mr. Stolzman gave an overview of engineering and maintenance productivity, including cross tie replacements, and mill tie production. He noted the car department is working diligently with their mobile fleet, and that overall car shop repairs have decreased proportionately to the current rail car volume.

Director Berger commended Mr. Stolzman and the NOPB team for their proactive efforts at strategic planning.

IX. Adjournment

There being no further business to come before the Board, Chair Hernandez called for a motion to adjourn. Director Langenstein moved, and Director Berger seconded. **MOTION CARRIED UNANIMOUSLY** and Chair Hernandez adjourned the meeting at 1:48 p.m.