

**THE BOARD OF DIRECTORS OF
THE NEW ORLEANS PUBLIC BELT RAILROAD CORPORATION
MINUTES OF THE DIRECTORS' BOARD MEETING
THURSDAY, APRIL 23, 2020**

**A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE NEW ORLEANS
PUBLIC BELT RAILROAD CORPORATION, PROPERLY NOTICED AND
AUTHORIZED IN ACCORDANCE WITH SECTION 4 OF THE GOVERNOR'S MARCH
16, 2020 PROCLAMATION 41 JBE 2020, CONVENED REMOTELY VIA ZOOM
VIDEOCONFERENCE AT 10:37 A.M. ON THURSDAY, APRIL 23, 2020.**

DIRECTORS

PRESENT:

Tara C. Hernandez, Chair
Darryl D. Berger, Vice-Chairman
William H. Langenstein, III, Secretary-Treasurer
Arnold B. Baker, Member
Charles H. Ponstein, Member
Joseph F. Toomy, Member

STAFF:

B. Christian, Chief Executive Officer
M. Stolzman, General Manager
T. Haver, Vice President, Industrial Development
C. Kocur, Vice President, Engineering
J. Escudier, Executive Counsel
M. Scelson, General Counsel
G. Rose, Network Planning and Support

GUESTS:

M. Ganon, Port of New Orleans
A. Fant, Port of New Orleans
B. Landry, Port of New Orleans
R. Wendel, Port of New Orleans
A. Evett, Port of New Orleans
C. Coats, Port of New Orleans
R. Aragon Dolese, Port of New Orleans
J. Guidry, Port of New Orleans
M. Gresham, Port of New Orleans
J. Ragusa, Port of New Orleans
A. Pellegrin, Port of New Orleans
Capt. M. Montroll, Harbor Police Department
M. Verderame, Port of New Orleans
E. Pansano, Port of New Orleans
T. Carter, Port of New Orleans
J. Mansour, Port of New Orleans
C. Alfonso, Port of New Orleans
R. Bylsma, Port of New Orleans
A. Darensbourg, Port of New Orleans
J. Woodward, Port of New Orleans
E. Federer, Port of New Orleans

M. Sulser, Port of New Orleans
D. Collins, Port of New Orleans
A. Tatar, Regional Planning Commission
K. Calkins
C. Divins
R. Otte, Louisiana Department of Environmental Quality
K. Price
D. Chisholm
B. Adams
T. Mcauley

I. Determination of Quorum and Call to Order

Following a roll call of Board members, Chair Hernandez confirmed a quorum and called the meeting to order at 10:37 a.m.

II. Action Items:

- A. Consider Approval of a Resolution Authorizing the New Orleans Public Belt Railroad Corporation to Enter into One or More Supplements to the Revenue Pledge, Security Agreement, Pledge, and Covenant Agreement Dated as of March 1, 2018, in Connection with the Indenture by the Board of Commissioners of the Port of New Orleans to Pledge the Revenues, Accounts Receivable and Lease Rentals of the Corporation as Required by the Port’s Indenture, to Secure the Refunding Bonds and All Other Present and Future Bonds, as Defined in the Indenture, and One or More Pledges or Supplements to Secure Present and Future Subordinate Bonds, and Providing for Other Matters with Respect to the Board’s Issuance of Bonds.**

Mr. Wendel presented and recommended approval of the resolution. He provided an overview of the proposed bonds actions and relevant timelines.

Director Ponstein moved to approve the resolution and Director Toomy seconded.
MOTION CARRIED UNANIMOUSLY.

- B. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Execute an Amendment to RM Properties South, L.L.C.’s Lease for Property Located Near Iris Avenue and Hoey’s Canal in Jefferson Parish.**

Ms. Coats presented and recommended approval of the resolution. She stated that in August 2016, the Public Belt Railroad Commission for the City of New Orleans executed a lease (the “Lease”) with RM Properties South, L.L.C. (“RM”) for approximately 1.4 acres of property located near Iris Avenue and Hoey’s Canal in Jefferson Parish (the “Property”). Effective February 1, 2018, the rights and interests to the Property and the Lease were assigned to the New Orleans Public Belt Railroad Corporation.

This first amendment to the Lease is being requested in connection with a separate real estate transaction between RM, M & R Defraites Capital Holdings, L.L.C (“Defraites”), and Tulane University. Ms. Coats provided an overview of the proposed terms of this first amendment, including the assignment of RM’s rights to Defraites, acknowledgment of preexisting servitudes on the Property, and memorializing RM’s consent to a future drainage improvement project on adjacent property and a servitude in connection with same. The original Lease term is for a period of fifty years, with an option to extend for an additional forty-nine years.

Director Langenstein asked if the current servitudes were being expanded through this amendment. Ms. Coats noted that the amendment would not change the existing servitudes, but formalize what is currently in place.

Director Ponstein asked Mr. Stolzman to confirm that the NOPB does not currently need the Property in connection with its rail operations. Mr. Stolzman confirmed.

Director Langenstein asked if the Board was able to negotiate terms subsequent to this amendment. Ms. Coats confirmed that the Lease requires the Board to consent to any assignment.

Director Ponstein asked why NOPB would not sell the property if it was not currently needed for rail operations. Mr. Stolzman noted there was formerly track at the site, and Ms. Coats confirmed that, if needed, NOPB would have the potential to reinstall rail if needed in the future.

Chair Hernandez asked if the first amendment would include a provision noting that NOPB retains the right to reinstall track in the event the NOPB required it for rail operations. Ms. Coats and Mr. Escudier confirmed that language could be included in the First Amendment to clarify this stipulation.

Director Toomy inquired as to the Lease renewal option. Ms. Coats confirmed the option would transfer to the assignee, Defraites.

Director Baker moved to approve the resolution and Director Ponstein seconded.
MOTION CARRIED UNANIMOUSLY.

C. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Enter into a Contract with MesaLain Consulting Group, LLC, to Provide Janitorial Services for a Period of One Year with Two One-Year Renewal Options, in an Amount Not to Exceed \$150,000 for the Full Contract Term.

Mr. Kocur presented and recommended approval of the resolution. The scope of work in this contract includes providing routine and as-needed janitorial services to all NOPB facilities. NOPB received three proposals in response to a request for proposals (“RFP”), and MesaLain Consulting Group, LLC (“MesaLain”) was the highest ranked firm according to the Evaluation Committee’s selection criteria. The contract is for a period of

one year, with two one-year renewal options. The annual cost for these services is estimated to be \$50,000, with the total contract value not to exceed \$150,000 for the full contract term. Funds are allocated in the Operating Expense Budget.

Director Toomy asked if MesaLain was the service provider, or if there was a third-party operator. Mr. Kocur confirmed MesaLain is the service provider.

Chair Hernandez asked if the pricing was competitive between respondents. Mr. Kocur confirmed that, while this contract was procured through a RFP, MesaLain was the lowest-priced.

Director Langenstein asked what the current contract rates were for these services. Mr. Kocur confirmed the proposed contract rates were comparable to the existing costs.

Directors Langenstein and Ponstein asked if the \$150,000 not-to-exceed amount was for the full three-years of the contract term. Mr. Kocur confirmed the estimated annual cost is \$50,000, and \$150,000 for the full term.

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

D. Consider Approval of a Resolution Awarding a Contract to BFI Waste Services, LLC d/b/a Republic Services, to Provide Trash Disposal Services for a Period of One Year with Two One-Year Renewal Options, in an Amount Not to Exceed \$150,000 for the Full Contract Term.

Mr. Kocur presented and recommended approval of the resolution. The scope of work in this contract includes providing trash disposal services to all NOPB locations. An invitation to bid was issued and two bids were received. BFI Waste Services, LLC d/b/a Republic Services was the lowest responsive and responsible bidder. The contract term is for a period of one year, with two one-year renewal options. The annual cost for these services is estimated to be \$50,000, and the contract value is not to exceed \$150,000 for the full contract term. Funds are allocated in the Expense Budget.

Director Ponstein asked if the contract value is based on routine, scheduled services. Mr. Kocur confirmed trash disposal services are scheduled on a routine basis, and as-needed services may be used to dispose of trash at specific worksites.

Director Ponstein moved to approve the resolution and Director Toomy seconded.
MOTION CARRIED UNANIMOUSLY.

E. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Enter into Two Separate Contracts with (1) Hardesty & Hanover LLC, and (2) Linfield, Hunter & Junius, Inc., to Provide As-Needed Engineering Services for a Period of Two Years in an Amount Not to Exceed \$500,000 Per Contract.

Mr. Kocur presented and recommended approval of the resolution. In response to a RFP, five firms submitted proposals. Hardesty & Hanover LLC, and Linfield, Hunter & Junius, Inc. were the two highest-ranked firms according to the Evaluation Committee's selection criteria. Each contract is for a period of two years, in an amount not to exceed \$500,000 per contract for the full term. The scope of work in these contracts includes a variety of as-needed professional engineering services, including surveying, inspections, project management, and design. These services are required in connection with several upcoming Capital railcar storage expansion projects. Mr. Kocur provided an overview of those projects.

Director Ponstein asked for the reason to have two different consultants. Ms. Christian also noted this was similar to the Port's structuring of as-needed professional services consultants to allow flexibility for balancing several simultaneous projects.

Chair Hernandez inquired as to the list of sub-consultants, noting the importance of making NOPB contracting opportunities visible for local and small businesses. Mr. Kocur stated he would have to confirm the names of the sub-consultants submitted for each proposed consultant.

Director Toomy asked for the timeline for opening additional railcar storage yards. Mr. Stolzman stated he anticipates that the Kingfish Yard and France Yard expansion projects will be completed this year.

Chair Hernandez asked how many proposals were received, and Mr. Kocur confirmed there were five received.

Director Toomy moved to approve the resolution and Director Ponstein seconded.
MOTION CARRIED UNANIMOUSLY.

F. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Enter into an Agreement with the United States Department of Transportation, Federal Rail Administration (FRA) to Receive a Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Award of up to \$7,297,421.00 for the New Orleans Gateway Rail Fluidity and Capacity Improvement Project.

Ms. Haver presented and recommended approval of the resolution. The NOPB was awarded \$7,297,421 in CRISI Grant funding through the FRA and must enter into a formal agreement to accept the funds. NOPB plans to use the grant funds to cover approximately 40% of costs in connection with the New Orleans Gateway Rail Fluidity and Capacity Improvement Project, which includes upgrading switches and expanding three rail yards to create additional railcar storage capacity. The remaining 60% of project funding has been allocated in NOPB's Capital Budget, and the performance period for the grant funds is anticipated to be up to 36 months.

Chair Hernandez asked for the anticipated commencement dates for the various projects. Mr. Stolzman confirmed that engineering design work has been completed on the Kingfish

Yard, and once this grant funding is secured from the FRA, NOPB will commence procurement for the construction work on the additional projects.

Director Langenstein asked for the total anticipated project cost. Mr. Stolzman confirmed that the Gateway Rail Fluidity and Capacity Improvement Project total cost would be \$18 million over a three-year period, including the \$7,297,421 in grant funds.

Director Ponstein asked if the 60% match in funding was already budgeted by NOPB, and Mr. Stolzman confirmed it was.

Director Langenstein noted concerns over such a large budgetary expenditure given the timing. Mr. Stolzman noted that these storage yard projects are all revenue-generating expansions, and that he anticipates continued growth in the storage business.

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

Chair Hernandez and Director Toomy congratulated Ms. Haver and the NOPB team for their work securing the FRA grant funding.

G. Consider Approval of a Resolution Authorizing the Chief Executive Officer to Declare the Corporation's Fifteen Locomotives to be Surplus Property and to Sell Said Surplus Property for Fair Market Value.

Mr. Stolzman presented and recommended approval of the resolution. In connection with the NOPB's agreement to lease ten new locomotives, staff recommend declaring the Corporation's existing, aging fleet of fifteen locomotives to be surplus, and to sell said locomotives for fair market value. As newly-leased locomotives are delivered to NOPB, the Corporation's current fleet will be rotated out of service, and sold for fair market value.

Director Ponstein asked if all fifteen locomotives would be sold at the same time. Mr. Stolzman confirmed that the surplus locomotives would be sold as they are transitioned out of service. He also noted that the locomotives would not be sold for less than fair market value.

Director Langenstein noted concerns over the flooding of the market, and how that might impact the sale of these surplus locomotives. Mr. Stolzman provided an overview of how the competitive market might impact the situation, and confirmed that the surplus locomotives would not be sold if the market could not support the sale based on fair market value.

Director Ponstein inquired as to the timeline for arrival of the new locomotives. Mr. Stolzman confirmed the new locomotives were not in service yet, and that several additional locomotives would be delivered soon.

Director Toomy asked what options were available for extending the five-year lease for the new locomotives. Mr. Stolzman confirmed that the lease could potentially be amended to provide for an extension, or NOPB would have the option to rebid or renegotiate new lease terms at that time.

Director Toomy moved to approve the resolution and Director Ponstein seconded. **MOTION CARRIED UNANIMOUSLY.**

III. Report by the General Manager

Mr. Stolzman provided a summary of transportation operations, car shop operations, and storage and switching volumes. He noted an increase in switching revenues, which he attributed to fluctuations in Class I switching volumes. For March, storage volumes remained steady. For intermodal, Mr. Stolzman noted an increase in container volumes for March, with a nearly-level balance between imports and exports. He noted dwell time has recently dipped to a 12-hour average, with 10.5-hour average for the month of April so far.

Mr. Stolzman gave an overview of engineering and maintenance productivity. He noted a continued overall increase in NOPB maintenance and engineering crews' productivity, while the volume of bridge timber replacements was down for March, based on planned maintenance schedules. Overall car shop repairs have continued to decrease. Locomotive fleet availability is at 78% for the month of March.

IV. Adjournment

There being no further business to come before the Board, Chair Hernandez called for a motion to adjourn. Director Toomy moved, and Director Langenstein seconded. **MOTION CARRIED UNANIMOUSLY** and Chair Hernandez adjourned the meeting at 11:30 a.m.