



Minutes of the Gulf Coast Rail District Board Meeting – October 12, 2021

A meeting of the Gulf Coast Rail District Board of Directors was held on Tuesday, October 12, 2021 at Houston TranStar and via video conference. In attendance at the meeting were Directors Ronald A. Beeson, Michael Dyll, Abigail M. Gonzalez, Carol Abel Lewis, Bruce Mann, Allen Owen, Tina Arias Peterman, Jeff E. Ross, and Dennis Winkler. Absent were Directors Trey Duhon, Christopher Lane, Richard L. Muller, Jr., and Jim Robinson. Written notices of the meeting including the date, hour, place and agenda for the meeting were posted with Harris County, with the Secretary of State, and at the Gulf Coast Rail District office located at Houston TranStar in accordance with the Texas Open Meetings Act. The inaudible portions of the recording were removed from these minutes.

Chairperson Lewis: Good afternoon, everyone. It is 2:01 p.m. Will call to order the meeting of the Gulf Coast Rail District. I'll read our conditions that require us to be appropriate as we move forward in this hybrid format. We will conduct today's Gulf Coast Rail District meeting with options to participate by video conference or in person still due to health and safety concerns related to COVID-19. The meeting is open to the public, but restrictions require mask, allowable room capacity, and seating arrangements, which are in place. The public location is TranStar, 6922 Katy Road, Houston, Texas, Conference Room 120B. I am Dr. Carol Lewis, the presiding officer of the Gulf Coast Rail District, and I will read the names of those board members who are physically present. So, Director Michael Dyll, Director Jeff Ross, Director Allen Owen, and Director Bruce Mann.

Other members participating by video conference in accordance with the provisions of Section 551.127 of the Texas Government Code applicable to governmental bodies that extend into three or more counties. So, we will confirm those board members who are on video. And I'll remind you that for every vote you take, your face has to show while we hear you audibly make that vote. So, I trust that will be something that will be doable. So, on video we have Director Gonzalez, Director Peterman, Director Winkler. Is that correct? Alright. If there's anyone else that I missed, you will please speak up. We have been joined by Director Ronald Beeson here at the table and in person. Are there any questions? Perhaps, we could do a minor test to see... Director Winkler, let's see if we can hear you because we would ask you to certify our quorum.

Chairperson Lewis: So, if we could get everyone to mute who is online—other than Director Winkler. Oh, I did it. So, Director Winkler, can you try to unmute please and see if we can hear you?

Ms. Lisa Patke: Can they hear us? Can they hear you?

Chairperson Lewis: Can you hear me? That would be no. They cannot hear me.

Director Ross: That would be no.

Ms. Katherine Parker: Director Winkler, can you hear me? This is Ms. Parker. Okay.

Director Winkler: I can hear very vaguely.

Ms. Katherine Parker: Okay. Alright.

Ms. Katherine Parker: Can everybody else hear us? So, it has to be here at the computer.

Director Gonzalez: I can just barely hear.

Chairperson Lewis: We can hear you. We can hear you, Ms.... I think that was Director...

Director Ross: Gonzalez.

Chairperson Lewis: Director Gonzalez, yes. Alright. Mr. Winkler, if you'll do the roll call.

Director Winkler: Okay, I will take that. And I'm going to run down the list of those who have said that they will be attending. Commissioner Beeson, can you say yay?

Director Beeson: Yes. Yes.

Director Winkler: Commissioner Dyll.

Director Dyll: Present.

Director Winkler: And if you can't say by voice, you can indicate through chat or something. Commissioner Gonzalez?

Director Gonzalez: Here.

Director Winkler: Commissioner Ross.

Director Ross: I'm here with them.

Director Winkler: I think I hear a yes. Commissioner Peterman.

Director Ross: Yes, I'm here.

Chairperson Lewis: Yes, he's here.

Director Peterman: Present.

Director Winkler: Okay. Chairperson Lewis.

Ms. Katherine Parker: She's here.

Director Winkler: Okay. Commissioner Winkler is here. Commissioner Mann.

Director Mann: Present.

Ms. Katherine Parker: He's here.

Director Winkler: Commissioner Owen.

Director Owen: Here.

Ms. Katherine Parker: Yes, he's here.

Director Winkler: Commissioner Lane? And Commissioner Robinson? And just to doublecheck, Judge Duhon? I think he indicated that he would not attend.

Ms. Katherine Parker: Right.

Director Winkler: And Commissioner Muller.

Ms. Katherine Parker: Correct, those two...

Director Winkler: So, with all who said yes, we have a quorum.

Chairperson Lewis: Thank you very much for that. I'd like to certify the meeting was posted in compliance with Open Meeting Act, Ms. Patke.

Ms. Lisa Patke: Yes.

Chairperson Lewis: Yes, everything was up by Friday before two o'clock. Director Winkler, if we could ask you to also... We can hear you. So, if you would go ahead and certify the meeting minutes if you would please from August, which was our last in person meeting. In September, we did not meet because of the hurricane. I guess it was Ida.

Director Winkler: Katherine, have we confirmed that we have posted in compliance?

Ms. Katherine Parker: Yes, we have. She asked that you...

Director Winkler: Okay, so I'll go ahead and take issue four, which is asking for approval and/or changes to the minutes from last month.

Chairperson Lewis: Yes.

Director Mann: Motion to approve.

Director Winkler: Hearing no changes, let's just say motion to approve the minutes.

Ms. Katherine Parker: A motion to approve by Director Mann and seconded by Director Beeson.

Chairperson Lewis: Alright, so we have a motion and approval of that motion. All in favor?

Board: Aye.

Chairperson Lewis: Okay. Any opposed?

Director Winkler: Aye.

Chairperson Lewis: He didn't mean to... Okay. Alright.

Chairperson Lewis: Thank you. Alright, perfect. It passed. Exactly.

Chairperson Lewis: Alright, Director Owen, if you would lead us in the report from the treasurer please.

Director Owen: Ms. Chairperson, I'll ask Cory Booker to give us our accounting report.

Chairperson Lewis: Except, it is Burton.

Director Owen: Burton. You got me saying it. You got me saying Booker. Cory Burton...

Chairperson Lewis: So sorry.

Director Owen: She called him Cory Booker, and now I'm calling him Cory Booker.

Mr. Cory Burton: Good afternoon, everyone. You should each have a copy of our report in front of you. If you've turned past the cover page, just to recall, we're in the process of switching you from the BBVA account into Central Bank. And so, this first page here is your BBVA account. We actually have a check in there to transfer \$19,365 to your Central Bank to fund it properly. Leaves a small balance there, but we'll also...

Ms. Lisa Patke: One moment. Can they hear the report?

Ms. Katherine Parker: Can you all hear Mr. Burton? No.

Mr. Cory Burton: Do you want me to come over there? Sure. Alright, good afternoon, everyone. You should each have a copy of our report there. If you turn past the cover page, you'll see your operating fund checking account. No receipts there into BBVA. This is the account that we're going to ultimately close and move all your funds to Central Bank per our discussions over the last couple of months. So, you do see a check in there basically written to yourself, and that \$19,365 will go to the Central Bank account. And if you turn the page there...

Director Ross: I don't see that check.

Mr. Cory Burton: Where it says BBVA checking at the top there?

Chairperson Lewis: It's page two at the bottom, right?

Mr. Cory Burton: Yes.

Chairperson Lewis: It's page two at the bottom. The check is not...

Director Ross: Oh, wait. That's 9/14. This is the wrong...

Ms. Lisa Patke: In the packet. In the big packet.

Mr. Cory Burton: Okay, alright. Alright.

Chairperson Lewis: That's why you're paying attention.

Mr. Cory Burton: Page three there is your Central Bank checking account, so you can see that \$19,000 coming in. We also transferred in \$5,000 from money market as well. And there's three checks in there for your approval today. Nothing out of the ordinary there. Your investments follow on the next page. No new CDs this month. Been pretty quiet on that front. Your budget falls after that on the next couple of pages there. Everything looks good. Expenses have been much lighter than what was originally budgeted for your fiscal year, so that's always good to see. And then the last couple pages are your ongoing summary of your grant status report information and all the associated projects there. And there's been no activity there since you last met. That's all I have for you today. I'd be happy to answer any questions you might have.

Director Peterman: Hi, this is Director Peterman. I have just a really quick question. I'm still learning the District reporting and finances and all that stuff. So, the Texas Class, that's the money market where the \$5,000 was transferred from?

Mr. Cory Burton: Yes, that's correct.

Director Peterman: Okay, great. Thank you.

Mr. Cory Burton: You're welcome.

Chairperson Lewis: Any other questions? Alright, thank you, Mr. Burton. Director Owen, you have number six.

Director Owen: Yes, ma'am, Chairperson. We need a motion to approve Resolution 21-13 ratifying the payments that we just talked about. Can I get a motion.

Director Mann: So moved.

Director Ross: Second, Ross.

Director Owen: We got a motion and a second. All approved.

Board: Aye.

Director Owen: All opposed?

Director Winkler: Aye.

Chairperson Lewis: It's on a delay. Alright, thank you.

Director Owen: Motion carries.

Chairperson Lewis: Thank you so much.

Chairperson Lewis: So, we're now onto public comments. There is no one in the room other than Mr. Burton. And on screen, there are several individuals. Is there anyone in our virtual room who would wish to make a public comment at this time? We ask that you unmute yourself and make such known. If not, thank you. Thank you very much for being here all of you who are here.

Chairperson Lewis: That takes us to number eight, discussion and possible action on Resolution 21-14 accepting the 2020 financial report and single audit. Okay, Mr. Toldan, are you online?

Mr. Brian Toldan: Dr. Lewis, I am on the line. Can you hear me?

Chairperson Lewis: Yes. Please would you take it away for us?

Mr. Brian Toldan: I will, and I apologize. I had intended to be there today. I'm in the stage of life where my wife is the caretaker for our 15-month-old grandson. And from time to time, I have to

relieve her. Which is what I was doing today. So, she just got home. And trust me, after several hours of that, I would rather have been down there with you.

Chairperson Lewis: The reason I can laugh wholeheartedly is that I have a two-year-old granddaughter, and I already knew where you were going with that. Go ahead please.

Mr. Brian Toldan: Well, yes. Childbearing and raising is for the young. Let's just all agree on that.

Chairperson Lewis: Amen.

Mr. Brian Toldan: It's good to at least kind of briefly go through the audit. As you I'm sure are aware of, just light activity this past year. It's good to get the audit out of the way. Not a lot of significant activity. I just want to hit a few highlights. I don't know if you've had a chance to look at our graph or are looking at it now. It's not important if one is not in front of you. Hopefully you have access to one, but I think the key takeaway for the board is that front of the document where you see our independent auditor's report. I'll always remind you, which I think you know, you're the management of this District as the board, so we do encourage you to get as comfortable with the financial information as you can. But just trust that our firm under the auditor's responsibilities, we will not put our name on an audit opinion until we have exhaustively done a substantive check of transactions to satisfy ourselves. And we did so, and at the top of page two of our report, once again you will see, we're going to affix what we call an unmodified opinion. As I think you know, that's the highest opinion that any CPA can give an audit of an entity's financials.

Again, the document is quite a few pages, but I think the other key page that I would have you kind of look at is over on page nine, which is your operating performance. And that's typically where the board comes together, and you spend a lot of time when you manage your financial information. You've got the one general fund, one governmental fund, and your revenue this year is very straightforward \$181,000. When you have the opportunity, you can look further back in the footnotes of the financials on page 17 in note 4, and it'll break down how those revenues... the contributions from other governmental entities, which is the largest number there, was calculated. And then on the expenditure side, just under \$175,000 in expenditures. And you see the broad categories there—professional fees, contracted services, administrative. If it interests you, you can look at page 22 back further in the document. It will break those numbers down in a lot finer detail. So, that might be of interest to you. You had net change in fund balance of just under \$6,200. So, at year end you're still at \$1,330,000 of fund balance. The footnotes that follow... if you want to see really... delve into your accounting policies, you'll see in the first, especially footnote two, it'll go through that over several pages ostensibly. And then just a few other, other information about the District I talk about in note four, but just various items. And then you get to a budget presentation on page 20. And then if you delve further back into the document, I know you talked about your investments with Cory. You'll see on page 23 kind of what your investments were as of the end of the year, December 31. And another good schedule to look at is on page 24 and 25, which is kind of a five-year presentation of your general fund. So, you can kind of get a flavor going back five years.

Again, not a lot of significant activity this year but obviously did get it all audited and put to bed. So, if you guys go ahead and approve this subject to finalization today, I'm going to assume you're going to continue with the same strategy you had. Most small governmental entities get a

management letter, but you get that waived because there's a sister company to your bookkeeper's company, Burton Accounting, that will do an after the fact review on your behalf as the board to go through some checklists and all. And assuming the board still wants to do that and waive the management letter, I will forward this over to them shortly. They'll perform that review, and then we can punch final and sign the opinion on the audit. One last thing, and then... Katherine, I don't know in the email you sent out has a copy of the board representation letter. Did you have... I meant to ask you to print that out. Did that happen to get printed today for the board to sign?

Ms. Lisa Patke: It's printed. I think we routed it through DocuSign last time.

Ms. Katherine Parker: Yes, Lisa said we routed it through DocuSign last time. Can we do that again this year?

Mr. Brian Toldan: Okay, yes.

Chairperson Lewis: Okay.

Mr. Brian Toldan: That will be fine. However, the easiest way... And that's just a standard reps that all CPAs have to obtain. You've signed this letter for many years before we can sign the opinion. We'll just need to make sure that we get that back. And I can even live with Dr. Lewis' signature on behalf of the board. So, we'll work on that. We'll close the book on another successful audit year. On a personal note, I always appreciate the opportunity you give our firm to serve the District, and I'd be glad to try to entertain any questions today if you have any. But I'm always available during the year if you think of something you want to run by me. But thanks again, and I hope you guys are staying healthy and doing well.

Chairperson Lewis: Thank you. Appreciate that report. Let me just say that it's not difficult to get everyone to sign by the DocuSign, so I think we would probably do that. Appreciate your saying that I could do it on behalf of the board, but I feel confident that we can route it through the DocuSign. We've been doing that fairly easily with other things...

Mr. Brian Toldan: Okay.

Chairperson Lewis: So, I like the idea of doing that, but thank you. Questions from anyone else, either in the room or on our virtual space? Director Ross?

Director Ross: Yes. On page 26, the list of board members and consultants, it shows that all the terms of all the board members ended on January 2021. Is that just a default, or are we all actually serving expired terms?

Ms. Katherine Parker: That's just the default for here. You continue with your terms until either replaced or pass away basically. So, yes.

Director Ross: But you're appointed for a designated term.

Ms. Katherine Parker: A two-year term, yes. And that rolls over, like I said, until your appointing entity tells us otherwise. So, we basically update that each time with the new terms. And if we have someone that comes in for example to fill in the remainder of a term then they do the

remainder of the term, and then they are back on schedule when we reup for the next two years. So, for example, Muller came in to take up the remainder of Scarcella's term and then was appointed for...

Chairperson Lewis: Actually, it was Owen. Owen took...

Ms. Katherine Parker: Owen. I'm sorry.

Chairperson Lewis: ...over for Scarcella.

Ms. Katherine Parker: So, that was the remainder and reup versus a new two-year term that's staggered. Trying to keep everyone on the same calendar.

Director Owen: This audit was done as of December 31st, 2020.

Ms. Katherine Parker: Right.

Director Owen: So, that's why that letter says 2021 ends the term.

Ms. Katherine Parker: 2020.

Mr. Cory Burton: Right.

Director Owen: Because as of the 20th of December, those were the terms. And that's what had to be in the audit.

Ms. Katherine Parker: Right.

Director Ross: But from a management standpoint, if we have terms that have expired... I hear what Katherine is saying. You serve until replaced. I don't know if that's more urban legend than it is actual law.

Chairperson Lewis: No, we've checked. Look, let me say that we've checked here, and we checked when I worked for METRO and when I was on the METRO board. So, our terms expired when we were on the METRO board, and so there was an official examination of that particular... whether you call it... I'll call it an understanding because...

Director Ross: But the METRO Board had a definitive eight-year term. You couldn't continue...

Chairperson Lewis: It was...

Director Ross: ...total eight years, I think.

Chairperson Lewis: Well, no.

Director Ross: Two fours. But you couldn't continue past the end of that date.

Chairperson Lewis: Well, but...

Director Owen: Yes, you can.

Chairperson Lewis: Yes, you can.

Director Owen: Don Elder passed that point, and the 13 multi cities have not replaced him. And she's absolutely right. It says you serve until you are replaced. And I chair that committee, so I know...

Chairperson Lewis: Right, and the reason it came up was that at that time the board chair's term had expired, and that particular board chair served for another two years until he was replaced.

Director Owen: It's one of those things, Jeff, that it just... like I said, Don Elder has just not been replaced. They haven't had a meeting to discuss it, but yes, he serves until he is replaced.

Chairperson Lewis: Director Peterman?

Director Peterman: Yes, hi.

Chairperson Lewis: Hi.

Director Peterman: So, again, apologies. A little bit new for me. Does the District have any additional filing or reporting requirements when this audit is finalized?

Mr. Brian Toldan: Director Peterman, that's an excellent question. But other than with the city, I don't believe that we do in this District. I think I'm correct on that. Katherine?

Ms. Katherine Parker: Right, this is the only filing that we have done to date.

Chairperson Lewis: So, let me ask Director Peterman, are you thinking of something in specific, or what would make you ask that question? And please feel free to ask any question you would like to ask because that's why you're here.

Director Peterman: Well, sometimes governmental entities will have reporting requirements, particularly if they have debt outstanding, which I know that we do not. But sometimes there are other reporting requirements at the comptroller's office, and I just don't know. So, I'm asking the question.

Chairperson Lewis: Okay, appreciate it.

Mr. Brian Toldan: And Director Peterman, again, you're asking excellent questions because our firm audits around 600 what we call special districts in the state. A lot of water districts, for example, other special improvement districts, and all the reports have to be filed with the TCEQ as well as the state comptroller. The debt is usually the kicker on that as you've already alluded to, and you don't have that. And you're not under the authority of the TCEQ. But if you did have debt, you would have a further requirement with the SCC. So, there are some other reporting requirements if you did issue debt, but at the current time, I think you're good with anything the city requires.

Chairperson Lewis: Okay.

Director Peterman: So, what is it that we have to file? What do we have to give the city, and is there a deadline for that?

Mr. Brian Toldan: Oh, I don't think there's a deadline. They just always... I think Katherine can probably explain it better than me. I think the city likes to have a copy of this. A lot of your financial support does come from the city. Katherine probably knows better, but I don't know... Once we get the audit approved, they probably want a copy of it.

Ms. Katherine Parker: Usually, we provide TxDOT a copy of single audit because work done less than \$750,000 and then also the city if asked. But since I've been here, TxDOT each year though I have to provide a letter saying that we have the audit.

Mr. Brian Toldan: Again, that's another excellent point. When you've had the federal grants and other things when you get over \$750,000 a year... And I think we've actually done a single audit for this District before.

Ms. Katherine Parker: Yes.

Mr. Brian Toldan: But you didn't have the activity. And Director Peterman, there would be some federal filing requirements if such... And we've had them in the past for this District when we had to do an enhanced audit that was called a single audit. We shouldn't have that factor in this year obviously.

Director Peterman: Okay, great. Thank you.

Chairperson Lewis: Great.

Mr. Brian Toldan: Great questions.

Chairperson Lewis: Thank you. Anyone else?

Director Mann: Just maybe a point of clarification. So, under mine... because it's statutory... it says term, none. I'm not sure none is probably the right word. I would just put statutory instead of none.

Chairperson Lewis: Okay.

Director Mann: That's on page 27.

Chairperson Lewis: Right. Mr. Toldan, the thing that was being said by Director Mann is that he's listed with the term of none on that page, but he is opposed to a none. He was suggesting that perhaps his designation be statutory as opposed to none.

Mr. Brian Toldan: Okay. I can make that change. And, again, we try to factor as it existed on December 31st. I know may have had some board changes since that date, but you're thinking the term statutory should be replicated to the word none. Is that what I understand?

Chairperson Lewis: Yes, I guess because he represents the chair of the Port of Houston Authority. So, it's the position of Port of Houston Authority, which is just who they name, which doesn't change. It doesn't have a term like the others.

Mr. Brian Toldan: Okay. I can make whatever change you want. I think that's what I was trying to reflect. We say the position is either appointed or statutory.

Chairperson Lewis: Right.

Mr. Brian Toldan: But what you're telling me though, there's never going to be a term because...

Chairperson Lewis: Exactly.

Mr. Brian Toldan: He could be replaced.

Chairperson Lewis: Exactly, exactly. Exactly. The point is that position doesn't have a term. Honestly, I see how none fits, but if it bothers you...

Director Mann: Well, it's just...

Chairperson Lewis: Because you don't have a term. Everybody else has a term. You don't have a term.

Director Mann: Yes, I'm just thinking of if someone picked this up and it says none, it makes it look like it's ex officio instead of...

Chairperson Lewis: Okay. Okay.

Director Peterman: Could we say n/a?

Director Mann: I think just putting statutory is probably more reflective of...

Mr. Brian Toldan: Do you like n/a better?

Chairperson Lewis: Do we like what any better?

Mr. Brian Toldan: I said do you like n/a better?

Chairperson Lewis: What about n/a? And I guess the thing about statutory is it's repeating the label, which I think causes people a little bit of kind of, "Hmm, why would you just repeat the label?" The column title. So, let's try the n/a. I think that makes sense.

Mr. Brian Toldan: I will get that change made.

Chairperson Lewis: Alright, perfect. Thank you.

Mr. Brian Toldan: Thank you.

Chairperson Lewis: Additional discussion, questions, thoughts?

Director Mann: Yes, I have a thought. The Astros are leading. The Astros are leading 2 to 1.

Ms. Katherine Parker: Oh, the Astros are leading?

Director Mann: Yes.

Chairperson Lewis: Look, I always do this with my husband when he tells me that, what inning? Because it matters.

Director Ross: Middle of the third.

Mr. Cory Burton: There you go.

Ms. Katherine Parker: Giving them game updates.

Mr. Brian Toldan: Well, look, the Astros are more fun to keep up with than an audit.

Chairperson Lewis: Especially when you hear they're winning. Because the last report, they were not, so we're really happy.

Chairperson Lewis: Alright, anything else, Mr. Toldan? Alright.

Mr. Brian Toldan: I'm done if you guys are done with me.

Chairperson Lewis: Alright, perfect. Thank you. Do we have a motion on the audit from the directors here?

Director Beeson: I will make a motion to accept, Director Beeson.

Chairperson Lewis: Alright, Director Beeson to accept.

Director Owen: Director Owen will second.

Chairperson Lewis: Owen to second. All in favor?

Board: Aye.

Chairperson Lewis: Okay, I need to make sure...

Director Winkler: Aye.

Chairperson Lewis: Alright, for those of you virtually, we have to make sure we've seen you when we vote. Thank you, I appreciate that. I can't really see well, so I'm going to have to verbalize some things that you may think I should know. But just making sure that we're following our guidelines. Alright, so all in favor was aye. Anybody opposed? Alright, thank you. We've got an approved audit. Thank you so much. Thank you, Mr. Toldan. Most appreciative.

Mr. Brian Toldan: Well, thank you, Dr. Lewis and the board. And I'm going to excuse myself if it's okay. I might have to go turn on this Astros game.

Chairperson Lewis: Right.

Director Ross: Or take care of that baby.

Chairperson Lewis: Right, exactly. Alright. Alright, so we're on to item nine. We're going to have a freight shuttle presentation that we're excited about from Dr. Stephen Roop, who is at Texas Transportation Institute, TAMU/TTI. And we're going to have an introduction to that by Director Dyll, who's had I think some experience and some background in that regard. So, Director Dyll, please.

Director Dyll: Thank you. I just wanted to also by way of introduction give some notes that we've had from the Rail and Road Committee. This doesn't reflect the committee's ideas, just my own. I've been thinking more about the rail and shuttle, and there's two main facets I see with freight in Houston. Half of it stays in Houston or one half of the two facets stays in Houston, and the other half goes through it, either outbound or inbound. Now, if you break those two facets down by rail and shuttle, I think the shuttle could help address it by... Director Mann mentioned having it go directly to the merchant, the consignee I think you've said Red Bull or Exxon for example. Another idea would be to have it go to... I don't know if the presenter agrees with this or not but go to outside logistics parks outside of town where it can be disseminated from there by trucks like Lufkin or Victoria or Austin, what not.

The other facet or the other mode would be rail. When we were talking, I was struck by how much more rail takes from Port of Houston up to Dallas these days than it had ten years ago. It was very small ten years ago. I think... And, again, Bruce, I think you've mentioned it went up by multiples if I'm not mistaken. I'd love to see more of that, and I think Houston would love to see more cargo go by rail. Both of these modes would help take freight cargo off the roadway, which is I think key to relieving congestion. These are just things I brought up to Dr. Lewis a couple weeks ago, and I thought it'd be helpful to introduce them to you just as a freight forwarder. I don't know if you guys see where the rubber meets the road so much as I do. So, just some ideas. Thank you.

Chairperson Lewis: Great, thank you. Alright, so I think that's a good sort of intro and primer to us going into this conversation about the freight shuttle. Dr. Roop, if you would take it away for us please. Are you going to show us slides? I should have asked.

Dr. Stephen Roop: We are going to share some visualizations that we've developed that depict the freight shuttle. Michael Yager, my colleague at Freight Shuttle Express, FSX, is on the line today. Michael is the chief development officer. Can you hear me okay?

Chairperson Lewis: We can hear you just fine, yes.

Dr. Stephen Roop: Super. Well, let me start out by saying hello to Dr. Lewis. It's been a while since we've spoken and met. And I'd like to thank Katherine Parker for the invitation and say hi to Lisa, if she's in attendance.

Chairperson Lewis: Yes, she is here.

Dr. Stephen Roop: I retired from TTI at the end of 2020 and am the CEO of a company called FSX that is commercializing the freight shuttle technology. Michael Yager, who was on staff with me at TTI, left as well and is now serving as chief development officer. Michael is here as my backup in case I mess up, and he's going to push the appropriate buttons to allow us to show some visualizations. We want to keep this as a dialogue, not knowing exactly what the intent and

the focus of the meeting is today. We kind of planned for a broad overview of the freight shuttle technology.

The freight shuttle system has been under development for over a decade, as Dr. Lewis knows. And the picture in the upper right-hand corner, if everybody can see the current screen, is our full-scale working prototype at the test and evaluation center in Bryan/College Station. We have prototyped a brand-new mode of transportation, a new conveyance if you will, which is an automated intermodal conveyance that moves both truck trailers and intermodal containers. So, that gives us a bit of flexibility in the marketplace. And don't you know that the world has finally caught up with freight shuttle in terms of the critical need for a new tool to address intermodal freight transportation in a way that does not add to congestion, does not add to pollution, and does not add to safety issues and pavement damage on our roadways. Freight shuttle was conceived as a way to get cargo off of trucks in heavily congested corridors, and we believe our timing is pretty good given the fact that we heard today that 146 ships are offshore of LA/Long Beach. We're having some very interesting conversations with California DOT, and the ports, and LA Metro on offering solutions to southern California. And they are the poster child for congestion and cargo backing up because we don't have a good inland alternative to trucks, and we don't seem to be able to put drivers in the seats anymore. And if we do, they happen to sit in congestion for hour upon hour.

So, the freight shuttle is seen as an alternative, and we're gaining increasing acceptance in the marketplace. You can see on the upper left-hand corner our basic design is to operate on our own infrastructure. This is a system that provides its own privately financed infrastructure with a bidirectional system that moves cargo in and out of an origin to a specific destination that can be a mile away, or it could be a hundred miles away, or it would be DFW in the case of Houston for that matter. This is a zero-emission system. It is electric. It's all electric. It is automated—no driver. So, we have really superseded and anticipated the move towards automation in this space, the move towards zero emissions, and reduction of on road Co2. So, we think we're in a very good space right now relative to commercializing the system.

We're going to tell you a little bit about the three areas that we're focusing on right now. One is seaports. Seaports to inland destination. The other is a cross border application where we're automating the movement of cargo between foreign trading partners. And you can think Texas and Mexico, and moving cargo across that border in a safe, and reliable, and secure fashion. Or you can think in terms of corridors. We've been working with the Texas DOT and some very big shippers in Texas on Interstate 35, but that certainly doesn't take Interstate 45 out of the equation. So, we've only planned for two hours this morning, Carol, so if you want to cut us a little short, let us know. We can go on and on. And of course, I'm being facetious. We're going to try to make this as brief and to the point as possible.

So, I think we'd like to start perhaps with the seaport express visualization that we've developed that is a very accurate engineering depiction of our designs, our infrastructure, and our operations at seaports. Now, we're talking to a number of ports around the country, and this is an exciting new approach to getting goods off the dock if you will to an inland location that is much more logistically favorable. Please tell us if you cannot see this or if it's not responding appropriately, but here is kind of a static representation of what we would like to show you—a port, a port terminal, and an inland destination. As I said, it could be a mile away. It could be a hundred miles away depending on the application. Freight shuttle is a highly flexible, highly scalable system. We can add length. We can add vehicles. We can add terminals as need be. Michael, you

want to walk us through what we're seeing here on this sort of generic maritime terminal that seems like it's clogging up with boxes?

Mr. Michael Yager: Okay, sure. Do I have audio? Can you hear me?

Chairperson Lewis: Yes. Yes, we can hear.

Ms. Katherine Parker: Yes.

Mr. Michael Yager: Alright. Well, it's a pleasure to meet everyone on the call today as part of the District. What you see here is, as Stephen described, our seaport model. What we would endeavor to do... Sorry, I'm getting some feedback, but I'll do my best here. What we endeavor to do is to place our elevated structure on the upper right-hand side of the screen that you see here. We would not seek to place infrastructure directly under the quay cranes, so you would still have the need for the existing labor within the port environment. Advance this forward. So, containers would be taken directly on and off the ship passing through passive radio optical scan and then come directly under a series of cranes that operate within our infrastructure. One thing to note is that vehicles coming through our system, they reverse direction in this area here. This is what we call our pinched loop. That allows us to avoid a turn radius and to have this very compressed extremely narrow space efficient infrastructure within a port because space is very much at a premium in ports. So, the vehicles reverse directions. We have three transfer lanes shown here that can exchange cargo onto and off of the truck chassis and onto our transport vehicles. Once loaded onto our transporters, they exit the facility. In sharp contrast to some of the congestion that often plagues seaports around the country, on our system, we have a scheduled zero congestion operating plan that allows our vehicles to flow freely at all hours of the day and in affect bypass the additional congestion that you get in the gates and entering and exiting the port facilities. It takes that cargo to our inland facility, which is shown here. This is really meant to show sort of an a la cart menu. We're going to show three options depending on the specifics of where we locate the inland terminal. We could have one of these options, or two of these options, or all three. So, to start, we're just simply doing the reverse that occurred at the seaport. We're taking our box off of our transporter and placing it on a chassis at the inland location where land is more affordable and where we're outside of congestion, and we're building a stack with it. This is our second option shown here where we can collocate our inland facility directly onsite to large distribution centers or large shippers where a couple of different activities can take place. There can be cross docking where we unpack containers and repack dry vans for final delivery in a truck, or you can conduct some final assembly or value add activities within the footprint of that facility. Last but not least, we can collocate parallel to rail track. And due to the scheduled and regimented nature of our operations, we can very efficiently unload and reload double stacked trains with cargo for ultimate long-haul delivery as noted earlier. Perhaps along I-45 or other rails. And so, again, just to sum up this, it doesn't have to have all three elements on inland terminals. These are tailored to the specific needs of the site and the system that we're looking at, but those are the options that we would seek to offer.

Dr. Stephen Roop: Thank you, Michael. That's a good overview. A couple of things to note here is U.S. Customs and Border Protections considers the freight shuttle a secure and sterile corridor. We may very well be able to move cargo inland in bond and have the clearance processes be at our inland facility. In any event, this is a non-divertible, nonstop system that elevates security, and we've got a tremendous amount of support from U.S. Customs and Border Protection, which

is an important player in both ports and landside ports of entry, which is one of our other major venues.

We have a couple of cornerstones that we have built the freight shuttle on. One is private financing. To date, the freight shuttle, FSX, the prototyping, the team we've put in place, and the commercialization efforts have all been privately financed without government subsidy. While we were at the Texas A&M Transportation Institute, we worked under contract to the funding entity, but now that we are full time employees, we are constantly raising capital. We're currently in a capital raising mode and are meeting with a good deal of success in the marketplace because the time is right for a system like this—an automated, green conveyance that is off road and moves cargo in a very cost-effective fashion. The other cornerstone element from day one during the design process is we realized early on that we had to be a lower cost option than the prevailing mode. We studied very carefully the cost of trucking, the operating revenue, the operating expenses, what comprised the expenses—driver pay, insurance, maintenance, fuel, and we worked to design a system that undercut those costs significantly so we could afford to finance and service the debt associated with the elevated infrastructure.

That's the other point I wanted to make, and I'll let Michael comment here in a moment on the margin and the financing of the infrastructure. But the secret sauce in the freight shuttle commercially is that we're not subject to the same kind of delays that other modes of transportation are. We don't have intersections. We don't have grade crossings. We don't have incidents on the highway that delay not only the shipment of cargo but all of the passenger vehicles that are associated with a public facility that services both freight and passenger traffic. So, we have separated and in a very deliberate fashion we've separated cargo from passenger transportation to the betterment of both of those categories. Nobody likes to be wedged between two 18-wheelers and two sleepy drivers. Be honest. That's a scary proposition, and we see far too many trucks on the highway. The other issue, of course, is that most of the damage to our infrastructure—bridges, pavements—are imparted on those facilities by the 80,000 pound over the road truck. So, we are addressing both of those needs. We have economic strategies that advance the freight shuttle to the betterment of the DOTs and the public sector and are happy to answer any questions in that regard. I think Michael wants to address the unit economics so that we can sort of reinforce the idea that we're better, cheaper, faster. Michael.

Mr. Michael Yager: Right, and so, a common question is how can we possibly afford to build this beautiful infrastructure and have it be privately funded or financed. So, to compare, the pie chart on the left is a trucking model. Nearly all of their revenue is consumed with operating expenses—driver pay, fuel, insurance, maintenance, very razor thin margins. On the right pie chart is a representation of our system. Our operating expenses make up a rather small portion of the revenue pie that we receive—roughly 20%, leaving us with a nice, fat margin that allows us to offer a discount to the prevailing market price. So, just to reinforce, the markets that we're seeking to penetrate, we're not trying to be cost additive to the prevailing market price. We seek to meet or beat the prevailing cost to move goods from point A to point B wherever we seek to build a system. Now, that green portion of the pie does shrink a bit, and we need that to be quite large to pay back the debt service on the debt that we have on the system that amortizes over 20 years. And so that just reinforces the importance that on a per mile basis, our operating costs are very low. The energy consumption per mile to move cargo on one of our transporters is 10 to 15 cents per mile, and that gives us the favorably unit economics that we need that with sufficient volume, we do have enough margin to service the debt to privately finance these systems and offer a healthy return to the investors that invest equity into these systems.

Dr. Stephen Roop: Thank you, Michael. So, Michael has really described how we can be a privately financed alternative to over the road freight systems. We create a return on investment that's healthy—actually better than what you find in the marketplace today. Eight, nine, ten percent is an incredibly good return. We're higher than that on most of the systems that we're evaluating. So, the tremendous amount of private money that's waiting in the wings for something to invest in—green infrastructure—is beginning to pay attention to the freight shuttle as a really viable option, and we're excited about that.

The freight shuttle system has characteristics that we can talk about. Technical characteristics that give us a leg up. Our business model has characteristics that are really exciting for private investors. We have a system that has a passive propulsion system. Some of the folks in the meeting may have been to the test site, but we are using linear induction motors which is not an exotic technology, but it's not widely used in transportation. It's a passive propulsion system. Part of the motor is on the vehicle. The other half of the motor, the stator portion of an electric motor, is on the guideway. So, we have no moving parts. The only thing that moves on our vehicle are the wheels and the wheel bearings, which we monitor. As I said, the secret sauce is the elevated guideway, which is a precast segmental bridge design that was prototyped and widely deployed in Europe after World War II. It's been refined and is a low cost rapidly constructed infrastructure that has a 75-year asset life.

So, the other thing that I think the Rail District needs to make sure they understand is we have already run the traps on deployment of this system in public rights of way—highway rights of way. We were instrumental in 2015 in passing legislation at the federal level within the FAST Act that created a new mode of transportation called an intelligent freight transportation system. And that really solidified the freight shuttle as an augmentation of the highway system, falling under the regulatory authority of the FHWA, the Federal Highway Administration. We're not a rail mode. We have steel wheels, but I think that's where the similarity ends. We're automated. We're electric. And we are on a guideway system, but we're seen at the federal level as an augmentation of the highway system, not of the rail system. We move single units one at a time—one load, one vehicle. That gives us responsiveness to the market. We're not building trains in large cumbersome facilities that the railroads continue to operate in. And we've made a number of other changes that those of you who are technically inclined may wish to inquire about subsequent to this presentation.

So, a lot to be talked about in terms of what freight shuttle brings to the table, what we've accomplished, and what we've yet to accomplish in the marketplace. We believe we're coming into our own. The emphasis on air quality and emissions reduction coupled with the supply chain breakdown that we see across the board with limited equipment availability, a shortfall of drivers, congestion that's unabated and seems addressable means that the freight shuttle is a tool that we're working to make known amongst stakeholders and decision makers in both the public and private sectors. So, I'll pause. I'll take a breath, and I'll ask Dr. Lewis or Katherine if they or their team on the receiving end of this have some questions.

Chairperson Lewis: Any questions from the directors?

Director Mann: Can he hear us?

Chairperson Lewis: No.

Chairperson Lewis: Director Mann is coming and has a question.

Director Mann: Hey, Steve, thank you. Can you talk really quick about maybe a little bit more about existing highway and area of right of way, and why that gives you guys an advantage from a cost perspective which makes your system a little bit cheaper?

Dr. Stephen Roop: Absolutely, yes. As I said, the FAST Act gives us the ability to access the air space over public highways. Air space is viewed as a fallow asset of the public sector. It's often... Well, it's never occupied by another mode of transportation, and the proposals that we have made to TxDOT, for example, provide a discounted air space lease for us occupying that space. And it's as depicted in this view. We're 15, 20, 25 feet above the right of way operating on a segmental bridge structure that has a 5- or 6-foot column every 150, 160, 170 feet apart. This is a rapidly constructed structure. It has a void in the interior that is ideal for power distribution and communications. And our precedent with TxDOT is that we pay an air space lease on an annual basis to occupy this real estate, if you will, above a public highway that otherwise likely would never be occupied.

We have the same operating characteristics as an automobile in terms of horizontal and vertical curvatures. We operate at about the same speed, so we're not really constrained by the geometry of a system like this. We also offer the public sector an opportunity to stay whole on the fuel tax revenue that they would lose when we took a truck off the road. That calculates out given the MPG of a heavy-duty diesel truck to about seven cents a mile in the lost revenue to the DOT. So, we offer a premium to the Department of Transportation to pay them seven cents a mile for every mile that cargo moves on the freight shuttle, not on the highway. So, they've got the best of both worlds. They get the truck off the road. They reduce the pavement damage. They reduce the safety issues associated with heavy trucks. And we pay them for the privilege to solve these problems for the DOT.

Chairperson Lewis: Thank you very much, Stephen. So, here is... My statement right now is all my friends are retiring, so that's just a fact. So, now that I know you retired, too, you get to be in that list. Let me ask if anybody virtually has a question, because it's kind of hard for us to see you maybe but ask if you're on our virtual space and have a question, or comment, or thought if you'd unmute and ask it now. Want to offer that to you at this time.

Dr. Stephen Roop: Well, I think we can show a contact screen here that if anybody has follow up questions, we are more than happy to visit with anybody. And perhaps we've got a call coming in from Eric Potts. Mr. Potts? Maybe not.

Chairperson Lewis: Okay. Mr. Potts, are you there? Try to unmute and try it again please.

Director Ross: I see Freese-Nichols on the screen.

Chairperson Lewis: Right. Can you put... I'll tell you what. I'll ask the question and see if you can put it in the chat. I don't know if you can...

Mr. Eric Potts: Can you hear me now?

Chairperson Lewis: Yes, go ahead.

Dr. Stephen Roop: Yes.

Mr. Eric Potts: Okay, good afternoon. This is Eric Potts. I just...quick question, what is the total height above the segmented bridge design to the top of the loaded vehicle?

Dr. Stephen Roop: You're talking about overhead clearance kind of issues?

Mr. Eric Potts: Yes.

Dr. Stephen Roop: We can vary that. Typically, we want the clearance underneath the structure to be in recognition of TxDOT's clearance, which I believe is 17 feet for semi-trailers under the structure. If you add 7 feet for the box structure and 15 to 18 feet for the height of the vehicle, you can arrive at the overhead clearance structure. That is not a really limiting factor here. Michael, why don't you pop over to the corridor visualization, and let's show this group how we can step around a conflict point in an interstate corridor. This is our corridor visualization that we haven't shared with you, but it has obviously the characteristics... similar characteristics to the seaport version. Michael probably is going to jump forward to the stop that I wanted him to look at. This is an intermediate terminal location, but the conflict point is downstream on this visualization. We're happy to share this with anybody who would like to see these. Freight shuttle is an incredibly flexible system, and I think the question that's embedded in Mr. Potts' question is how do you get around these conflict points. Do you go over? Do you go under? Do you go around, or do you go through? Well, here's an example of a cloverleaf conflict point on a highly developed interstate corridor where we have determined that the best route for this system is to stem around the direct connects with a little bit of out of route mileage but go around it. And you can exaggerate that a bit depending on the scenario. If it's only a two-level interchange, you could go over. Certain locations you can go through the middle. But this is one way to navigate around one of these conflict points. I hope that addresses some of the inherent questions that you have about technical feasibility here for this system. Very flexible.

Mr. Eric Potts: Yes, one last segment of that is as you travel the route, are there any interference with navis for aviation?

Dr. Stephen Roop: I'm not sure what you mean by that question.

Mr. Eric Potts: In other words, if you're passing, and you have a runway that may be an approach surface that has to cross your vehicle system, is that going to have any impact on the approach surface or an assisting runway in an airport?

Dr. Stephen Roop: Well, I would think no more than an existing highway facility would. And you certainly could take this on a case-by-case basis. But we're not that elevated.

Mr. Michael Yager: That would be tough to predict though, Stephen. We wouldn't be appreciatively higher than high tension powerlines and similar things that would be parallel to the route that we'd be traveling. So, I wouldn't think that it would serve as a unique barrier to anything like that.

Dr. Stephen Roop: Yes, good point. Good point. Eric, does that answer your question?

Mr. Eric Potts: Yes, thank you.

Dr. Stephen Roop: Yes, sir.

Chairperson Lewis: Alright, thank you. Thank you for those. Anybody else virtually? Let me ask if anyone else in the room has any questions.

Director Dyll: How much does it cost?

Chairperson Lewis: I was going to ask the cost per mile, so we just had... Michael Dyll, how much does it cost? What's your estimated cost per mile?

Dr. Stephen Roop: We've had estimates from third party construction estimators that range from 10 or 12 million dollars a mile to 13 or 14 for the infrastructure. That's for a bidirectional guideway, elevated concrete, precast structure. We have financially modeled those kinds of numbers to see if they can be paid for out of the revenue stream that flows from the system. And in fact, they can. So, it's not much more. Perhaps a bit less depending on the location for adding a single highway lane.

Director Mann: That's going to depend on what you have to build, right? So, if you have to go over the ship channel, now you got to build a 200-million-dollar bridge.

Chairperson Lewis: Right. So, what director Mann was saying is it kind of is location specific, too. Like if you have to go over the ship channel bridge or something. But I think... Yes, so that's kind of understood is that there's going to be some variance depending upon your grade and some of the background conditions that you'll be facing.

Dr. Stephen Roop: Sure. Yes, of course. Of course. Yes, every project is a snowflake, if you will. That's not a great metaphor for Texas, but I think you understand the meaning of every situation is evaluated independently of every other. You have different material costs, different labor costs, and seismic constraints. Southern California has got some seismic issues that we're currently dealing with. And so, it's a case by case, but we believe we're flexible. We're scalable. And we think under most circumstances, we're the most economic viable long-term solution to some of the intractable problems that all of us in transportation have been dealing with for a long time.

Mr. Michael Yager: I just wanted to point out in response to that specific thing. For very unique features of a system like crossing the ship channel, those would be right for federal opportunities. I can't remember... the FAST Act the systems that connect to a Federal A highway would be eligible for Federal A reimbursement. And so that specific element as part of the larger multi-mile system would be a perfect opportunity for a public/private partnership for some federal aid to bring about a product that would otherwise be less feasible because of a large capital investment into a unique obstacle.

Dr. Stephen Roop: Good point, Michael. Thank you.

Chairperson Lewis: Thank you. Director Ross, I can't imagine you don't have... Do you have any questions?

Director Ross: I have a question.

Chairperson Lewis: Okay, go ahead.

Director Ross: All this sounds very sexy in theory. Where is your real practice situation? Have you approached anybody at the Port of Houston to make this work?

Dr. Stephen Roop: We can't hear the question, Dr. Lewis.

Chairperson Lewis: I'm going to repeat it as soon as he finishes. I'm going to repeat it.

Director Ross: That's enough.

Chairperson Lewis: Okay, so the question is... And I'm going to repeat. This is very sexy and advanced, etc.

Director Ross: In a theory.

Chairperson Lewis: In theory. So, the question is about real world. Have you talked with anybody at the Port of Houston about this? That was his part. I'm going to marry it with you've got the demonstration track I guess in College Station, and you referenced TxDOT. Where is TxDOT standing on this? I'm going to marry that with what Jeff was asking about the real-world application and such.

Dr. Stephen Roop: TxDOT is very receptive. I will tell you that we've got another meeting with TxDOT coming up next month with the senior leadership of TxDOT. They have some intractable problems—pavement damage, maintenance is of course out stripping new construction and has been for several years, safety, air quality issues. The Biden administration, who knows what they're going to come out with, but there's going to potentially be a tremendous amount of money for on-road emissions reductions that most of the DOTs across the country, not just TxDOT, are going to have trouble figuring out how to spend because they don't have any options. So, I think TxDOT is going to be incredibly receptive.

We can show you a quick clip of our test and evaluation center, which I don't think we've done today. This is our third or fourth Zoom today, so I'm not sure. But we have a full-scale working prototype at our facility in Bryan. And we've been able to demonstrate the real-world applicability, functionality of the system. It's not some garage mechanics with a fantasy that we're going to change the world. We've been working on this for over a decade, and we have a very viable economic solution to both 53-foot trailers on the highway and intermodal containers at seaports. We think we're coming into our own in terms of the world catching up to freight shuttle. So, this is not science fiction. We're not doing anything that is so sexy that it's too costly to be realistic. This is not magnetic levitation. This is basic technologies applied to the challenge of moving cargo. And if you want to come see the system, we'll invite your entire team up here to Bryan/College Station, and we will give you a demonstration of this technology at any time you want to see it. So, yes, we're ready to deploy. TxDOT is receptive. Caltrans is receptive. USDOT is increasingly receptive. So, this is not the last you'll see of freight shuttle. This is probably the first you'll see of freight shuttle.

Director Mann: I'll throw names down, just in there.

Chairperson Lewis: You'll what?

Director Mann: I'll use names. So, we've talked to them for years now. Mark Williams is now the executive director at TxDOT. Mark and the port have been talking about freight shuttle for years. Texas Transportation Commissioner Laura Ryan and the port have talked about freight shuttle, so this isn't anything that they haven't heard about, and it's not anything the port hasn't heard about. We've had an MOA with freight shuttle, so we've been working on this for a few years.

Chairperson Lewis: Director Mann, for you all on the video... Director Mann just talked about the fact that Port of Houston has been working with Mark Williams, current TxDOT executive director, Commissioner Laura Ryan and have been talking about this for a while. And so, it's... And that they actually already have an MOU I guess he said...

Director Mann: A.

Chairperson Lewis: ...MOA. MOA with you all about that. So, I think that answers that part, yes? Okay. So, let me ask a couple... three questions. And then I would say that I think we do want to continue... I think I want to just really kind of baton hand this whole presentation back to Roadway/Railway for thoughts, consideration, and conversation. And they will decide if we want to take a trip up there. We'll have to... probably you'd have to give us a room as we'd have to host the meeting because we probably would exceed quorum. But we will consider that Roadway/Railway and think about what we want to do. So, here are my couple of questions. Give us the footprint of the column. How wide is the column? I'm also interested in the lane width of the two directional shuttle. How wide is it across? And I'm also interested in who actually runs it. Is it one person at the computer? What is its capacity? You said... I know I'm asking a bunch of questions, but you said that you're only running one freight shuttle at a time. So, is there the possibility to at least run the vehicles close enough together so that you get some volume out of it? Those are my basic questions. And then the last one is in watching the video, I'm trying to see how you get a container from plus one to a truck that's at grade. I just kept looking for that. So, I could see that the container comes off, but I couldn't actually see how it gets back to grade. So, I know I asked about four questions, but I think they were related.

Mr. Michael Yager: I think you might be muted, Steve.

Dr. Stephen Roop: I didn't even know I muted myself. Yes, I heard those questions, Carol, and I think we can answer all four of them. The column is five to six feet in diameter. The deck is about 30 feet wide, which allows bidirectional movement. The intervehicle spacing is sort of similar to a farm to market road. And I think we're going to take a look at the corridor visualization here and show you kind of the notional capacity on a highway. We can move somewhere between 10 and 12,000 shipments a day in each direction. So, that gives us a very, very high level of throughput. And I think we are buffering. This is a good view of a highway corridor. Notice the capacity is moving at somewhere close to highway speeds. That gives us a tremendous amount of through put on a system like this, which would be scores, maybe hundreds of vehicles depending... Hundreds of freight shuttle vehicles depending on the length of the corridor and the volume of traffic that we're moving. One of the cornerstone features of the freight shuttle is it's modular. The terminal that we're seeing in the upper left does not have to be built out in its entirety on day one. We could build out half of that, a third of that. And as our traffic levels grow, we can expand the terminal to include additional loading lengths. It's designed in this way so that we don't take congestion off the highway and replicate it on our own system. We will never oversubscribe the freight shuttle. We'll only move that cargo that we can

move in a fluid fashion so that we can give shippers the time certain delivery that they're going to be paying us for, which is a scheduled system. I think I answered three of your four. What was the fourth one?

Mr. Michael Yager: How to get a container off...

Dr. Stephen Roop: Oh, how to get a container on and off. Well, let's look at the seaport model again. That's pretty basic and pretty fundamental. You drive a chassis under the overhead crane. You pick up the box. And if that guideway is 20 feet in the air, you set it down on the chassis on the ground. And if you're loading the freight shuttle from the ground, you do the opposite movement. You pick it up and set it on the freight shuttle with the overhead crane.

Chairperson Lewis: Okay, that's good. One last one to end the strain. So, there must have been five instead of four. Is can one operator operate the whole system from the computer?

Dr. Stephen Roop: Ah-ha, who operates it. Yes, very good question. And I think insightful, too. Freight shuttle is envisioned as a licensing franchising kind of opportunity. Every project may have a different ownership group, which could be comprised of private equity, pension funds. It could be a public/private partnership with the state and private investors. But every system, it's currently envisioned would be operated by a subsidiary of Freight Shuttle called Freight Shuttle Operations. Freight Shuttle Operations would have a trained staff in a command-and-control center that would manage the operations, manage the maintenance of the system as well. We would do that under a cost-plus contract with the ownership to ensure that we're operating as prescribed. We're not operating faster than the system is intended to operate, or we're not adding cargo in an excess of what we can handle on a fluid basis. So, Freight Shuttle Operations will be the operating entity for every one of our systems, but the ownership of each of the systems could be slightly different.

Chairperson Lewis: Great, thank you. Well, let me thank you so much for your time. This has been insightful, and I know we've learned a lot. Hopefully a lot that we will be able to take away and think about. So, much appreciate the both of you.

Dr. Stephen Roop: Super.

Ms. Katherine Parker: Thank you.

Chairperson Lewis: And we'll look to chat with you again. So, thank you so much. You're free to stay on if you want during the rest of our meeting. We've got a couple more agenda items that won't take us but five minutes to get through. So, feel free to stay on if you'd like to hear what we're doing.

Dr. Stephen Roop: Thank you, Dr. Lewis. Thank you to the team. We appreciate the opportunity, and we stand ready to answer any questions that your group may have. I think we will make our departure at this point.

Chairperson Lewis: Alright.

Dr. Stephen Roop: Thank you.

Chairperson Lewis: Have a good rest of your week.

Mr. Michael Yager: Likewise.

Dr. Stephen Roop: Bye now.

Chairperson Lewis: Bye. Alright, so we've got a couple items to close out. Ms. Parker's report and mine. And I'm sure we'll be done within five minutes, so thanks everyone for your time today. And I think what we've talked about is important for us as we continue looking at our direction over the next X number of years. Ms. Parker, let's go ahead with your executive report.

Ms. Katherine Parker: Can you all hear me and see? Alright, it's good to see and hear everyone. It's been a while since I have seen some of you. I wasn't able to make our last workshop meeting. But I just have a few items to go through. Give me a few seconds here. Okay, I think... Can you all see that better? Alright.

We are working diligently to get together our member entity meetings for the SB1990 acknowledgement. We have set up one meeting with the City of Houston. We're working on Fort Bend. Mayor Owen assured me that he would be able to present to Fort Bend. Spoke about that today. Also, Director Winkler, if I could get with you offline about Harris County Mayors and Councils Association. We would like to be able to present to them, at least provide the information if you opt to do that presentation. Our goal is to have all of these meetings done or if not at least scheduled before the end of the year so that we can have feedback not only about that 1990 acknowledgement, but there may be other issues or questions that the member entities would like to discuss. And this is our opportunity to talk with each of them.

The next item is our H-GAC, the 90A study that we've been working on and was accepted by H GAC. So, these notes are from the High-Capacity Taskforce meeting that we had earlier this... last month, not earlier this month. And so, our location, US 90. There's just a map here showing the area that we are talking about. We know that the corridor has been extensively studied since back to 2004. Our request is that the study look at alternate alignments looking at the constraints that exist on that corridor. They also acknowledge that our new legislation allows us to be able to do this and to look at light rail or items such as light rail and bus rapid transit. Some of the points from other studies that are kind of carried over into the US 90 is that it's not transit priority and that METRONext has it as a part of its potential partnership. So, those are some of the things that they will be addressing, as well as what we've asked for this corridor. The schedule of all of the projects is here. Ours is the first on the list to begin mid spring 2021. They'll start with the needs assessment, scenario planning, and then review and approval. I've asked Thomas Gray from H-GAC to include our Passenger Rail Committee as a part of the stakeholder group. So, please be on the lookout. I'll be in touch with you as to how we can participate. Whether it's commenting, or actual feedback, or committee participation. They haven't gotten to that point just yet, but I've asked that for our request that we be made a part of that.

The next is the Houston Freight Rail Study. We've talked about this for a while. It's an update to the 2007 study. Chad Coburn at TxDOT was able to provide me with a redacted portion. And if any director would like a copy, let me know. We can work that out. I'll send it to you via Dropbox. It's a very large file. But I just went through and kind of took out some highlights. This report will determine freight rail network and associated weight constraints. It'll identify alternatives, rail and roadway system improvements. It encompasses Brazoria, Chambers, Fort

Bend, Galveston, Jefferson, Hardin, Harris, Liberty, Montgomery, Orange, and Waller Counties. So, we are definitely covered as far as our District is concerned. Some of the methodologies and recommendations... They're talking about near term, mid-range, long range projects to improve mobility in the region and evaluate infrastructure, movements, and operations, and opportunities to increase freight movement and efficiency. Also, to determine the physical and financial viability of potential improvements. There are 109 proposed projects overall. 29 are rail improvements. 59 are grade separations. 22 are crossing closures. Our two, the West Belt is still a part of that list, but this study represents an opportunity for us to look at progress and potential new programs for future. As the study is more solidified, I'm sure we will have a presentation from TxDOT and Class I railroads to talk about their participation in this as well.

Earlier this month we met with the City of Houston and HCTRA. We have also had the Greater Houston Freight Committee meeting this month, which is very interesting. Our focus has been on freight these past few meetings, and it was a very great meeting talking about freights, about supply chain, how COVID has affected trucking and logistics overall. The TAC and TPC are our monthly meetings... the Southeast Harris County Subregional Study. Also, the Greater Southeast District is working on the Griggs/Long/Mykawa bridge project. I'm also gathering cost estimates for the website revamp. I have two of the three that I'm looking for. And we're finalizing the annual report, which Director Gonzalez has worked on... This is our first draft, which I think she's done a wonderful job. And I want to thank her for her time and effort. There are just a few really just text changes on my end, but she did that in a quick amount of time, and I appreciate her time and effort. That's my portion.

Director Mann: One thing really quick.

Ms. Katherine Parker: Yes, sir.

Director Mann: I don't know if they put you on the steering committee or not... certainly it's an H-GAC study, so we'll be representing either way. But the Regional Goods Movement Study, H GAC is getting ready to kick that off. I'm on the steering committee, so at some point it's going to come through TAC and TPC. But they're going to be starting that pretty soon.

Ms. Katherine Parker: For the Regional Goods Movement Study, Director Mann is on the steering committee, and we'll be talking about that. It's another opportunity for us to participate and comment as well. It will come through the TAC and TPC, so we'll be reporting either way about the progress of that study. And that was also, I think... that was the first topic for the freight... committee if I remember correctly...

Chairperson Lewis: Thank you very much, Director Mann and Ms. Parker. Thank you for that report. So, you've obviously got lots going on. I've got a couple things to say, and then we'll adjourn. You've heard before that the November referendum will include an item that will allow counties to set up transportation reinvestment zones. And so those are the TRZs, T-R-Z. And so, what those TRZs will do is allow counties to do what cities do when cities set up TRZs. It's proposition two. That is an information item for you. As a public entity, we cannot advocate but want you to know that that proposition two will be on the ballot. If you'd like more information, contact me individually about it, and I can help direct you to other sources to get additional information. That's one. Then the other thing is that Director Peterman sent to Ms. Parker and myself some information about bonding... infrastructure bonds that are a part of the infrastructure package that we anticipate will be passed at some point. So, you all know that

we're still just intensely looking for opportunities to get money in to help us do the things that we've got on our list. So, appreciate Director Peterman setting up a meeting with us with one of her colleagues who has a great understanding of that area. And so, we will be keeping our eyes open for that. So, those are the two things I wanted to make you aware of related to getting more dollars in for Gulf Coast Rail District. So, I think that actually concludes our agenda for today. I don't know if anybody has got any other questions or comments. I'll open the floor in case there's anything else anyone would like to say. If not, our next meeting is November 9th. We will offer the same opportunity for virtual and in person. And thanks to all of you for your attendance and participation today. Director Winkler, we'll be looking forward to you getting in touch with...and Ms. Parker getting in touch with you for us to get out to the Harris County Mayors and Councils folks. Alright, with that we thank all of you for your time today and look forward to seeing you next month. (Adjourned at 3:32 p.m.)

ATTEST:

DocuSigned by:

Dennis Winkler

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Dennis Winkler, Secretary
Trey Duhon, Vice Secretary
Gulf Coast Rail District

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