



Minutes of the Gulf Coast Rail District Board Meeting – May 11, 2021

A meeting of the Gulf Coast Rail District Board of Directors was held on Tuesday, May 11, 2021 via the BlueJeans web-based platform due to the disruption of normal business during the COVID-19 pandemic. In attendance at the meeting were Directors Ronald A. Beeson, Michael Dyll, Abigail M. Gonzalez, Carol Abel Lewis, Bruce Mann, Tina Arias Peterman, Allen Owen, Jim Robinson, and Jeff E. Ross. Absent were Directors Trey Duhon, Richard L. Muller, Jr., and Dennis Winkler. 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.

Chairperson Lewis: It's two o'clock (2:00 p.m.), and I'm just kind of judging from the list I see. I think we're...

Ms. Katherine Parker: Yes, we have quorum.

Chairperson Lewis: Good. I was going to say I thought we were close. Thank you, Katherine. So, I will... Lisa, start our recording.

Recording: Recording has started.

Chairperson Lewis: And I will call our meeting to order. It is May 11th, 2021. The time is two o'clock. We're getting started right on time. Director Winkler, do I see him on? His vice is Judge Trey Duhon, and Judge Duhon told us he was not going to be available today. So, Katherine, would you handle the task of certifying quorum for us today, please?

Ms. Katherine Parker: Okay. Yes, I was trying to pull up, sorry, so I could see the list.

Chairperson Lewis: Right.

Ms. Katherine Parker: Alright, Director Beeson?

Director Beeson: Yes, Ron is on.

Ms. Katherine Parker: Alright, Director Dyll?

Director Dyll: Present.

Ms. Katherine Parker: Director Gonzalez?

Director Gonzalez: Present.

Ms. Katherine Parker: Director Ross?

Director Ross: Present.

Ms. Katherine Parker: Director Peterman?

Director Peterman: Present.

Ms. Katherine Parker: Director Lewis?

Chairperson Lewis: Present.

Ms. Katherine Parker: Director Winkler? Alright. Director Mann?

Director Mann: Present. I'm splitting time between this and the PEL for 2:25, but I am here.

Ms. Katherine Parker: Alright, thank you. We know Director Muller is out today. Director Owen?

Director Owen: Present.

Ms. Katherine Parker: And Director Robinson.

Director Robinson: Present.

Ms. Katherine Parker: Alright, and Director Duhon is out. Right, that's it.

Chairperson Lewis: Perfect. Thank you so much, so we do have our quorum certified. Thank you. We've got, again, possible action and discussion on the minutes of March 9th, 2021. In Director Winkler and Director Duhon's absence, I will ask is there any comment on the minutes, if people have had an opportunity to look them over?

Director Owen: It's Director Owen. I move they be approved as written.

Chairperson Lewis: Thank you.

Director Mann: I'll second.

Chairperson Lewis: The second was by whom?

Director Beeson: I think Bruce said he would second it.

Chairperson Lewis: Okay. Alright, thank you. Bruce Mann seconded it. Thank you. Alright, all in favor.

Board: Aye.

Chairperson Lewis: Any opposition? Alright, thank you. That passes.

Chairperson Lewis: Our next item is discussion and possible action on Resolution 21-07, nominating and approving officers for GCRD board of directors. That is my task. And so, what we'll see is that we know we have several new directors, and we've made some adjustments to accommodate for that and ensure that all our offices are fully held. Vice Chair Ron Beeson has consented to serve in that position. Dennis Winkler will continue as secretary. Director Owen

will be treasurer. Director Duhon will serve as vice secretary, and Director Tina Peterman will serve as vice treasurer. So, that is our slate that we'd like to put forward. Other positions, there was no change from before.

Chairperson Lewis: Is there a motion?

Director Ross: Motion, Ross.

Director Mann: Second, Mann.

Chairperson Lewis: Okay, thank you. Ross and Mann. All in favor?

Board: Aye.

Chairperson Lewis: Thank you. Any opposition? Alright, thank you.

Chairperson Lewis: Our next item is a report from our treasurer. Director Owen, please.

Director Owen: Yes, Madam Secretary. I've asked Cory Burton to report on our bookkeeping report.

Mr. Cory Burton: Good afternoon, everyone. This is Cory Burton with Municipal Accounts. I'll give you a moment to pull up our report there. If you scroll past the cover page, you'll see your operating fund checking account earned a little bit of interest, and you had expenses totaling \$6,295. You had some legislative consultant services work on there. Otherwise, everything else was pretty typical this month. Your investments follow on the next page. We did purchase one new CD in your operating fund there since you last met. Otherwise, no changes in your investments. Following that is a detail of your pledge securities. No changes there from last month. Your actual versus budget report follows after that. It's showing the detail for April as well as your fiscal year to date. You are looking great there. Doing a little bit better than budget. And then the last couple of pages provides your grant status report. No changes there. And then your quarterly investment report for the quarter ending March 31st. That's all I have for you today. I'll be happy to answer any questions you might have.

Chairperson Lewis: If there are no questions or comments, Director Owen, would you like to do a motion on that report?

Director Owen: Yes, ma'am.

Director Owen: Yes. Madam Chairman. Item seven is approval of Resolution 21-08, which is ratifying our payments that were just discussed. I motion that they be approved.

Chairperson Lewis: Do we have a second?

Director Beeson: Director Beeson. I'll second.

Chairperson Lewis: Okay, thank you. Owen and Beeson. All in favor?

Board: Aye.

Chairperson Lewis: Any opposed? Great. Alright, thank you.

Chairperson Lewis: Our next item is discussion and possible action on Resolution 21-09 authorizing the executive director to enter into a letter of agreement for the 2020 annual financial report. And basically, what you'll see is that entity that spends more than \$750,000... Lisa, if you'd pull that up please... yes, great, thank you... has the responsibility to enter into a formalized statement about that particular amount of money. So, that is what this particular resolution is. We did not expend that money this year, but we still have to follow through with this reporting. Are there any questions about it?

Ms. Katherine Parker: There should be a representative from Mr. Toldan or his office that will also speak on it as well.

Chairperson Lewis: Okay, please.

Mr. Brian Toldan: Yes, this is Brian Toldan. It's good to be with you. Our standard audit proposal letter is I think before you. It was included in the packet. And the good thing is for the base audit, you'll see the proposed fee range over on page four between \$8,500 and \$9,500. We just don't see the need to really move the needle on your audit fee. I think you paid us around nine last year. So, we're right there where we were. And if you approve that today, I would work immediately with Cory Burton on getting the records over to us, get the audit done as quickly as possible, and just be ready for when you let us know that your next board meeting would be. I really enjoy serving the district, and I'd be glad to entertain any questions about our proposal.

Chairperson Lewis: Questions, discussions?

Director Ross: Motion to approve.

Chairperson Lewis: Is that Ross?

Director Ross: Yes, Ross.

Director Owen: Owen, second.

Chairperson Lewis: Right, Ross and Owens. All in favor.

Board: Aye.

Chairperson Lewis: Okay. Any opposed? Thank you, Mr. Toldan. Thank you, Ms. Parker.

Mr. Brian Toldan: Thank you so much.

Chairperson Lewis: Our next item is to open if anyone on our BlueJeans, if anyone would like to make a comment from the public perspective? We probably have several folks on who are observing from a general standpoint. No one has signed. But is anyone interested in making a statement or asking anything of our Gulf Coast Rail District Board?

Mr. Tyson Moeller: Tyson Moeller is on from Union Pacific. No comments. Good afternoon, everybody.

Chairperson Lewis: Okay, great. Good afternoon. Anyone else?

Director Ross: Madam Chair, this is Director Ross. I see names of people who I don't recognize. Can we have some idea of who they are? Tabitha Lindley, Lacy Kreger look new to me.

Ms. Tabitha Lindley: Hi. Can you see me and hear me, Carol?

Director Ross: Yes.

Chairperson Lewis: Yes, go ahead. I can definitely hear you.

Ms. Tabitha Lindley: Tabitha Linley. I've been on a few times. I'm just with METRO. Obviously, we have Jim Robinson as our official rep, but I just like to listen in on occasion to see where things are at with your organization.

Chairperson Lewis: Great. Glad to have you, of course.

Ms. Tabitha Lindley: Thank you.

Chairperson Lewis: Others?

Ms. Lacy Kreger: This is Lacy Kreger. I'm with BNSF. I was asked to present today.

Chairperson Lewis: We're looking forward to your presentation.

Ms. Lacy Kreger: Thank you.

Ms. Megan Shea: This is Megan Shea. I'll present with Lacy. Thanks.

Chairperson Lewis: Great. Alright. Is there anyone else who would like to introduce? Alright. Well, thank you very much. We're glad all of you are here.

Our next item is our status report on the legislative priorities for this 87th session of the legislature. You all know we had two items on, and one was SB1990, which was to add to our nomenclature the ideas of bus rapid transit and advanced technologies. The other one, SB1988, which was to share use of right of way for public transportation purposes. Director Ross is going to provide our update. Director Ross.

Director Ross: Okay, thank you, Madam. Chair. Well, you know in baseball, if you bat 500, you get in the hall of fame, so we're going to be in the hall of fame this session. 1988 was the CenterPoint legislation that would allow us to go into CenterPoint and actually provides CenterPoint with some limited liability protection. It turns out that the CenterPoint publicly stayed silent on it, but they weren't in favor of it. And the trial attorneys were against it because any time you limit liability, the trial attorneys think you're taking away perspective fees. So, that bill actually never made it out of the Senate Committee, despite Carol going up and making a presentation to the committee and me following her. We weren't convincing enough to get them to vote it out of committee. We then the following week went to the senate committee to discuss 1990. Senator Miles, who sponsored both of these bills, described this bill as a simple, simple, simple, simple bill.

And I think four simples actually worked because it was voted out of committee shortly thereafter. It's made it over to the House. It's now passed the House Transportation Committee as of this morning, so it will go on local calendar committee in the House. Then return to the Senate because there's been a slight wording change, which has been approved by Senator Miles' office. Actually, the wording was provided by Senator Miles office. So, it'll... Once it makes it through the House, we don't expect any problem with the Senate. And we've heard nothing from the Governor's office, positive or negative, on it, so we're going to keep our fingers crossed there. Senator Miles says on 1988, the CenterPoint Bill, that most bills don't make it through the first time, and all we did was have a good at bat so we can try again next session.

Chairperson Lewis: That provides the 100% on where we are. Does anyone have any questions about anything that has transpired or where we're sitting?

Director Owen: Madam Chairman.

Chairperson Lewis: Yes, please.

Director Owen: I just think it gives us an opportunity to sit down with CenterPoint between now and the next session and try to hash out any differences that they might have to come to some kind of an understanding. If not, I think we need to be looking at 90A as an alternative to do something with METRO down it. But I do think we need to sit down with CenterPoint and to say we tried. They were silent, as Jeff said, but are there any ways that we can sit down and negotiate something with them? I don't know if Rick ever got a true definition of what transportation meant in the original bill.

Chairperson Lewis: I know what you're talking about.

Director Owen: Or travel. The word travel really. I don't know if they ever got that verified for us to even attempt to us it or not.

Chairperson Lewis: I don't think anything happened that would allow us to either advance or unadvance. A lot of attorneys would say it's sort of a silent issue right now. We would have to undergo a bit of dissection. So, here's what Director Owen is speaking to. The hike and bike bill that passed in the 86th session of the legislature has the word "travel" for that right of way. So, our question was well, travel, from our view honestly could be bus rapid transit as well. And so that was the question on the table that no one ever actually addressed. I'm not an attorney, but like I said, in one of my earlier years I used to want to be one. And so, I would say the intent of the legislation is clearly hike and bike, but the actual language of it doesn't read exactly that. So, that's the thing on the table. But the point that we stressed, both Director Ross and myself, in our presentation was that we would not do anything on CenterPoint's right of way unless they said yes. It's not like passing this would allow us to just go and do it. If they say no, we're not doing anything in their right of way. So, I think as Director Owen says, this gives us a chance to kind of plow through some of that and get a better understanding, at least from our perspective to them, about what we're talking about.

Director Owen: I see Director Robinson on. Jim, didn't METRO do the study on using 90A as an alternative route?

Director Robinson: Yes, we did at one point in time. We also have done some study up there from... to see if there was any interest in a public/private partnership with private entities interested in the development of... We'd be happy to share all of that data.

Director Owen: Okay. I think we need to look at that as an option again. At least from a temporary standpoint, we've got to get something moving in that direction. We can't wait another two years to go back and try to get something going. We have to do something even if it's in a temporary form... or at least using BRTs down the middle of 90A for some reason. At least, getting the answer to people wanting mass transit and asking for more.

Chairperson Lewis: Let me ask a question, Director Robinson. In METRO's previous work, was BRT one of the options viewed? I know that there was a light rail examination that used a portion of West Bellfort as I recall, and then I guess weaved its way to 90A. But I don't

necessarily remember the BRT. But was the idea that the BRT could be in the same footprint? Do you recall?

Director Robinson: This was actually a light rail study.

Chairperson Lewis: Yes, that was my recollection.

Director Robinson: One thing that was driving it was the University of Texas got the option to purchase that property. They were extremely interested in having light rail that would be adjacent to it.

Director Owen: And then they backed out...

Director Robinson: Yes.

Director Ross: They backed out under severe pressure by Houston legislatures.

Director Owen: Yes, I know.

Chairperson Lewis: Yes, right. Okay.

Director Ross: I would suggest that when we go in for grant money to study this corridor with BRT or other advanced transportation systems that we look at 90A and that we still look at the CenterPoint right of way. Because the answer to that, if CenterPoint right of way ends up being significantly less expensive, we have a better argument to the legislature to say, "Wait, you want us to spend X more public dollars so that we don't use the CenterPoint right of way, which is not being used by CenterPoint" in total. Or if it turns out that 90A is less expensive, then we've got leverage to try and go visit with TxDOT on putting it in 90A. So, I think we should study...

Chairperson Lewis: So, let me use my 40 years of transportation prowess here and say using CenterPoint right of way is going to be less expensive. There's no question, hands down. It is not going to be less expensive to us 90A. It will not. But by the same token, no matter how inexpensive it is, if CenterPoint says no, they're going to say no. So, what I think matters is sort of like what was being said... if we can use this period to try to convince them that our being in their right of way would not harm them at all, would not hurt their business, that's going to be our best shot. So, in my report... But since I think it's more appropriate now, I was going to mention... I may have mentioned previously that Ms. Parker was going to submit on our behalf to H-GAC a request for us to have funds from H-GAC to study that 90A corridor. So, that request did go in. It might be in her report, too, so I might be jumping the gun on that, too. But I think it's just appropriate to mention right now, we have requested the funds to conduct that study. That should happen fairly soon, so it's not going to be a long time before we're actually putting both feet in with actually getting that study underway.

Director Ross: This is Director Ross. Are we specifically just studying 90A, or are we going to study alternative routes?

Chairperson Lewis: The study at this point... Let me ask Katherine exactly how it was worded. Ms. Parker?

Ms. Katherine Parker: Yes, it is 90A to include bus rapid transit as an option because they were basically updating from I think 2010 maybe...

Chairperson Lewis: That is the right year.

Ms. Katherine Parker: So, we're looking at the corridor but adding the option of bus rapid transit. So, I'm not sure if there's an opportunity to adjust the request. I haven't heard back just yet what the status, if you wanted to include...

Chairperson Lewis: Yes, what I think though is that it goes in as the 90A corridor, and so H GAC in studies like this never presume that the corridor is one particular street. The corridor is presumed to be honestly as wide as we define the corridor. So, I think it would be up to us to define the boundaries of the corridor. And no one is going to come back and say, "Oh, no, your corridor has to just be 90A." I think the 90A corridor is, again, as we would define it. You think about. The I-45 corridor doesn't just mean I-45. If you look at their early work, it even included Hardy. So, they eliminated the fact that Hardy Corridor could accommodate what's not I-45. I think we're at the level where our corridor definition can be as broad as we define it.

Director Ross: Well, not to be argumentative... this is Director Ross... but the Westpark corridor went to court over whether Richmond Avenue was part of the Westpark corridor. So, let's just be sure of that we're playing this and saying that we're looking at more than just 90A.

Chairperson Lewis: Okay, but I think the question would be when and how the corridor was defined. So, that's the thing I think to be careful of. And who defined the Westpark corridor, and what stage was it in when that happened. So, those are things to think about and be cautious of. So, Director Ross kind of has that on his worry list for us.

Director Owen: Well, Chairman Lewis, we also probably really at some point in time need to even look at using the Fort Bend Toll Road, which eventually and not too far down the road is going to go all the way across the river to 99.

Chairperson Lewis: Alright. Now, we'll have to say that about that I have zero knowledge. When we get in there, we can actually start that kind of thing. And a big part of what we do will include making sure we communicate with the public and the stakeholders involved in this. So, if the Gulf Coast Rail District starts... It's not just METRO. We know METRO is a big stakeholder and is a big partner in this. But surely when we start doing the work, we're going to have to make sure that our ground public activities and that our ears are open to sort of honestly ferret out what potential opposition might be or pushback. What things would give people anxiety. And in truth, somebody might be anxious about us, in addition to CenterPoint... somebody might be anxious about us being on that right of way. Some neighborhood that think they're closer to CenterPoint right of way and that there would be something that they would not be necessarily thrilled about. So, there clearly is a lot to do, and that sort of presupposes that we're going to be able to get SB1990 all the way through. So, that's sort of like the queue up to all of this conversation.

Director Owen: Exactly. Yes, exactly.

Chairperson Lewis: Okay, so any other thoughts or comments from anyone else? Alright. Well, thank you, Director Ross. And I will say that our consultant, Rick Miller, has been honestly

phenomenal in getting us to this point. So, yes, we're not 100 percent exhaling yet, but we are on our way. So, closing out item 10 and going to item 11, the update that BNSF will give us, Megan Shea. I actually want to ask Katherine to go ahead and kind of introduce this section. Ms. Parker, if you would, please.

Ms. Katherine Parker: Thank you. We are trying to I guess add to each meeting some of our topics, our issues, our stakeholders, people that we're working with. As you know, we've had a presentation from UP, and Director Mann was very helpful in getting BNSF to be on our docket really for last month. But they agreed to come this month since we didn't meet. And we reached out, and they were happy to be here today. So, I appreciate Ms. Megan Shea and Lacy Kreger. Hopefully, I got the names right. They'll give us just kind of an update on some of the work that BNSF is doing probably nationally but also in the Houston area as well. Thank you, all.

Ms. Megan Shea: Can you guys hear me okay and see me?

Chairperson Lewis: Yes, we can.

Ms. Megan Shea: Perfect. Well, thank you so much for having us. My name is Megan Shea, and I work for BNSF on our Public Projects Team. Lacy Kreger is on our Economic Development Team and is also on as well. I will just say we are currently getting some pretty heavy rainstorms in the Fort Worth area, so bear with us if we cut out, or our internet drops, or anything like that. But like it was mentioned, Director Mann reached out to us and invited us here to speak with you today. So, thank you very much for the time and the opportunity. And I'll start out and give a quick overview of BNSF in terms of our capital investments—both quickly overall for the network and then focusing more on the Texas area and then talk a little bit about our partnership with TxDOT and the study that they recently did. And then after that, Lacy will provide an update on our logistics parks and specifically talk about the one that's coming together in Cleveland, Texas.

2020 capital investments... So, at any given time, BNSF has around 1,200 trains moving across the network. And this can be anything from grain, lumber, plastics, intermodal, your Amazon packages, really anything you can think of at one point or another probably moved by a train. And moving so many things from A to B requires a lot of capital investments to keep the tracks safe and keep our trains moving.

In 2020, we actually spent 3.1 billion dollars on capital projects. The largest component of that was over two billion dollars devoted to our infrastructure, so that will be our track maintenance and making sure our tracks are in good shape and keeping our trains moving as efficiently as possible. 250 million of that was budgeted for locomotives, freight cars, and other equipment. We call that our rolling stock—anything that rolls on the rails. And then, we also plan to spend around 400 million dollars on capacity expansion projects. So, that could be adding a siding, extending a siding, expanding some of our terminals or hubs. And those are all designed to help streamline our network. So, that is overall for the network.

And then if you can go to the next slide, we'll talk about Texas. In Texas, we've got about 9,000 employees in the state and around 5,000 track miles. And on that network just in Texas, we move around 5.7 million rail cars annually. And not only is our corporate headquarters located there, the red star... There's a lot going on in the DFW area, but there is a red star in there. That's where our corporate headquarters is located. That's where Lacy and I went to work pre-COVID.

We are still at home right now, but that's where our office is located. We actually have 24 rail yards and sites located through Texas and 3 intermodal facilities that you can see as those gray circles there on the map. And specific to Texas, between 2015 and 2020 we invested around two billion dollars into our infrastructure in this state alone. And some of those projects were the Tower 55 expansion that was a big project in the Fort Worth area with UP, a lot of CTC—that's centralized traffic control that's kind of like traffic signals for trains, adding sidings, our alliance intermodal yard facility expansion is still going on. So, things like that, just to keep those 5.7 million cars moving efficiently through Texas.

Go ahead with the next one. So, internally at BNSF we do our own capacity planning. But sometimes we have public partners like TxDOT or other state agencies take it upon themselves to do a regional study that incorporates more than just one railroad. So, it could be UP, KCS, BNSF, or any combination of those. And so, you can see a few of those up there. They've done one in DFW that was recently completed. Also did one in central Texas a few years ago. And then the latest one is the Houston-Beaumont regional freight rail study. And you can see the map on the right there shows the area that they studied. This was mainly an effort to identify bottlenecks within that rail network because it is incredibly complex. It's a big spiderweb of tracks going in and out of Houston. And what they did was they did a rail traffic analysis and modeling to identify where those rail bottlenecks were. From that, they looked at each area and decided what a capacity project would look like that would help mitigate that bottleneck and then ran more modeling to confirm that. And then did a benefit cost analysis of that solution to kind of see which of those projects would get the most bang for our buck.

So, we think it's great that TxDOT takes that initiative and puts those studies together, hires a consultant, and kind of gives the UP in this case and us some information ahead of time as opportunities, if we want to look at our own network and our own expansion in the future and see if any of those projects line up. That legwork is kind of already done. So, right now we are running through those benefit/cost analyses with our division leadership team to see if there are any that stick out to them in terms of what they might want to go after. That's kind of where that's at. So, probably more to come, but that was a pretty interesting study for the Houston area that is kind of coming to fruition. With that I will turn it over to Lacy, and she can talk about logistic centers.

Ms. Lacy Kreger: Perfect. Thanks, Megan. So, again, my name is Lacy Kreger. I'm director of Economic Development on our strategic team. And really what the strategic team does is we're creating opportunities for customers in advance of that customer inquiry. So, our strategic program has four different buckets. We have logistics parks, which are tied to an intermodal facility. So, think things that come in in a container—Amazon, Walmart—in building warehouse and distribution space adjacent to our intermodal facilities. And then we have logistic centers, which I'll talk about today. Those are rail served industrial parks serving our carload customers—both unit train and manifest—where BNSF is taking that development role and developing those parks. And then we have certified sites, which are similar to logistic centers, but it's not BNSF putting up the capital. It's a private, so let's say the City of Houston... Maybe they have a rail served industrial park. We look at all of the phase one cultural studies, and then we put kind of our stamp of approval on it, saying that it's certified. So, we have several certified sites where we partner with individual developers or communities across our network. And then kind of late but certainly not least... That's our transload. So, those are the customers that handle multiple commodities for different customers. So, again, that all makes up our strategic program.

But if you'll go to the next slide please... I'm going to talk about logistic centers specifically. So, what a logistic center is, again, it is focused on offering direct rail service to multiple customers in multiple commodities. So, you could have lumber, aggregate, grain, food and beverage--pretty much any commodity. So, it is an industrial park where all of the customers within that park are rail served. And so, again, what differentiates that from a private business park is BNSF is in the driver's seat in terms of development. So, we're putting on our developer hat, and we're going out, and we're buying the property, and we're developing it, we're entitling it, and then we lease it back to customers. So, that way we can preserve these areas along our main line for rail served customers and not have to worry about that site going to a customer that's not going to ship on rail or being sold to a mixed-use development, for example.

So, next slide. Really the benefits we like to speak of not only when we're talking with customers but when I'm talking with communities where these logistic centers are located in is speed to market. So, we have a logistics center that we developed in the Denver area, and I had a customer that I was working with. They were a unit train customer. And from the time that they signed their lease to the time they shipped their first unit train of sand was four months. Which that's pretty much unheard of if you take a grain filled site, and you have to put rail on, and you have to take it through all the approval processes. So, really speed to market is key here. These are sites that we're going in, we're mass grading, and we're bringing the utilities in, so that way the customer comes to us. They tell us how much land they need. We work with their engineering firm to see, "Okay, you need five acres. You need 1,000 feet of track. Here's how we would lay it out within the park." We lease it to them. Again, then they build their track, and then they're operational. So, because we're the landlord, we're able to offer them really attractive lease rates. Because obviously we're not a real estate company, we're a rail company, so we want to see them shipping. So, the more you ship, the lower I can offer you a lease rate, which customers love that. Again, speed to market is key. And then, again, we're really focusing on those end user markets, so we're looking at areas where you see a boom in population. Because with the boom in population, more than likely you're going to have an increase in houses, which means more lumber, more aggregates to build the roads, more food and beverage. So, all of those commodities that we see kind of coming into these logistic centers.

Can you go to the next slide please? So, what we wanted to talk to you about today was logistic center north Houston, which is in the Cleveland area. It's on our Conroe sub. It's kind of hard to see in this picture, but we have 1,200 acres, which BNSF has purchased. We have LJA, who is an engineering firm, onboard that is working towards 100 percent plans. So, how we're designing this site is we have your connection to the main line. We have a Y on both ends, so we can come and go in either direction. We don't have to hold trains on the main line. And then we have a huge loop. So, instead of building a siding alongside the mainline for that train to clear the main, the train comes straight into the loop. So, that way other trains on the main line are not being impeded by this development. Inside the loop, so all those little dots that are even harder to see, those are the individual customer sites. So, I always tell people when they look at this design don't think that you're going to come to me and say, "Hey, I want to be at logistics center Cleveland," and I'm going to tell you, "You have to go in dot A, and you have to lease 25.4 acres." It's really a partnership, and you tell me what you need and then we figure out how to best fit you into the park, both from a BNSF perspective and then from the customer's perspective. Obviously, I don't want to put you right in the dead center of the park, and then I have to design around you. But we can definitely be flexible in how we customize and develop the sites.

So, again, this is 1,200 acres. We own it. I'm currently working with the City of Cleveland right now, going through all of the entitlements. I recently got my Nationwide 39 Permit, so we can start construction as soon as we get it all entitled through the city. We're going to start... It's very heavily wooded right now, so we're going to start clearing and grubbing, taking out the roots this year. And then we will have major construction start first quarter 2022 with the goal of construction lasting all year and then being able to be operational first quarter 2023. Again, we develop the sites with a lot of flexibility, so inside that loop where all the dots are, those are our manifest customers. So, customers that get maybe five cars a week. On the outside of the loop would be unit trains, so that's where your full 120 cars of sand is going to be able to land and offload.

We also developed the roads within the park, and then this specific site connects directly to Fostoria, and then from Fostoria to 105 and then to the highway. Again, really key here is fully permitted, shovel ready, so that way everything is in place and the customer can come in and hopefully be up and running sooner rather than later. I know I went through that really quickly. If there's any questions, whether it be about Cleveland or about the program in general, I'm happy to answer any questions. This is, like I said, the one that we're developing right now, but we are replicating this model across our network. Again, in those areas where you can anticipate seeing a lot of growth from population perspectives.

Director Ross: Where can you paint the graffiti on the cars?

Ms. Lacy Kreger: Not in this facility.

Chairperson Lewis: Thankfully not. Can I ask you to go back to the system map? Your BNSF system map and how it integrates with UP, if you don't mind.

Ms. Lacy Kreger: That's probably on one of Megan's slides.

Chairperson Lewis: It is. It was on Megan's. It was one of her first ones. So, hold on, because you have to change slide decks... Okay. So, good. This is where I wanted to be. I was going to say hold up and see if anybody had any questions on your portion first, but here was my question. I think it sort of overlaps. I'm looking at the route, your lines, and I'm sort of trying to locate the center that you just described on here. And I guess sort of matching your lines which are going to be around Houston and where that center fits in.

Director Ross: It's between Dayton and Somerville on the line between Teague and Houston.

Chairperson Lewis: Right.

Ms. Megan Shea: Yes, it's on the Conroe sub, so it would be on one of the solid orange lines.

Chairperson Lewis: Orange lines. Right, exactly. So, I guess what was going... I guess for me is... So, I'm trying to structure this question. In building that center, is your goal to attract additional clients/service your existing clients to...? What you described was a difference in startup time I guess from getting a new customer.

Ms. Lacy Kreger: Yes.

Chairperson Lewis: So, I guess that's where my question is in trying to put all the things together that I'm looking at in terms of your routes and what you're wanting to accomplish through this particular center. And then of course my brain is going to Gulf Coast Rail District and what all of that could mean as we examine, as we're going to be examining our role and how we can somehow facilitate freight movements throughout the region. So, that was a combination question and sort of brain dump.

Ms. Lacy Kreger: I can take that one, Megan, if that's okay. So, the goal for logistic centers is to land new customers. There will be customers that already are on BNSF that might be at capacity and just can't expand in the facility they're at today. And so, if that's the case then definitely we would welcome them at the logistics center. But really that's what it is, it's creating these opportunities for customers to land on us and start moving freight. So, the goal wouldn't be to relocate all of the customers that we have in the Houston area to the site. It would be to create sites for either customers that don't exist in the Houston area today or customers that might be at capacity at their existing facility and can't expand. Did I answer...?

Chairperson Lewis: Yes.

Ms. Lacy Kreger: I know you had a few more questions, but did I cover it?

Chairperson Lewis: No, you did. No, you absolutely covered it. Then my companion question is going to be is the facility 100 percent rail and rail car, or is there a truck intermodal aspect to what happens on that parcel?

Ms. Lacy Kreger: There is no intermodal on this site. It's specifically a logistics center. So, it would be rail in, and then it could, yes, be transloaded to truck and then trucked out to the local market. But most of the customers, if not all the customers, that land there will have a rail piece. There is part of the site that because of where it's at we can't get rail to. I think it's about maybe 100 acres, so there could be the potential to either use that as storage or use that for a non-rail customer. But really our goal is to preserve rail serve space just because it's such a hard commodity... It's a sought-after commodity, so we don't want to lease rail serve space to non-rail customers, and then those rail customers not have any.

Chairperson Lewis: Great, thank you. Other questions from other board members or thoughts? Can I ask Tyson if he has a question? If there's nothing from the board members... Are you okay, Megan and Lacy, with me asking Tyson if he'd like to ask any questions, or is that not a good thing for me to do?

Ms. Lacy Kreger: Sure, no...

Mr. Tyson Moeller: It's a great program that they're outlining there. It is important because it's very costly to connect to rail. So, it's a great concept.

Chairperson Lewis: Okay, great. Thank you.

Director Mann: I just...

Chairperson Lewis: Please.

Director Mann: No, I'd just like to thank Megan and Lacy for joining us today.

Chairperson Lewis: Good.

Director Ross: This concept on the railyards is sort of how Trammell Crow developed shopping centers, where they would buy the entire... develop the whole center and then lease properties to individual users.

Ms. Lacy Kreger: We've just found it works for us because, again, we're making money on the freight, so we want to see our customers succeed. And if we don't have anywhere to land them then it's bad for both of us. So, if we can go out and spend some capital, preserve a site, and then connect to the main line so that way they can get up and running faster, it's a win/win.

Chairperson Lewis: Okay, great. Alright. Anyone else? Let me ask you all one final question, and it's not an answer right now. It's kind of a think about it. So, what Gulf Coast Rail District has done historically has been to just focus on roadway/railway grade separations. And so, this summer, we are going to start talking about what additionally we could/should be pursuing from a freight perspective. So, as you kind of go through your days if something comes to mind for you that would be a potential opportunity for something sort of public/private, kind of keep that in mind. Maybe send Ms. Parker an email of just kind of brain dump as we go forward about what our role should be as we sort of go down the path of trying to help our region as we well manage and well balance our freight needs vis-à-vis sort of what our roadway needs would be from the perspective of what Gulf Coast Rail District would do.

Ms. Megan Shea: Yes, we can definitely do that.

Chairperson Lewis: Great.

Ms. Lacy Kreger: Yes, we will definitely keep that in mind. And like I said, the City of Cleveland has been a great partner as well. We've really enjoyed working with them. They have welcomed us with open arms, so we're really excited about the project.

Chairperson Lewis: Good. Alright. Well, I join Director Mann and all of us in thanking you for your time today and for sharing that information with us. It's good for us to know and to see what you all are investing in our region to make things better, so thank you very much.

Ms. Lacy Kreger: You're welcome. Thanks for having us.

Ms. Megan Shea: Yes, thank you.

Chairperson Lewis: Alright, the next item on our agenda is a report from Ms. Parker.

Ms. Katherine Parker: Thank you, and good afternoon to everyone again. I wanted to go back and just for the record that we did post our open meetings, and everything was in compliance for that, so for our record. Let's see. I have a list of things here. I'm making sure though... I had a few meetings with H-GAC related meetings, RTP committee, and TIP committee.. As we spoke about earlier in the meeting, we did submit our unified planning work program request for the 90A. That was earlier last month. Also related to UP, we had a meeting that I participated in with UP concerning projects that they have within the City of Houston. I think there is a follow up

meeting actually on tomorrow. I also attended a charrette for State Highway 35, which is a planning workshop that they had specifically talking about SH 35 extension from 1-610 to future SH 99. In attendance was TxDOT, City of Houston, City of Pearland, Harris County Engineering Department, the Flood Control District, HCTRA, and METRO. So, there was a day long workshop to discuss that information, and I'm sure that there will be more upcoming for us to be a part of.

I want to also take this time to thank Director Lewis and Ross for their efforts with our going back and forth to Austin. I appreciate you all pushing forward the GCRD legislative effort for this year and the success that we've had to this point. I laugh because Director Ross made sure to tell me that he is retired, but he was there at eight o'clock for each session and on point, so I appreciate the time and effort—traveling there, having to spend the night, and just kind of being ready when called upon for the hearing. So, thank you so much.

I also met with the City of Sugar Land on yesterday. They had representatives from the planning department, engineering, parks, aviation, and the city engineer. It was an informal meeting just to introduce GCRD to their staff. They are working on their mobility plan, so they are interested in what we're doing and wanting us to be a part of what they have going on. They are in a second launch of a survey for their mobility plan that began on yesterday. So, they were taking comments from people in the area about what they want to see for Sugar Land. And of course, we know and I explained to them our discussions about 90A and our concerns with our legislative efforts, which they are following as well. And so that sounds like they'll be a great partnership that we can basically develop for the future.

And lastly, some of you may know or you may not know that Maureen Crocker is retiring. June 1st is her last day with the City of Houston. And we discussed her coming to this meeting for us to give a resolution or word of thanks, but she had another meeting. So, I asked if she would come for our June meeting, and she agreed. So, we will be in contact. Of course, we will have a resolution and all that for the formal meeting, but if there's an opportunity for either some of the board members who would like to meet just for lunch or something to say thank you, she basically was here from the inception of the Rail District. All of the policies, and procedures, and records that I look through she put her hands on and started that. And so, I think it's befitting for us to say thank you, and I'm sure she's looking forward to retiring. She said, "Well, I'll give you my personal email, and I'll try to check it from time to time." I said, "Well, definitely at least for the second Tuesday in June, we'll want to see you there." And she agreed. So, that's all I have. I think I've covered everything that was on my list, so thank you.

Chairperson Lewis: Great. Thank you, Ms. Parker, and we will look forward to saying thank you to Maureen Crocker for all of her foundational work in getting Gulf Coast Rail District off the ground and keeping it going for probably 11 years—something like that. So, indeed, that will be a big and fun day for us. Are there any questions from any of the directors about anything Ms. Parker mentioned?

Alright. Well, on to me. Announcements by the chair. Our next meeting is going to be June 8th. I would ask you all to start thinking, too. We've talked about having another half day workshop. For those of you who have been here for a while, you remember we did that back in 2018. I think it's fitting that we kind of do it again and make sure that we sort of chart our direction both for the passenger rail side, which should be ramping up we anticipate, and the freight side, which we also want to ramp up. And so that would be an opportunity for us to get new ideas on the table,

sort of figure out what parameters would be there for us and chart our course for the next couple of years. So, I would really like to be able to do that in person in July, maybe August. So, just wanted to put that sort of in your braindex. We used to have a Rolodex but sort of your braindex of things that you're kind of flipping through. I don't know if we had feedback yet. We had asked about TranStar's calendar for us getting back into the building and were told they were going to make a decision the last week of April. I don't know, Ms. Parker, if we heard anything back yet, but we're sort of checking that out.

But we actually wanted to try to do... I may have mentioned this before. Is to see if we can sort of do a hybrid. So, for every meeting, we're in our space at TranStar. But for people who might be farther away, I think specifically about those folks coming from Missouri City or Judge Duhon coming from Waller, at any point that they want to sort of join in sort of a web way that we're able to do that. I saw on television one company is doing that. The way they've got it set up is that they actually set the chairs in a circular way around the screen so that the people on the screen almost seem as if they're in the same room with you. So, we've got some investigating to do about that and some checking, but those are things, I think, just to keep in mind. Ms. Parker, did you hear anything back from TranStar?

Ms. Katherine Parker: No, not yet. But we have a branch meeting coming up, and I can ask that question, if they've got any more new info.

Chairperson Lewis: Okay, great. Alright.

Director Ross: Chairman?

Chairperson Lewis: Yes?

Director Ross: This is Director Ross. I'm on the MUD board, and we're able to meet this way in a MUD board because the governor opened up the window for us to meet this way, but there's a deadline on that arrangement. So, it really is going to come down at least in that case if the governor decides we can continue to meet this way or not.

Chairperson Lewis: Okay. Alright. Well, okay. So, all of that is... What does that mean? So, if the governor... I don't even know what all of that means. I hear you, but I will admit to saying I don't understand fully what all that means.

Director Ross: Well, there were rules for public meetings, and he allowed these kinds of meetings to fit those rules because of the pandemic.

Director Robinson: Dr. Lewis, he had waived certain regulations of the open meetings. But the Harris County Appraisal District board, which I also set on representing the Commissioners Court, they've been meeting in a hybrid manner for I think the last three months with some of the directors present in person and some still virtual.

Chairperson Lewis: Okay. Alright. Well, we'll find out what we need to know, and we'll let everyone know as soon as we do, what our situation will be going forward. So, Director Robinson, what about METRO? Has METRO been meeting back in person?

Director Robinson: METRO is still virtual.

Chairperson Lewis: Okay. Alright. Alright, well again, I think covers our agenda. And if no one else has anything that they would like to advance for the good of the order, I will entertain a motion for adjournment.

Director Ross: So moved.

Chairperson Lewis: Thank you, Director Ross.

Director Beeson: Director Beeson will second.

Chairperson Lewis: Beeson will second. I was going to say if we all just want to stay here, I guess I'm okay with that. Alright. Thanks to all of you. Appreciate your time today, and I think we've had really good news today on the things we've got on our list. And we're delighted to hear from BNSF. So, thank you, and we'll look forward to seeing everyone in June (adjourned at 3:00 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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