

Meeting Minutes

West Central Ohio
Port Authority
February 18, 2021

Members Present

David Carr via Zoom, Gene Baumgardner, Richard Flax, Marcia Bailey, Dr. Richard Henry (via phone)

Others Present

Louis Agresta, WESTCO

Tammi Angle (via Zoom) CAHD

The meeting was called to order by Chairman Baumgardner at 9:00 am and the roll was called. Having a quorum, the Board proceeded with the agenda.

I. Minutes

A motion was made by Director Flax to approve the minutes from the December 17, 2020 meeting. The motion was seconded by Director Bailey. The motion carried without opposition.

II. Financial Report

Louis reported on the financial activity for the months of December 2020 and January 2021. Louis stated that for the month of December, WESTCO received \$163,446.45 in receipts and paid \$262,901.40 in disbursements. Louis stated that receipts were primarily comprised of maintenance fees and rents while the disbursements included the first payment for the 2020 track rehab project and the second payment for the bridge 124.67 project. Louis stated that WESTCO finished 2020 with \$1,382,820 in receipts and had \$93,518.47 in disbursements. For the month of January Louis stated that WESTCO received \$101,478.36 in receipts and paid \$93,518.47 in disbursements. The receipts came primarily from storage, rents, the Use Fee, and overhead. The disbursements were mostly made up of the final payment for bridge 124.67. Louis stated that he has submitted the first reimbursement to ORDC for their grant portion of the bridge 1124.67 project. He stated that a second reimbursement will be submitted once he receives the final invoice from AT&T for their reimbursable expenses.

A motion was made by Director Carr to approve the financials for December 2020 and January 2021. The motion was seconded by Director Flax. The motion carried without opposition.

III. Administrative Report

A. Middle Mile Infrastructure Lease Approval

Louis stated that Middle Mile Infrastructure approached WESTCO staff about a lease agreement for a fiber line that they would be constructing in our region. The several hundred mile long fiber

line was proposed to cross WESTCO rail at two crossings. Louis stated that the proposed crossings were at the Urbana Line and Hickory Grove Rd and the Mechanicsburg line and SR4 at No. Ten rd. He stated that at both crossings, the fiber line would be bore under the railroad. Louis stated that because the crossings are taking place in public right of way, WESTCO would not be collecting an annual lease. He did state that Middle Mile would be paying the standard application processing fees to recoup the administrative costs in reviewing the agreement.

Chairman Baumgardner asked about any potential liabilities for WESTCO on the transaction. In particular, he was concerned about liabilities associated with damaging the fiber line in the event of a derail or something of that nature. Tammi Angle stated that the lease provided protection for WESTCO in regards to Middle Mile's operations within the track right of way. She stated that it did not specifically address the liabilities from a derail. Chairman Baumgardner stated that he didn't want to see another situation similar to the bridge 124.67 project where WESTCO was responsible for paying expenses on behalf of the utility.

Director Flax made a motion to approve the lease with Middle Mile Infrastructure for the installation of the fiber line in the public right of way at the SR4/No Ten Rd and Hickory Grove Rd crossings contingent upon WESTCO legal counsel opinion that WESTCO is void of any liability for damages to the utility in the event of a derail. The motion was seconded by Director Bailey. The motion carried without opposition.

B. RJ Corman Glen Echo Lease Amendment

Louis stated that he was approached by RJ Corman about amending their lease at Glen Echo. Louis stated that the lease was entered into in March of 2017. The lease was a month to month lease and did not have a termination date. Louis stated that neither RJ Corman or WESTCO have plans to terminate the lease with one another, but RJ Corman did want to establish the end date for their lease to line up with their completion of their contract with GM for unloading the frames. Louis stated that RJ Corman's current lease ended on July 31, 2021. Louis added that RJ Corman stated a willingness to extend the lease past July 31, 2021 if their contract with GM is extended. He also added that RJ Corman was confident that the contract would be extended.

Director Bailey made a motion to amend the lease termination date to July 31, 2021 with RJ Corman for the Glen Echo lease for the purposes of utilizing Glen Echo for transloading vehicle frames. The motion was seconded by Director Carr. The motion carried without opposition.

Louis added that he was approached by the railroad about a potential shipper that is interested in utilizing Glen Echo to transload used vehicles onto rail cars for distribution across the country. Louis stated that he didn't have a lot of details on the potential project, but does have a meeting with the railroad and the company on site in the coming weeks. Louis stated that he would hopefully be able to report more information at the March meeting.

C. Bulk Shipping/Shipper Credit Report

Louis stated that he wanted to update the board on two maintenance fee relief initiatives that were approved in 2020. Those were the Bulk Shipping Rate approval and the 2021 Shipping Credit. Louis stated that there were four shippers that qualified for the bulk shipping rate in 2020. They included Sunrise, Damewood, Orbis, and Cohen. He stated that Sunrise grain had 552 cars qualify, Sunrise fertilizer had 38 cars qualify, Damewood had 61, Orbis had 49, and Cohen had 278. He stated that Cohen's number was so high because their two year average was calculated off of numbers when they were shipping less volume. The total savings to shippers for the Bulk Shipping Rate was \$51,027. The bulk savings were realized on Q4 maintenance fee invoices.

Louis stated that at the December board meeting, the board approved a \$50,000 credit to be split amongst WESTCO shippers based on 2020 maintenance fee billed. Louis showed a breakdown of the credit. Sunrise was by far the largest benefactor of the credit since they made up almost 50% of the maintenance fee billed in 2020. Louis stated that the credit would be applied to Q1 and Q2 invoices. Sunrise would be credited one quarter and everyone else would be credited the other quarter. Louis stated that the shippers he talked to about both endeavors were appreciative of the efforts made by the board. Louis stated that the total savings to shippers between the two efforts was \$101,028. Louis stated that the board could review whether or not they want to offer these incentives again in 2021 later on in the year.

IV. Operations Report

A. Overhead Report

Louis reported that WESTCO received \$32,007.81 in overhead traffic for December 2020. He stated that he didn't have numbers from the railroad for January yet. Louis stated that for 2020, overhead traffic was down considerably, although it could have been much worse. He also added how pleased he was that the revenues seemed to have completely recovered. He stated that overhead payments continue to be around \$30,000, which is as high as it has ever consistently been. He stated that 2020 should be one of the best years they have ever had for overhead revenue.

B. Q4 Carload Numbers

Louis reported on the 4th quarter maintenance fee carload numbers. For the quarter, WESTCO received 1,909 carloads. He stated that for the year WESTCO received 5,522 carloads. Louis stated that 5,500 carloads is a solid year for traffic. He stated that it wasn't long ago when carloads were projected to decrease because of the decline in Heritage traffic. Heritage carloads have decreased by 75-80%, but system wide carloads continue to be strong because of the increases at Sunrise and Cohen and the consistently strong carload numbers at Orbis, Bluegrass, and Damewood. Chairman Baumgardner stated that there were a couple of carloads at Menards, so we should start to see them come online as a shipper in the first quarter of this year.

Adjournment

Prior to adjourning, Chairman Baumgardner asked if there was any other business that should be brought before the board. Director Bailey stated that she had a potential sales tax exemption project in Champaign County that may come before the board later this year. She said Champaign County was competing with Pennsylvania and Columbus for the investment. She asked about the process and when such a project should come to the board. Louis stated that once a project becomes more likely to happen, the company should engage Bricker and Eckler. Once the numbers for the project are received and the deposit is paid to Bricker and Eckler, a term sheet will be developed. After that, the exemption certificate paperwork, as well as the various legal agreements that make up the deal will be developed. Those will then preliminarily be presented to the board so that any questions can be answered. Once the board is confident with the project and everything has been addressed it will be presented for approval. Once approved, Louis can execute all necessary paperwork for the project assuming all fees have been paid. Louis said he would work with Marcia through these steps if the project commits to Champaign County.

Louis added that the Redwood development project is still on hold. It is still held up with the City of Springfield.

Chairman Baumgardner stated that the next board meeting would be March 18th, 2021 at the normal meeting location. Louis added that the March meeting is typically the annual meeting he said he was hopeful that the annual meeting could be held later this year in August or September at a different location depending how the rest of the year plays out.

Having no other business to discuss, Director Carr made a motion to adjourn. The motion was seconded by Director Flax. The meeting was adjourned.

Louis Agresta
Secretary – Treasurer