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Note from the Editor. It is hard to believe we have entered into the last quarter for 2021. This also means this is the final quarterly newsletter for 2021. Thanks for being a continued reader! We know you are short for time and do not always have the time to dedicate to reading every piece of news you receive. That's why we rolled out our monthly blog so you can still receive great content each month, now just in smaller, quicker to read bites! We will continue the same format in 2022 and you can access all our blogs and rail transportation education at any time [on our website](#). As always, the Tealinc Team stands ready to partner with you and support your rail needs through the rest of 2021 and far beyond!

Contact Us: www.tealinc.com | (708) 854-6307 | webmail@tealinc.com

"Railing On" with Darell Luther, CEO of Tealinc, Ltd.



Darell Luther, CEO

First and foremost our thanks go out to the women and men who have resurged as the "front line" workers who show up to work everyday, day in and day out, only asking for our patience while they take our order, cook our food, clean up after us, check us into a room, provide a clean and mechanically sound rental car, provide us with guidance in new geographic areas and then apologize for not being able to quickly do the work of two and a half people to meet customer service expectations. Thank you! Keep up the good work!

The demand for movement of goods by rail has exploded this past year. Coming off of 2020 where, if we compared the same time frame (e.g. October 2020 to October 2021), we were seeing poor rail shipments on a consistent basis and really didn't have a clear picture of when things would turn around, we have been seeing much improved rail shipments. A year ago, we were also facing an election year and the economy was elbow deep in dealing with pandemic related lockdowns. Time will tell but we may be facing these same lockdowns on a more refined scale into 2021+ as well. This rail explosion really depicts the pent up demand our economy has for goods and services. America is truly an economic wonder. This explosion though has caught the rail, ship, port and truck transportation industries off guard without immediately available

human or asset resources to effectively respond. Resource availability is extremely low. The individual economic incentive program for those not working (purposefully) has back fired and exacerbated our situation in being able to field a full team of persons to get the job done. There are a number of imbalances that need to be refined including the spread of reasonable wage and benefits to adequately compensate the US worker. There are other imbalances that incent the competent worker to sit on the sidelines until I don't know when? The fix for these imbalances need to also be resolved – quickly!

Rail traffic and demand for railcars and rail service continues to grow and pressure the industry to respond and “figure out” how to fix the system to address the new era in which we now participate. The real question is how do we respond and not over react at the same time – something we're woefully bad at as an industry.

Here at Tealinc we may not have all the answers but we can set you on a path of conservative growth and mitigation of reactive management. We also have the human, intellectual and rail asset resources to fulfill your requirements. We look forward to earning your business and wish you well in your endeavours as we approach the fourth quarter of 2021.

“Rail Partners” with Julie Mink, President of Tealinc, Ltd.



Julie Mink, President

As we enter the last quarter of 2021, I have to say its certainly been a remarkable year. Albeit ripe with opportunities and challenges, 2021 has been a year of tremendous change. What am I most proud of? Here's a great success story for you.

In mid-March a rail shipper came to us with a kunundrom. His fiscal year ended in just over 15 days and he had a budget earmarked for a group of railcars his team desperately needed. On the 16th day when the fiscal year ended, so too did his budget for the railcars and he was fearful that he would not have the rail equipment the team needed to make sales. In rail terms, 20 days is about 20 minutes in a normal persons life. With railcars still to be identified, inspected and selected, the reality was that even with best efforts, he easily had 30-90 days of time left before he could be ready to allocate funds and close on the railcars he needed.

If you don't already know, Tealinc company culture is focused on treating everyone as if they were a member of our own family. It goes without saying, I take my relationships with my customers personally as does everyone on the Tealinc Team. As he presented challenges, I felt as if a member of my family was struggling and I needed to do everything in my power to help him. His teams success would be impacted by how successfully we could partner with him. So I quickly focused on implementing solutions. And here is where Tealinc culture really came into focus. While I was certain the railcars we had identified for him would be the perfect fit, I never recommend leasing or buying a railcar without first having it inspected by a qualified railcar inspector. What might be rated as a railcar in “great” condition to me, might not fit your exact loading/unloading requirements which makes the car a “no-go” for him. So I became laser

focused as to how we could safely secure these funds for him while ensuring the railcars were inspected and accepted by him as part of his important due diligence and his great business practice. Within 72-hours we were drafting an escrow account to secure his funds in a refundable account so that if the cars didn't work out and we didn't have other railcars to offer we could refund his allocated budget money. As importantly, we quickly engaged with a qualified 3rd party railcar inspector to get an on-site inspection scheduled. We also focused on his checklist of due diligence including pulling freight rail rates to identify transportation costs and we focused on sourcing alternative railcars in case this group of railcars did not pass inspection. Needless to say it was 15 days without sleep and 15 days that exemplified our teams passion for our extended family. I am proud to say our customer was able to meet all of his timelines, the railcars passed inspection and the customer was able to properly allocate his budget funds to get these railcars into service. We are thankful to this shipper for trusting us in solving their challenge. We're thankful that we earned their business and much more importantly a lifetime business and personal friendship!

As 2021 comes to a close, we expect you may have a similar issues with equipment budget allocations for the remainder of 2021 and for 2022. While we suggest pre-planning as much as possible, we know that no matter how carefully a project is planned, something may still go wrong with it. We're here to partner with you – rain or shine. We look forward to integrating you into the Tealinc family too! Contact me at julie@tealinc.com or (720) 733-9922.

“Rail Fleet Management Brief” with Shannon Rodgers, Director - Operations



*Shannon Rodgers, Director
Operations*

I find myself reflecting on the maintenance completed on our fleet in 2020 as we approach a new year. The last quarter of the year is an important time to check on the health of your rail fleet. This will help make sure the railcars run without issues moving into the new year.

There are several different areas you should focus on during this review. One area is to review Railinc's Equipment Management Health Service (EHMS) & Equipment Advisories (EA) alerts. These alerts give advance warning of possible defects with your rail fleet.

This can help you better plan preventative maintenance (think money allocation and time out of service and time in the shop) and ensure your railcars stay in service and safe for interchange service. There are several areas monitored by these types of alerts focused on things like trucks, wheels and other industry issues (service valves, reflectorization and even missing AEI tags), etc. Another area to focus on is to send railcars through a repair shop or have a mobile repair unit inspect the railcars for defects and then evaluate what needs to be done and what must be done. Common items to focus on are loading and unloading devices such as gates, hatches and gaskets on covers and doors; top chords; side bracing; and the condition of the interior and exterior of your railcars. If you aren't already aware, as a shipper, most of these items are your responsibility... **even under a full-service lease**. By having a qualified team (internal or

external) develop a written program to include intervals for having an inspector put eyes on your railcars and then scheduling repairs and maintenance for a convenient time. This will help prevent unnecessary delays in the use of the railcar which will also help you budget for the upcoming year.

I cannot stress enough to private railcar shippers including railcar owners, railcar lessees and even other railcar lessor company on the importance of taking responsibility for the mechanical health of the railcars in their fleet. I focus on this from a very personal perspective: the management of these repairs, as well as preventative maintenance on the railcars is a fundamental responsibility I play here at Tealinc. As a private railcar shipper, chances are high that repairing and maintaining railcars isn't your specialty. The reality is that for 90% of Tealinc customers it isn't a specialty and isn't a task they have time for (labor, materials or capital). That's why I enjoy my job so much – taking the headache from my customer is really what I do best. Years ago, Tealinc customer real-life railcar maintenance and repair needs caused our team to develop a support program that goes far beyond a "full service" lease and it really allows us to act as a partner with our customers in repairing and maintaining their rail equipment. The program is known internally as Tealinc's Rolling Stock Management Agreement (RSMA). It really ensures that our customers can focus on their business and not on "emergency" maintenance and repair needs of their rail fleet. The majority of Tealinc customers take advantage of this program because they understand that taking care of their railcars with preventative care can prevent excessive down times and unnecessary repair bills.

Taking care of these tasks will ensure your cars run smooth for 2022!

Contact me at Shannon@tealinc.com or on the phone at (814) 631-9277 if you need specific help. Our RSMA and Rail Fleet Management Services cover everything from administrative support to mechanical support to cycle time reports to providing rail rate research and options for identifying other facilities serviced by rail.

"Rail Fleet Equipment Focus" with Kristen Kempson, Director - Marketing & Sales



*Kristen Kempson, Director-Marketing
& Sales*

As Darell mentioned in his section, rail exploded this year. I do not think anyone anticipated a quick and aggressive rebound from 2020. We have seen an increase for use of private railcars more than ever. Customers are looking to have better control over their railcar utilization to support shipping and receiving of commodities. We've helped our customers this year locate the equipment they needed so they can run their business efficiently. We continue to look for ways to provide support and value to our customers. I have made it my mission to connect with everyone who relies on rail

throughout the year. Whether it was to talk about railcar availability or to talk about specific markets and how they are performing, I am still trying to get to everyone! If we did not find the

time to connect, let's be sure we do before year end. Send me an email with a time that works best for you and I'll do my best to accommodate.

I always encourage you to visit our [website](#) and explore railcars offerings and available services. If you don't find what you're looking for, let me know and I'll focus on finding it for you. Don't hesitate to contact me at (708) 854-6307 or email kristen@tealinc.com.

Empty Railcar Repositioning Charges – Engage In the Solution!

Railroads are masters at unbundling services and service charges to extract more value for the individual services they provide. It's good business for them. The pricing model and business design a company uses for its fundamental profit making activity is to be respected, particularly if it's highly successful as it is in the rail industry. Look at the Class I and larger regional railroads annual earnings report to get a feel for the results of the rail service industry.

One area that generates debate is the cost of repositioning empty railcars to a shipper for their first load. In most cases the cost to move the railcar is charged to either the provider of the railcar (leasing company or other private railcar owner or lessor) or the shipper that is going to use the railcar. We've heard the debate time and time again: "Why would a railroad charge the shipper to move a private railcar to the shippers loading location when they're going to get the line haul for the freight?" It's a great question with a terrible answer: because they can! Generally if a shipper engages in leasing or borrowing a private railcar for shipping its product it has built in the cost of the empty shipment or simply has to "eat the cost" to ship their product. A good example of this is within the scrap and recycling industry which has seen 200-300% increase in their product value that only can be realized if a railcar is available to transport their product.

At Tealinc we're in the process of exploring the development of a service where we would offset some of the empty transportation cost by finding a load for the railcar near its origin shipping a carload of product in the general direction the railcar needs to go to mitigate a portion of the empty repositions charges for the future lessee or shipper. We're in the infant stages now having an outline of how it would work. If you're interested in engaging in a solution with us, let's start a conversation. Contact Darell Luther to further discuss darell@tealinc.com.

Industry Update: Surface Transportation Board

First-Mile / Last-Mile (FM/LM) service has always been challenging for railroads, barges and ships. The larger the bulk carrier and the more restricted the route the harder it is to provide timely, accurate and consistent service. When it comes to railroads this challenge is even greater during the COVID times hampered from delayed service primarily due to a lack of manpower. The Surface Transportation Board (STB) is soliciting comments on FM/LM service issues from the shipping community, carriers and the public concerning what issues and concerns they may have in this FM/LM service dilemma. The STB is also seeking input on

whether the FM/LM service issues require additional investigation on their part. Comments in FM/LM Service, Docket No. EP 767, are due by October 18, 2021 and replies are due by November 6, 2021. The STB decision may be viewed and downloaded [here](#).

We encourage our readers to take a moment and read the Docket. If you have and FM/LM service issues this is your chance to participate in resolving those issues at a very high level. If you need help interpreting the Docket or want to discuss the impact on your operations, we'd be happy to discuss it with you. Contact us at webmail@tealinc.com.

[Industry Update: Rail Traffic Data](#)

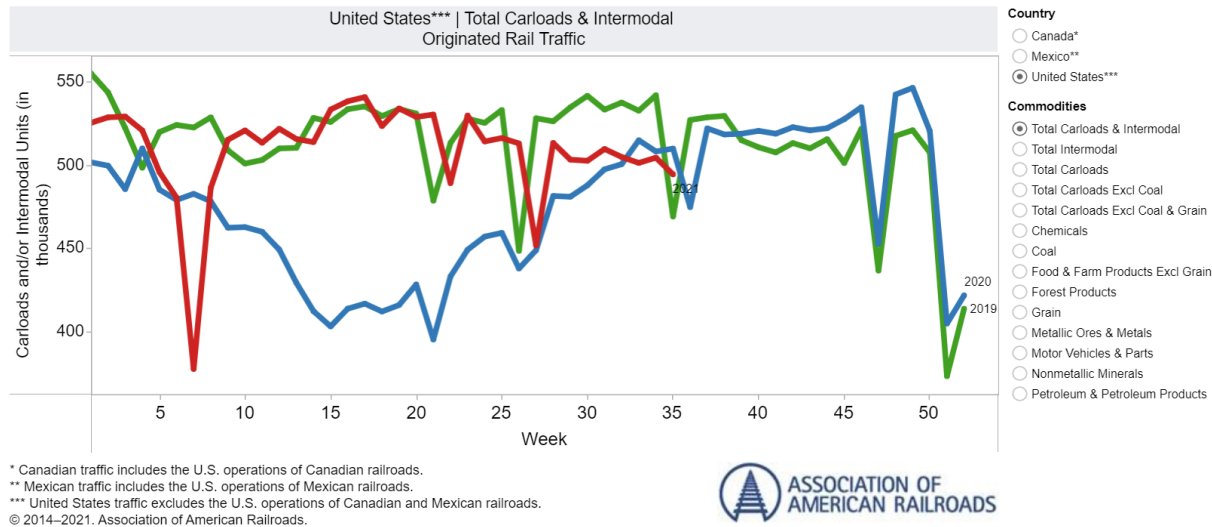
Rail traffic for 2021 has rebounded nicely from the dismal 2020 performance. The 2021 US total carloads and intermodal traffic continues to hold up reasonably well despite there being several extraneous events occurring that don't directly have anything to do with demand for railroad services.

The seeming most impactful of these events were the extreme weather cold spell that occurred throughout the United States in February 2021. According to the [National Oceanic and Atmospheric Administration \(NOAA\)](#), February 2021 was the coldest on record. Records for cold were broken all over the US with example cities of Spearfish, SD recording a minus 33 temp breaking a 127 year record along with Bottineau, ND also breaking a 127 year record with minus 51 degrees. Reaching into the western corn belt at Sidney and Norfolk, NE showing minus 31 degrees each breaking a 72 and 74 year cold record. Moving east we saw Little Rock AR recording minus 3 degrees breaking a 64 year cold record and Gatesville, TX breaking a 120 year record with a minus 8 degree recording. Railroading is extremely tough in the cold and even harder in record cold as we saw in February 2021.

Covid had the second biggest impact on railroad shipments when you look at the railcar loading statistics below. Ironically [COVID](#) didn't have as big of an immediate impact as weather but it did and continues to have an ongoing impact that is gradually being overcome. It's really simple: a lot of on the ground workers were very cautious as were their railroads of employees to not spread the risk of Coronavirus to their fellow workers and not put themselves at risk. This meant they followed the same Center for Disease Control and [Railroad mandates](#) precautions which mainly included staying healthy and at home if you're sick or think you're getting sick with COVID. The result means less people available to move, switch, transport, direct and support the operations of railcars loaded with product and trains to move the railcars. This includes the significant cutback early on with intermodal containers and trailers and the significant shift in demand from retail to online shopping changing the demographic in how America buys goods and services.

The rail transport sector is positively reacting to these events that could have ending with catastrophic results for the rail industry. The year 2020 is a true anomaly for [rail traffic originated carloads](#) representing a time outside of a typical economic recession that caused a historic impact to railcar loadings that will likely not be forgotten. 2021 outside of these two

events is a true breath of fresh air supporting the resilience and fortitude of the US and the rail industry.



Industry Update: Financial Focus

The Federal Reserve Board (FRB) has released its [Beige Book](#) as of September 8, 2021. The Beige Book addresses the economic pulse of the 12 Federal Reserve Districts. These districts publish the economic trends, strengths and weaknesses on a district bases and then the FRB summarizes the economic trends of the entire US. Reports are published eight times a year keeping relatively current with economic trends.

The economy according to the FRB slowed slightly in July to August time frame. This slowing was felt most due to the COVID variant impact on dining out, travel and tourism. Remaining strong or steady were transportation, non-financial services, manufacturing and residential real estate. Regional economic viewpoints are discussed in detail in the Beige Book. If you're interested in a high-level view-point it's worth the read. Also addressed are employment, wages and prices.

Economic information gathered by news service reporter CNBC offer that its sources believe the American economy is about to [hit a wall!](#) GDP grew 13.2% in Q2 2021 and 10.2% in Q1 2021. These growth rates are not likely to be sustainable and economists see growth closer to a sustainable 2% in GDP. A substantial softening of GDP. The primary driver of this softening will be the tightened of the US's checkbook supporting out sized wages, subsidies for the America worker.

Back to normal may be painful in transition. A return to conservative yet productive industry output and putting millions of capable Americans back to work is paramount for a stable economy. The go-go times are not healthy despite being a fanatical ride!

Industry Update: Railroad & Policy Updates

The shipping community was handed the hope of furthering competitive transportation options by the President Of The United States (POTUS) in July. Did you read the [press release](#)?

To save you the time it takes to trudge through this several page document, we pulled out the Secretary of Transportation assignments. They are shown below. The overall takeaway? Competition is good! It's also good when the government can stay out of commerce and let the economic forces dictate forward actions. In some instances though the government needs to get reinvented with an industry to unwind those actions it put in place years and decades ago. Often times the intent of the government guidance and the actual results vary significantly. The first real battle we'll see in the rail industry will be between two rail factions, passenger and freight. It should be telling of how the rest of the competitive rail landscape unfolds.

(m) The Secretary of Transportation shall:

(i) to better protect consumers and improve competition, and as appropriate and consistent with applicable law:

(A) not later than 30 days after the date of this order, appoint or reappoint members of the Advisory Committee for Aviation Consumer Protection to ensure fair representation of consumers, State and local interests, airlines, and airports with respect to the evaluation of aviation consumer protection programs and convene a meeting of the Committee as soon as practicable;

(B) promote enhanced transparency and consumer safeguards, as appropriate and consistent with applicable law, including through potential rulemaking, enforcement actions, or guidance documents, with the aims of:

(1) enhancing consumer access to airline flight information so that consumers can more easily find a broader set of available flights, including by new or lesser known airlines; and

(2) ensuring that consumers are not exposed or subject to advertising, marketing, pricing, and charging of ancillary fees that may constitute an unfair or deceptive practice or an unfair method of competition;

(C) not later than 45 days after the date of this order, submit a report to the Chair of the White House Competition Council, on the progress of the Department of Transportation's investigatory and enforcement activities to address the failure of airlines to provide timely refunds for flights cancelled as a result of the COVID-19 pandemic;

(D) not later than 45 days after the date of this order, publish for notice and comment a proposed rule requiring airlines to refund baggage fees when a passenger's luggage is substantially delayed and other ancillary fees when passengers pay for a service that is not provided;

(E) not later than 60 days after the date of this order, start development of proposed amendments to the Department of Transportation's definitions of "unfair" and "deceptive" in 49 U.S.C. 41712; and

(F) not later than 90 days after the date of this order, consider initiating a rulemaking to ensure that consumers have ancillary fee information, including "baggage fees," "change fees," and "cancellation fees," at the time of ticket purchase;

(ii) to provide consumers with more flight options at better prices and with improved service, and to extend opportunities for competition and market entry as the industry evolves:

(A) not later than 30 days after the date of this order, convene a working group within the Department of Transportation to evaluate the effectiveness of existing commercial aviation programs, consumer protections, and rules of the Federal Aviation Administration;

(B) consult with the Attorney General regarding means of enhancing effective coordination between the Department of Justice and the Department of Transportation to ensure competition in air transportation and the ability of new entrants to gain access; and

(C) consider measures to support airport development and increased capacity and improve airport congestion management, gate access, implementation of airport competition plans pursuant to 49 U.S.C. 47106(f), and “slot” administration;

(iii) given the emergence of new aerospace-based transportation technologies, such as low-altitude unmanned aircraft system deliveries, advanced air mobility, and high-altitude long endurance operations, that have great potential for American travelers and consumers, yet also the danger of early monopolization or new air traffic control problems, ensure that the Department of Transportation takes action with respect to these technologies to:

(A) facilitate innovation that fosters United States market leadership and market entry to promote competition and economic opportunity and to resist monopolization, while also ensuring safety, providing security and privacy, protecting the environment, and promoting equity; and

(B) provide vigilant oversight over market participants.

(n) To further competition in the rail industry and to provide accessible remedies for shippers, the Chair of the Surface Transportation Board (Chair) is encouraged to work with the rest of the Board to:

(i) consider commencing or continuing a rulemaking to strengthen regulations pertaining to reciprocal switching agreements pursuant to 49 U.S.C. 11102(c), if the Chair determines such rulemaking to be in the public interest or necessary to provide competitive rail service;

(ii) consider rulemakings pertaining to any other relevant matter of competitive access, including bottleneck rates, interchange commitments, or other matters, consistent with the policies set forth in section 1 of this order;

(iii) to ensure that passenger rail service is not subject to unwarranted delays and interruptions in service due to host railroads’ failure to comply with the required preference for passenger rail, vigorously enforce new on-time performance requirements adopted pursuant to the Passenger Rail Investment and Improvement Act of 2008 (Public Law 110-423, 122 Stat. 4907) that will take effect on July 1, 2021, and further the work of the passenger rail working group formed to ensure that the Surface Transportation Board will fully meet its obligations; and

(iv) in the process of determining whether a merger, acquisition, or other transaction involving rail carriers is consistent with the public interest under 49 U.S.C. 11323-25, consider a carrier’s fulfillment of its responsibilities under 49 U.S.C. 24308 (relating to Amtrak’s statutory rights).

(o) The Chair of the Federal Maritime Commission is encouraged to work with the rest of

the Commission to:

- (i) vigorously enforce the prohibition of unjust and unreasonable practices in the context of detention and demurrage pursuant to the Shipping Act, as clarified in “Interpretive Rule on Demurrage and Detention Under the Shipping Act,” 85 Fed. Reg. 29638 (May 18, 2020);
- (ii) request from the National Shipper Advisory Committee recommendations for improving detention and demurrage practices and enforcement of related Shipping Act prohibitions; and
- (iii) consider further rulemaking to improve detention and demurrage practices and enforcement of related Shipping Act prohibitions.

About Tealinc, Ltd.

We solve rail transportation challenges. We specialize in Rail Transportation Solutions. We participate in nearly every industry supported by rail; sell, lease and purchase nearly every type of freight railcar; and provide management and consulting services for both novice and experienced rail shippers. We specialize in exceptional customer service. We focus on rail equipment and consulting services to assist the novice, mid-level and expert shipper to plan, modify and adjust short-term and long-term rail shipping and receiving needs.

Our team is made up of a diverse group of individuals with complementary rail backgrounds. Together we have over 115 years of experience in the rail industry. We have the expertise, knowledge, and ability to create value for our clients.

We look forward to earning your business!

Contact us:

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