



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, APRIL 14, 2010
SEDA-COG, LEWISBURG, PA
12:37 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre

Clinton

Columbia

Lycoming

Mifflin

Montour

Northumberland

Union

AUTHORITY MEMBERS PRESENT

John Gummo, Clinton County
Scott Harvey, Lycoming County
Mike Hawbaker, Centre County
Bud Henry, Columbia County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
John Spychalski, Centre County
Jerry Walls, Lycoming County

GUESTS PRESENT

Al Bubb, NRHS
Todd Hunter, Railroad Operating Companies
Don Purcell, Conrail - Retired
Dick Robey, Railroad Operating Companies
Mimi Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies
Diana Williams, Railroad Operating Companies
Frances Zartman, Fort Discovery

STAFF PRESENT

Steve Hurvitz, McQuaide Blasko Law Offices
Kay Aikey
George Fury
Steve Kusheloff
Jeff Stover

CALL TO ORDER

Call to Order

Mr. Walls called the meeting to order at 12:37 p.m.

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

Mr. Bubb circulated a book for the board's information entitled "PA Railroad Facilities" by Robert Yanosey.

Approval of the March 10, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Spsychalski made a motion to approve the March 10, 2010 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Henry seconded the motion; motion carried.

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of March 2010.

Mr. Fury stated \$162,000 has been billed for annual license rental fees.

Mr. Herman made a motion to approve the Treasurer's Report for the month of March 2010; Mr. Harvey seconded the motion; motion carried.

Legal Issues

Attorney Hurvitz stated that Attorney Schrack is working with Mr. Fury on three easement agreements. The action to quiet title is in limbo per the instruction of the Authority.

Events Calendar/Projects Map/Staff Report

Mr. Stover presented the events calendar for April and May, the projects map, and staff report.

Operator's Status Report and Business Forecast

Mr. Robey referred to the Operator's Report included in the packet.

Mr. Shields reported there was a two car derailment in the Berwick Yard, but it did not affect service. As is standard practice, the derailment was reported to Mr. Stover.

Mr. Shields reported that the railroad company purchased a GP38 locomotive which is a higher horsepower locomotive. This locomotive is coming from the New York and Susquehanna Railroad and is a sister unit to the 2004 locomotive. Four new trucks have also been purchased.

Mr. Hunter made a correction to the marketing report. Under LVRR it should be the "second" Fisher Mining outbound unit coal train for 2010 was loaded recently in Newberry Yard.

Mr. Walls asked what the monthly carload number is for the Marcellus shale gas. Mr. Hunter responded over 1,000 cars for the first quarter.

Mr. Shields reported that the JVRR and LVRR had record carload counts for the month of March.

OLD BUSINESS

Selection of Railroad Financial Consultant

Mr. Stover reported that three responses to the Request for Proposal for special consulting services were received – Dan Mazur, Zeta-Tech, and Brad Knapp. Staff recommends negotiating a consulting contract with Mr. Dan Mazur.

Mr. Reitz made a motion for the full board to authorize the Executive Director to negotiate a consulting contract with Mr. Dan Mazur to provide railroad financial consulting as it relates to the operator's change of control or other matters as directed by the JRA Board of Directors; Mr. Hawbaker seconded the motion; motion carried.

Halliburton Site Agreement and MOU (LVRR Montgomery)

Mr. Stover reported there is nothing to report at this time related to the agreement. The southeastern edge of the property has some flood issues so Mr. Jannotti has been asked to shift the siding a little further to the northwest away from the edge of the property.

Mr. Walls expressed his concern with the timetable as this project was to be under construction this spring and wanted to know if it would be a problem.

Bid Ratification for Sale

Mr. Stover reported that five bids were received for the sale of JRA's 2006 Impala. One bid was received for the purchase of a low-mileage 2009 Taurus from Lake Ford Lincoln Mercury in the amount of \$19,988.

Staff recommends the full board to ratify the bid to sell the 2006 Impala for \$3,800 and purchase the 2009 Ford Taurus from Lake Ford in the amount of \$19,988.

Mr. Spsychalski made a motion for the full board to ratify bids to sell the 2006 Impala to high bidder for \$3,800 and purchase the 2009 Ford Taurus for \$19,988 from Lake Ford in Lewistown, PA; Mr. Kramer seconded the motion; motion carried.

NEW BUSINESS

West Shore Railroad and Other Union County Lines

Mr. Stover reported that Commissioner John Showers convened a meeting on March 31 to discuss the future of the railroads in Union County. Informal discussions amongst the JRA and its staff have been conducted with an apparent consensus that the JRA should offer to buy the holding of the West Shore Railroad. This offer would include their 4-mile long railroad. Mr. Stover also stated that contact was made with Senator Yaw for inclusion of costs to restore rail service to the Great Stream Commons and for the project inclusion as a line item in the 2010 PA Capital Budget.

Mr. Herman made a motion that the full board authorize the Executive Director to send the West Shore Railroad Corporation a letter offering to begin negotiations to buy their real estate assets; Mr. Spsychalski seconded the motion; motion carried.

Mr. Showers made a motion that the full board ratify approval of the action to support the PA Capital Budget item for the Great Stream Commons rail facilities; Mr. Sawicki seconded the motion; motion carried.

Mr. Robey asked Mr. Showers to invite the Union County Industrial Railroad to any future meetings of the Union County Railroads.

COMMITTEE REPORTS

Property Management Committee Report

Granville Township (JVRR) Storm Drain

Mr. Fury reported that Granville Township has approached staff regarding an easement at the West Park track near Marlette Homes for the construction of two (2) 36" concrete storm water drain pipes underneath the railroad. All engineering data has been received and complies with JRA specifications. Granville Township is going to decide if they want to do an annual license at a cost of \$500 or a permanent easement at a cost of \$12,500.

Mr. Henry made a motion that the board approve the agreement for Granville Township contingent upon their decision of which option is chosen and execution by the Chairman and Secretary; Mr. Harvey seconded the motion; motion carried.

Richard J. Durdach (SVRR) Utilities and Private Crossing

Mr. Fury reported that Richard J. Durdach in Paxinos is constructing a new facility on the eastern side of the Sealed Air spur track and has requested an easement for a 30' wide roadway as well as a 2" water main and a 2" sewer line. Easement cost is \$31,250.

Mr. Spsychalski made a motion that the full board approve the easement agreement for Richard J. Durdach in the amount of \$31,250 and execution by the Chairman and Secretary; Mr. Shaffer seconded the motion; motion carried.

Newberry Engine House (LVRR)

Mr. Fury reported on the upgrade of the electrical service at the Newberry Engine House. He stated that the electrical service would be upgraded to a three phase power as well as to improvement made to the lighting within the engine house. Staff is awaiting the operator's decision regarding the lighting upgrade and if it wishes to pay the additional \$9,000 for all new fixtures. With all new lighting units, power consumption is estimated to drop by 50%. Cost difference will be recovered by the operator in approximately 5 years.

Williamsport Trail Parking (LVRR)

Mr. Fury stated that when the new trail was constructed along the dike in Williamsport, parking was not fully taken into consideration. As a result, the entrances at Commerce Park Drive and Hepburn Street have become parking areas for the public. Lycoming County has put out to bid a package to fence off the Commerce Street Park area. There is also a need to discuss with Lycoming County leasing a portion of the right-of-way at Hepburn Street to accommodate parking. This issue will be taken back to the Property Management Committee once further discussions are held with Lycoming County.

Capital Budget Committee Report

Mr. Shaffer reported that the Capital Budget Committee met on March 26, 2010 to discuss the 2010 JRA Capital Budget. Mr. Shaffer stated the committee has listed projects and given them priorities. Board members were encouraged to attend a committee meeting if there are any projects in their county that are appropriate for an expenditure of Rail Authority money or appropriate to go to the state for the capital budget process.

Mr. Stover reviewed the 2010 JRA Capital Budget with board members as well as the Guidelines for Asset Upgrades.

Mr. Walls complimented the committee and staff on the capital budget report that was prepared.

Mr. Herman made a motion that the full board adopt the April 2010 JRA Capital Budget; Mr. Reitz seconded the motion; motion carried.

Mr. Jenkins made a motion that the full board adopt the revised "Guidelines for Asset Upgrades"; Mr. Herman seconded the motion; motion carried.

Operating Agreement Committee Report

Mr. Krentzman reported that the committee met on April 14, 2010, and voted to retain a financial expert for the purpose of evaluating change of control issues.

PennDOT RFAP/TAP Open House

Mr. Stover reported that SEDA-COG is a venue for a public open house on Thursday sponsored by the PennDOT Bureau of Rail Freight. This will be held from 1:30 p.m. – 8 p.m. They are looking for comments by railroads or customers about the Rail Freight Assistance Program (RFAP) and/or the Transportation Assistance Program (TAP). Mr. Stover provided board members with a handout of comments on the RFAP and TAP.

Staff made the following recommendations:

- That the new administration taking office in 2011 recognize the impact and importance of the RFAP and TAP programs.
- That the programs be retained at current levels of funding despite difficult budget times.
- That PennDOT offer two windows of funding requests annually rather than once per year.

Mr. Spychalski made a motion that the full board support the comments of the Executive Director on the RFAP and TAP programs; Mr. Krentzman seconded the motion; motion carried.

Mr. Shaffer stated he has two items of a legal nature that he would like to request be discussed in an Executive Session. Mr. Walls asked that Mr. Shaffer confer in private with Attorney Hurvitz regarding this. Attorney Hurvitz stated that Mr. Shaffer has raised an issue which could have some question with respect to a specific potential litigation matter and stated it was a matter appropriate for Executive Session.

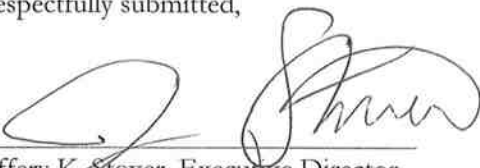
Mr. Walls called for an Executive Session at 1:58 p.m.

The regular meeting reconvened at 2:05 p.m.

ADJOURNMENT

Mr. Walls adjourned the meeting at 2:06 p.m.

Respectfully submitted,



Jeffery K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on May 12, 2010.



Secretary/Assistant Secretary