



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, APRIL 8, 2009
SEDA-COG, LEWISBURG, PENNSYLVANIA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre

Clinton

Columbia

Lycoming

Mifflin

Montour

Northumberland

Union

**SEDA-COG JOINT
RAIL AUTHORITY**

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AUTHORITY MEMBERS PRESENT

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
Mike Redin, Centre County
Dennis Reitz, Northumberland County
John Showers, Union County
Dennis Shaffer, Union County
Jim Spendiff, Mifflin County
Jerry Walls, Lycoming County

GUESTS PRESENT

Rick Barnes, Hepco Construction
Al Bubb, NRHS
Larry Eckstine, Hepco Construction
Lawrence Huber, Larson Design Group
Jim King, Hepco Construction
Mark Murawski, Lycoming County
Russ Nicodemus, Railroad Operating Companies
Jeff Pontius, Railroad Operating Companies
Dick Robey, Railroad Operating Companies
Mimi Robey, Rail Operating Companies
Gary Shields, Railroad Operating Companies
Steve Thaler, Larson Design Group

STAFF PRESENT

Steve Hurvitz, Esq., McQuaide Blasko
Kay Aikey
George Fury
Steve Kusheloff
Jeff Stover

ADMINISTRATIVE ITEMS

Call to Order

Mr. Walls called the meeting to order at 12:30 p.m.

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.



Affiliated with
SEDA Council of Governments

Approval of the March 20, 2009, Special Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the March 20, 2009, special meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Hawbaker seconded the motion; motion carried

Mr. Robey asked that the minutes be corrected to reflect that he was present at the March 20, 2009 special meeting and did not participate via speaker phone.

Mr. Henry made to motion to accept the correction to the March 20, 2009, special meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Hawbaker seconded the motion; motion carried.

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of March 2009.

Mr. Herman made a motion to approve the Treasurer's Report for the month of March 2009; Mr. Kramer seconded the motion; motion carried.

Mr. Stover stated the Authority is in the process of obtaining a loan from Jersey Shore State Bank and the bank requires signature cards by the Chair, Vice-Chair, Treasurer, and Assistant Treasurer.

Mr. Reitz made a motion that the Board authorize the Chairman, Vice-Chair, Treasurer, and Assistant Treasurer to sign all documents needed for the Authority to open the new account with Jersey Shore State Bank; Mr. Spendiff seconded the motion; motion carried with Mr. Hawbaker abstaining.

Mr. Stover stated that even though the Authority has been receiving a grant reimbursement from PennDOT through electronic means through direct deposit, a resolution needs to be passed authorizing signature of the documents to set up payments by the Commonwealth directly to the Authority's bank.

Mr. Jenkins made a motion for the board to pass a resolution authorizing signature of the documents to set up payments by the Commonwealth directly to the Authority's bank, the Jersey Shore State Bank; Mr. Herman seconded the motion; motion carried with Mr. Hawbaker abstaining.

For informational purposes only, Mr. Stover reported that the Pennsylvania Infrastructure Bank loan was approved by the Commonwealth in the amount of \$700,000.

Operating Agreement Committee Report

Mr. Spendiff reported that the Operating Agreement Committee has two items to be discussed – the Operator's Annual Report and Operator's Change of Control.

Mr. Spendiff suggested that the Operating Agreement Committee will develop a list of questions for the operator and his auditor and schedule a meeting with the auditor and operator prior to the May 2009 meeting. In anticipation of that, the committee reminded the operator that there were certain schedules provided with the previous year's report that are to be provided with future reports.

- Combining statements of cash flows for the JRA railroad.
- Management Discussion and Analysis of the financial results for 2008.
- Supplemental schedule of "General and Administrative Expenses" detailing any expense line item of \$100,000 or more.

- Supplemental schedule of "Other Revenues" detailing any revenue line item of \$100,000 or more.
- Supplemental schedule describing the flow of cash between the JRA railroads.

Mr. Spendiff stated all of this information was provided in the minutes of the October 8, 2008 meeting of the Operating Agreement Committee.

Mr. Robey will contact his auditor for his availability for this meeting.

At this time, Mr. Walls recessed the regular meeting and members entered into executive session at 12:47 p.m. for the purpose of discussing the operator's proposed change of control.

The regular meeting reconvened at 1:34 p.m.

An Operating Agreement Committee meeting has been set for Wednesday, May 13, 2009 at 11:00 a.m. to discuss the proposed operator's change of control.

Legal Issues

Attorney Hurvitz stated there are no legal issues to report at this time other than moving along towards a closing with Jersey Shore State Bank on the loan to the Authority.

Events Calendar/Projects Map/Staff Report

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

Orientation for new board members will be held April 20, 2009 at SEDA-COG.

The Rail Freight Seminar will be held May 13-15, 2009 in Harrisburg. Board members interested in attending should let Ms. Aikey know.

Mr. Stover stated that letters were sent to the Congressional delegation regarding the short line tax credit. A draft letter for county commissioners to use has been prepared to support the extension of, and modifications to, the proposed legislation increasing the tax credit to \$4,500 per mile.

Mr. Walls requested that the letter provided to each county be submitted to the Authority board members from that county.

Operator's Status Report and Business Forecast

Mr. Robey referred to the Operator's Report included in the packet and presented a business forecast.

PROPERTY MANAGEMENT COMMITTEE

Mr. Kramer stated the Property Management Committee met and there are two items requiring action from the full board.

Berwick Area Joint Sewer Authority (NSHR)

Mr. Fury reported the Berwick Area Joint Sewer Authority has requested a permanent easement for construction of a new storm water sewer line parallel to the Hill track in Berwick. The utility is within the public right-of-way and therefore there are no fees associated with this other than the application preparation fee.

Mr. Kramer made a motion for the full board to accept the request for an easement for Berwick Area Joint Sewer Authority; Mr. Herman seconded the motion; motion carried.

PennDOT Agreement (SVRR)

Mr. Fury reported that this is a pass through agreement for payment to the railroad for flagging services while PennDOT paves up to the rails where Bottle Drive (SR 4012) crosses the Shamokin Valley Railroad.

Mr. Kramer made a motion for the full board to approve the "pass through" agreement for flagging services with PennDOT; Mr. Reitz seconded the motion; motion carried.

Rent Schedule Fee Adjustments

This item is being deferred to the May 13, 2009 meeting.

OLD BUSINESS

Newberry South Bulk Transfer Facility (LVRR)

Mr. Stover stated Hepco Construction is the contactor the Authority has entered into an agreement with for both the building and site development work. A pre-construction conference is set for Friday, April 12 at 2:00 p.m.

Hepco's Construction Project Schedule was provided to board members.

Larson Design Group (LDG) highlighted what its staff will provide for periodic inspections.

Mr. Thaler, from LDG, stated the contractor is required to file a stipulation against liens before work begins on the project. A question was raised as to whether it should just list the address or a deed description. Attorney Hurvitz stated he will have Attorney Schrack take care of this.

Mr. Stover stated the Newberry Yard is not defined as a separate deed; the address was the place of business for Lycoming Valley Railroad.

Mr. Walls stated that under Lycoming County's addressing program any new construction will get an address that is a point specific address where the building will be located. The Lycoming County Department of Public Safety needs to be contacted in order to get an address assigned.

Newberry South Trackwork Phase 2 (LVRR)

Mr. Stover stated that because the bids for Phase I were so low there are funds available to do the rest of the work, which should cost around \$640,000. Staff was not able to get the appropriate legal notice advertised with the number of days to the pre-bid and to have the bids due, so a bid opening has been scheduled for April 17, 2009. Staff would like to proceed on this provided concurrence is received from Mr. Jannotti and

Attorney Hurvitz to allow the Chairman to sign a Notice of Award. This will then be brought back for ratification at the May 13, 2009 JRA meeting.

Attorney Hurvitz questioned the reason for doing it before the bids are in. He suggested waiting until the bids are in and then a recommendation can be made to the Authority for board approval. Attorney Hurvitz further stated the Authority cannot delegate its authority to approve a contract to another party.

Based on Attorney Hurvitz's opinion, no action was taken. It will be on the agenda for the May 13, 2009 meeting.

DCED Grant for Kennedy-King Site and Newberry North Areas (LVRR)

Mr. Stover reported that a grant agreement from DCED in the amount of \$1 million has been received. There is no local share for this work.

Mr. Stover stated that the JRA and the City of Williamsport need to execute a Memorandum of Understanding for this project. This needs to be a precursor to a sub-grant of \$250,000. The City will be doing the demolition of the former Kennedy-King apartment houses.

Mr. Herman made a motion for the full board to authorize the Chairman and Secretary to execute the DCED Community Revitalization Grant Agreement in the amount of \$1 million; Mr. Reitz seconded the motion; motion carried.

Mr. Henry made a motion for the full board to authorize the Chairman and Secretary to execute a contract with Larson Design Group in the amount of \$11,200 for roadway and site design; Mr. Hawbaker seconded the motion; motion carried.

Mr. Jenkins made a motion to indicate the intent of the Joint Rail Authority to enter into a sub-grant agreement in the amount of \$250,000 with the City of Williamsport for the demolition and other site improvements and utilities; Mr. Showers seconded the motion; motion carried.

NEW BUSINESS

Upper Coleville Road Grade Crossing

Mr. Stover stated the bids for the Upper Coleville Road Project were received on April 7, 2009.

Mr. Fury stated the lowest bidder was Armond Cassil Railroad Construction. This project is designed to address drainage issues affecting the engine house and track, upgrade this portion of the Shop Track, remove the dead track from the roadway, relocate and rebuild existing crossing, and install a flasher warning system.

Mr. Redin made a motion to award this project to Armond Cassil for the bid amount of \$152,336.00; Mr. Spendiff seconded the motion; motion carried.

Public Forum

Ms. Robey asked if board orientation includes going to any of the facilities. Mr. Stover stated this would be a good idea and a way to get the new board members to a certain level of knowledge.

Mr. Fury reported by way of Mr. Hunter's efforts and the railroad's efforts, there is a string of frac sand cars being brought into the Avis Yard.

ADJOURNMENT

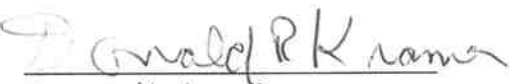
Mr. Walls adjourned the meeting at 2:20 p.m.

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 13, 2009.



Secretary/Assistant Secretary