



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, AUGUST 13, 2008
SEDA-COG
LEWISBURG, PENNSYLVANIA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

- Centre
- Clinton
- Columbia
- Lycoming
- Mifflin
- Montour
- Northumberland
- Union

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
- Frank Sawicki, Northumberland County
- Dennis Shaffer, Union County
- John Showers, Union County
- Jim Spendiff, Mifflin County
- Jerry Walls, Lycoming County
- Bud Webb, Clinton County

GUESTS PRESENT

- Al Bubb, NRHS
- Steve Hurvitz, Esq., McQuaide Blasko
- Jeff Pontius, Railroad Operating Companies
- Denise Pyers, PennDOT Bureau of Rail Freight
- Dick Robey, Railroad Operating Companies
- Gary Shields, Railroad Operating Companies

STAFF PRESENT

- George Fury
- Steve Kusheloff
- Jamie Shrawder

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.

Approval of the July 9, 2008 Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the July 9, 2008 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Spendiff seconded the motion; motion carried.

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

Treasurer's Report

Mr. Webb reviewed the Treasurer's Report for the month of July 2008.

Mr. Herman made a motion to approve the Treasurer's Report for the month of July 2008; Mr. Reitz seconded the motion; motion carried.

July 1, 2006 – December 31, 2007 JRA Audit

Mr. Jones has asked for an amendment to the engagement letter for \$1,500 in additional costs due to the need for a Single Audit required because of the federal funds received for the CMAQ project.

Mr. Spendiff made a motion to approve the amended audit fee; Mr. Hawbaker seconded the motion; motion carried.

Operating Agreement Committee Report

The operator's annual report is due three months after the end of the year, but new accounting procedures have delayed the 2007 report, and the operator has asked for a delay to deliver the annual report. The committee agreed provided it is completed by the end of August. The operator will also deliver the first and second quarterly reports at that time. Staff will distribute the information to the Operating Agreement Committee as soon as it is received so the committee can have a recommendation ready for the next meeting. Ms. Shrawder will ask Mr. Stover to make arrangements to have the JRA auditor available for the Operating Agreement Committee meeting.

Mr. Spendiff made a motion to allow the one-time variance for the annual report to be delivered by August 31; Mr. Kramer seconded the motion; motion carried. Mr. Shaffer voted against the motion.

Mr. Robey asked if the board would prefer the railroads be sold under the holding company or as individual railroads. Attorney Hurvitz stated the holding company is not party to the Operating Agreement. Mr. Spendiff answered it is up to the operator and buyer.

Legal Issues

Attorney Hurvitz distributed the revised draft of the tax sale agreement letter and reviewed the changes made by Attorney Wilson. He recommends accepting this draft and going forward to address this issue.

Mr. Hawbaker made a motion to approve the revised confidentiality agreement and thus allow Attorney O'Brien and Attorney Hurvitz to review the instrument that governed the sale of the tax credits; Mr. Redin seconded the motion.

Mr. Shaffer expressed his concern over agreeing to confidentiality when we do not know what is in the agreement. Attorney Hurvitz replied that this draft provides that, only to the extent permitted by applicable law, we can maintain it in confidence. The Rail Authority must provide copies of the confidentiality agreement if subpoenaed to do so by the courts. The clients are not a public entity and the tax credit sale agreement they signed has restrictions on disclosure to third parties. There is no liability for individual board members.

Motion carried. Messrs. Reitz, Shaffer and Herman voted against the motion.

Mr. Shaffer asked what would happen if this information became public. Mr. Shaffer is concerned that board members will not be allowed to discuss things they may feel are wrong because it is confidential. Attorney Hurvitz replied if private information is disclosed to the public it is potentially actionable, but he feels there is nothing that could be disclosed that is truly confidential. All actions have been taken in public. No actions have been taken in private session.

Mr. Walls asked Attorney Hurvitz if we need a motion to authorize him to sign the form to allow the JRA to receive electronic payments from the Commonwealth. Attorney Hurvitz suggested getting a resolution for this.

Mr. Herman made a motion to authorize the chairman to sign the Electronic Payment for the Commonwealth enrollment form; Mr. Spendiff seconded the motion; motion carried.

Events Calendar/Project Map/Staff Report

Mr. Fury presented the events calendar for August, September and October, the projects map, and the staff report. He added there is a meeting on August 25 with Penn Terra Engineering to discuss the First Quality Enterprises project and August 26 there is a pre-bid meeting for the Anthracite Road crossing.

The board discussed emailing vs. regular mailing of the JRA packet. Proprietary information would have to be avoided in email. The board members should tell Ms. Shrawder how they prefer to receive their packets.

Operator's Status Report

Mr. Robey, Mr. Shields, and Mr. Pontius reviewed the Operator's Report included in the packet.

PROPERTY MANAGEMENT COMMITTEE

Williamsport Sanitary Authority Easement

The Williamsport Sanitary Authority has applied for an 850' longitudinal easement on the north side of the Williamsport Industrial Track, 35' from center line. Cost of the easement is \$9,100. All plans have been reviewed and approved by staff and Mr. Jannotti.

Mr. Redin made a motion to approve the easement for the Williamsport Sanitary Authority in the amount of \$9,100; Mr. Hawbaker seconded the motion; motion carried.

Barriers for Decker Encroachment

Decker's junk yard has been an issue for years. A Notice of Ejectment was issued against them back in the late 1990s. The committee decided to ask the board to authorize Attorney Hurvitz to contact the court and take a hard line approach on this issue. The JRA is seeking to have the court order enforced and the cost of cleanup and barrier installation borne by Decker.

Mr. Redin made a motion to authorize Attorney Hurvitz to contact the court to seek enforcement of the notice of ejectment including clean-up costs and installation of a permanent barrier; Mr. Webb seconded the motion; motion carried. Mr. Krentzman abstained from the vote.

OLD BUSINESS

25th Anniversary Gifts

The train excursions for the 25th Anniversary will be October 9 on NSHR and October 23 on NBER. The commemorative blocks will be sponsored by Jeff Pontius, Jannotti Rail Consulting, G.O. Hawbaker, and McQuaide Blasko Law Offices. The JRA will pay for the catering and the cost of the train. Mr. Bubb stated staff has the final version of his history.

Rejection of NBER Retaining Walls Bid

Mr. Fury stated only one bid was received for reconstructing the Tyrone retaining wall and the Bellefonte Mill Race wall. Claar Construction submitted a bid for \$148,142, which is excessive. Mr. Conrad is going to look for a lower cost alternative for this project.

Mr. Herman made a motion to reject the bid from Claar Construction; Mr. Reitz seconded the motion; motion carried.

NEW BUSINESS

PennDOT Rail Freight Report

Ms. Pyers spoke about the RFAP (\$11 million) and Capital Budget (\$30 million) grant programs. Funding for these programs has tripled over the last five years. Seventy-seven (77) applications, for a total of \$31 million, were received for the FY09 RFAP program this past July. The Capital Budget application period is open in August. Three companies in the SEDA-COG region applied for RFAPs. The Bureau will review the applications and grade them. Project presentations will be given in Harrisburg during September and October, with both programs ready for the State Transportation Commission meeting and the Governor's approval in December. Revamping the schedule for project submissions and awards was designed to give contractors two construction seasons to complete projects. Inflationary costs have adversely impacted projects and are considered a great challenge for future funding.

Capital Switch Material for JVRR and NBER

Mr. Fury referred to the bid results for the switch materials. The Atlantic Track & Turnout bid had to be rejected because it quoted remanufactured material. The materials will be divided between Unitrac and Railroad Constructors. Cost exceeds the approved \$20,000 by \$3,950.

Mr. Kramer made a motion to approve the additional \$3,950 to fully fund the Capital Switch Materials project and award to Unitrac for \$5,200 and Railroad Constructors for \$18,750; Mr. Harvey seconded the motion; motion carried.

JVRR Burnham/Maitland Connection

Staff is seeking authorization to submit an application for funding for a feasibility study with state supplemental funds and for the JRA to pay the local share up to \$20,000.

Mr. Herman made a motion to authorize staff to submit an application for funding for a feasibility study for the Maitland-Burnham track connection project and the JRA to pay the local share up to \$20,000; Mr. Spendiff seconded the motion; motion carried.

Moran Logistics RFAP – City of Williamsport Lease

The City of Williamsport will need to lease the land where the new Moran (Kennedy-King site) siding will be built. In order to meet the RFAP guidelines the grantee must control the property where the rail facility is located. The lease will be for five years as required by the state.

Mr. Shaffer made a motion to pass a resolution showing the willingness of the JRA to lease for \$1 per year the land necessary for a new siding for Moran Logistics; Mr. Harvey seconded the motion; motion carried.

JRA RFAP Authorization for Bridge Rehab

The JRA submitted the RFAP application for three bridges on the LVRR and NSHR. Staff consulted with Capital Budget Committee Chairman Shaffer prior to submitting the application.

Mr. Spendiff made a motion to pass a resolution ratifying RFAP application for the LVRR and NSHR bridges; Mr. Showers seconded the motion; motion carried.

JRA RFAP Bid Award for Runaround

Mr. Fury referred to the bid results distributed at the meeting. The low bidder was K.W. Reese at \$178,374.95. Three bids had to be rejected because they were mailed to SEDA-COG rather than to Paul Jannotti. We may be able to purchase rail for this project rather than use our stock because the Reese bid was lower than the estimate for this project. Mr. Jannotti is going to check with Reese to be sure the bid price is correct.

Mr. Shaffer made a motion to award the bid to the lowest responsible bidder, K.W. Reese, based on Mr. Jannotti's approval; Mr. Harvey seconded the motion; motion carried.

Mr. Walls asked Attorney Hurvitz if it is appropriate to have bids sent to Mr. Jannotti. Attorney Hurvitz stated it would make more sense to have bids come to Authority staff.

Mr. Krentzman made a motion stating bids must be submitted to the SEDA-COG JRA office; Mr. Reitz seconded the motion; motion carried.

JRA Capital Budget Bid Award for First Quality

The pre-bid meeting was held on July 30th with 14 contractors. There is a meeting with the engineer on August 25th to further discuss the project. Bids will be in after today's meeting and staff is seeking approval to award to the lowest responsible bidder upon approval of Jannotti and the Bureau of Rail Freight and as long as the bid is below the budgeted amount. Mr. Walls stated this would then have to be ratified at the next board meeting. The urgency is based on the timing of the project. This item was tabled until the September meeting because the bids may not be received before the September meeting.

Public Forum

Mr. Bubb thanked the board for the Get Well card.

ADJOURNMENT

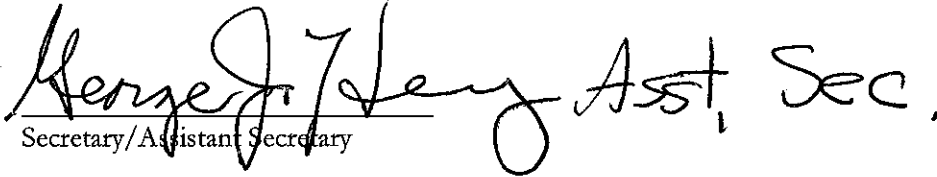
Mr. Walls adjourned the meeting at 2:40 p.m.

Respectfully submitted,



Jeffrey K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on September 10, 2008.



Secretary/Assistant Secretary