



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, DECEMBER 12, 2007
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**

201 Furnace Rd
Lewisburg
PA 17837

(570) 524-4491
fax 524-9190

jra@seda-cog.org
<http://jra.seda-cog.org>

AUTHORITY MEMBERS PRESENT

Barry Ashenfelder, Montour County
Mike Hawbaker, Centre County
Bud Henry, Columbia County
Tom Herman, Montour County
Dave Hoopengardner, Northumberland County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Mike Redin, Centre County
Dennis Reitz, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
Jim Spendiff, Mifflin County
Jerry Walls, Lycoming County
Bud Webb, Clinton County

GUESTS PRESENT

Allen Bubb, NRHS
Steve Hurvitz, Esq., McQuaide Blasko
Paul Jannotti, Jannotti Rail Consulting
Richard Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies
Karen Schwone, Jannotti Rail Consulting

STAFF PRESENT

Steve Kusheloff
Denise Pyers
Jamie Shrawder
Jeff Stover

ADMINISTRATIVE ITEMS

Call to Order

Mr. Walls called the meeting to order at 12:40 p.m.

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

Approval of the November 14, 2007 Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the November 14, 2007 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Webb seconded the motion; motion carried.



Affiliated with
SEDA Council of Governments

Treasurer's Report

Mr. Ashenfelder reviewed the Treasurer's Report for the month of November 2007.

Mr. Kramer made a motion to approve the Treasurer's Report for the month of November 2007; Mr. Hawbaker seconded the motion; motion carried.

Short Line Tax Credit Policy

The board entered into executive session to discuss legal issues at 12:43 p.m. Regular session resumed at 1:34 p.m.

Mr. Walls stated there are still questions that need to be answered so we are not in a position to take action on the JRA Short Line Tax Credit Policy and it will be tabled. The board may need to have a special meeting before the end of the year.

Approval of Operator's Auditor

Mr. Stover referred to the letter from the operator's accountant, Jim Bowers, C.P.A included in the packet and an email from John Jones, C.P.A. regarding Bowers as the operator's auditor. He recommended the board not approve Bowers not based on his qualifications, but because he was intricately involved with the operator's financial structure in 2006-2007.

Mr. Hawbaker made a motion to approve Jim Bowers, C.P.A. as the operator's auditor; Mr. Spendiff seconded the motion;

Mr. Walls stated that Mr. Robey needs to be aware that it has been asked whether the appearance of conflict of interest is problematic.

A roll call vote was taken; Mr. Walls, Mr. Spendiff, Mr. Redin, Mr. Ashenfelder, Mr. Webb, Mr. Kramer, and Mr. Hawbaker voted yes; Mr. Herman, Mr. Reitz, Mr. Henry, Mr. Hoopengardner, Mr. Krentzman, Mr. Showers, and Mr. Shaffer voted no; motion died for failure to reach a majority.

Legal Issues

Attorney Hurvitz stated there are no pending legal issues.

Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for November and December, the project map, and the staff report.

Operator's Status Report

Mr. Robey stated he feels he will have difficulty finding another auditor that can do the independent audit. He then referred to the Operator's Report included in the packet. Mr. Spendiff asked if current liability includes all intercompany accounts. Mr. Robey responded this includes other accounts as well. Mr. Spendiff asked how much of this liability is intercompany. He also asked for the primary reason for the increase in operating margins. Mr. Robey stated it is due to the traffic mix, less low revenue and more high revenue (stone vs. chemicals), and a general level of revenue rate increase by the railroads related to increased fuel costs. Mr. Spendiff asked about the negative treasury stock. Mr. Robey replied he had a stock holder from which he bought back the stock in the second year of operations.

PROPERTY MANAGEMENT COMMITTEE

Private Crossing for Miller (NSHR – Catawissa area)

Ms. Pyers explained this is a small farm crossing that is registered in the FRA database. The owner is planning to sell the land, and her attorney could not find the legal ingress and egress. The JRA should get this crossing under agreement as the legal ingress and egress. She did make the current owners aware that if a new owner wants to change the use of the crossing, they would have to come back to the Authority for approval.

Mr. Redin made a motion to approve the private crossing for Ms. Miller; Mr. Kramer seconded the motion; motion carried.

Land Sale Policy

Mr. Redin stated the PMC has discussed the sale of JRA property to private individuals and recommends we establish a procedure in writing to make the local municipalities, counties, and public authorities aware of the intent to make such a sale. The policy reads "Prior to entertaining the sale of land to interested parties, the JRA, when practical and feasible, will make the local municipalities, counties, or public authorities aware of the potential sale, however first taking into consideration rail customer or rail business opportunities."

Mr. Redin made a motion to approve the land sale procedure; Mr. Webb seconded the motion; motion carried.

Mr. Redin stated the PMC has also discussed the sale of land for less than appraised value, concentrating on what would happen if we sold land for \$1 and the buyer turns around and sells it for more. The PMC is working on a procedure for this, taking into consideration the intended land use, the fair market appraisal, and each instance will be looked at on a case-by-case basis.

Old Lycoming Township (LVRR)

Mr. Redin stated this is a right-of-way the township wants to purchase. However, we are also aware of a developer seeking to use a portion of this same property for commercial purposes.

Mr. Redin made a motion that the JRA enter into an agreement with Old Lycoming Township to convey the former Elmira Branch road bed to Old Lycoming Township for \$1.00 for the purpose of a trail with the understanding that the township will compensate the JRA 80% of the net proceeds in the event the property is sold or leased within 21 years with the understanding that our solicitor will work out language to cover other types of conveyance; Mr. Herman seconded the motion; motion carried.

Wire rope (LVRR – Williamsport)

Mr. Redin explained this item was tabled until we receive a concrete appraisal.

OLD BUSINESS

Bid Award for Track Take-Up, Scrap Sales and Scrapping of Covered Hopper and Sand Tower

Mr. Stover referred to the bid tallies distributed at the meeting. He stated the high bid for the scrap sale was Cresson Steel.

Mr. Herman made a motion to award the bid for the scrap sale to Cresson Steel; Mr. Hawbaker seconded the motion; motion carried.

Mr. Stover stated materials need to be relocated to Newberry from the JVRR at Burnham and remnant of the former NBER Beech Creek siding. K.W. Reese was the low bidder at \$52,444 minus the scrap credit. There will be a scrap credit for 80# rail removed from Burnham. Reese's scrap credit was \$115.00/ton; the actual total credit will be based on scale weights after the material is lifted.

Mr. Shaffer made a motion to award the rail take-up to K.W. Reese; Mr. Reitz seconded the motion; motion carried.

Mr. Stover stated we only received one bid from Kovalchick for the sand tower and covered hopper at Lewistown. The bidder estimated the scrap at 40 tons, amounting to \$7000, and their bid for the demolition was \$5900, leaving the JRA to the good. We do not know exactly what the scrap credit will be until the job is done. Kovalchick also gave an alternate bid that called for paying the JRA \$1000 in total. Mr. Stover recommended the first option.

Mr. Hawbaker made a motion to award the scrapping of the sand tower and covered hopper to Kovalchick; Mr. Hoopengardner seconded the motion; motion carried.

PPL LDL Track

Mr. Stover stated during Mr. Jannotti's track inspection of the NSHR he examined the 6.5 miles of track owned by PPL. PPL is waiting on a proposal from NSHR and the JRA relative to taking over the line. The track is not in particularly good condition; staff, the operator and Mr. Jannotti need to discuss what the proposal to PPL should include. Ms. Pyers stated she wants to be sure we get the valuation maps and agreements related to any lines we take over.

CCEP Mill Hall Industrial Track

Mr. Stover stated he and Mr. Hunter met with Avery Dennison. The NBER provided them with a letter outlining the great need for them to construct a hazmat car holding siding so that the railroad is not in violation of FRA regulations. There is no action required on this item at this time.

Bellefonte Mill Race Wall Bid Solicitation

Mr. Stover stated he did not receive this from John Conrad P.E., therefore no action is required at this time.

Nominating Committee

Mr. Walls asked Mr. Stover to write a letter to thank Mr. Schultz for his service to the board. Mr. Walls appointed Mr. Herman (Chairman), Mr. Shaffer, and Mr. Ashenfelder to the nominating committee for 2008 board officers.

2008 Meeting Schedule

Mr. Walls asked the board if they want to continue to meet on the second Wednesday of each month.

Mr. Kramer made a motion to approve the 2008 meeting schedule for the second Wednesday of each month; Mr. Herman seconded the motion; motion carried.

Mr. Walls asked the board members to notify Mr. Stover if anyone has interest in changing committee assignments.

ADJOURNMENT

Mr. Walls adjourned the meeting at 2:46 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 January 9, 2008.



Secretary/Assistant Secretary