



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, DECEMBER 14, 2011
SEDA-COG, LEWISBURG, PA
11:00 A.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre

Clinton

Columbia

Lycoming

Mifflin

Montour

Northumberland

Union

AUTHORITY MEMBERS PRESENT

Frank Dombroski, Montour County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Tom Herman, Montour County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
John Spsychalski, Centre County
Jerry Walls, Lycoming County

GUESTS PRESENT

Tom Avery, Railroad Operating Companies
Nate Blanchard, Railroad Operating Companies
Allen Bubb, NRHS
Tyler Glass, Reading & Northern Railroad
Jason Fink, Williamsport/Lycoming Chamber of Commerce
Todd Hunter, Railroad Operating Companies
Mark Murawski, Lycoming County Planning Commission
Michelle Oswald, Bucknell University
Don Purcell, Penn Valley Railroad LLC
Andrew Richards, Bellefonte Historical Railroad Society
Gary Shields, Railroad Operating Companies
Pete Simcox, Railroad Operating Companies
Robert Smith, Penn Valley Railroad LLC
Jeb Stotter, Railroad Operating Companies
David Thompson, Sun Gazette
Troy Truax, Delta Development Group
Diana Williams, Railroad Operating Companies

STAFF PRESENT

Tom Schrack, Esq., McQuaide Blasko Law Offices
Kay Aikey
George Fury
Steve Kusheloff
Jeff Stover
John Conrad, P.E., Railroad Bridge Engineer
Paul Jannotti, Jannotti Rail Consulting, Inc.

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

CALL TO ORDER

Call to Order

Chairman Walls called the meeting to order at 11:00 a.m.

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

No comments from the public.

Introduction of New Board Member

Chairman Walls stated that Centre County Commissioners have appointed Sam McCartney to replace Mr. Michael Hawbaker who resigned from the JRA Board. Mr. McCartney was unable to attend the meeting due to a medical procedure.

Approval of the November 9, 2011 Meeting Minutes

Mr. Herman made a motion to approve the November 9, 2011 meeting minutes; Mr. Gummo seconded the motion.

Dr. Spychalski stated he had a few minor corrections to the minutes. On page 7 of the minutes and page 14 of the board packet, third paragraph, second line, "Railroad" should be two words and should be corrected to read Strasburg Rail Road. The second correction is in the fourth paragraph from the bottom, the last line, the word "oversight" should be replaced by the word "outside".

Mr. Herman and Mr. Gummo accepted the corrections made; motion carried.

Appointment of Nominating Committee

Chairman Walls appointed Mr. Showers (Chair), Mr. Dombroski, Mr. Jenkins, and Mr. Postal to the Nominating Committee for 2012 Board Officers. They will present their slate of 2012 officers at the January 11, 2012 SEDA-COG Joint Rail Authority Board Meeting.

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of November 2011. Mr. Reitz also presented the summary of the passenger excursions accounting which was provided in the meeting packet. An updated accounting of the 2011 Passenger Excursions was provided as a handout at the meeting as some additional funds were received since the mailing.

Dr. Spychalski stated that following the last set of excursion runs he anticipates having a report that he will present at the January 2012 meeting that will be inclusive of what has been accomplished in the calendar year 2011 regarding passenger excursion activities.

He said that the various sponsor groups are engaged in a variety of different charitable activities. The money going to Penn Valley Railroad LLC helps in part to defray the costs of providing the passenger rolling stock. The intended plans for upgrading that rolling stock in the coming year well exceeds the amount of money received by Penn Valley Railroad so in effect the owners of Penn Valley Railroad are, in effect, also making a contribution above and beyond Penn Valley's share of the excursion proceeds.

Mr. Shields stated that the Operator has contributed between \$80,000 and \$100,000 during the year of actual costs which covers hourly costs, fuel, etc. so it is a significant contribution on the Operator's part for the community sponsors.

Dr. Spychalski stated there is a three party contract in place between the Authority, the freight operator and Penn Valley Railroad. Under that agreement the Operator is to provide the motive power and the crews to move the train, and locomotive costs include a variety of different components including fuel as well as other expenses.

Dr. Spychalski made a motion to approve the Treasurer's Report for the month of November 2011 and file for audit; Mr. Harvey seconded the motion; motion carried.

Legal Issues

Attorney Schrack stated that the Authority has been provided with a copy of a Notice of Exemption filed by PPL with the STB. The effect of the Notice is that it exempts the acquisition of the seven mile line of railroad being a portion of the former Bloomsburg Branch from certain requirements. The Notice of Exemption also notes that North Shore Railroad will be granted an easement over that particular line.

Attorney Schrack stated that James Wood and SelectTrim Corporation have asked the Authority to extend the existing lease for a portion of the building at the Reach Road property that the Authority had acquired. The portion of the premises is about 7500 square feet. The rent would go to \$2,500 per month and the extension would go until May 31, 2012. Under the past lease there was an option to allow for a new lease for a new year under the lease amendment; that option is being terminated. This lease is going to expire as of the end of May and then the parties would need to come back to the table if they wanted to do a further lease agreement.

Blair County Request

Attorney Schrack stated that on November 15, 2011, the Blair County Board of Commissioners passed a resolution seeking membership in the JRA. There is a process involved to be undertaken to formalize the joinder. Blair County has expressed its desire to join the Authority and the next step is for the Authority and the member counties all must consent in the joinder and certain paperwork needs to be filed with the PA Department of State. For consideration for the Authority is the adoption of a resolution to consent to the joinder of Blair County to become a member of the Authority and then to provide this matter to each of the member counties for their approval and signature on a document which will be provided to the PA Department of State with the application.

Mr. Herman asked if this has to be unanimous by the member counties to which Attorney Schrack responded yes.

Mr. Herman asked what the trackage is in Blair County to which Chairman Walls replied the JRA owns nine miles of track in Blair County to Tyrone. In Tyrone, the Authority is working to create a yard there on land already owned by the Authority.

Mr. Sawicki made a motion for the full Board to approve the Consent and Joinder Resolution approving Blair County as a new member of the Joint Rail Authority; Mr. Krentzman seconded the motion.

Mr. Reitz stated that before the Authority moves forward on this, there are some things to consider:

1. The Board is currently 16 members and if Blair County is allowed into the Authority, it will be 18 members. The size of the Board is getting cumbersome. This is a working group, everyone needs to ask questions and be fully up to speed before they vote on issues. Eighteen is a large working group on a monthly basis.
2. Aside from a few miles of track and some customers, what does Blair County bring to the Authority? Is it in the Authority's best interests to allow Blair County into the Authority?
3. The Authority, relative to the 2010 Audit, is now an enterprise slightly more than \$40 Million; there are eight counties as members. If there are nine counties as members, the Authority is diluting the counties' interests in the Authority by a little over one half a million dollars and is this in the best interests of the Authority and/or the counties?

Mr. Sawicki responded that one of the questions he asked himself is that when the Authority goes to Blair County and develop a yard for Tyrone, which historically has been a major shipping yard, will the Authority be then able to make this entity grow and the answer is yes. He further stated that he wants to see a growth in the rail business because he is interested in preserving jobs and developing jobs not only for Northumberland County, but within a 60 mile radius.

Mr. Hunter stated there has been growth in Tyrone and the Altoona Blair County Development (ABCD) Corporation has developed an industrial park surrounding the Smith Transport Warehouse which has since been sold to various Smith companies. They are investigating expanding that plus there is additional property that they are acquiring in the Tyrone area. Blair County feels that due to the proximity of I-99 and the rail service there is a lot of opportunity at Tyrone. Blair County has a challenge of good industrial rail served property and there are opportunities there.

Mr. Stover stated on a quantitative measure he did a calculation of the customers in Blair County and the total aggregate of Northumberland County traffic and Blair County traffic, Blair County is ahead of Northumberland. Blair County has had 376 cars so far this year.

Chairman Walls stated the bigger business potential has to do with Blair County's position relative to the transportation network as it relates to natural gas development.

Mr. Hunter stated that along the valley is the Allegheny Ridge which is the back side of Blair County and the development of Marcellus Shale is moving between the hot spots of southwest PA and north central PA. Three wells have been drilled in Blair County so far and there is an interest in both Cambria and Clearfield counties which border Blair County not far from Tyrone.

Mr. Shaffer stated it appears that the development is not predicated on whether Blair County is in the Authority or not and that Mr. Reitz' point is a good point. Bringing in another county would mean a 18 member board and it dissipates the influence of the eight counties represented today. It also dissipates the ownership interest of those eight counties. He stated he doesn't see any advantage to the existing eight counties or to the Rail Authority by expanding it. He stated he thinks the Authority should stick with the eight counties they already have.

Mr. Postal stated from a regional perspective this makes a lot of sense; from an individual county perspective is not going to be the way he would vote as that would be up to the commissioners. He stated he is looking at the future opportunities. The decision he is going to make is on the public interest.

Mr. Krentzman stated he agrees with Mr. Postal but he is not sure the Authority will be diluting the interest. Instead of looking at it as there will be more pieces, focusing on making the pie itself bigger is what this is about and looking at Blair County and where there is an opportunity for growth. He looks at this as an investment for the future. He has been frustrated with the failure of Boards to not act and think regionally. Instead of bickering over the size of the enterprise or the piece of the pie, looking at making that pie bigger in a responsible way in an area where there is growth he is voting to add Blair County to the JRA.

Mr. Park stated it would greatly affect Blair County and their growth. If someone wants to do something in Blair County, do they look at Blair County by itself or do they look at Blair County who is now part of the JRA with its history, its track record and what it has been able to accomplish. It would make it more attractive for someone to come into Blair County that way than for Blair County to stand by itself.

Chairman Walls stated that from a comprehensive planning point of view and planning for a regional network of public infrastructure, they are part of a system that is already in place and the projects the JRA has already planned lie within their jurisdiction. This is a matter of fairness that Blair County has a right to also be represented on the JRA to be able to convey to the Board their plans, their future goals, what actions they are taking, and in the reverse that what the JRA plans then more effectively get communicated back to the Blair County Commissioners and the ABCD Corporation and the other players in that county so they can take into account what the Authority might be able to do that would help facilitate them undertaking their projects to do additional industrial development and other forms of economic development.

Mr. Showers spoke in favor of the motion and bringing Blair County in as one of the smaller counties of the existing JRA. He also stated that Union County has been served well by the JRA and the regional approach.

Dr. Spychalski asked if anyone is aware of any response that might have been expressed to the Blair County Commissioners by the representatives of the Everett Railroad. The Everett Railroad could be a competitor for a shipper location decision with the NBER. The Everett Railroad has a presence in Blair County.

Mr. Hunter responded that he is close to the Everett Railroad and had some discussions with Alan Maples, the owner of the Everett Railroad. Mr. Maples does not feel that this would impact him in any way.

Chairman Walls stated that ABCD Corporation indicated that they had spoken to Mr. Maples of Everett Railroad.

Chairman Walls referred to the resolution approved by Blair County included in the meeting packet and asked Attorney Schrack if the Authority's resolution would be somewhat similar.

Attorney Schrack responded that the resolution for the Authority's consideration would simply state that if passed, it would be the desire of SEDA-COG Joint Rail Authority to consent to the joinder of Blair County as a member of the Authority.

A motion was made by Mr. Gummo for the JRA Board to approve a consent and joinder resolution approving Blair County as a new member of the JRA; Mr. Krentzman seconded the motion.

Mr. Herman asked if this will enhance business in the rest of the counties if Blair County becomes a member. Will it help to hold down the cost of delivering freight?

Chairman Walls responded if it can grow the whole of the operation that should mean the JRA is more competitive overall which would help each of the member counties.

Chairman Walls called for a roll call vote.

Michael Krentzman: Yes
Tom Herman: Abstained
Dennis Reitz: No
Dave Park: Yes
Rob Postal: Yes
John Spychalski: Yes
Frank Dombroski: Yes

Frank Sawicki: Yes
John Gummo: Yes
Don Kramer: Yes
Scott Harvey: Yes
John Showers: Yes
Dennis Shaffer: No
Jerry Walls: Yes

Motion carried.

Attorney Schrack stated the next part of this will then be the Authority will send to each of the counties having approved this, a consent and joinder document for each of the counties to then present at the Board of Commissioners meeting and then approve.

Right-To Know Request – Second Northumberland County Request

Attorney Schrack stated staff responded to the follow-up request from Northumberland County on November 21, 2011. When it was received the Operator noted that Northumberland County was seeking information that the Operator deemed confidential and proprietary. The Open Records Officer of the Authority responded to the requester noting the Operator's concerns and asking for an extension to respond. The Operator had provided a legal basis to the Authority for withholding the documents which was reviewed by the Solicitor with the Open Records Officer. The audit reports were the documents that were being sought and the Authority withheld the disclosure of those documents. The Right-To-Know act provides that if there are third parties that are providing confidential and proprietary information that is a basis for withholding documents from disclosure.

Mr. Sawicki questioned the previous motion made by Mr. Gummo regarding Blair County because there was an outstanding past motion made by Mr. Sawicki to accept Blair County's resolution to join the JRA. He wanted to know what happened to his outstanding prior motion. Attorney Schrack replied that both motions sought the same action and that the action will have passed in any event. Mr. Sawicki stated then the motion was just merged and agreed to proceed with Mr. Gummo's motion.

Right-To-Know Request – Josh First

Mr. Stover responded on November 30, 2011 to a new request from Mr. Josh First. He was seeking a list of all grants the JRA has received in the last five years as well as information on any grants the JRA expects to receive in the future. The information sent to Mr. First was provided in the meeting packet.

Chairman Walls stated an additional item has been suggested by the Executive Director and entertained a motion from the Board authorizing distribution of the "Facts and FAQs" that were presented to the Northumberland County Commissioners at a meeting on December 13 and related information packet to all of the JRA's member counties.

Mr. Krentzman made a motion for the full Board to authorize distribution of the Facts and FAQs that were presented to the Northumberland County Commissioners at a meeting on December 13, 2011, and related information packet to all member counties; Mr. Herman seconded the motion; motion carried.

Mr. Stover pointed out in the "Facts and FAQs" section there is a three page spreadsheet received from PennDOT which is a listing of all the grants that was given out for rail facilities in the last four years – both the RFAP and the Capital Budget. Rail freight grants are unique in Pennsylvania. Most state grants cannot go to private companies, but railroad improvement monies can. In fact, 86% of the rail grants in Pennsylvania in the last four years went to private companies. The JRA has been successful in getting grants, but there is a perception that the JRA is sucking up all the grants in the state. Nothing can be further than the truth and the Commonwealth data clearly shows that.

Chairman Walls stated the Authority is a public private structure with a partnership with a private for-profit enterprise.

Mr. Sawicki added the JRA is not competing with private enterprise because the private enterprise is the shipper who sets the rates and delivers it. All the Authority has from the point of view of an authority is the track and the land.

Chairman Walls stated the public infrastructure is crucial to maintaining the viability of future rail service. The original companies that were in place when the Rail Authority was formed are now gone. Other companies, though, have replaced them in part because the rail service was there and available to them and the rail trackage was in appropriate condition.

Chairman Walls referred to an article he received from Mr. Hunter regarding how some of the short lines have been purchased and then scraped. The importance of keeping the rail infrastructure intact and usable cannot be overstated. This article entitled "Short line plans scrap of former Missouri Pacific corridor" was provided as a handout at the meeting.

Events Calendar/Staff Report

Mr. Stover presented the events calendar for December 2011 and January 2012 and Projects Status and Staff Report.

Mr. Sawicki left the meeting at approximately 11:45 a.m.

A handout of the latest up-to-date TIGER II Status was provided. Mr. Stover stated he is a little concerned about the cash flow relative to upcoming contractor invoices and grant reimbursement timing. He contacted PennDOT staff that administers the PIB loans and is seeking information regarding a short-term PIB loan to cover the cash flow needed for the \$25 million worth of projects to be built in the next two years. It is possible to secure a two year short-term PIB loan at 1.625% and staff would like to explore this further.

Chairman Walls asked Board members for their consensus of staff pursuing the PIB loan. Mr. Shaffer asked if the Authority has a line of credit. Mr. Stover responded that the Authority did have a line of credit with the bank, but that was at market rate. There was a consensus from the Board to look at a PIB loan.

Chairman Walls called for a recess of the meeting at 12:00 p.m. as lunch was available. Chairman Walls reconvened the meeting at 12:30 p.m.

Operator's Status Report and Business Forecast

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

Ms. Williams stated the operating fee revenue for October 2011 saw an increase of \$223,240.00 over October 2010. October 2011 year-to-date versus 2010 saw an increase of \$602,000. Car loads were down for the month of October by 612 and year-to-date were down 1,141.

Mr. Hunter added that 323 new toys were collected in October on the rail line between Northumberland and Berwick and also \$2,442 for Toys for Tots.

Mr. Simcox reported that Mr. Peter Simmons has recently been hired and will begin January 3, 2012.

Mr. Hunter noted a correction to the marketing report. Under NBER it was stated that "except for some track construction ballast shipments ongoing, all other aggregate shipments have ceased for the season." This is incorrect as due to the nice weather it was decided to keep the aggregate shipments.

OLD BUSINESS

TIGER II Status

Mr. Stover reviewed the TIGER II Tasks.

Task A/LVRR (contractor: Armond Cassil)

Mr. Stover stated that the contract is 75% complete for work on the LVRR.

Task B/NBER (contractor: Balfour Beatty)

Stover distributed a copy of a letter from Jannotti Rail Consulting dated December 10, 2011, regarding delaying the cutting in of switches for the Miller siding because of the impact it may have on the PPL traffic. The Operator is trying to avoid delays for the NS (PPL) coal trains.

Chairman Walls asked if someone has contacted PPL regarding the scheduling of this. Mr. Jannotti stated that this will affect the coal trains in January and February if the weather is good or whenever the work is started to put in the switches. Mr. Stover stated work is being deferred because of PPL's peak demand. Chairman Walls asked that the operator contact Mr. Hank Bauman at PPL regarding this.

Task C/G.O. Hawbaker, Inc. Rail Terminal

Mr. Stover stated that on December 8 a bid was received for the work at G.O. Hawbaker. Only one bid was received from Kemper Equipment. Staff has been in contact with Mike Hawbaker who recommended that the Authority reject this bid as G.O. Hawbaker is going to look at the whole project and break it out in a different manner. It will then be rebid in such a way to generate more bids; GOH may do some of the project themselves.

Chairman Walls asked what the basis is for rejecting this bid.

Mr. Stover responded that (1) it is above the budget; (2) it was a single bid and the Authority is looking for more competitive bids; (3) the private partner is looking to redesign/reconfigure the scope of work.

Mr. Reitz made a motion for the full Board to reject the bid received from Kemper Equipment for Task C G.O. Hawbaker project; Dr. Spsychalski seconded the motion.

Chairman Walls asked if there would be any consequences from FRA or the state in rejecting the bid. Mr. Stover responded there is no state money in this; it is TIGER II or Hawbaker money. The state funding was used for the siding and was a direct grant to G.O. Hawbaker.

Chairman Walls made a request to Mr. Stover that the reasons for rejection of the bid be communicated to Kemper Equipment.

Motion carried.

Mr. Stover asked that the recommendation to approve the easement over lands of G.O. Hawbaker at Montoursville be tabled; this will be dealt with when the bids come back in. Mr. Stover stated this would be a 20-year easement, but Hawbaker has asked for a 10 year easement. Hawbaker would have to guarantee an additional 10 years of maintenance. The Federal grant agreement requires 20 year maintenance of facilities that they are funding.

Task D/DMS Siding and Yellow Hill Runaround (Contractor: Fox Rail)

Mr. Stover stated this project has been started. Attorney Schrack has prepared an easement document which has been sent to Mr. Dietrick, owner of the company, for his review.

Dr. Spychalski made a motion for the full Board to approve the easement over lands of DMS at Ranshaw, Mr. Postal seconded the motion; motion carried.

Task E/White Deer Bridge and WDR Track Rehabilitation

Mr. Stover stated that in order for Mr. Conrad to complete the design for the bridge restoration, he needed to seek bids for core borings.

Mr. Conrad stated of the seven (7) plan holders only SJB Services submitted a bid for \$23,500.00 which was broken down as follows: \$10,300 for the White Deer Bridge and \$13,200 for the Loyalsock Creek Bridge. Mr. Conrad stated he recommended an award to the single core boring contractor for both projects. The Loyalsock Creek Bridge work needs done first and followed by the White Deer Bridge. Upon completion of the White Deer Bridge core boring, Mr. Conrad would be able to complete the pier design for White Deer and have it ready to go to bid on schedule.

Mr. Shaffer asked when you go out for bids under the Municipal Authorities Act and get only one bid, is that legitimate? Attorney Schrack responded that the Authority has the right to reject any and all bids under the Act.

Mr. Conrad said the single bid was due to the necessary time frame, but the price is competitive.

Chairman Walls stated that Mr. Conrad has demonstrated due diligence in this core boring award.

Mr. Conrad stated that one contractor had contacted him and would have bid the work, but the Loyalsock Creek Bridge borings need to be done by December 30, 2011 due to the current availability of the causeway. The short time frame constrained that contractor from bidding.

Dr. Spychalski made a motion for the full Board to accept the bid award for core boring of the White Deer Bridge and Loyalsock Creek Bridge from SJB Services, Inc. in the amount of \$23,500 with emphasis on including in the record of the minutes of this meeting the rationale for accepting this bid under the conditions of a single bidder; Mr. Reitz seconded the motion; motion carried.

Mr. Stover stated that the first step for track rehabilitation on the White Deer track is to do a complete brush cutting of the line. This needs to be bid ASAP. If the process is started now, the bid results can be acted upon at the January 11, 2012 meeting.

Mr. Shaffer made a motion for the full Board to authorize a bid solicitation to cut brush on the White Deer and Reading Railroad from north of New Columbia to Allenwood; Mr. Herman seconded the motion; motion carried.

Task F/Bellefonte (Tallyrand) Bridge Restoration

According to Mr. Conrad this bridge will be bid within the same package as the White Deer Bridge because the steel work is the same type and it creates a larger contract.

Task G/Point Township Track and Reach Road Terminal

Mr. Jannotti stated the Reach Road contractor, Rhinehart, is moving along with the track work. Don Bowers is doing the base paving.

Chairman Walls stated he was informed that the Rhinehart Company has not necessarily performed as hoped and asked Mr. Jannotti for a description of the deficiencies. Mr. Jannotti said we need to remember they have a contract to perform up to 120 days. They came in with a plan and basically they did not really put in a lot of early effort. Mr. Jannotti stated he is working with them to move them along and they have picked up.

TIGER II General

Mr. Stover thanked Mr. Truax of Delta for the work done on the DBE plan which was approved by the FRA.

Loyalsock Creek Bridge

Mr. Conrad provided the Board with an update on the demolition status, new bridge design and cost estimates of the Loyalsock Creek Bridge.

Mr. Conrad stated he is recommending going to the tangent bridge alignment as it will save money and changes the concept of fabricating the beams. Chairman Walls asked the Operator if the tangent alignment would pose any issues; Mr. Simcox replied it would be a benefit.

Mr. Stover recommend a "Second Supplemental Reimbursement Agreement" needs to be approved with PennDOT for the URS engineering costs and for the additional incurred trackage rights costs.

Mr. Herman made a motion for the full Board to approve a Second Supplemental Reimbursable Agreement with PennDOT; Mr. Kramer seconded the motion; motion carried.

Strategic Planning Update

Mr. Truax reported on the following:

- 42 rail customer surveys have been initiated through Survey Monkey and 25 have been completed.
- 17 stakeholder interviews have been conducted with 7 remaining to be scheduled. These are largely being done by phone.
- The Board SWOT session was done on November 14; the operator SWOT session was conducted on November 16; and the staff SWOT session was conducted on December 8. The results are currently being analyzed and evaluated. Late January/early February will be the next follow-up session with Board and staff to review these results.
- Staffing and organizational structure analysis is underway. Delta and Cambridge are reviewing the Operating Agreement.
- Systems analysis – Delta is working with SEDA-COG GIS staff to obtain county based GIS data. This information is needed to do an evaluation of the rail served sites, industrial areas and future opportunities.

Chairman Walls asked Mr. Truax to provide a county by county list of where the GIS data is needed. Mr. Truax stated he will provide a letter to initiate requests of GIS data needed from the individual counties.

- Rail freight market analysis – This is Cambridge Systematics' charge and is well underway.
- Track and bridge condition – Delta will need to get information from Mr. Jannotti and Mr. Conrad.
- Strategic Plan Formulation – The consultant hopes to have this document in a draft stage the beginning of 2012. An outline of that document has been started.

NEW BUSINESS

NBER Main Track Condition Report

Mr. Jannotti gave an updated report on his findings relative to the NBER Main and its ballast/road bed condition. His recommendation is to utilize the shoulder cutter/cleaner on 39 miles of the NBER Main within the next three or four years. Mr. Jannotti's report entitled "Undercutting Review and Recommendation" was provided as a handout.

Mr. Jannotti stated that the undercutting would be theoretically better, but was not practical due to significant rail traffic delays not to mention the prohibitive costs.

South Avis Realty Access Road

Mr. Stover explained that access to the Jersey Shore Steel (JSS) and South Avis Realty properties could be simple and efficient by building an access road from the SR220 Avis exit. Existing access to JSS and the eight rail yard tenants is via a convoluted route through a residential neighborhood.

Ten years ago, PennDOT and the Clinton County Economic Partnership championed such an access road, but it wasn't doable.

Mr. Stover stated this project would put in a solid stone access road suitable for trucks directly off the interchange.

Mr. David Schultz of JSS was in attendance and said his company is trying to build a less costly road. JSS has been working with the Governor's Action Team (GAT) to secure some state funding to lessen the cost. There is an opportunity to secure \$600,000 from DCED's Infrastructure Development Program which would be matched by South Avis.

South Avis Realty is in need of a public sponsor to be able to use grant funding for the road, which must be a public facility. Staff is working with DCED and others to determine if it needs to be a township road or just a simple public access road.

The JRA may be the best entity to serve as the applicant for the DCED grant. The JRA did access DCED funding for projects in Newberry in partnership with Moran Industries and the City of Williamsport.

Fostering rail traffic at the South Avis site is in the direct and immediate interest of the JRA.

Mr. Shaffer made a motion for the full Board to authorize the Executive Director and staff to work with South Avis Realty for the Rail Authority to sponsor the South Avis Realty Access Road; Mr. Krentzman seconded the motion.

Mr. Postal asked who is going to own the road? Mr. Stover replied that the Authority will own the road until the township takes it over. It is owned by an Alfred Munro, a local farmer, with whom JSS and the township supervisors are going to meet with to try and acquire the right-of-way. Mr. Postal asked if the JRA is going to maintain the road. Mr. Stover responded that South Avis Realty will maintain the road through a side agreement with South Avis Realty.

Mr. Postal stated being in a situation like this from an IDC standpoint, you need to insure that it is built to township specs and that the supervisors actually make an agreement as supervisors come and go. It would be good if it was a township road. There would be a maintenance agreement but it comes back on the Authority if anything happens on the road and the Authority owns the road.

Chairman Walls stated it would be wise if the consideration that Mr. Postal has been brought up to be added to the motion.

The motion was amended to add that the Joint Rail Authority would serve as sponsor with the expectation that a written agreement with the Township to ultimately become the owner of the Access Road and the Road be designed and built to Township specifications, and a maintenance agreement with South Avis Realty be executed until ownership is conveyed to the Township.

Mr. Stover stated that the Township was not against being the applicant, but the Governor's Action Team wanted the application in by the end of December. The Township could not move that quickly.

Motion carried.

COMMITTEE REPORTS

Property Management Committee

Mr. Fury stated that Sunesys is seeking seven easements for fiber optic crossings. Total easement cost is \$62,500; application costs total \$3,675 for a total of fees to be collected in the amount of \$66,175.

Mr. Herman made a motion for the full Board approve the seven easements contingent upon receipt of all easement and application fees and authorize the Chairman and Secretary to execute all documents; Mr. Gummo seconded the motion; motion carried.

License Agreement Rent Schedule

Mr. Fury stated this item has been tabled until the January 2012 meeting.

Passenger Excursions Committee

Committee Chair Spsychalski stated that the year's excursions season will be brought to a close with the runs scheduled for December 18, and he deferred further comment until the January 2012 meeting.

Operating Agreement Committee

Committee Chair Krentzman gave a report regarding his Committee's meeting that morning.

Regarding the change of control, the Operator feels there is a lot of sensitive business and competitive information that he would be concerned getting into the hands of competitors. As such, there was a request from Attorney Wilson as to the proper way that the Authority can manage the information in a confidential way. The committee voted unanimously to request that Attorney Stover and Attorney O'Brien to give their opinion on how to best manage this. Discussion was also held to move forward relative to Mr. Dan Mazur doing a financial analysis of the proposed transaction. Attorney Schrack will

draft a confidentiality agreement by which Mr. Mazur can sign and agree to hold any information given to him by the Operator in confidence. The committee voted to have Attorney Schrack draft the agreement for Mr. Mazur's execution in order for the Operator to turn over the financial information. Attorneys Stover and O'Brien will give the committee their opinion as to how best handle the confidential information. The committee recommended unanimously that both of those action items be approved by the Board.

Mr. Krentzman made a motion that full Board authorize Attorney Schrack to draft a confidentiality agreement and authorize Mr. Mazur to sign it and begin analyzing the materials provided to him by the Operator and to have Attorneys Stover and O'Brien begin their review for their opinion on how to best handle the confidential information; Mr. Park seconded the motion; motion carried.

Mr. Stover stated that the Operating Agreement Committee identified three individuals to work with him to continue negotiations with the West Shore Railroad Board. Those individuals are Mr. Krentzman, Mr. Park and Mr. Harvey. The West Shore Railroad Corporation is interested in developing a lease with the JRA for their properties which are operated by the Union County Industrial Railroad.

Holiday Dinner

Chairman Walls asked if the Authority wished to have an end of year dinner. Brief discussion followed.

Mr. Krentzman made a motion to hold the holiday dinner for service appreciation; Mr. Gummo seconded the motion; motion carried with Chairman Walls and Mr. Shaffer registering their vote as no.

Chairman Walls suggested this event as a celebration of accomplishments and a way to really get at the individual commitments of allegiance needed to the Authority and to get rid of the undercurrents. Difference of opinions need to be respected but need to be forthright.

Chairman Walls asked Attorney Schrack if it would be legal for the Authority to have a social get-together. Attorney Schrack responded that you can certainly get together at a dinner table and chat with each other; there is nothing illegal about that.

Mr. Krentzman offered to contact The Gamble Mill in Bellefonte for their availability of the evening of Saturday, January 7, 2012.

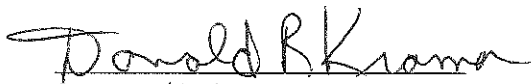
Chairman Walls adjourned the meeting at 2:30 p.m.

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 11, 2012.



Secretary/Assistant Secretary