



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, DECEMBER 8, 2010  
UNION COUNTY GOVERNMENT CENTER, LEWISBURG, PA  
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**

John Gummo, Clinton County  
Scott Harvey, Lycoming County  
Mike Hawbaker, Centre County (via speaker phone)  
Bud Henry, Columbia County  
Rick Jenkins, Columbia County  
Don Kramer, Clinton County  
Michael Krentzman, Mifflin County  
Rob Postal, Mifflin County  
Dennis Reitz, 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  
Allen Bubb, NRHS  
Todd Hunter, Railroad Operating Companies  
John Mizerak, Delta Development  
Don Purcell, Norfolk Southern – Retired  
Andrew Richards, Bellefonte Historical Railroad Society  
Mimi Robey, Railroad Operating Companies  
Richard Robey, Railroad Operating Companies  
Gary Shields, Railroad Operating Companies  
Diana Williams, Railroad Operating Companies  
Robert Yannaccone, M.D., West Shore Railroad

**STAFF PRESENT**

Steve Hurvitz, Esq., McQuaide Blasko Law Office  
Tom Schrack, Esq., McQuaide Blasko Law Offices  
Kay Aikey  
George Fury  
Jeff Stover

**Call To Order**

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



Affiliated with  
SEDA Council of Governments

## CALL TO ORDER

### Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

Mr. Shields stated that Mr. Jim Miller, General Manager of the JVRR, passed away on Tuesday, December 7, 2010. Mr. Miller was one of the three oldest employees of North Shore Railroad Company.

Chairman Walls stated that it would be appropriate that the SEDA-COG Joint Rail Authority pass a motion to acknowledge the wonderful services that Mr. Miller has provided to not only the private customers, but in helping the JRA build a strong Juniata Valley Railroad and Nittany & Bald Eagle Railroad. The Joint Rail Authority offers its greatest appreciation to his family for what he has left behind as a very solid legacy.

*Dr. Spychalski made a motion that the SEDA-COG Joint Rail Authority acknowledge the wonderful services that Mr. Miller has provided to not only the private customers, but in helping the JRA build a strong Juniata Valley Railroad and Nittany & Bald Eagle Railroad and offer their greatest appreciation to his family for what he has left behind as a very solid legacy; Mr. Postal seconded the motion; motion carried.*

## ADMINISTRATIVE ITEMS

### Public Forum

Mr. Richards from the Bellefonte Historical Railroad Society expressed appreciation to the SEDA-COG Joint Rail Authority for their support of the passenger excursions. He stated that six of the eight rides have been sold out. BHRS is asking for the SEDA-COG Joint Rail Authority to provide a letter of support for a Pennsylvania Transportation Enhancement (TE) grant that BHRS is applying for in order to restore the mechanical operation of a RDC. The grant is due December 22, 2010.

*Mr. Krentzman made a motion that the SEDA-COG Joint Rail Authority offer a letter of support to the Bellefonte Historical Railroad Society for their application for a TE grant; Mr. Hawbaker seconded the motion; motion carried.*

Chairman Walls thanked Mr. Richards for BHRS' request for the JRA to offer a letter of support. It is a positive thing and helps with the overall image of rail service in the region. Mr. Richards thanked the Board for their support and BHRS looks forward to a continued good relationship with the Board and North Shore Railroad.

Mr. Stover asked to modify the motion made regarding Mr. Miller to have the Rail Authority and NBER recognize what used to be called the Baker Siding to now be called the Miller Runaround to recognize Mr. Miller's service on the NBER. Mr. Reitz asked that the name be changed to Miller Siding.

*Dr. Spychalski and Mr. Hawbaker were in agreement to the modification of the previous motion; motion carried.*

### **Appointment of Nominating Committee**

Chairman Walls appointed Mr. Showers (Chair), Mr. Hawbaker and Mr. Jenkins to the Nominating Committee for 2011 Board Officers. They will present their slate of 2011 officers at the January 12 SEDA-COG Joint Rail Authority Board Meeting.

### **Recognition of Steve Hurvitz, Esq.**

Mr. Stover presented Attorney Hurvitz with a photograph as a token of appreciation for his many years of service as Solicitor to the SEDA-COG Joint Rail Authority.

### **Approval of the November 10, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority**

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

### **Treasurer's Report**

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

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

### **Legal Issues**

Attorney Schrack stated that on November 17, 2010, the Rail Authority closed on the acquisition of the James Wood property. Selectrim Corporation is leasing a portion of the property. Attorney Schrack and staff have been in discussion with Unimin to enter into a lease agreement. Attorney Schrack is waiting for Unimin's comments on the most recent draft of the lease agreement.

The Authority and the Operator are currently exploring the procedure for adding additional lines to the Operating Agreement. This is being handled by Keith O'Brien, special counsel for the Authority and the Operator's counsel, Dick Wilson.

Mr. Stover stated this item was discussed at the Operating Agreement Committee meeting. There are a number of line segments that have been added to the Authority's stable mostly by acquisition and one by lease. All of these track segments are being operated by the Operator but not reflected as part of the premises as part of the 2006 Operating Agreement.

### **Events Calendar/Projects Map/Staff Report**

Mr. Stover presented the events calendar for December 2010 and January 2011 and Projects Status and Staff Report.

Mr. Jenkins asked if the "minis" (*track inspection cars, or "speeders"*) that have been running on the North Shore Railroad are covered by liability insurance. Mr. Stover stated the Authority is indemnified as a co-insured under the insurance of the organized group called NARCOA, North American Railcar Operators Association.

### Operator's Status Report and Business Forecast

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

Mr. Shields stated that overall business YTD continues to be strong. YTD there have been 5,177 carloads of Marcellus Shale related commodities.

Ms. Williams stated that North Shore has begun their audit process. The audit and financial review will be completed by March 31, 2011. Ms. Williams stated that during the month of December, North Shore supports three community projects: the NARCOA toy run, Janet Weis Children's Hospital, and the Salvation Army.

Mr. Avery reported that approximately 1,600-1,700 passengers rode on the holiday passenger train rides over the weekend of December 4<sup>th</sup> and 5<sup>th</sup>.

Mr. Hunter reported that the railroad has gained four new customers: Lehigh Cement Company, ChemJect International, Land O'Lakes, and Pan-Handle Resources. Pan-Handle is a pipe supplier for the Marcellus Shale gas industry.

### **OLD BUSINESS**

#### TIGER II Status and Strategy

Mr. Stover highlighted some of the items on the Conceptual Funding Strategy handout that was provided to Board members. He stated that the \$10 Million award received from the TIGER II grant is proposed to go directly to rail facilities around the region. The only three projects zeroed out are Marcellus Energy Park, Level Corner Industrial Site and the Jubilier Industrial Park. The Lycoming County Airport Access Road project and Loyalsock Creek Bridge project are not proposed to receive TIGER II money.

Mr. Mizerak from Delta Development Group provided the Board with an update on the funding strategy and reviewed the Conceptual Funding Strategy handout. He stated that he and Mr. Kline had a good meeting with PennDOT Deputy Secretaries Jim Ritzman and Eric Madden. Based on that meeting, the Pennsylvania Infrastructure Bank (PIB) program appears to be able to provide funding. One item discussed with PennDOT was whether the JRA could borrow for the co-located super structure of the Loyalsock Bridge under the highway PIB. Traditionally the Rail Authority has been under the Rail PIB portion of the program. Currently there is \$50,000 available with the Rail PIB and the Highway PIB is \$30 Million.

Mr. Shaffer conveyed that the Capital Budget Committee is recommending to the full Board to approve as a concept the projects and funding sources as outlined in the Conceptual Funding Strategy. There are some items in a few of the columns that are non-secured and the Capital Budget Committee is recommending that the full Board authorize staff to proceed on the basis of the outline presented to work on the non-secured areas.

*Dr. Spychalski made a motion that the full Board authorize staff to proceed on the basis of the outline to work on the non-secured funding items; Mr. Jenkins seconded the motion; motion carried with Mr. Hawbaker abstaining.*

Attorney Schrack stated there is a proposed conditional and preliminary term sheet for the TIGER II grant in the meeting packet from the Federal Railroad Administration. This provides a road map for the preparation of a final grant agreement and does not bind the government to award the grant funds; that will come later. It states that the Authority is going to agree to administer the grant in accordance with the terms in the document as listed in Section 6. Upon execution of this and submission the Authority will be expecting a final grant agreement. Attorney Schrack stated he recommends that the full Board proceed with execution of the term sheet.

***Mr. Kramer made a motion to approve the FRA Term Sheet for TIGER II funding; Mr. Harvey seconded the motion; motion carried with Mr. Hawbaker abstaining.***

#### **Delta Development Group (DDG) Supplemental Agreement)**

Mr. Stover stated that Delta continues to work on the Authority's behalf relative to completion of the funding strategy of TIGER II. The Authority split the cost of the application 50/50 with Lycoming County Board of Commissioners where each entity paid \$75,000. After the agreement was signed the U.S. DOT changed how Delta had to do the application.

Mr. Mizerak stated the expected amount of effort was far beyond what was anticipated. The outreach communication was a lot greater than originally thought. Delta Development has provided a proposed agreement to extend additional services to the JRA. The cost would be \$60,000 for an eight-month period.

Mr. Stover stated the agreement would be for the period of November 1, 2010 to July 1, 2011. Lycoming County Commissioners are being presented with a similar agreement extension.

***Mr. Showers made a motion to approve the contract with Delta Development Group for additional services; Mr. Reitz seconded the motion; motion carried.***

#### **PA Capital Budget Approval**

Mr. Stover stated that the JRA has been awarded \$3.85 Million under the Rail Transportation Assistance Program (RTAP). Funds will be used for trackwork on the SVRR near SEEDCO, track construction in the Newberry Yard and construction of the Baker (Miller) Runaround on the NBER near Milesburg. PennDOT requires a resolution accepting this award.

***Dr. Spsychalski made a motion that the full Board pass a resolution accepting the PennDOT RTAP grant for \$3,850,000; Mr. Gummo seconded the motion; motion carried.***

Attorney Schrack reviewed the document and stated the document is a Bureau of Rail Freight policy which sets forth the procurement requirements, project eligibility which will be included in a grant agreement to come later; this is a condition to the next step. This document would be signed by the Chairman. Attorney Schrack stated he didn't see any problem with this document.

***Mr. Reitz made a motion that the full Board approve the acceptance of the PennDOT RTAP grant; Mr. Shaffer seconded the motion; motion carried.***

Mr. Stover stated he received an email from Todd Roup of Senator Gordner's office which stated that the JRA could get \$750,000 which would free up some of the TIGER funds for use elsewhere.

## COMMITTEE REPORTS

### Property Management Committee

#### LVRR Newberry Office Upgrades

Mr. Fury stated that there is a mold issue at the LVRR Newberry Office. The new roof was installed earlier this year repairing the leaking roof. Shic's Fire/Water Restoration in Williamsport assessed the suspected mold issue at the LVRR offices caused by the leaking roof. Shic's can perform the mitigation work for \$3,000. This includes removal of all paneling, flooring, ceiling tiles, moldings and cleaning of all blinds, windows, frames and hard surfaces.

*Mr. Harvey made a motion that the full Board accept Shic's proposal for mold mitigation in the amount of \$3,000 and authorize the Chairman and Secretary to execute contract document; Dr. Spychalski seconded the motion; motion carried.*

#### LVRR Newberry Office Remodeling

Mr. Fury stated that because everything is going to be torn out at the LVRR Newberry Office it makes sense to make any changes in the west wing of the office. The conference room is small and the extra map room is not being utilized. The concept is to create one office by shrinking down the two rooms and making a larger conference room by removing some of the walls. The map room will become Mr. Hunter's office and the room will be extended out to enlarge it. The rest of the area will be the conference room.

*Mr. Postal made a motion for the full Board to authorize staff to seek bids for the renovation of conference room area of the LVRR Newberry office; Mr. Harvey seconded the motion; motion carried.*

Mr. Fury stated that Shic's Fire/Water Restoration has given an estimate of \$8,400 for the remodeling which also included replacing the seven windows.

### Rent Schedule Revision

Mr. Fury stated that the rent schedule has been revised and the charges have been increased 5-10%. If adopted, the new schedule will become effective January 1, 2011.

*Mr. Shaffer made a motion that the full Board adopt the new rental schedule with effective date of January 1, 2011; Mr. Krentzman seconded the motion; motion carried.*

Dr. Spychalski asked that the motion be amended to read Item D #2, "subject to additional consideration depending on dimensions, as a minimum". The motion was amended to include the wording. The final motion was the full Board adopts the new rental schedule as a minimum with effective date of January 1, 2011. The motion maker and second were in agreement with the modification.

**Passenger Excursion Committee**

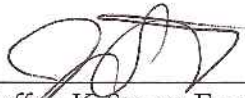
Mr. Gummo stated a great deal of effort has gone forward in the last few months.

Mr. Stover stated the Memorandums of Understanding with the trip sponsors were completed and MOU's from Fort Discovery and the Bellefonte Historical Railroad Society have been received.

*Dr. Spychalski made a motion that the full Board approve the Memorandums of Understanding with the four sponsoring organizations; Mr. Gummo seconded the motion; motion carried.*

Chairman Walls adjourned the meeting at 2:35 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 12, 2011.



Secretary/Assistant Secretary