



**PRESERVING
RAIL FREIGHT
SERVICE**

SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, December 9, 2020
Virtual Meeting via Teleconference – 1:00 p.m.

AUTHORITY MEMBERS

Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Lisa Hoover, Northumberland County
Bob Hormell, Northumberland County
Rick Jenkins, Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
David Schultz, Lycoming County
John Showers, Union County
John Spsychalski, Centre County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

Jeb Stotter, President & CEO
Diana Williams, Treasurer/Controller

GUESTS

Erik Bergenthal, Esq., Houston Harbaugh (for Carload Express)
Alex Lang, Carload Express
Robert Ralston, Esq. Houston Harbaugh (for Carload Express)
Mark Rosner, Carload Express
Ed Sigl, First National Bank of Pennsylvania
Sam Simon, Esq., Houston Harbaugh (for Carload Express)

LEGAL COUNSEL

John Bee, Esq., McQuaide Blasko
Tom Schrack, Esq., McQuaide Blasko

Affiliated with
SEDA Council of Governments



JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

Jason Shura, P.E., Stiffler McGraw

JRA STAFF

Kyle Postupack, Property & Maintenance of Way Manager

Jeff Stover, Executive Director

CALL TO ORDER

Call to Order

The Chairman called the meeting to order at 1:03 p.m.

Pledge of Allegiance

The Chairman led the Pledge of Allegiance.

Welcome – Chairman’s Statements

The Chairman stated that the use of audio or video recording devices at the public meeting is permitted. The Authority does not require pre-registration for recording purposes; however, any individual intending to record all or any part of the meeting must notify the Chairman or the Executive Director in advance of such recording. If the Authority recesses to Executive Session, no recording of that session shall be permitted.

The Chairman asked if anyone would be recording the meeting. It was noted that the public portions of the meeting were being recorded by Messrs. Stover and Postupack in the absence of Ms. Aikey.

Public Forum

The Chairman asked if there is any public comment to come before the Board. Mr. Rosner was recognized by the Chairman and stated that this is the third Board meeting since the Pennsylvania Supreme Court ruled on October 1, 2020 that the vote to award the operating agreement to Carload Express passed. The legal question that the JRA sought clarity on has now been fully and finally decided. Carload Express is excited for the opportunity to work with the JRA to provide first class rail service and drive economic development in the region. There is no reason to not begin the central planning process. The JRA has long maintained that it is a neutral party that only filed suit to seek a clear answer on whether the 7-3 vote awarding the operating agreement to Carload Express passed. After over five years of litigation and going to the highest court in the State, you have an answer, and the answer is yes. However,

now it feels like the JRA is looking to delay moving forward with implementing the Supreme Court's rule. The JRA has already sought and received summary judgment against SURC's counterclaim. By delaying the transition planning, the JRA is missing out on the opportunity to receive the benefits of its own RFP process. Carload Express is confident that they can provide superior service to customers on the JRA lines and higher revenue for the JRA. In fact, if the JRA had executed the operating agreement with Carload Express in 2015 and started operations in July 2017 they would have already received millions more in revenue with the same rail traffic. Further delaying the transition planning after the Supreme Court decision is not the act of a neutral board. Remaining neutral does not mean fighting Carload Express' counterclaim to the highest court in the state, but now refusing to fight SURC's counterclaim against the JRA. The counterclaim with the JRA previously briefed, argued and won summary judgment against SURC. Choosing to no longer defend yourself against SURC's attempts, questions the propriety of this board's own action is not neutral. Carload Express is simply asking the JRA to treat it fairly, honor the Supreme Court's ruling and begin moving forward with the transition planning process. Carload Express looks forward to hearing from the JRA and working with the JRA to make the JRA lines of the greater Central Pennsylvania community a fabulous place to do business and Carload Express is ready to get to work.

ADMINISTRATIVE ITEMS

Approval of the November 11, 2020 JRA Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the November 11, 2020 JRA Meeting Minutes; Mr. Park seconded the motion; motion carried.

Appointment of 2021 Nominating Committee

Chairman Showers stated that he has appointed the following Board members to the 2021 Nominating Committee: Eric Winslow (Chair), John Gummo, Russ Graham, and Rick Jenkins. This committee is charged with returning, at the January 13, 2021 meeting, a proposed slate of officers to serve in 2021.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of November 2020, as well as the JRA's loan summary, the JRA Money Market Account Financial Statement and the JRA's detailed accounting associated with the operating fees paid by the Operator.

Mr. Stover stated that there will be some reimbursements coming in that will add over \$200,000 to the balance. Staff received notification from PennDOT that they have approved the final multimodal payment for First Quality and payment for reimbursement for monies expended for the Section 130 grade crossing completed in Lycoming County.

Mr. Graham made a motion for the Board to accept the Treasurer's Report for the month of November 2020 and file for audit; Mr. Krentzman seconded the motion; motion carried.

Presentation of Draft 2021 JRA Budget

A copy of the draft 2021 JRA Budget was emailed to Board members prior to the meeting. Mr. Stover reviewed the draft 2021 JRA Budget and highlighted some items. The final 2021 Budget will be presented at the January 13, 2021 meeting for Board approval.

Staff Report and Events Calendar

Mr. Stover summarized the status of various construction projects and calendar highlights.

Mr. Postupack shared the following slides:

- JRA Track Inspections
- NARCOA Toys for Tots (NSHR, UCIR)
- Talleyrand Pedestrian Bridge (NBER – Bellefonte Branch)
- Market Street Signals (NSHR – Bloomsburg)

Mr. Stover stated that he was informed by Mr. Steve Betts of PennDOT District 3-0 that PennDOT in Harrisburg recently realized that the JRA had a change in its Chairman from when Mr. Walls was the Chairman. A resolution needs to be passed authorizing that Mr. Stover can sign the Section 130 documents and agreements on behalf of the JRA Board. The JRA Chairman needs to send an email to Mr. Betts of PennDOT District 3-0 that Mr. Stover is authorized to sign the pending documents for the JRA. Chairman Showers has sent an email to Mr. Betts.

Dr. Spsychalski made a motion for the Board authorizing that Mr. Stover can execute PennDOT Section 130 Agreements on behalf of the JRA and that Mr. Postupack can attest the agreements; Mr. Graham seconded the motion; motion carried.

Operator's Status Report

The Operator's Status Report was provided to Board members prior to the meeting. Mr. Stotter stated that Norfolk Southern has done away with the yard master position in Northumberland. The operator continues to work on Positive Train Control and is working with the American Short Line and Regional Railroad Association to get some overseas rates for insurance.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report was included in the meeting packet. Mr. Shura provided the following updates:

- Working with the JRA, Paul Jannotti and Livic Civil to prepare an updated bridge and track cost estimate for the SEEDCO site.

Stiffler McGraw & Associates – 2021 Engineering Agreement

Mr. Stover stated that Stiffler McGraw & Associates, Inc. has submitted a 2021 Engineering Services Agreement. The hourly rates reflect a 2.9% increase in hourly rate for Mr. Shura.

Mr. Winslow made a motion for the full Board to pass a resolution approving the 2021 Engineering Services Agreement with Stiffler McGraw & Associates, Inc; Mr. Graham seconded the motion; motion carried.

Mr. Shura clarified that Stiffler McGraw does not charge an hourly rate for attendance at JRA meetings.

RACP Reallocation for DRIVE Project – Danville

Mr. Stover stated that on an annual basis for some years now, the JRA has sought and received, one-year extensions to keep alive its \$750,000 RACP grant in Danville. The original RACP project dates from 2011 and involved Miller Brothers Development Company and the former TRW building. Miller worked with the JRA and John Conrad to engineer a rail spur off the NSHR and into its industrial property. The concept was to make the Miller site rail-served and marketable for Marcellus-related business. The name of the project was Irontown Commerce Center.

The gas boom ebbed and diminished Miller's interest. The project faded away, but not before Miller reimbursed the JRA some \$13,000 of John Conrad's engineering work.

The PA Office of the Budget has been amenable to our annual plea to keep the \$750,000 alive in hopes of finding a new eligible project.

Ms. Wakeman and DRIVE have a company poised to purchase 6.82 acres of its industrial complex (called KVS North). The company would be a rail user and hire 60-100 new employees. This project is a better one than what was originally proposed. In preliminary discussions, Harrisburg has favorably viewed the concept of this new opportunity.

If approved, the reallocated RACP grant would go toward renovations of the existing 64,000 sq. ft. building. The company would provide the required 50% match. Besides the building rehabilitation, the company plans to also build a new 125,000 sq. ft. structure. No match or shares are required from the JRA.

Mr. Postupack shared a photo of the RACP reallocation project for DRIVE in Danville.

Mr. Winslow made a motion for the Board to pass a resolution to seek approval from the PA Office of the Budget to reallocate the \$750,000 RACP grant from Irontown Commerce Center to the KVS North project; Mr. Park seconded the motion; motion carried with Ms. Wakeman abstaining.

REPORTS FROM COMMITTEES

Passenger Excursions Committee

Committee Chairman John Spsychalski reported on the 2021 season in light of the pandemic. He referred to the copy of the memorandum provided in the meeting packet. This memo was sent to all representatives for the passenger excursions sponsors.

Committee Chairman Spsychalski stated the COVID pandemic caused the annulment of all the excursion trips that were scheduled for operation in 2020. Normally at this time of year a reach-out is started to build the time table for the next year's excursions. However, given the trajectory and outlook for the pandemic at this point in time, it appears that any operations of excursion trips during the first half of 2021 would result in the same fate of the 2020 excursions. Therefore, after extensive consultation with Mr. Pontius of the Penn Valley Railroad, LLC, it was concurred that the only prudent approach would be to do what is outlined in the memorandum. If any trips are going to be operated in 2021, they should only be scheduled for operation between September 1 and December 31, 2021. As part of this process that could lead up to such a publication of a time table, it was suggested that on or before May 31, 2021, requests be submitted for trips tentatively set to operate in September, October, November and December. A tentative schedule based on the requests will then be constructed and reviewed in consultation with Mr. Pontius and representatives of the Freight Service Operator. No later than July 1, 2021, Mr. Pontius will make a judgment about whether COVID-19 conditions have subsided to the point where they no longer pose an unaccepted level of health risk for his volunteer personnel and for excursion passengers. Mr. Pontius' judgment will determine whether what has been tentatively scheduled will in fact be operated.

Committee Chairman Spsychalski added that Mr. Pontius and his volunteer staff crew are the people on the front line with regard to risk of infection.

Ms. Wakeman asked for clarification that it is up to Mr. Pontius to decide whether he is comfortable with operation of the passenger excursions. She wanted to know if the JRA and the Operator needed

to be in agreement with this. Dr. Spsychalski stated that Mr. Pontius' expression of judgment would not be the final decision, further clarifying that the tentative schedule will also be reviewed and acted upon by the JRA Excursions Committee in consultation with the freight service operator, followed by action by the full Board.

Mr. Stover stated that the JRA did not renew the passenger excursions liability insurance with McRail for 2021. Renewal of that insurance will not occur until it is known what will happen with operation of the excursions in 2021.

Property Management Committee

Comcast Cable Communication Management, LLC (JVRR – Lewistown Yard)

Mr. Postupack stated that Comcast Cable Communications Management, LLC has approached staff seeking a license for an overhead fiber cable 23' 2" above top of rail on the Lewistown Yard in Granville Township. The fiber line will serve a single business in the Yard.

An application fee of \$800 and an annual fee of \$860 will be assessed and will be subject to CPI increases. All plans have been reviewed and approved. Mr. Postupack shared a slide showing the location of the fiber cable in the Lewistown Yard.

Mr. Jenkins made a motion for the full Board to approve this license and authorize its execution by the Authority officers; Mr. Hormell seconded the motion; motion carried.

Staiman Recycling Corporation Second Amendment to Lease Agreement (Newberry Yard)

Mr. Postupack stated that Staiman Recycling Corporation leases a 3.2 acres site which includes +/- 800' of track in the Newberry Yard. Staiman's original lease expired December 31, 2019 and approached staff last year about renewing their lease for an additional ten years.

In response, an amendment to continue the lease for an additional year under the terms of the original lease was approved by the Board in early 2020 with an understanding that a long-term lease would be discussed for 2021. A second amendment to the original lease agreement has been drafted which would extend the lease an additional ten years beginning on January 1, 2021 and expiring on December 31, 2030.

The yearly rent for the site of \$14,033.86 is currently below market value and JRA staff has been working with a local real estate appraiser to assess the site's value. The new annual rent will be \$20,000 and will be subject to CPI increases.

Mr. Postupack shared a slide of the Staiman Recycling Corporation site located in Newberry South.

Mr. Jenkins made a motion for the full Board to approve this second amendment to the Staiman Recycling Corporation Lease Agreement and authorize execution by the Chair and Secretary; Mr. Park seconded the motion; motion carried.

LVRR Building – Windows & Doors Contractor Bid Approval (Newberry)

Mr. Postupack stated that a pre-bid meeting to replace windows and doors was held at the LVRR building on December 1, 2020, at which two contractors were in attendance. The project includes replacing all exterior windows (19) in the building as well as two exterior doors and one interior door.

The exterior windows will be aluminum framed with each room having at least one sliding window that can be used to exit the building in case of an emergency. The doors will be hollow metal doors with ½ glass vision panels with panic hardware.

Mr. Postupack shared a slide showing the windows and doors of the LVRR building.

Two bids were received by both contractors that attended the pre-bid.

M&R Contracting, Inc.	\$33,337.97
Yoder Builders, Inc.	\$54,740.00

Mr. Postupack stated that this project needs to be completed by February 12, 2021.

Mr. Jenkins made a motion for the full Board to approve the bid from M&R Contracting, Inc. in the amount of \$33,337.97 to replace 19 windows and three doors at the Lycoming Valley Railroad Office and warehouse; Mr. Jones seconded the motion; motion carried.

Mr. Postupack provided an update on the work done in 2020:

- Replacement of the roof at the LVRR warehouse and some work was done on the upper flat roof of the LVRR office building for a total of \$30,845.
- Plumbing was repaired and water pressure issues were fixed at the Marine Corps Building.
- The electrical bid was approved for \$19,900. Currently working with that contractor. Project to be completed by January 9, 2021.

Total cost of improvements for 2020: \$93,357.97

LEGAL

Legal Issues

Attorney Schrack reported the JRA's Executive Committee held an executive session on Friday, December 4, 2020 and that litigation-related matters would be discussed in executive session with the full Board.

Chairman Showers recessed the regular meeting at 2:25 p.m. to convene into executive session at 2:38 p.m.

Chairman Showers reconvened the regular meeting at 3:15 p.m.

Attorney Schrack stated that the Authority Board held discussion with its solicitor regarding the ongoing RFP litigation. No action was taken, and no action is recommended to be taken in public session.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 3:20 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 January 13, 2021.



Secretary/Assistant Secretary