



SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, February 12, 2020
SEDA-COG, Lewisburg, PA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre

Clinton

Columbia

Lycoming

Mifflin

Montour

Northumberland

Union

AUTHORITY MEMBERS

Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Lisa Hoover, Northumberland County
Bob Hormell, Northumberland County (via teleconference)
Rick Jenkins, Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
David Schultz, Lycoming County
John Spychalski, Centre County
Jennifer Wakeman, Montour County
Eric Winslow, Union County

JRA OPERATOR

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

GUESTS

Allen Bubb, West Shore Railroad
Alex Lang, Carload Express

LEGAL COUNSEL

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

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

JRA STAFF

Kay Aikey, Program Assistant
Kyle Postupack, Property & Maintenance of Way Manager
Jeff Stover, Executive Director

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

CALL TO ORDER

Call to Order

In the absence of Chairman Showers, Vice-Chairman Park called the meeting to order at 12:32 p.m.

Pledge of Allegiance

The Vice-Chairman led the Pledge of Allegiance.

Welcome – Vice-Chairman’s Statements

The Vice-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 Vice-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 Vice-Chairman asked if anyone would be recording the meeting. No one expressed an intention to record the meeting.

Public Forum

The Vice-Chairman asked if there is any public comment to come before the Board. No one expressed any comments.

ADMINISTRATIVE ITEMS

Approval of the January 8, 2020 Meeting Minutes

Dr. Spsychalski made a motion for the Board to approve the January 8, 2020 JRA Meeting Minutes; Mr. Harvey seconded the motion but noted a correction on page 5 of the meeting minutes under the Operator’s Status Report. The correction should be 20,000 carloads. Dr. Spsychalski accepted the correction to the minutes. Motion carried.

Treasurer’s Reports

Mr. Harvey presented the Treasurer’s Report for the month of January 2020, as well as the JRA’s PIB Loan Account, JRA’s loan summary, DCED Grant – “Milesburg 3 Pipes” financial statement, and the JRA’s detailed accounting associated with the operating fees paid by the Operator.

Mr. Stover stated that the transition from Jersey Shore State Bank to First National Bank is almost complete. The last document that needs officers' signatures is the automated clearinghouse for when the payments for the PIB loan are made from the State.

Mr. Gummo made a motion for the Board to accept the Treasurer's Report for the month of January 2020 and file for audit; Dr. Sychalski seconded the motion; motion carried.

Events Calendars

Mr. Stover presented the events calendars for February and March as well as the staff report.

The KSRRA Rail Freight Conference is set for April 15-16 in Lancaster. Mr. Stover stated that staff recommends the JRA become a conference Bronze level sponsor at \$1,000. This includes one conference registration. All JRA Board members are invited and encouraged to attend.

Ms. Wakeman made a motion for the Board to approve a bronze level sponsorship for the KSRRA seminar for \$1,000; Mr. Harvey seconded the motion; motion carried.

Mr. Stover stated that the KSRRA is going to present an award to the Commonwealth of PA Department of Transportation because of its support of rail infrastructure.

Operator's Status Report

The Operator's report was provided as a handout to Board members.

Ms. Williams stated that December closed out the year strong. Switching settlements with our Class I partners and other freight revenue were able to outpace the downturn in trackage rights and car storage for 2019. The Operator will be meeting with Mr. Mazur by the end of February; Mr. Mazur will have a full review at the March JRA meeting. The Operator is planning another aggressive year for 2020 and is coming off 2019 with \$4.9 million in M/W expense.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report was provided in the meeting packet. Mr. Postupack highlighted the following items from the report:

- NBER Castanea Branch Culvert Repair has been completed. Mr. Postupack shared a slide of this project showing the repair that will protect the gas line along this branch

- Mr. Stover stated that the reason the gas line is so close to the railroad is that this is the section of the track on the NBER Mill Hall Industrial that was purchased from Conrail by the Clinton County Industrial Development Corporation in the 1980's. The Authority subsequently purchased the track. In the interim, however, the Industrial Development Corporation sold easements for a gas/water line, not thinking the railroad would be restored.
- NBER at Miller Siding (Three pipes) work is scheduled for Friday, March 13 – Monday, March 16.
- All 2019 bridge inspections and reports are complete; the 2020 inspections have begun.

NEW BUSINESS

Bid Award SR 54 Grade Crossing to K. W. Reese (SVRR)

Mr. Stover stated that bids were opened on January 14, 2020 for the reconstruction of the SR54 grade crossing where it crosses the SVRR near Mt. Carmel. This project is a 100% Section 130 reimbursement. The following four bids were received:

K.W. Reese	\$208,348.00
Acme	\$218,885.80
CTW	\$221,145.00
Rhinehart Railroad	\$299,411.00

Mr. Graham made a motion for the Board to award the bid to K. W. Reese in the amount of \$208,348.00 to construct SR54 grade crossing on the Shamokin Valley Railroad; Mr. Jones seconded the motion; motion carried.

Bid Award Market Street and East Street Grade Crossings in Bloomsburg (NSHR)

Mr. Stover stated that bids were opened on February 5, 2020 for the reconstruction of two crossings on the NSHR: Market and East Streets in Bloomsburg. These are Section 130 projects.

The following four bids were received:

Chesapeake Thermite Welding (CTW)	\$426,000.00
Rhinehart Railroad	\$599,187.00
ACME	\$622,526.43
Railworks	\$679,644.00

Mr. Shultz made a motion for the Board to award bid to Chesapeake Thermite Welding in the amount of \$426,000.00 for the reconstruction of two crossings on the NSHR at Market and East Streets in Bloomsburg; Mr. Jenkins seconded the motion; motion carried.

Bid Award Commerce Park, Canfields Lane and Schoolhouse Road Grade Crossings (LVRR)

Mr. Stover stated that bids were opened on February 5, 2020 for the reconstruction of three crossings on the LVRR: Commerce Park Drive (entrance to Water Tower Square), Canfields Lane near Montoursville (grade crossing used by the Hawbaker asphalt plant and Jersey Shore Steel's Met Fab facility), and Schoolhouse Road (rural crossing near Level Corners in Piatt Township). These are Section 130 projects.

The following three bids were received:

Railroad Constructors, Inc.	\$598,487.00
Railworks	\$661,078.00
Rhinehart Railroad	\$685,722.00

Mr. Harvey made a motion for the Board to award the bid to Railroad Constructors, Inc. in the amount of \$598,487.00 for the reconstruction of three crossings on the LVRR; Mr. Graham seconded the motion; motion carried.

Danville, Irontown Square RACP Extension Request (NSHR)

Mr. Stover stated that, once again, it is time to consider a request for a one-year time extension for the \$750,000 Redevelopment Assistance Capital Project (RACP) approved in 2012. This grant was the one originally intended to build a rail spur into Irontown Square on the west side of Railroad Street in Danville. This project evaporated with the decline in Marcellus business and the private developer decided not to do the rail spur.

Staff is trying to retain the \$750,000 grant for rail related improvements at DRIVE's complex at the former Metso Minerals site. This industrial area is on the east side to Railroad Street, directly across the street from Irontown Square.

DRIVE's Jennifer Wakeman has already sent us a letter of support. That organization's industrial development activities at the Railroad Street site may need the RACP grant in the future.

Mr. Hormell made a motion for the Board to authorize the Executive Director to sign a letter to the PA Bureau of Revenue to request a one-year time extension for the RACP grant award to the JRA; Ms. Hoover seconded the motion; motion carried with Ms. Wakeman abstaining.

Consideration of PennDOT Section 130 Reimbursement Agreements for Bloomsburg Grade Crossings

Mr. Stover stated that PennDOT District 3-0 has presented the JRA with a "Railroad Construction Phase Reimbursement Agreement" for some of the Section 130 NSHR Bloomsburg corridor work. The amount is \$1,452,824.50.

This is for the Market Street and East Street grade crossings in Bloomsburg and related signal work.

Mr. Jenkins made a motion for the Board to authorize the Vice-Chairman and Secretary to execute the subject Reimbursement Agreement; Mr. Gummo seconded the motion; motion carried.

REPORTS FROM COMMITTEES

Passenger Excursions Committee

Committee Chairman Spychalski reported on the work of the Passenger Excursions Committee which met at 11:00 a.m.

Committee Chairman Spychalski stated that the committee reviewed the second draft of the 2020 passenger excursions time table. He stated that a significant change to this draft from the first draft is deletion of the Catawissa-based passenger excursion trips sponsored by the Roaring Creek & Catawissa Valley Historical Study Group. The sponsor group did not accept any of the alternative dates offered for their trips. They believed the offered dates conflict with other events in the area. The group did ask to be allowed to submit a request for excursions for 2021.

Committee Chairman Spychalski indicated another change is to the departure times for the October 17, 2020 excursions by the Bellefonte Historical Railroad Society. Departure times are 10 a.m., 1 p.m. and 4 p.m. Destinations for these excursions are first trip to Sayers Dam, the second trip to Decibel Road and the final trip will be to Sayers Dam.

Committee Chairman Spychalski stated that the committee voted to approve the draft time table as amended and recommends the full Board approve the passenger excursions to be operated in 2020.

Dr. Spychalski made a motion for the full Board to approve the final draft of Time Table 2020 Public Passenger Train Excursions; Mr. Winslow seconded the motion; motion carried.

Committee Chairman Spsychalski stated that Mr. Pontius, President of Penn Valley Railroad, LLC, attended the committee meeting and provided copies of the 2019 Income Statement for Penn Valley Railroad, LLC. Submission of this statement is a requirement in the agreement that is in place for the passenger excursions. Committee Chairman Spsychalski called attention to explanatory notes on the statement. He emphasized that the income statement is prepared on a cash-basis, not on an accrual accounting basis. It thus does not include non-cash expense items such as depreciation for assets. Also, most of the labor for Penn Valley Railroad, LLC, is provided on a volunteer basis. Therefore, the statement does not reflect any measure of the value of such labor services.

Property Management/Capital Budget Committee Meeting

Committee Chair Jenkins reported on the work of the Property Management/Capital Budget Committee, which met at 10 a.m. on February 12th.

R&S Miller Trucking License Agreement at Lock Haven (NBER)

Mr. Postupack stated that R&S Miller Trucking, LLC had approached JRA staff, requesting a license to access the building and land at the former Lee's Alternators & Starters located at the wye area in Lock Haven. Access to the building was cut-off from East Walnut Street with the realignment of the track during the First Quality project.

The license will allow R&S Miller Trucking to access the building from the new entry point on South Henderson Street.

There will be no charge for the license as the JRA sold the small corner lot in 1999. The commercial lot previously had vehicle access from West Walnut Street but access was lost after the reconfiguration of the East Walnut Street grade crossing.

A copy of the plot plan was included in the agenda grid.

Mr. Jenkins made a motion for the Board to approve access license for R&S Miller Trucking; Mr. Jones seconded the motion; motion carried.

Staiman First Amendment to Lease Agreement – LVRR (Newberry Yard)

Mr. Postupack stated that Staiman Recycling Corporation contacted staff about renewing their lease which expired on December 31, 2019. The lease is for \$14,033 per year. JRA solicitor recommended an amendment to the current lease that will renew the lease and expire on December 31, 2020.

Staiman has requested a new long-term lease for their current area in the Newberry Yard beginning in 2021. This fall, the JRA will begin discussions with Staiman to renegotiate a longer-term lease at a new lease rate.

Mr. Jenkins made a motion for the Board to approve the amendment to extend the term for Staiman Recycling for 2020 calendar year; Dr. Spsychalski seconded the motion; motion carried.

LVRR Office & Newberry Yard Site Visit

Mr. Postupack stated that six members of the JRA Board, JRA staff and six representatives of the LVRR, visited the Newberry offices and Yard on January 29th to look at the state of the office and potential future improvements to the building and Yard.

Issues with the building and surrounding area were examined closely. Many ideas were expressed to guide future recommendations.

Mr. Postupack shared photos of the building, Yard and problem items. Estimates for roof on the warehouse and Marine building, windows and doors for the LVRR office will be pursued. There was also discussion about the possibility of tearing down the Sechler garage and putting up a pole building.

This item is informational only; no action is needed.

Dr. Spsychalski thanked the JRA staff and Operator for enabling JRA Board members to visit the site.

Update on Port Matilda Project

Mr. Stover provided an update on the Port Matilda grade crossing project and stated that PennDOT District 2-0 was able to move this project to the 2019 TIP. This will be finalized at the next meeting of the MPO and will allow for the design and bid to be done this summer for the grade crossing at Port Matilda including the bigger drainage pipe in the inlet. This project was originally in the 2020 TIP and moving it to the 2019 TIP allows for work to proceed more quickly.

LEGAL

Legal Issues

Attorney Schrack stated that Covia is the current tenant of a Reach Road site through the merger with Unimin. An amendment was recently done with Covia to update the term and rent provisions. On January 28th, Covia contacted staff asking the Authority to consent to the assignment of the lease to a new subsidiary entity that Covia is forming called FML Terminal Logistics, LLC.

The JRA typically has a process when dealing with new subsidiary entities and not knowing what kind of credit-worthiness or ability to pay rent that an entity has the JRA would not want to release the existing tenant, in this case Covia, from the tenant's obligations under the lease. Covia is agreeable to remaining on the lease. There is a consent and assignment document that is typically used for the Authority to sign. Covia is going to remain responsible for any tenant responsibilities. The effective date of this assignment is in March.

Mr. Winslow made a motion for the Board to approve the assignment of the Covia lease and authorize the Vice-Chair to sign the assignment document with the understanding that it is going to be in the form that the Authority has done in the past and the tenant will not be released; Mr. Harvey seconded the motion.

SEDA-COG Joint Rail Authority Meeting

February 12, 2020

Page: 9

Mr. Harvey asked if the term of the lease changes. Attorney Schrack replied that the terms of the lease does not change; the tenant is going to change and Covia is the back-stop. If for some reason the tenant would default, the Authority can go after Covia under this document for fulfillment of the obligations.

Motion carried.

Attorney Schrack recommended that the Board recess into executive session.

Vice-Chairman Park recessed the regular meeting at 1:26 p.m. to convene into executive session.

Vice-Chairman Park reconvened the regular meeting at 2:23 p.m.

Attorney Schrack stated that the Authority Board had discussion with solicitor about the ongoing litigation and some brief discussion about a potential real estate acquisition. No action is recommended to be taken in public session nor was any taken in the executive session.

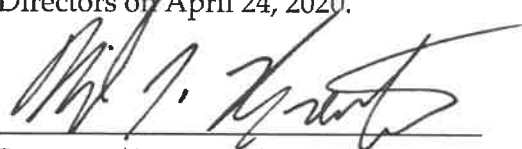
With there being no further business to come before the JRA Board, Vice-Chairman Park adjourned the meeting at 2:24 p.m.

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 April 24, 2020.



Secretary/Assistant Secretary