



**SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, FEBRUARY 8, 2012
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 PRESENT

Scott Harvey, Lycoming County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Sam McCartney, Centre County
Dave Park, Columbia County
Rob Postal, Mifflin County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
John Showers, Union County
John Spychalski, Centre County
Jerry Walls, Lycoming County
Eric Winslow, Union County

GUESTS PRESENT

Tom Avery, Railroad Operating Companies
Nate Blanchard, Railroad Operating Companies
Stephen Bridy, Commissioner, Northumberland County
Allen Bubb, NRHS
Josh First, Appalachian Land & Conservation Services Co., LLC
Tyler Glass, Reading & Northern Railroad
Todd Hunter, Railroad Operating Companies
Anthony Olivera, Snapviews Photography
Don Purcell, Penn Valley Railroad LLC
Andrew Richards, Bellefonte Historical Railroad Society
Mimi Robey, Railroad Operating Companies
Richard Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies
Pete Simcox, Railroad Operating Companies
Jeb Stotter, Railroad Operating Companies
Diana Williams, Railroad Operating Companies

LEGAL COUNSEL PRESENT

Tom Schrack, Esq., McQuaide Blasko Law Offices

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

JRA STAFF PRESENT

Kay Aikey, Program Assistant
George Fury, Property Manager
Jeff Stover, Executive Director

JRA CONSULTING PROFESSIONALS PRESENT

John Conrad, P.E., Bridge Engineer
Troy Truax, AICP, Delta Development Group

CALL TO ORDER

Call to Order

Chairman Walls called the meeting to order at 12:30 p.m.

Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

Chairman Walls welcomed one of the JRA's member counties' newly elected commissioners – Commission Stephen Bridy – to the meeting.

Chairman Walls asked if anyone present at the meeting is intending to audiotape the meeting. Mr. F. Anthony Olivera with Snapviews Photography stated he is recording the meeting for a third party organization, Green Top Media.

The Chairman led an introduction of JRA Board members JRA staff, and guests present.

ADMINISTRATIVE ITEMS

Public Forum

Mr. Josh First recognized Mr. Stover for providing a timely response to his request for Right-to-Know information. He asked if the meeting of the Property Management Committee held earlier was recorded as he had heard some of the discussion at the meeting and wanted to know if he could get a copy of the recording. Chairman Walls stated there was a Property Management/Capital Budget Committee meeting at 8:30 a.m. followed by a work session on the strategic plan at 9:00 a.m. Notes from the work session will be generated, but the session was not recorded. The outcome of that session would be best summarized in what is being produced over the next several months by Delta Development Group and Cambridge Systematics. Mr. First stated he was interested in the internal discussion about the disposition of the assets.

Approval of the January 11, 2012 Meeting Minutes

Dr. Spychalski made a motion to approve the January 11, 2012 meeting minutes with two minor copying/editing type changes.

Dr. Spychalski stated that on page 9 and 10 of the minutes under “Public Forum”, it would be appropriate to insert the first names and, where appropriate, middle initials for whomever spoke.

Another change needing to be made is on page 26 under the heading “Ratify MOU for Downtown Bloomsburg, Inc.” the spelling of Dr. Spychalski needs to be corrected.

Mr. Harvey noted a correction on page 18. The heading “Proposal to Prepare 2001 JRA Audit” should be changed to “2011” Audit.

Mr. Shields noted that Richard and Mimi Robey were not added to the list of guests present.

Mr. Sawicki noted that his name was spelled incorrectly on page 19.

Dr. Spychalski stated that his motion to approve the January 11, 2012 meeting minutes includes all of the above mentioned corrections; Mr. Sawicki seconded the motion; motion carried.

Treasurer’s Report

Mr. Harvey presented the Treasurer’s Report for the month of January 2012 as well as the JRA’s loan summary.

Mr. Harvey noted that the Armond Cassil disbursement should be noted as a reimbursable item.

Mr. Stover stated that the insurance payment on the Rose Street Bridge has been received from the offending trucker’s insurance company.

Mr. Richards had a question about the cash disbursement for the Bellefonte Historical Railroad Society (BHRS) in the amount of \$4,452 and stated that the disbursement was actually \$13,308 which is noted on the Passenger Excursions Accounting Report. Mr. Stover stated he will check with Ms. Merkel who prepared the Treasurer’s Report and will notify the Treasurer and Board if there is a change.

Chairman Walls noted that \$66,566 was returned to the community sponsors for the passenger excursions in 2011.

Mr. Herman made a motion to approve the Treasurer’s Report for the month of January 2012 and file for audit; Mr. Kramer seconded the motion; motion carried.

Legal Issues

Attorney Schrack updated the Board on the conveyance to the Bellefonte Historical Railroad Society of a small portion on the Bellefonte Secondary near Lemont. College Township determined that a subdivision is not necessary. A proposed Quit Claim Deed and agreement have been drafted. The BHRS is responsible for all fees and costs in connection with recording of the deed, and any other taxes or incidental costs that may arise.

Dr. Spsychalski made a motion for the full Board to authorize the Chairman and Secretary to execute the Quit Claim Deed and Conveyance Agreement with Bellefonte Historical Railroad Society for the conveyance of the 2350 ± linear feet of track for \$1.00; Mr. Reitz seconded the motion.

Attorney Schrack stated there are a few conditions in the conveyance that are included in the deed:

- The BHRS cannot abandon the rail property at any time.
- The JRA operating company has the ability to use the track.
- The BHRS cannot convey or assign the premises to any other party; if that would occur then there is a right of reversion of the premises back to the Authority.

Mr. Sawicki asked if this includes utility crossings for the track. Attorney Schrack stated this would be conveying that portion of the track so the BHRS would have ownership of the track and the ability to determine whether crossings will go over the track. The BHRS will also take over maintenance of crossings.

Chairman Walls stated that it needs to be understood that any such future utility crossing would need to be done in accordance with the practices and standards that the JRA requires so as not to pose a future interference with rail movements.

Mr. Richards responded that the BHRS' intention is to keep that line as a rail serviceable line. He stated he can provide the information that the county assessor provided of their valuation of the property for the purposes of the transfer tax.

Motion carried.

Attorney Schrack stated a lease agreement was signed by Mr. MacNamara and his wife for the property at Wingate. The parties have agreed that the property will be leased by the Authority to Mr. MacNamara and the Authority has the right of termination under the lease. A motion is not necessary as prior authorization was given for the lease agreement at a past meeting.

Update on Blair County Request

Attorney Schrack stated that each of the counties in the JRA region were sent a “consent and joinder” for review and a resolution to be adopted to consent to Blair County’s application to the Department of State to join as a member of the Authority. The Authority has already taken action to authorize this joinder. So far Union County has responded affirmatively

O’Brien Opinion on 1983 EDA Grant

Attorney Schrack stated there was a question raised in connection with the matters pertaining to the offer from Mr. Moran of Moran Industries as to what type of obligations exist for the Authority that would limit or restrict a sale of the property. This was an issue that came up in terms of the Economic Development Administration (EDA) grant that provided funds at the time of purchase. Mr. Keith O’Brien did an analysis of the EDA regulations and his conclusion is that the JRA cannot sell or otherwise convey the rail properties without the prior consent of EDA and he also determined that the useful life of the project extends at least through 2013. This term of federal interest applies to those lines the JRA purchased in 1984: the NSHR and much of the NBER. Attorney Schrack stated he thinks there will be significant restrictions on the transfer of the Authority’s property.

Follow-up on Moran Offer

Mr. Stover referred to the news release issued by Moran Industries provided as a handout to Board members. Apparently Moran Industries has made a follow-up offer to the eight member counties. Staff has not received any correspondence from Moran Industries.

Mr. Stover also referred to the article in the Shamokin News-Item which was provided as a handout. The article referenced that Commissioner Clausi indicated that a response was received from the Attorney General’s office that the AG’s office was not pursuing the matter. Northumberland County had made a request to the AG seeking guidance to the county and other member counties in order to dissolve the Authority.

Commissioner Stephen Bridy stated that the county received a letter from the Attorney General’s office on or about January 5, 2012, which stated that the AG’s responsibility is directly to the governor and they do not like to get involved in local matters. A copy of the letter Northumberland County received from the AG’s office was provided to Board members.

Proposed STB Filing by Operator – Change of Control Matter

Attorney Schrack reported that at the last JRA meeting, discussion was held regarding the request of the Operator to have certain information to be provided in connection with the requested Change of Control. The Operator asks that the Authority maintain confidentiality of some of these data.

There were four classes of documents to be maintained as confidential: 1) information relating to the percentage shares to be purchased by the shareholders; 2) shareholder's agreement and confidential agreements; 3) future financial projections; and 4) information regarding tax credits. The JRA Board had decided that it would not take the position that this was confidential information and therefore the Operator was instructed that they could proceed with preparation of a STB petition for the JRA's consideration. Mr. Richard Wilson, attorney for the Operator, provided a first draft of a STB filing in mid-January. That version was somewhat broad in terms of the scope of what would be treated as confidential. After discussion, Attorney Wilson agreed to revise the petition to limit the request for a STB Protective Order to only those four classes of documents. There has been subsequent discussion as to whether this is in fact still too broad. There have been discussions between Mr. Krentzman and others relative to terms of how to proceed with this petition.

Mr. Krentzman stated that the information sought to be protected is either already publicly known or could very easily be publicly discerned from what is publicly known. Business projections, however, should be protected. The Operator is to come back with a further narrowing of what information is to be protected.

Mr. Shields stated the Operator has been open and honest with JRA Consultant Mr. Daniel Mazur in providing documents that he requested, but the Operator would like to protect future business projections and things of that nature.

Attorney Schrack stated this matter will be discussed further at the March meeting.

Events Calendar/Staff Report

Mr. Stover presented the events calendar for February and March 2012 and Project's Status and Staff Report.

Operator's Status Report and Business Forecast

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

Ms. Williams stated that the Operator has been working with Mr. Daniel Mazur, providing him with all the information that he has requested. The audit process has begun as required by the Operating Agreement.

Mr. Simcox reported that the rail grinder should be on the property in 1-2 weeks and grinding could be done in as little as two days.

OLD BUSINESS

TIGER II Status and Action Items

Mr. Stover reviewed the TIGER II tasks and overall budget which was included in the meeting packet.

Task E/White Deer Bridge and WDR Track Rehabilitation

Mr. Stover stated the bids for the White Deer brushcutting came in high and staff is recommending that the Board reject the bids received and rebid the brushcutting as part of the track rehabilitation contract.

Mr. Krentzman made a motion that the full Board reject all bids, including the low bid of \$75,900 from DeAngelo Brothers; Mr. Herman seconded the motion; motion carried.

Task F/Bellefonte (Tallyrand) Bridge Restoration

Mr. John Conrad, P.E. is still working on the design of the Tallyrand Bridge but has been consumed with work at the Loyalsock Creek Bridge as a result of the damage to the adjacent sewer force main that was damaged by the demolition contractor.

Task G/Point Township Track and Reach Road Terminal

Mr. Stover stated that there have been some change orders recommended by Mr. Paul Jannotti. There are four change orders from Don E. Bower, Inc., totaling \$248,425.90 for additional work related to removing unsuitable base material and placing aggregate and watersealing pit walls. The contract will rise from \$848,210 to \$1,096,635.90. The second change order is from Rhinehart for \$12,987 for clips to attach the rail to the pit and overtime to meet Unimin's startup deadline. The contract will rise from \$526,654 to \$539,641.

Dr. Spychalski made a motion for the full Board to approve the four change orders submitted by Don E. Bower, Inc. for \$248,425.90 and the change order by Rhinehart for \$12,987; Mr. Postal seconded the motion; motion carried.

Strategic Planning Update

Chairman Walls explained the Rail Authority convened a work session on the strategic plan at 9 a.m. until noon on the morning of the meeting.

Mr. Troy Truax from Delta Development Group (Delta) gave an overview of the outcomes of the morning's work session.

Mr. Truax stated there were several objectives:

1. Bring new members up to speed on what the strategic planning process is about.
2. Report on the findings with respect to the information gathering exercise, such as defining Strengths/ Weaknesses/Opportunities/Threats. These were generated by the Board, staff and the Operator.
3. Report on the stakeholder interviews that were done with approximately 30 stakeholders who gave their viewpoints on the Authority and the overall rail enterprise.
4. Report on the data analysis with respect to rail freight and highway freight market analysis done by Cambridge Systematics.

The Board then entered into what is called visioning which is looking at not only the current mission statement, but the need to identify the JRA's core values, guiding principles, and core functions. The result is the preparation of a vision statement. This helps to establish a series of goals/objectives as an additional foundation to the strategic plan.

Discussion was also held regarding an amendment to the contract with Delta to do a further evaluation of the Rail Authority itself, comparing it with other types of business models and best practices that exist throughout the nation with respect to regional and short line rail operations. Another component was consideration of putting together an RFP for an appraisal that will be done internally. Finally, considerations for a communications plan strategy for the Authority itself.

Mr. Stover summarized what is being recommended for action. He referred to the proposal that Delta prepared and said that Task 3 would be modified to read "not to exceed \$10,000", except if the Board approved a change for additional work. Also, the Task 2 items in the earlier proposal were eliminated. If the JRA Board wants to pursue an appraisal, it could do so on its own. One of the comments from the Board members was an appraisal is not needed at this time.

Mr. Stover stated that staff recommendation is that the Board accepts the Delta proposal of February 7, 2012 which would not include any work under Task 2 and Task 3 would be revised to read "not to exceed \$10,000 without otherwise approval".

Mr. Sawicki made a motion for the full Board to accept the revised Delta proposal of February 7, 2012 with revision of Task 3 to read "not to exceed \$10,000 without otherwise approval"; Mr. Jenkins seconded the motion.

Mr. Reitz had a question related to Task 1 Business Model Evaluation and stated that it seems like the Authority has been using the same model since 1984 and because of the various contracts and agreements, the Authority is locked into the business model currently being used. He is wondering the wisdom of evaluating the other business models when the model currently being used cannot be changed.

As some board members did not receive the revised proposal in a timely manner and were unable to review it, a decision was made to table this discussion to the March meeting.

The motion made by Mr. Sawicki and Mr. Jenkins was withdrawn.

Mr. Herman made a motion to table the discussion on the Strategic Planning to the March meeting; Dr. Spychalski seconded the motion; motion carried.

NEW BUSINESS

Award Bid For NBER MP 17.95 Bridge

Mr. Stover stated that the bid submission date for the NBER MP 17.95 Bridge has been moved to February 14 so this item will be on the March agenda. No action is needed at this time.

Loyalsock Creek Bridge

Lycoming Supply is nearing the completion of the Loyalsock Creek Bridge demolition.

Sometime around January 20th, crews from Lycoming Supply were removing some subaqueous concrete foundations. As a result, this caused a break in a sewer force main that runs roughly parallel to the old bridge. Using this pipe, Loyalsock Township, pumps sewage into the Lycoming County Water and Sewer Authority system. The utilities' monitoring devices revealed something askew. They determined there was a break and were able to isolate the damage section of the concrete encased main and close it down with nearby valves. Nevertheless, some sewage went down stream; DEP was immediately notified by Loyalsock Township. All parties (Loyalsock Township, Lycoming County Water and Sewer Authority, Lycoming Supply and the JRA) are working on a schedule to submit to DEP. At this point, DEP is not fining anyone but they want to see a definitive plan of action.

Mr. John Conrad, P.E. updated the Board on the Loyalsock Creek Bridge situation and stated he has an action plan to submit to DEP. With the information submitted to DEP and the authorities, a revision to the emergency permit is expected to allow the contractor to complete the repair.

Chairman Walls commended Mr. Conrad on his level of responsiveness and service that he provides to the Rail Authority.

Mr. Stover stated that Lycoming Supply has started an insurance claim and is tracking its costs. The 1997 easement, which governed the installation, has standard railroad language that if the facility is damaged by the railroad or its agents, there is no liability on the part of the railroad except in cases of negligence. Lycoming Supply doesn't want to file an insurance claim if it doesn't feel it is liable. Loyalsock Township and the Lycoming County Water and Sewer Authority are aware of this matter.

COMMITTEE REPORTS

Property Management/Capital Budget Committee

Committee Chair Jenkins explained his Committee met briefly at 8:30 a.m. that morning.

West Penn Power Company (NBER)

Mr. Fury stated that West Penn Power Company approached staff regarding a project on Upper Coleville Road near the Rumberger Engine House involving replacement of the highway bridge over Buffalo Road, necessitating the relocation of several utility poles.

A pole located at the southwest corner of the bridge is guyed to a pole line servicing the engine house. Removal of the pole requires installation of a guy anchor and wire to stabilize the pole line servicing the Engine House.

There is no cost associated with this easement due to the direct benefit received by the JRA. The application fee is waived.

Mr. Kramer made a motion that the full Board approve the easement for West Penn Power Company and execution by the Chairman and Secretary; Mr. Jenkins seconded the motion; motion carried.

Land Conveyance to MCIDC

Mr. Postal stated that when the Mifflin County Industrial Development Corporation (MCIDC) donated the West Park line to the Authority, they tried to anticipate the right-of-way that would be required for an upgrade to the access road that benefits First Quality Baby Products and some other users. Because of a small change in design in that project, the road will eventually be dedicated to Granville Township. The Township requires a specific right-of-way width before they will accept the road. MCIDC is asking that the Authority convey 11,088 square feet of land that is necessary for the right-of-way so the road can be dedicated to Granville Township. MCIDC will incur all costs associated with the land conveyance.

Mr. Krentzman made a motion for the full Board to approve conveyance of 11,088 square feet of Joint Rail Authority land along Locust Road to the MCIDC for a \$1.00; Dr. Spsychalski seconded the motion; motion carried with Mr. Postal abstaining.

Fiber Optic Charges

Mr. Jenkins stated that Mr. Fury is working on some talking points relative to fiber optic charges. Any board members who have any suggestions or changes to the fee schedule please submit them to Mr. Fury. The fee schedule will be discussed at a future PMC meeting.

Passenger Excursions Committee

Committee Chair Spychalski stated that work on the draft of the timetable for 2012 is nearing completion. The two immediate remaining details concern trip requests conditions for fall excursions that have been requested by the Bellefonte Historical Railroad Society sponsor group and with the Halloween theme excursions based in Williamsport. Once those details are resolved, a draft form of a timetable will be distributed for review by all parties.

Committee Chair Spychalski referred to the two letters included in the packet expressing appreciation to all parties for excursions in the past calendar year.

He further stated that Penn Valley Railroad, LLC is working on moving its passenger equipment from the Hawbaker transload facility in Pleasant Gap to the location where the equipment is maintained and stored.

Mr. Stover asked for JRA Board action to ratify the MOU with Downtown Bloomsburg, Inc. This agreement had actually been signed previously by the JRA, local sponsor and Penn Valley Railroad, LLC, but was done prior to necessary Board action.

Dr. Spychalski made a motion that the full Board ratify the Passenger Excursions MOU executed between the JRA, Downtown Bloomsburg, Inc. and Penn Valley Railroad LLC; Mr. Jenkins seconded the motion; motion carried.

Operating Agreement Committee

Committee Chair Krentzman stated that the Committee has not had a recent meeting and there is nothing to report.

Chairman Walls said the next Committee assignment will be to schedule a meeting to consider the Change of Control information once the attorneys have settled the confidential data needs.

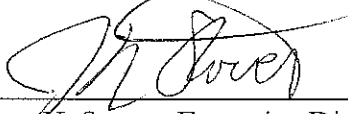
Mr. Reitz asked what timeframe this would be regarding the matter between the attorneys.

Attorney Schrack stated it is with Attorney Wilson to go back and revise the draft and then it will come to him and will be passed on to Mr. Krentzman and the Operating Agreement Committee and the Board. This information will be discussed the March meeting.

Mr. First pointed out that when he came in before lunch there was a great deal of discussion that wasn't repeated at the full JRA Board meeting. He suggested that for the sake of the organization, this type of discussion should be recorded since it is sensitive.

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 March 14, 2012.



Secretary/Assistant Secretary