



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, JANUARY 14, 2009
SEDA-COG, LEWISBURG, PENNSYLVANIA
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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Lewisburg
PA 17837**

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**jra@seda-cog.org
<http://jra.seda-cog.org>**

AUTHORITY MEMBERS PRESENT

Frank Dombroski, Montour County
Tom Herman, Montour County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Mike Redin, Centre County
Dennis Reitz, Northumberland County
Frank Sawicki, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
Jim Spendiff, Mifflin County
Jerry Walls, Lycoming County
Mike Hawbaker, Centre County (via telephone)
Bud Henry, Columbia County (via telephone)

GUESTS PRESENT

Tom Avery, Railroad Operating Companies
Al Bubb, NRHS
Chuck Feinauer, Railroad Operating Companies
Todd Hunter, Railroad Operating Companies
Phil Lucas, Railroad Operating Companies
Jim Miller, Railroad Operating Companies
Mark Murawski, Lycoming County Planning Commission
Ray O'Brien, Railroad Operating Companies
Jeff Pontius, Railroad Operating Companies
Dick Robey, Railroad Operating Companies
Mimi Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies
Pete Simcox, Railroad Operating Companies
Jeb Stotter, Railroad Operating Companies
Terry Webster, Railroad Operating Companies
Diana Williams, Railroad Operating Companies

STAFF PRESENT

Steve Hurvitz, Esq., McQuaide Blasko
Keith O'Brien, Esq., Baker & Miller PLLC
Kay Aikey
George Fury
Steve Kusheloff
Jeff Stover

ADMINISTRATIVE ITEMS

Call to Order

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



Affiliated with
SEDA Council of Governments

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

Mr. Stover presented Mr. Terry Webster with a certificate of appreciation. Mr. Webster recently retired from the Lycoming Valley Railroad as a Track Supervisor in the Maintenance of Way Department. Mr. Dale Jamison, who worked on the Nittany Bald Eagle Railroad in operations, has also retired and he will receive a certificate of appreciation.

Election of 2009 Officers

Mr. Kramer presented the slate of officers for 2009 recommended by the Nominating Committee:

Chairman – Jerry Walls
Vice-Chairman – Tom Herman
Treasurer – Dennis Reitz
Assistant Treasurer – Scott Harvey
Secretary – Don Kramer
Assistant Secretary – Bud Henry

Attorney Hurvitz entertained a motion to accept the report of the Nominating Committee.

Mr. Krentzman made a motion to accept the report of the Nominating Committee; Mr. Spendiff seconded the motion; motion carried.

Attorney Hurvitz entertained a motion with respect to the slate of officers for their election.

Mr. Spendiff made a motion to accept the slate of officers for their election; Mr. Krentzman seconded the motion; motion carried.

Approval of the December 10, 2008, Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Herman made a motion to approve the December 10, 2008, meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Shaffer seconded the motion; motion carried.

Treasurer's Report

Mr. Reitz reviewed the Treasurer's Report for the month of December 2008.

Mr. Shaffer questioned if the cash disbursement for K.W. Reese (Mill Hall track work) should be a reimbursable item; Mr. Stover responded that it is a reimbursable item.

Mr. Krentzman made a motion to approve the Treasurer's Report for the month of December 2008; Mr. Kramer seconded the motion; motion carried.

Selection of Auditor for FY 2008

Mr. Stover provided members with a handout of the summary of six accounting firms that submitted proposals in response to the RFP for audit services. Mr. Stover recommended that the Authority engage Herring & Roll for the 2008 fiscal year audit.

Mr. Hawbaker made a motion to approve the staff recommendation to engage Herring & Roll in the amount of \$5,000 or alternatively if a federal single audit is required for \$6,000; Mr. Redin seconded the motion; motion carried.

At this time, members entered in to executive session at 12:50 p.m. to discuss the operator's "Change of Control" conceptual plan. The regular meeting reconvened at 2:09 p.m.

The operator and other guests were invited back into the meeting.

Mr. Walls stated that an executive session was held for the purpose of discussing a proposal from Mr. Robey for change of control of the operating railroad. Mr. Walls recognized Mr. Robey as he requested the opportunity to address the board. Mr. Robey introduced the 11 individuals employed by his companies whom he selected to be the new owners of the holding company which is involved in the change of control.

Mr. Walls stated that the Rail Authority is in receipt of Mr. Robey's January 7, 2009 email proposal for change of control and stated that the discussion in consideration of this has been substantial. Mr. Walls entertained a motion as to whether to accept or reject the proposal as it has been presented.

Mr. Sawicki made a motion to reject the proposal as presented; Mr. Dombroski seconded the motion; motion carried.

Mr. Walls continued by stating that the Authority is interested in moving forward with a positive partnership and relationship, and the Authority will put in writing a list of items of what the Authority would like to see to start the discussion. The members of the Operating Agreement Committee, staff, legal counsel (both solicitor and special counsel) and select Rail Authority members would like to sit down face-to-face with the operator and whoever to start the discussion in a forthright and definitive way. The Authority would like to address the needs which include, but are not limited to:

1. A principal owner who is in charge.
2. A response to a number of questions that have been presented by the Executive Director, Attorney O'Brien, and Attorney Hurvitz.
3. Request that the Operator provide an organizational chart of the existing organization as it stands today as well as an organizational chart of what is being proposed.
4. One of the principal concerns is that the Authority wants to have a clear and definable operating structure that puts one person in charge so there is a way to have a clear line of responsibilities.

Mr. Robey stated that he has plans to go to Florida for most of the month of February, but there is time at the end of January to hold a meeting.

Monday, January 26, at 1 p.m., was selected for the meeting to discuss the change of control. Mr. Walls appointed the following board members to attend this meeting: Mr. Spendiff, Mr. Krentzman, Mr. Showers, Mr. Sawicki and Mr. Reitz. Attorney Hurvitz and Attorney O'Brien will also be available to attend. The meeting will take place at SEDA-COG.

Mr. Walls stated that the Rail Authority wants to see this work. Mrs. Robey raised a question as to why this was such a big deal. Mr. Walls responded that the collective experience with the board members was that there is a need to have a more clear cut way to operate, and they are concerned about the operational control vested from the point of view of not being here at hand to be in touch with all of the concerns and issues that come up daily. Mr. Walls stated he would be happy to have this discussion as part of the session on January 26 to discuss in more detail.

Mr. Walls asked that everyone commit to make this work out soon and thanked everyone for making the effort to come.

Legal Issues

Attorney Hurvitz stated the only issue is the property dispute issue taking place in the Lock Haven area with Mr. Hartman who had sent a letter demanding clarification of the Authority's ownership of a portion of property.

Mr. Fury reported that a report was received from the NSHR track inspector regarding the Decker issue. He reported the material is still on the property, so another contempt petition will need to be filed.

Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for January and February, the projects map, and the staff report.

Operator's Status Report

Mr. Robey referred to the Operator's Report included in the packet for his presentation.

PROPERTY MANAGEMENT COMMITTEE

Columbia Gas (NBER) Bellefonte

Mr. Fury stated that Columbia Gas is requesting an easement for the construction of a 6" gas line within the public right-of-way of SR150 (Willowbank Street) in Bellefonte. Columbia Gas has met all requirements and paid all necessary fees. The recommendation is to accept the PMC recommendation.

Mr. Redin made a motion for the full board to accept the application for easement for Columbia Gas; Mr. Spendiff seconded the motion; motion carried with Mr. Hawbaker and Mr. Henry voting via speaker phone.

Northumberland Sewer Authority (NSHR)

Mr. Fury stated that Northumberland Sewer Authority has requested an easement for the construction of a 16" forced sanitary main crossing the NSHR between King Street and where the North Shore joins Norfolk Southern below Queen Street in Northumberland. All requirements have been met and all fees paid. The recommendation is to accept the PMC recommendation.

Mr. Redin made a motion to approve the easement sale to the Northumberland Sewer Authority; Mr. Reitz seconded the motion; motion carried with Mr. Hawbaker and Mr. Henry voting via speaker phone.

For informational purposes, Mr. Redin reported that the Rail Authority has been approached by the Ohio Central Railroad System with the desire to buy the turntable in Lewistown. At this point, the PMC recommends an evaluation as to where else rail cars might be turned if not at that turntable and what it would cost the Authority to repair the turntable, as well as electricals and mechanicals so the PMC can make a more informed recommendation at a future date.

Since there was no need for any action on this from the board, Mr. Walls stated that Mr. Stover should go ahead and make the investigation of the options for turning cars and locomotives and the costs involved in the turntable as was discussed in the PMC meeting.

Mr. Redin also reported on the discussion at the PMC meeting relating to the future of the Newberry Yard and its facilities and how it ties into a request for a 480 volt three phase service in the existing engine house. The PMC Committee decided that before action is taken on increasing the electric service in the existing engine house, that committee members explore the cost, time, and scope of work that it would take to establish a new engine facility that is more like the one at Port Clinton on the Reading and Northern Railroad. This is the direction the PMC recommends taking at this point in time.

Mr. Walls added this would be part of the master planning concept for the Newberry Yard. Mr. Redin stated this would allow the PMC to make a proposal and a more informed decision at a later date.

OLD BUSINESS

Newberry South Bulk Transfer Facility Issues (LVRR)

Mr. Stover provided members with a handout listing some financing options for the LVRR Newberry Bulk Transfer Facility.

Mr. Stover stated that representatives from the JRA (Walls, Harvey, Hawbaker, Fury and Stover) met with Mr. Fred Flaxmayer, CFO from Bulkmatic, on January 8. Mr. Stover stated this was a very positive meeting and feels that the Authority is going to be able to work out the details of a 15-20 year lease with Bulkmatic.

Some guidance received at the PMC meeting is to: 1) prepare, in conjunction with Attorney Hurvitz, a draft of a lease for Bulkmatic which will not have a "bail out clause" for a 15-20 year lease; and 2) send out a RFP for financing proposals to local banks.

Mr. Hawbaker asked if Hepco will maintain their pricing in case it goes beyond the initial quoted term. Mr. Stover stated that Hepco is willing to hold the price until mid to late February.

2009 Maintenance of Way Program

Mr. Stover stated that a second meeting to discuss the 2009 M/W program has been scheduled for January 26 at 10:30 a.m. At this time there is no M/W program to present to the Board.

Public Forum

None.

ADJOURNMENT

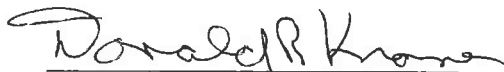
Mr. Walls adjourned the meeting at 2:45 p.m.

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 February 11, 2009.



Secretary/Assistant Secretary