



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, JANUARY 13, 2010
SEDA-COG, LEWISBURG, PA
12:45 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

- Centre**
- Clinton**
- Columbia**
- Lycoming**
- Mifflin**
- Montour**
- Northumberland**
- Union**

AUTHORITY MEMBERS PRESENT

- Frank Dombroski, Montour County
- Scott Harvey, Lycoming County
- Mike Hawbaker, Centre County (via speaker phone)
- Bud Henry, Columbia County
- Tom Herman, Montour County
- Rick Jenkins, Columbia County
- Don Kramer, Clinton County
- Michael Krentzman, Mifflin County
- Rob Postal, Mifflin County
- Dennis Reitz, Northumberland County
- Frank Sawicki, Northumberland County
- John Showers, Union County
- Dennis Shaffer, Union County
- John Spsychalski, Centre County
- Jerry Walls, Lycoming County

GUESTS PRESENT

- Tom Avery, Railroad Operating Companies
- Al Bubb, NRHS
- Todd Hunter, Railroad Operating Companies
- Mark Murawski, Lycoming County
- Dick Robey, Railroad Operating Companies
- Mimi Robey, Railroad Operating Companies
- Gary Shields, Railroad Operating Companies
- Pete Simcox, Railroad Operating Companies
- Diana Williams, Railroad Operating Companies

STAFF PRESENT

- Steve Hurvitz, McQuaide Blasko Law Offices
- Kay Aikey
- George Fury
- Steve Kusheloff
- Jeff Stover

CALL TO ORDER

Call to Order

Mr. Walls called the meeting to order at 12:45 p.m.

**SEDA-COG JOINT
RAIL AUTHORITY**

201 Furnace Rd
Lewisburg
PA 17837

(570) 524-4491
fax 524-9190

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



Affiliated with
SEDA Council of Governments

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

Mr. Bubb shared an article from the November 2-8, 1986 edition of the *Sunday Grit* newspaper regarding the Williamsport Railroad Station.

Election of 2010 Officers

Mr. Henry presented the slate of officers for 2010 recommended by the Nominating Committee:

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

Mr. Henry made a motion to accept the report of the Nominating Committee; Mr. Sawicki seconded the motion; motion carried.

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

Mr. Spychalski made a motion to accept the slate of officers by acclamation; Mr. Hawbaker seconded the motion; resolution adopted.

Mr. Herman expressed his thanks to the board for his serving as Vice-Chairman of the JRA and expressed his desire that he did not want to run for the position in 2010.

Committee Assignments for 2010

Mr. Walls reviewed the mission of the Property Management Committee and stated he wanted to add another item which is to “undertake a master plan for each of the Joint Rail Authority owned rail yards.”

Mr. Walls stated the Operating Agreement and Capital Budget Committees need to continue with their missions.

Mr. Walls stated the Rail Authority has a whole needs to be specifically, individually, and collectively engaged in the strategic planning process. The overall strategic planning process is not exclusively within the realm or domain of any one committee.

Mr. Walls appointed Michael Krentzman as the Chair of the Operating Agreement Committee; Mr. Krentzman accepted. Members include Scott Harvey, Dennis Reitz, John Gummo, John Spychalski and Mike Hawbaker. All agreed to serve on this committee

Mr. Walls appointed Don Kramer as Chair of the Property Management Committee; Mr. Kramer accepted. Members include Bud Henry, Tom Herman, Frank Dombroski, Rob Postal and Scott Harvey. All agreed to serve on this committee.

Mr. Walls appointed Dennis Shaffer as Chair of the Capital Budget Committee; Mr. Shaffer accepted. Members include John Showers, Frank Sawicki, Tom Herman, Mike Hawbaker, and Rick Jenkins. All agreed to serve on this committee.

Mr. Walls stated that any committee meeting is open to all board members and are encouraged to attend any of these meetings.

Approval of the December 9, 2009, Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the December 9, 2009 meeting minutes of the SEDA-COG Joint Rail Authority.

Mr. Reitz stated there is an omission from the meeting minutes regarding the operator's report as there is no mention of the collision that occurred on the Nittany & Bald Eagle railroad during the filming of the movie. Mr. Reitz stated he has language that he moved that would be included in the minutes "a collision occurred on railroad property during the filming of the movie 'Unstoppable' involving movie equipment. The operator had reported at the November meeting of a 'stellar safety record' during the filming of the movie."

Mr. Reitz made a motion to make a correction to the meeting minutes to include this added language; Mr. Spsychalski seconded the motion; motion carried.

Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of December 2009.

Mr. Herman made a motion to approve the Treasurer's Report for the month of December 2009; Mr. Sawicki seconded the motion; motion carried.

Mr. Shaffer asked if the Newberry South project is finished and Mr. Stover replied for the most part it is. There are some outstanding bills from Hepco, but the Kennedy King track work bills are out. There is still money left in the grant for the track work.

Mr. Walls asked if the project came in as budgeted as far as the costs to be borne by the Rail Authority. Mr. Stover responded there were some change orders that came in and most of them were related to Bulkmatic.

Mr. Shaffer suggested that the outstanding loan balance for Newberry South be included in the monthly financial report. Mr. Stover said there are two outstanding loans for Newberry South – the PIB loan from the state and the Jersey Shore State Bank. There are two small loans with M&T Bank as well. Board members asked to include the loans and declining balances as a second page to the Treasurer's Report.

Mr. Walls reported the some of the Property Management Committee would like to see a capacity assessment done by the operator – not just in terms of the physical infrastructure but also the operations assessment to

see where we stand at current volumes, where will we stand with projected 3,000 carloads that Marcellus Energy Services expects to haul in. When this is compounded with the other new business opportunities where will it put us in terms of capacity used and if there is further capacity available to operate in the Newberry Yard?

Mr. Hunter stated this will need to be looked at on a railroad by railroad basis.

Mr. Walls asked the operator to come back to the Authority with a careful capacity assessment.

2009 Audit Proposal

Mr. Stover reported that Herring and Roll has proposed to complete the Authority's 2009 audit in the amount of \$5,000 and staff recommends that the board approve the proposal.

Mr. Spychalski made a motion that the full board approve the Herring and Roll's proposal for preparation of the 2009 JRA audit in the amount of \$5,000; Mr. Reitz seconded the motion; motion carried.

Legal Issues

Attorney Hurvitz stated there are no legal issues to report at this time.

Solicitor Transition Plan

Attorney Hurvitz stated he sent a letter to the Authority in response to a motion made at the December 2009 meeting regarding preference to have Attorney Tom Schrack serve as primary legal counsel. Attorney Hurvitz stated it is a good idea to effect a transition; however, it should be done in a studied and timely manner. The plan is to have Attorney Schrack take over primary responsibility to the Authority no later than the end of this year. Attorney Schrack will attend more meetings and Attorney Hurvitz would like him to become more involved on a board level. Attorney Schrack is involved in working with Mr. Stover and Mr. Fury on a number of other issues. The plan would be that Attorney Hurvitz would meet with Attorney Schrack before and after every Authority meeting and the Authority would not be charged for the additional time of two attorneys meeting with each other. The ultimate control in terms of the board responsibility would be turned over to Attorney Schrack no later than January 1, 2011. This is being submitted as a proposal for consideration by the Authority.

Mr. Showers made a motion that the full board approve the Solicitor Services Transition Plan; Mr. Kramer seconded the motion.

Mr. Reitz stated he does not see the value in this transition plan. Attorney Schrack has attended five JRA meetings since February 2009 working on various legal matters. Mr. Reitz stated he is not aware of any significant legal matters that need to be transitioned at this point in time and doesn't see the value in having a year-long transition period at this point. This transition period is unnecessary.

Mr. Walls stated a motion can be made to remove from the table the tabled motion that was made at the December meeting.

Attorney Hurvitz stated this should not be a divisive issue for the Authority nor does he want it to be.

Mr. Walls stated it is important that the Authority have a full array of legal specialists at the Authority's disposal. The firm of McQuaide Blasko is the engaged legal firm which entitles the Authority to access through the named solicitor any and all such specialists that can be provided for whatever issue comes up. Mr. Walls recognized the current motion that the full board approve the Solicitor Services Transition Plan made by Mr. Showers and seconded by Mr. Kramer.

Mr. Herman asked if the Authority is paying for one attorney. Attorney Hurvitz clarified that McQuaide Blasko bills an hourly rate and his rate is lower than Attorney Schrack. The hourly rate for Attorney Hurvitz is \$180/hour and the normal hourly rate is \$275/hour. The hourly rate for Attorney Schrack is \$185/hour, but Attorney Hurvitz will confirm this amount. The Solicitor Transition Plan provided indicates there will be no charge for two attorneys and there would be no charge for the two attorneys meeting to discuss Authority business.

Motion carried with Mr. Spsychalski, Mr. Reitz, Mr. Shaffer, and Mr. Herman opposed.

Mr. Walls stated that this motion does not change the existing relationship with Attorneys Keith O'Brien and Jack Stover as they are separate procurements.

Mr. Showers made a motion to appoint Attorney Keith O'Brien as special counsel for transportation specific matters and Attorney Jack Stover as special counsel for operating agreement matters; Mr. Postal seconded the motion; motion carried.

Events Calendar/Projects Map/Staff Report

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

Operator's Status Report and Business Forecast

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

Mr. Robey stated that both he and Mim are off the payroll of the railroad company and have registered with the Railroad Retirement Board.

Mr. Hunter shared a PowerPoint presentation titled "Marcellus Shale 101 – A Shortline Railroad Opportunity." on the Marcellus Shale Gas Railroad Impact.

PROPERTY MANAGEMENT COMMITTEE

Gregg Township Sewer Easement (WDR)

This item was tabled until the February 2010 meeting.

Aqua Pennsylvania, Inc. Waterline Easement (SVRR)

Mr. Kramer reported that Aqua Pennsylvania, Inc. is requesting an easement for construction of a new 12” ductile iron water main passing under the SVRR spur that serves Drug Plastics in Ralpho Township. The occupation is within the public right-of-way; therefore no easement fee applies. Application fee has been received and all plans meet JRA standards.

Mr. Kramer made a motion that the full board approve the easement for Aqua Pennsylvania and execution by the Chairman and Secretary; Mr. Jenkins seconded the motion; motion carried.

Ratify Bids for LVRR Office Building Roof (LVRR)

Mr. Kramer reported that the LVRR office building has a “built-up” flat roof that has failed and needs to be replaced and upgraded to a rubber membrane.

Mr. Stover reported that two bids for roof replacement at the LVRR office building were received with the lower bid in the amount of \$9,735 from Barr Construction.

Mr. Henry made a motion that the full board award the bid for replacement of the roof at the LVRR office building to Barr Construction in the amount of \$9,735; Mr. Reitz seconded the motion; motion carried.

Award Bids for Sechler Site Improvements, Fencing and New Garage Doors (LVRR)

Mr. Kramer reported that bids were received on January 12 for replacement of the garage doors, as well as 480 LF of chain link fencing around the garage and surrounding area of the former Sechler garage.

Mr. Kramer made a motion that the full board award the bid to Whistle Stop Fence Co. in the amount of \$9,867 for the perimeter fence at the former Sechler property and execution by the Chairman and Secretary; Mr. Henry seconded the motion; motion carried.

Mr. Stover reported that Glick Door has submitted a bid in the amount of \$2,399 to replace the doors in the former Sechler garage.

Mr. Kramer made a motion that the full board award the bid for replacement of the doors at the former Sechler garage to Glick Door in the amount of \$2,399 and execution by the Chairman and Secretary; Mr. Herman seconded the motion; motion carried.

Newberry Yard Master Plan Session Report

Mr. Kramer reported that the Property Management Committee as well as other board members met on January 11 along with the operator to look at improvements that need to be made to the Newberry Yard.

Mr. Stover reported that board members took a comprehensive tour of the Newberry Yard and came up with a list of things that needed to be done. The operator and his staff will prioritize this list and give their recommendation to the Authority.

Mr. Walls stated the Authority is not going to undertake the master planning in any given Rail Authority rail yard in a vacuum. The Williamsport City Engineer and County Planning have been alerted that the Authority is undertaking this master planning work and will need additional space. A work session with the City and County will be held at a later date.

Mr. Hawbaker left the conference call at 2:15 p.m.

Mr. Robey asked that the Authority enumerate which yards are being discussed. Mr. Walls replied Bellefonte, Lewistown and Newberry.

Ratify Bid for Yard Access Road Upgrade for Marcellus Energy Services (Sargent) (LVRR)

Mr. Stover reported that two bids were received for upgrading of the Newberry Yard access road for Marcellus Energy Services (Sargent). The road upgraded runs along the north side where Staiman Recycling is and along the Fisher Mine property line. J.C. Quigel & Son had the low bid at \$3,428.

Mr. Henry made a motion to award the bid for upgrade of Newberry Yard Access Road for Marcellus Energy Services (Sargent) to J.C. Quigel & Son in the amount of \$3,428; Mr. Harvey seconded the motion; motion carried.

OLD BUSINESS

IPC-Kopper Site Agreement and MOU (LVRR – Muncy)

Mr. Stover reported that Attorney Schrack has drafted a Memorandum of Understanding (MOU). Attorney Schrack has also prepared a draft easement that would be signed by Koppers, Inc. and the JRA to allow for rail operations through their facility.

OTHER COMMITTEE REPORTS

Operating Agreement Committee Report

Mr. Krentzman reported that the Operating Agreement Committee met recently. Mr. Walls stated that there needs to be a discussion on the matter relating to trackage rights.

Mr. Stover stated that Norfolk Southern has asked the Authority and the Nittany & Bald Eagle Railroad for a reduction in the trackage rights payments to the NBER. The JRA receives 15% of the trackage rights payments which results in some \$175,000 additional revenue for the Authority.

Mr. Walls stated this matter is governed in part by the three party agreement and appointed a trackage rights negotiating team and asked that it be composed of Michael Krentzman, Jeff Stover, Attorney O'Brien and Jerry Walls. A recommended action will be brought to the Rail Authority for consideration.

Mr. Walls called for an Executive Session at 2:30 p.m. Mr. Walls asked the operator to remain for executive session.

Mr. Walls reconvened the regular meeting at 2:43 p.m.

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 March 10, 2010.



Secretary/Assistant Secretary