



**PRESERVING
RAIL FREIGHT
SERVICE**

SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, January 12, 2022
Union County Government Center, Lewisburg, PA
12:30 p.m.

AUTHORITY MEMBERS

Frank Dombroski, Montour County (via teleconference)
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 (via teleconference)
Brent Jones, Clinton County
Michael Krentzman, Mifflin County (via teleconference)
Rob Postal, Mifflin County (via teleconference)
David Schultz, Lycoming County (via teleconference)
John Showers, Union County
John Spsychalski, Centre County (via teleconference)
Jennifer Wakeman, Montour County
Matt Weigle, Columbia County (via teleconference)
Eric Winslow, Union County

JRA OPERATOR

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

GUESTS

John Ashbridge, Carload Express
Kelly O'Brien, BIDA
Jeff Pontius, Penn Valley Railroad, LLC
Lauren Bryson, Focus Central PA
Ed Sigl, First National Bank (via teleconference)
Courtney Solomon, Herring, Roll & Solomon (via teleconference)

LEGAL COUNSEL

John Bee, Esq., McQuaide Blasko (via teleconference)
Tom Schrack, Esq., McQuaide Blasko (via teleconference)

Affiliated with
SEDA Council of Governments



JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant

Jason Shura, P.E., Stiffler McGraw

JRA STAFF

Kay Aikey, Program Assistant

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 12:32 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 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.

Public Forum

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

ADMINISTRATIVE ITEMS

Nominating Committee Report & Recommendations & Election of Officers

Committee Chair Eric Winslow gave a report from the Nominating Committee relative to election of 2022 JRA officers.

Committee Chair Winslow presented the proposed slate of officers for 2022:

Chairman:	Russ Graham	Treasurer:	Scott Harvey
Vice-Chairman:	John Gummo	Assistant Secretary:	Brent Jones
Secretary:	Michael Krentzman	Assistant Treasurer:	Jennifer Wakeman

Attorney Schrack stated the requested action is a motion to accept and approve the proposed slate of officers to serve as officers for the 2022 Joint Rail Authority year.

Mr. Hormell made a motion for the Board to accept and approve the slate of officers for 2022 as presented; Mr. Postal seconded the motion; motion carried.

Mr. Hormell recognized Mr. Showers' leadership of the Rail Authority, through a very interesting time, as well as his leadership of other organizations in the valley. Mr. Hormell stated his appreciated.

Mr. Stover stated that Mr. Showers came in at a time when the JRA Board was still going through the RFP process, litigations, and other tensions, and he was extremely successful through his demeanor, expertise, and calming of the waters. Mr. Stover stated that Mr. Showers was a very good counsel for him at times when issues came up. Mr. Stover stated Mr. Showers is a wise leader and thanked him for helping staff and for his management of the Board.

Chairman Graham stated that he has big shoes to fill and asked that board members be patient will him and that he will do his best. He stated that John's demeanor and leadership were outstanding and appreciated.

Approval of the December 8, 2021, JRA Meeting Minutes

Dr. Spsychalski made a motion for the Board to approve the December 8, 2021, JRA Meeting Minutes; Mr. Krentzman seconded the motion.

Mr. Winslow noted that his name was missed as being in attendance via teleconference.

Motion carried.

Appointment of Committees for 2022

Chairman Graham appointed the members to serve on the JRA committees for 2022.

Executive Committee: Russ Graham, John Gummo, Michael Krentzman, Brent Jones, Scott Harvey, Jennifer Wakeman, Dr. John Spsychalski, and Rick Jenkins.

Property Management Committee: Rick Jenkins (Chair), Frank Dombroski, Lisa Hoover, Bob Hormell, Brent Jones, Jennifer Wakeman, Matt Weigle, and Eric Winslow.

Passenger Excursions Committee: John Spychalski (Chair), John Gummo (Vice-Chair), Frank Dombroski, and Eric Winslow.

Governance Committee: Rob Postal (Chair), John Spychalski (Vice-Chair), John Showers, Jennifer Wakeman, and Eric Winslow.

Nominating Committee: Eric Winslow (Chair), Lisa Hoover, John Gummo, Rick Jenkins, and Bob Hormell

Operating Agreement Committee: Michael Krentzman (Chair), Scott Harvey (Vice-chair, John Showers, John Gummo, Lisa Hoover, John Spychalski, and David Schultz.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of December 2021, as well as the JRA's loan summary, Money Market Account Financial Statement, the PIB Loan Financial Statement, and the JRA's detailed accounting associated with the operating fees paid by the Operator.

Ms. Wakeman made a motion for the Board to accept the Treasurer's Report for the month of December 2021 and file for audit; Mr. Showers seconded the motion; motion carried.

Mr. Stover stated that the payment on the PIB loan in 2021 was actually made in December.

Draft 2020 Audit Presentation

Ms. Solomon, CPA from Herring, Roll & Solomon, presented the draft 2020 JRA audit. A copy of the audit was provided to Board members via email as well as copies were provided at the meeting.

Mr. Gummo called attention to the capital assets values shown on the balance sheet and wondered what the value basis is for those assets. Ms. Solomon stated that the basis is the original cost. It is the amounts for whatever was paid for equipment and improvements. Those are the amounts recorded.

Dr. Spychalski made a motion for the Board to accept the draft 2020 JRA Audit as presented; Mr. Gummo seconded the motion; motion carried.

Dr. Spychalski complimented Ms. Solomon on the clarity of her review of the 2020 JRA audit.

2022 JRA Budget Adoption and Proposed Fiscal Procedure Updates

Mr. Stover presented the final 2022 JRA budget. He stated that staff has worked closely with Treasurer Harvey and Assistant Treasurer Wakeman on the budgeting process.

Mr. Stover stated that starting in January 2022 staff proposes to use the monthly Treasurer's reports to build a real time spreadsheet using the budget categories in the budget. By maintaining this monthly, it will allow staff to track actual expenditures and revenues and make it relatively easy to generate quarterly or semi-annual financial reports.

Mr. Stover stated that these two new fiscal procedures will give the JRA Board an improved picture of the JRA's finances on a regular basis.

Mr. Winslow made a motion for the full Board to adopt the 2022 JRA Budget, as presented; Ms. Hoover seconded the motion; motion carried.

Focus Central PA Report

Ms. Lauren Bryson, Executive Director of Focus Central PA attended the meeting to recognize the JRA as a Focus Investor. She provided a brief report regarding the Focus Central PA industrial development activities. Focus Central PA is holding an Industrial Development Forum on March 23rd at Susquehanna University. A Rail Advantage Tour is going to be held March 22nd and Focus is working with the JRA, North Shore Railroad, Norfolk Southern, and there will be a logistic consultant discussing the importance and advantages of rail. This event is an invite only.

Staff Report and Events Calendar

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

Operator's Status Report

A copy of the Operator's Report was provided to Board members, as well as a personnel announcement.

Ms. Williams reported on the following:

- YTD operating fee revenue is up 9.6% and car counts YTD are under 3%.
- There is a considerable uptick in fees paid to the JRA.
- Capital contributions of \$183,000 which includes the most recent \$156,000 for the SVRR.
- \$66,000 in flagging services to support the JRA mission.

Mr. Stotter stated that Shane Smith has been promoted to Director of Operations and Justin Wagner has taken over the Superintendent role. Mr. Stotter stated that Tom Avery is enjoying his retirement.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report dated January 4, 2022, was included in the meeting packet. Mr. Shura gave a brief update to the Board on items included in his report and updated the Board on the RTAP array of projects.

Mr. Shura briefed the Board on how he and his team undertake the annual bridge inspections via a PowerPoint presentation. A copy of Mr. Shura's presentation will be mailed to Board members after the meeting.

PROPERTY MANAGEMENT COMMITTEE

PPL License Agreement (WDR – Allenwood)

Mr. Postupack stated that JRA staff was contacted by PPL about replacing an existing transmission line that transversely crosses the WDR at +/- MP 176.5 in Allenwood. The 69kV transmission line will be 133' above top of rail with sag. PPL will be assessed an \$800 application fee as well as an annual fee of \$460 and subject to CPI increases per the Fee Schedule. All plans have been reviewed and approved.

Mr. Postupack shared a slide of the 69kV transmission line 133' vertical clearance for PPL Gregg Township – White Deer & Reading Railroad.

Mr. Postal asked if the license agreements have a termination. Attorney Schrack replied that they do. There is a termination clause that states in event of a default the JRA has the right to terminate the license. Mr. Postal stated that it is really perpetual, and Attorney Schrack stated that it is like an easement, it is perpetual.

Mr. Postal made a motion for the full Board to approve this license agreement with PPL and authorize its execution by the JRA's officers; Mr. Jones seconded the motion; motion carried.

Lamar Advertising License Agreements – CPI Flat Rate Request

Mr. Postupack stated that Lamar Advertising contacted JRA staff with a request to amend their license agreements to replace the annual Consumer Price Index (CPI) adjustment (all items less food and energy) with a 4% flat annual rate. The index to determine the CPI increase and the JRA agreement invoices are usually mailed after Lamar mails their check to the JRA.

The U.S. Bureau of Labor and Statistics released the index on December 10, 2021, and agreement invoices are typically sent to licensees around December 20th each year.

The CPI increase for 2021 was 1.6% and was 2.25 in 2020. For 2022, it will be 4.9%.

Lamar wishes to avoid having to cut a second check every year to cover the CPI adjustment.

Ms. Wakeman made a motion for the full Board to approve Lamar Advertising's request to amend their current license agreements to use a 4% annual flat rate rather than an annual CPI adjustment determined by the Bureau of Labor and Statistics; Mr. Harvey seconded the motion.

There was discussion among Board members regarding this item. Ms. Wakeman and Mr. Harvey withdrew their motion, pending further discussion.

Attorney Schrack suggested reviewing the rate schedule and regulations, so nothing is done different from what is being done for other licensees. Attorney Schrack suggested to have some further review on this.

It was agreed that this item be tabled until further review is completed.

DRIVE Private Grade Crossings Agreement Amendment (NSHR – Danville)

Mr. Postupack stated that JRA staff was contacted by an attorney that represents a company that is under contract to purchase the KVS North site on DRIVE property about amending a private crossing agreement with the JRA.

The original crossing agreement between the Erie-Lackawanna Railway Company and Kennedy Van Saun Corporation dated June 2, 1975, provides that the Authority would have the right to terminate the agreement at any time and for any reason.

The attorney for the future licensee requested that the termination provision in the agreement be revised to provide that the agreement may be terminated by the JRA only upon default by the licensee.

The JRA solicitor has prepared an amendment to the original agreement to address this request.

Mr. Postupack shared a slide of the DRIVE private crossings on the NSHR – Danville at MP 201.3 & 201.1.

Attorney Schrack prepared an amendment that has been provided to the attorney for the buyer which has not been signed yet.

Ms. Wakeman stated that she spoke to the buyer's attorney, and they just extended due diligence so Ms. Wakeman suggested that this item could be tabled to the February meeting. Attorney Schrack stated that he is comfortable with that.

It was agreed that this item be tabled until the February JRA meeting.

LEGAL

Legal Issues

Attorney Schrack stated that he had nothing to report in public session and recommended that the Board recess into executive session.

Chairman Graham recessed the regular meeting at 2:37 p.m. to convene into executive session at 2:45 p.m.

Chairman Graham reconvened the regular meeting at 3:32 p.m.

Attorney Schrack stated that the Rail Authority Board held confidential discussion with its solicitor in executive session regarding the RFP litigation and a confidential real estate transaction. No action was taken or recommended to be taken at this time.

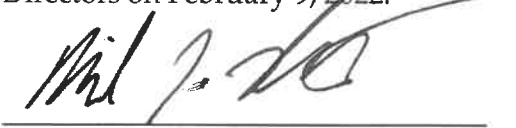
With there being no further business to come before the JRA Board, Chairman Graham adjourned the meeting at 3:34 p.m.

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 9, 2022.



Secretary/Assistant Secretary