



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, JANUARY 9, 2008
SEDA-COG
LEWISBURG, PENNSYLVANIA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

in the counties of

Centre
Clinton
Columbia
Lycoming
Montour
Northumberland
Union

AUTHORITY MEMBERS PRESENT

Tim Bergerstock, Columbia County
Mike Hawbaker, Centre County
Bud Henry, Columbia County
Tom Herman, Montour County
Don Kramer, Clinton County
Michael Krentzman, Mifflin County
Mike Redin, Centre County
Dennis Reitz, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
Jim Spendiff, Mifflin County
Jerry Walls, Lycoming County
Bud Webb, Clinton County

GUESTS PRESENT

Allen Bubb, NRHS
Rick Dandes, Daily Item
Steve Hurvitz, Esq., McQuaide Blasko
John Jones, CPA Schaeffer, Jones, Eichner, & Wagner
Mimi Robey, Railroad Operating Companies
Richard Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies
Dr. Robert Yannaccone, West Shore Railroad

STAFF PRESENT

Steve Kusheloff
Denise Pyers
Jamie Shrawder
Jeff Stover

ADMINISTRATIVE ITEMS

Call to Order

Mr. Walls called the meeting to order at 12:33 p.m.

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

Report of Nominating Committee for 2008 Board Officers

Mr. Herman reported the Nominating Committee recommends retention of the same slate of officers for 2008.

Mr. Reitz made a motion to close nominations; Mr. Spendiff seconded the motion; motion carried.

**SEDA-COG JOINT
RAIL AUTHORITY**

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Affiliated with
SEDA Council of Governments

Mr. Reitz made a motion to approve retention of the current officers; Mr. Spendiff seconded the motion; motion carried.

Mr. Walls referred to the letter in the packet from Lycoming County stating Mr. Scott Harvey and he have been appointed to the board.

JRA Committee Assignments

Mr. Walls distributed a list of the 2008 committee assignments. All board members agreed to serve on the assigned committees.

Approval of the December 12, 2007 Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the December 12, 2007 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Spendiff seconded the motion; motion carried.

Treasurer's Report

Mr. Webb reviewed the Treasurer's Report for the month of December 2007.

Mr. Kramer made a motion to approve the Treasurer's Report for the month of December 2007; Mr. Bergerstock seconded the motion; motion carried.

Short Line Tax Credit Policy

Mr. Stover stated Attorney Hurvitz was not able to secure copies of the documents that governed the sale of the tax credit. Attorney Hurvitz will talk to Attorney Wilson to ensure him these documents are not subject to the Sunshine Act and will not be made public.

Mr. Stover referred to the letter from Mr. Robey included in the packet detailing his plans for change of control of the operating companies. Mr. Spendiff stated the Operating Agreement Committee will need additional information concerning the financial viability of the on-going corporation, the structure of the transaction, and perhaps the purchase price to ensure the buyers have the financial wherewithal and the management skills to operate the railroad and that the company is financially viable. Mr. Walls charged the Operating Agreement Committee with this task, including interviews with the potential buyers.

Approval of Operator's Auditor Reconsideration

Mr. Jones explained that Mr. Robey needs to find an auditor to help close the books on an accrual basis. This will allow Bowers to do the audit with Mr. Jones oversight. Mr. Jones would not accept an offer to close the books for Mr. Robey because of his concerns about the appearance of a conflict of interest. Mr. Robey agreed.

Mr. Hawbaker made a motion to approve Mr. Jim Bowers, C.P.A. as the operator's accountant, with oversight provided by Mr. John Jones, C.P.A., provided that Mr. Robey engages a third party to close his books on the accrual basis; Mr. Kramer seconded the motion; motion carried.

Mr. Spendiff referred to section 15J of the operating agreement regarding the deductible for insurance. He stated the operator now pays a \$50,000 deductible instead of the \$25,000 deductible needed by the agreement. He asked if the board would waive the cash reserve as they did the \$25,000 reserve.

Mr. Spendiff made a motion to temporarily waive the \$25,000 deductible in favor of a \$50,000 deductible required in Section 15J of the Operating Agreement; Mr. Redin seconded the motion; motion carried.

Attorney Hurvitz stated there is no need to make a motion to waive the new cash reserve amount.

Mr. Robey stated they will be looking into an insurance policy that will allow short lines to get \$100 million in insurance for inhalation hazard exposure.

Legal Issues

Attorney Hurvitz stated there are no pending legal issues.

Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for January and February, the projects map, and the staff report. Mr. Walls stated there will be a ribbon cutting for UGI at the Newberry Yard on January 29th at 2:00 p.m. Mr. Stover stated Rob Postal is having a planning meeting at MCIDC on January 29th and invited Mr. Shaffer to attend as Chairman of the Capital Budget Committee. Mr. Stover reported we received proposals from nine firms for the three yard surveys. We will review them and make a recommendation at the February meeting.

Operator's Status Report

Mr. Robey referred to the Operator's Report included in the packet. Mr. Spendiff asked about the reduction in the operating fees payment. Mr. Robey replied this reflects no trackage rights payments from NS in November. Mr. Redin asked about sand moving on the NBER. Mr. Shields replied there were 375 carloads in 2007.

PROPERTY MANAGEMENT COMMITTEE

UGI Fire Service in Newberry Yard (LVRR – Williamsport)

Ms. Pyers stated the Williamsport Municipal Water Authority is asking for a three way agreement between UGI, WMWA, and the JRA for the water line tap-on in Newberry Yard. She will have Attorney Hurvitz review the agreement.

Mr. Redin made a motion to approve the chairman to sign the tap-on agreement for UGI 12" fire service line subject to modifications recommended by the solicitor; Mr. Webb seconded the motion; motion carried.

Nittany Oil (JVRR – Lewistown)

Ms. Pyers distributed a map showing the location of the electrical pole and wire needed for the Nittany Oil operation in Lewistown Yard. There is no charge for the easement because it is for the JRA facilities.

Mr. Redin made a motion to approve an easement for an electrical wire and pole for Nittany Oil in Lewistown Yard; Mr. Henry seconded the motion; motion carried.

OLD BUSINESS

CMAQ Agreement Amendment

Mr. Stover stated we received the Amendment to the CMAQ agreement for \$289,806, which raises the total grant to \$1,049,806. Mr. Stover, Mr. Jannotti, and Mr. Simcox have a list of general work enhancements to use this money for at BIDA. Mr. Walls asked they supply this list to the board when it is refined.

Mr. Herman made a motion to approve the contract amendment to result in a total federal CMAQ grant of \$1,049,806; Mr. Reitz seconded the motion; motion carried.

Larson Design Group Newberry South Bulk Transfer Facility Proposal

Mr. Stover referred to the proposal included in the packet for Larson to refine their costing for the structures and buildings in the Newberry South development. He is going to work out more detailed language for the Scope of Services with Bob Haase at Larson. The board discussed the need for as-built drawings.

Mr. Kramer made a motion to approve the LDG engineering agreement for Newberry South architectural work; Mr. Henry seconded the motion; motion carried.

Public Forum

Mr. Bubb stated 2010 is the 175th anniversary of rail in Shamokin and 2011 is the 100th anniversary of the White Deer Station.

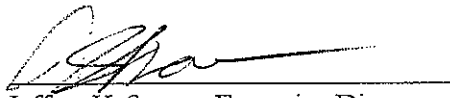
Mr. Walls added that 2008 is the 25th anniversary of the JRA and asked Mr. Bergerstock to chair a committee to plan celebrations for the upcoming anniversaries. He named Al Bubb as an ad hoc member of the committee. Mr. Shaffer volunteered to serve on the committee.

Mr. Redin stated Atlas Corp. is manufacturing a GP38 locomotive in HO scale painted and lettered for the NSHR. Mr. Shields added Weavers is also making a model of one of the locomotives.

ADJOURNMENT

Mr. Walls adjourned the meeting at 1:55 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 19, 2008.



Secretary/Assistant Secretary