



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, JULY 9, 2008  
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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Affiliated with  
SEDA Council of Governments

**AUTHORITY MEMBERS PRESENT**

Tom Graham, Montour County  
Scott Harvey, Lycoming County  
Mike Hawbaker, Centre County  
Bud Henry, Columbia County  
Tom Herman, Montour County  
Rick Jenkins, Columbia County  
Don Kramer, Clinton 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**

Steve Hurvitz, Esq., McQuaide Blasko  
Paul Jannotti, Jannotti Rail Consulting  
Russell Nickodemis, Railroad Operating Companies  
Jeff Pontius, Railroad Operating Companies  
Dick Robey, Railroad Operating Companies  
Mimi Robey, Railroad Operating Companies  
Gary Shields, Railroad Operating Companies  
Diana Williams, Railroad Operating Companies

**STAFF PRESENT**

George Fury  
Steve Kusheloff  
Jamie Shrawder  
Jeff Stover

**ADMINISTRATIVE ITEMS**

**Call to Order**

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

**Pledge of Allegiance**

Mr. Walls led the Pledge of Allegiance.

**Approval of the June 11, 2008 Meeting Minutes of the SEDA-COG Joint Rail Authority**

*Mr. Henry made a motion to approve the June 11, 2008 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Spendiff seconded the motion.*

Mr. Hawbaker asked that the minutes be amended to show he abstained from the vote on the Whiterock Shaker Tower bid award motion. *Motion carried.*

### Treasurer's Report

Mr. Webb reviewed the Treasurer's Report for the month of June 2008.

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

Mr. Stover reported staff would like to apply for credit cards for the JRA through M & T Bank.

*Mr. Herman made a motion to authorize staff to apply for credit cards for the JRA with M&T Bank; Mr. Webb seconded the motion; motion carried.*

### July 1, 2006 – December 31, 2007 JRA Audit

Mr. Stover presented the audit proposal from Schaeffer, Jones, Eichner & Wagner for \$8,000.

*Mr. Spendiff made a motion to approve the proposal from Schaeffer, Jones, Eichner & Wagner, L.L.P. in the amount of \$8,000; Mr. Reitz seconded the motion; motion carried.*

Mr. Stover stated John Jones is leaving his firm but will be at the August JRA meeting to present the JRA audit. The board decided to secure RFPs for audit services.

*Mr. Herman made a motion to authorize staff to issue a RFP for audit services; Mr. Reitz seconded the motion; motion carried.*

### JRA Committee Assignments and August Meeting Date

Mr. Walls referred to the updated directory distributed to the board which shows his appointments for new JRA committee assignments. All board members agreed to serve on the assigned committees.

Mr. Stover asked if the board would consider moving the August meeting to August 20<sup>th</sup> because he is not available on August 13. The board decided to keep the meeting on the regular date of August 13.

### Legal Issues

Attorney Hurvitz stated Attorney Wilson provided a confidentiality agreement regarding the tax credit sale agreement. He expects to have a copy of the sale agreement next week which he will share with Attorney O'Brien and then give a legal opinion to the board. A copy of the confidentiality agreement was distributed to the board for review. Mr. Robey stated there is only one tax credit sale agreement and no other agreements associated with the sale. The board discussed at length the information that would be made available to board members, the ability to keep this information confidential, and the liability of individual board members. Attorney Hurvitz drafted changes to the confidentiality agreement. He will submit the amended draft to Attorney Wilson.

*Mr. Henry made a motion to approve the confidentiality agreement as amended by Attorney Hurvitz and authorize Chairman Walls to sign it; Mr. Graham seconded the motion.*

Mr. Spendiff pointed out that Mr. Walls does not need to sign the agreement. Motion amended to strike the authorization for Mr. Walls' signature.

*Motion carried.*

### Capital Budget Committee Report

Mr. Shaffer distributed the updated capital budget and reviewed this document for the benefit of new board members. Mr. Stover reviewed the candidate projects.

*Mr. Herman made a motion to approve the July 9, 2008 Capital Budget; Mr. Hawbaker seconded the motion; motion carried.*

Mr. Stover reported the PennDOT Bureau of Rail Freight would accept an application for the Lewistown Street Running Track Capital Budget project. Staff recommends applying for release of funds for this project. Because the Authority will need to borrow money for the intermodal project, the local match for this project could be financed at the same time. Mr. Walls asked staff to attempt to secure participation by Mifflin County or Lewistown Borough.

*Mr. Herman made a motion to authorize application to PennDOT for the Capital Budget monies for the JVRR Street Running Track with instruction to staff to attempt to secure participation from the county and the borough; Mr. Shaffer seconded the motion; motion carried.*

Mr. Stover discussed the low interest loans available to the JRA to borrow money for the intermodal and street running track projects.

### Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for July and August, the projects map, and the staff report.

### Customer Satisfaction Survey

Ms. Shrawder reviewed the results of the Customer Satisfaction Survey. Sixty-one percent of the customers returned a survey. All are satisfied with the short line service. Our customers use trucks because of rail access on the other end, rates can be lower, and time can be a restraint. Mr. Walls asked for a written summary of the results and asked Ms. Shrawder to call the non-responding companies.

### Operator's Status Report

Mr. Robey introduced his staff at the meeting. He stated the audit is taking so long because this is the first time a complete audit has been done on the operations and may involve an amended tax filing for year 2006 but he hopes to have audit information to the board by the end of next week. The Robeys and Jeff Pontius are still working on the details of the change in control. Mr. Robey then referred to the Operator's Report included in the packet. Mr. Shields spoke about the awards received at the NS Short Line meeting.

### **OLD BUSINESS**

#### 25<sup>th</sup> Anniversary Gifts

Mr. Redin referred to the survey sent to the board regarding what type of gift the board would prefer to give for the 25<sup>th</sup> Anniversary and what percentage of the annual income of the JRA should be allocated for this event. Mr. Stover stated there will be a train excursion on the NSHR and the NBER to celebrate the JRA's 25<sup>th</sup> Anniversary. Staff recommends getting a block art locomotive as a memento and publishing Al Bubb's history. Mr. Stover expects the cost for everything to be around \$10,000. Mr. Fury composed a good summary of how the board should approach expenditure for this event. Mr. Hawbaker asked if a shipper could sponsor the gifts.

*Mr. Hawbaker made a motion to authorize the train excursions, catering, and publishing of Al Bubb's history and to allow the sponsored mementos; Mr. Herman seconded the motion; motion carried.*

#### **BHRS Offer**

Mr. Stover reviewed the proposal from the Bellefonte Historical Railroad Society (BHRS) asking the JRA to partner with them on one of their rail diesel cars. Staff recommends declining the offer.

*Mr. Harvey made a motion to decline the BHRS offer; Mr. Reitz seconded the motion; motion carried.*

#### **Spring Track Condition Report**

Mr. Jannotti presented the Spring 2008 Track Condition Report. All railroads continue to improve with every inspection. There are specific problem areas but collectively they are doing well. The operator is taking care of big items like ties, switches and rail replacement. He recommended now is the time to do the Lewistown street running track. He will specifically identify the spots on the NBER where the mud is bad during the fall inspection. Mr. Jannotti distributed a "Simplified Order of Magnitude Model" track maintenance plan.

Mr. Reitz asked about the condition of the SVRR. Mr. Jannotti responded that the SVRR does not meet JRA standards. Mr. Jannotti did state that the SVRR met FRA standards. The other four railroads meet our JRA standards in most locations. Mr. Shields asked what part of the SVRR does not meet standards. Mr. Jannotti stated about 50%. Mr. Shields replied they installed several thousand ties to bring it up to Class I standards a few years ago. Mr. Jannotti explained the "Cycle" method being utilized by the operator to bring track up to JRA standards.

#### **NEW BUSINESS**

##### **Larson Design Group Architectural Services Agreement**

Mr. Stover stated LDG submitted a proposal for architectural services for Newberry South in the amount of \$179,900.

*Mr. Harvey made a motion to engage Larson Design Group to prepare the architectural and site design in the amount of \$176,900; Mr. Herman seconded the motion; motion carried.*

##### **Request from Jersey Shore Steel**

Mr. Stover referred to the request from Jack Shultz for JRA assistance to upgrade Jersey Shore Steel's track to lease for a frac sand operation. Staff recommends not offering any cash or other materials above normal JRA policy. Mr. Shields stated LVRR also declined to assist JSS.

*Mr. Reitz made a motion to restate to Jersey Shore Steel the level of assistance the JRA can provide – rail and OTM, but no other materials or cash contributions; Mr. Graham seconded the motion; motion carried.*

**Whiterock Radial Stacker Bid Award**

Mr. Stover reported the bid date for the radial stacker was moved back to July 15<sup>th</sup>. Staff is asking the board to approve award to the lowest bidder to save time. There is no JRA cash contribution.

*Mr. Herman made a motion to award the radial stacker bid to the lowest responsible bidder upon approval of Mr. Jannotti and G.O. Hawbaker; Mr. Kramer seconded the motion; motion carried. Mr. Hawbaker was not present for the vote.*

**Public Forum**

**ADJOURNMENT**

Mr. Walls adjourned the meeting at 3:35 p.m.

Respectfully submitted,

  
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Jeffrey K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on August 13, 2008.

  
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Secretary/Assistant Secretary