



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, MARCH 10, 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
- Bud Henry, Columbia County
- Tom Herman, Montour County
- Rick Jenkins, Columbia County
- Don Kramer, Clinton County
- Michael Krentzman, Mifflin County (via speaker phone)
- Rob Postal, Mifflin County
- Dennis Reitz, Northumberland County
- Frank Sawicki, Northumberland County
- Dennis Shaffer, Union County
- John Spychalski, Centre County
- Jerry Walls, Lycoming County

**GUESTS PRESENT**

- Tom Avery, Railroad Operating Companies
- Susan Hochreiter, Bellefonte Historical Railroad Society
- Todd Hunter, Railroad Operating Companies
- Paul Jannotti, Jannotti Rail
- Mark Murawski, Lycoming County
- Russ Nicodemus, Railroad Operating Companies
- Don Purcell, Conrail - Retired
- Dick Robey, Railroad Operating Companies
- Mimi Robey, Railroad Operating Companies
- Gary Shields, Railroad Operating Companies
- Pete Simcox, Railroad Operating Companies
- Frances Zartman, Fort Discovery

**STAFF PRESENT**

- Tom Schrack, 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 12:30 p.m.

**SEDA-COG JOINT  
RAIL AUTHORITY**

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Affiliated with  
SEDA Council of Governments

### Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

### **ADMINISTRATIVE ITEMS**

#### Public Forum

Ms. Susan Hochreiter, Treasurer of the Bellefonte Historical Railroad Society, asked the Rail Authority to take action to resolve the impasse between North Shore Railroad and Jeff Pontius so the BHRS can resume excursion trains.

Mr. Walls replied that the Executive Director has been charged with looking into all of the facts surrounding the circumstances of the excursion trains. The Authority is waiting on some information from two entities that have been local sponsors of excursion trains, and have had a preliminary status from the Executive Director. It appears that one of the questions before the Rail Authority will be whether the Authority would be willing to play a contracting role and overall administrative role among the various parties. The Rail Authority's intent is to try to make sure that excursions run in 2010.

Mr. Stover stated the board has been provided with a preliminary report of his findings but this is not available for public review. Mr. Stover stated that the Authority will work separately with Mr. Pontius, Mr. Shields and Mr. Robey, and once some structure and costs have been determined the Authority will get back to the various entities regarding their excursions.

#### Approval of the January 13, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority

*Mr. Henry made a motion to approve the January 13, 2010 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Herman seconded the motion; motion carried.*

#### Approval of the January 26, 2010, Special Meeting Minutes of the SEDA-COG Joint Rail Authority

*Mr. Spsychalski made a motion to approve the January 26, 2010 special meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Hawbaker seconded the motion; motion carried.*

#### Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the months of January 2010 and February 2010.

Mr. Walls expressed his appreciation that the loan status summary is included with the Treasurer's Report. This information will be provided monthly with the Treasurer's Report.

*Mr. Herman made a motion to approve the Treasurer's Report for the months of January 2010 and February 2010; Mr. Harvey seconded the motion; motion carried.*

#### Legal Issues

Attorney Schrack stated the pending legal issue is the action to quiet title. Additional comments will be better served in executive session as there are some legal strategy implications.

### Events Calendar/Projects Map/Staff Report

Mr. Stover presented the events calendar for March and April, the projects map, and staff report.

Mr. Stover provided members with a "Summary of Hepco Change Orders" for the Newberry South Bulk Transfer Facility. Change order #11 in the amount of \$20,983.62 needs board approval of which the allocations are \$7,033.49 to the Rail Authority and \$13,950.13 to Bulkmatic. Bulkmatic has been billed for their share of work.

***Mr. Spychalski made a motion to approve Change Order #11 in the amount of \$20,983.62 and execution by the Chairman; Mr. Reitz seconded the motion; motion carried with Mr. Hawbaker abstaining.***

Mr. Stover stated it has been the Authority's practice to replace most of its vehicles before they hit 100,000 miles. Staff is proposing that the 2006 Impala be replaced with a 2009 Ford Taurus. Staff seeks JRA approval to advertise for bids to sell the 2006 Impala and to seek bids for a used 2009 Ford Taurus.

***Mr. Hawbaker made a motion to approve the advertising for bids to sell the 2006 Impala and to seek bids for a used 2009 Ford Taurus; Mr. Jenkins seconded the motion; motion carried.***

Mr. Stover stated that staff is proposing to seek a proposal for railroad financial consulting services to evaluate the information supplied by the operator relevant to the projected schedule of transactions and share redemption relative to the change of control transfer, and report back at the April meeting.

Mr. Walls asked for an authorization to secure specialized railroad financial consulting services in order to move forward with the operator change of control process and for staff to report to the board at their April meeting.

Mr. Stover stated once proposals are received, they will be emailed to the board members for their review and comments.

Attorney Schrack suggested postponing this action until after discussion at the Executive Session.

### Operator's Status Report and Business Forecast

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

Mr. Hunter reported that the Lycoming Valley Railroad was one of three recipients to receive the 2010 marketing award from the American Short Line and Regional Railroad Association. Mr. Hunter will receive the award in Orlando. The entry made was for utility pole business. Mr. Hunter stated he would be happy to share his presentation with the Rail Authority at a future board meeting.

Mr. Walls asked that Mr. Hunter get interviewed by Mr. Kusheloff regarding this award so the SEDA-COG public information program gets this information.

Mr. Walls called for an Executive Session at 1:47 p.m. for the purpose of discussing the Operating Agreement Committee consideration of the operator's change of control.

The regular meeting reconvened at 2:49 p.m.

Attorney Schrack stated the purpose of the Executive Session was to discuss pending legal issues including the action to quiet title and the change of control matter.

## **SPECIAL REPORT – MAINTENANCE-OF-WAY**

### **Paul Jannotti – M/W/ Report**

JRA Track Consultant Paul Jannotti presented his report on the status of the railroads' condition and maintenance efforts. Mr. Jannotti discussed the Operator's 2010 M/W program, which has been amended (expanded) and approved. A copy of Mr. Jannotti's acceptance letter and approved M/W program was provided in the meeting packet.

### **NBER Main Rail Inspections**

Mr. Stover stated that Don Holfeld, a rail expert from Zeta-Tech was on the railroad March 2 to examine various segments of the NBER Main. Zeta-Tech has submitted a scope of services for this consulting work, which includes a physical inspection and written report. It is a fixed cost of \$10,000. Staff has asked the NBER to cost share 50/50.

*Mr. Herman made a motion to approve Zeta-Tech's proposed consulting work relative to the condition of the NBER Main rail; Mr. Reitz seconded the motion; motion carried.*

## **PROPERTY MANAGEMENT COMMITTEE**

### **Fiber Optic Easements on NBER and SVRR)**

Mr. Fury reported that Northeastern ITS, LLC has requested easements for two transverse occupations at Port Matilda and 3 locations on the SVRR which are all in the public R/W. The cost of the easement at Locust Gap, near Mount Carmel, is \$400/annually or \$10,000 total over 25 years.

*Mr. Henry made a motion that the full board approve these easements with execution by the Chairman and Secretary; Mr. Sawicki seconded the motion; motion carried.*

### **Greenfield Logistics, LLC**

Mr. Fury reported that Greenfield Logistics has requested a land lease in the Berwick Yard. The term of the land lease is December 1, 2009 through May 30, 2010. It is for 25,000 square feet (500' x 50') adjacent to the team track area at \$300/month.

*Mr. Henry made a motion that the full board approve the land lease for Greenfield Logistics, LLC and execution by the Chairman and Secretary; Mr. Jenkins seconded the motion; motion carried.*

### **Rent Schedule Update**

Mr. Fury reported that staff has revised the current rent schedule to reflect the 2009 CPI adjustment of 1.8%. The application fee has increased from \$400 to \$500 to cover legal expenses.

*Mr. Herman made a motion that the full board approve the updated Rental Schedule; Mr. Reitz seconded the motion; motion carried.*

### **OLD BUSINESS**

#### **JRA Strategic Planning Process**

Mr. Stover reported that JRA held its first Strategic Planning Session at 10:00 a.m. The next session will be held at 10:00 a.m. on Wednesday, April 14, 2010. There will be no Property Management Committee meeting held that day.

#### **IPC Land at Montgomery – Halliburton Site (LVRR)**

No discussion on this item.

### **NEW BUSINESS**

#### **Lewistown Street Running Track – Request of Release of Capital Budget Funds**

Mr. Stover stated that PennDOT opened up a window for applications to release funds for projects included in an existing PA Capital Budget. Mr. Stover explained a Capital Budget is a piece of legislation in Harrisburg that has a list of projects the Commonwealth may fund. They are not obligated to do all the projects because there are hundreds of projects. In the past, the Authority has received Capital Budget funding for Whiterock, First Quality Baby Products, and Newberry South. Some of these projects get put on a bill and that project stays in an active Capital Budget that could potentially be released through a PennDOT process that comes through once a year. If the project doesn't get funded in a five-year period, it expires and has to be added, once again, to a new Capital Budget.

The Lewistown Street Running Track project was going to expire in 2011, so when the window to release funds came open, staff scaled down the project and submitted it for release. The application is asking for \$710,080 for reconstruction of a section of the Lewistown Street Running Track.

Staff has discussed with the JVRR a contribution toward the 30% (\$310,000) local share but no arrangement has been made yet.

Staff will be making a PowerPoint presentation on this project in Harrisburg on March 17, 2010.

*Mr. Henry made a motion for the full board to ratify submission of application to PennDOT to release \$710,080 for reconstruction of a section of the Lewistown Street Running Track and to work out a cost sharing agreement with the operator; Mr. Kramer seconded the motion; motion carried.*

### New PA Capital Budget Candidates

Mr. Stover stated that a number of JRA sponsored Capital Budget projects are slated to expire. In order to keep them alive for another five years staff needs to get the projects in a capital budget that may be passed this year.

The following projects need to be resubmitted for inclusion in the new Capital Budget:

SEEDCO North Rail Facilities, SEEDCO South Rail Facilities, Irontown Commerce Center Rail Facilities, Tallyrand Bridge Rehabilitation, Nittany & Bald Eagle Bellefonte and Pleasant Gap Branches Track Rehabilitation, Nittany & Bald Eagle Main Welded Rail Upgrade Project and Nittany Bald Eagle Main "Baker Runaround" Track Construction. Mr. Stover stated that each Capital Budget project needs to have a legislative sponsor.

*Mr. Spsychalski made a motion that the full board approve the submission of these projects to area legislators for inclusion in the next PA Capital Budget; Mr. Reitz seconded the motion; motion carried.*

### ADJOURNMENT

Mr. Walls adjourned the meeting at 3:45 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 April 14, 2010.



Secretary/Assistant Secretary