



**PRESERVING
RAIL FREIGHT
SERVICE**

SEDA-COG JOINT RAIL AUTHORITY MEETING
Wednesday, March 9, 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 (via teleconference)
Lisa Hoover, Northumberland County
Rick Jenkins, Columbia County (via teleconference)
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Rob Postal, Mifflin County (via teleconference)
David Schultz, Lycoming County
John Showers, Union County
John Spsychalski, Centre County (via teleconference)
Jennifer Wakeman, Montour County
Matt Weigle, Columbia County (via teleconference)
Eric Winslow, Union County (via teleconference)

JRA OPERATOR

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

GUESTS

Mark Rosner, Carload Express
Ed Sigl, First National Bank (via teleconference)
Sam Simon, Esq., Houston Harbaugh (for Carload Express) (via teleconference)

LEGAL COUNSEL

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

JRA CONSULTING PROFESSIONALS

Dan Mazur, Operating Agreement Consultant
Jason Shura, P.E., Stiffler McGraw (via teleconference)

Affiliated with
SEDA Council of Governments



SEDA-COG Joint Rail Authority Meeting

March 9, 2022

Page: 2

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 12:33 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

Approval of the February 9, 2022, JRA Meeting Minutes

Dr. Spychalski made a motion for the Board to approve the February 9, 2022, JRA Meeting Minutes; Mr. Schultz seconded the motion; motion carried.

Treasurer’s Report

Mr. Harvey presented the Treasurer’s Report for the month of February 2022, 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.

Mr. Showers made a motion for the Board to accept the Treasurer’s Report for the month of February 2022 and file for audit; Ms. Wakeman seconded the motion; motion carried.

JRA Audit RFP Responses

Chairman Graham stated the responses to the Audit RFP were due on March 1. The following responses were received:

Baker Tilly (Williamsport) \$18,000
Herring, Roll & Solomon (Sunbury) \$13,500
McKonly & Asbury (Bloomsburg) \$15,860

Staff and an *ad hoc* committee (Chairman Graham, Vice Chairman Gummo, Treasurer Harvey, Vice Treasurer Wakeman and board member Hormell) reviewed all three proposals. This group conferred on March 7th and reviewed the proposals. A summary of that discussion was emailed to the entire Board prior to the board meeting.

At the request of the audit review *ad-hoc* committee, Baker Tilly was asked to submit a follow-up to their proposal showing a three-year engagement. Baker Tilly provided the following information:

Services	December 31, 2021	December 31, 2022	December 31, 2023
Financial Statement Audit	\$18,000	\$18,700	\$19,450

Chairman Graham stated that a single audit is an audit required by the federal government if expenditures or if income from grants is greater than \$750,000 so that would only be necessary if the JRA received a large sum of income from the federal government.

Ms. Wakeman stated that in the *ad hoc* committee it was discussed that both Baker Tilly and McKonly & Asbury were both well suited, but the recommendation would be to go forward with Baker Tilly, given the level of expertise, particularly with organizations like the JRA. The two proposals were fairly similar and fairly well matched. They both had a lot of good references.

Mr. Stover stated both Baker Tilly and McKonly & Asbury have audit teams and not CPAs who seem to be engaged for the first quarter plus doing taxes.

Chairman Graham stated that McKonly & Asbury had said that they would have this year's audit done by the end of September and then ongoing would be the end of June whereas Baker Tilly would have the audit done by July of this year and then by the end of April in ongoing years. Baker Tilly is also willing to waive any startup costs, which would otherwise be substantial because the JRA would be a new client for them.

Ms. Hoover made a motion for the Board to approve Baker Tilly for a 3-year agreement with the JRA for the JRA's annual audit; Mr. Gummo seconded the motion; motion carried.

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 via email and a handout was provided to members at the meeting.

OLD BUSINESS

Bridge Engineer's Report

The Bridge Engineer's Report was provided in the meeting packet. Mr. Shura gave a brief update to the Board on items included in his report.

- Primary focus was on the RTAP 2015 projects.
- NBER Bridge 33.84 (Curtin Bridge) Rehabilitation (RTAP Project) will be completed in Spring 2022.
- LVRR Antlers IT Bridge 179.44 (Iron Bridge) Rehabilitation Project bids were received on January 20, 2022. Bids received were high and were rejected.
- Preliminary inspection report on 25-30 bridges were completed on the NBER and will then move on to the LVRR later this month.

Last month, discussion was held regarding the LVRR 179.44 "Iron Bridge" and the Alternative Precast Concrete Arch Bridge. Mr. Shura stated that he is recommending the 24-foot-wide arch which would provide an opening width between 22-23 feet to the base of the abutments that would allow two standard cars or pickup trucks to pass by one another. However, larger trucks that they may be using would only be able to use the bridge opening one at a time which Mr. Shura stated he does not feel would inhibit Lycoming Supply's use or any planned future use of that property. The height of the opening would accommodate all legal loads; it would be a minimum of 14'-6" for a 22-foot opening. Mr. Shura stated it is approximately \$500,000 to increase from the 24-foot-wide arch to a 32-foot wide arch. Mr. Shura stated there are only certain widths available – 24, 28, and 32. The increase from 24-foot-wide to 32-foot-wide is approximately \$500,000 more.

PA Local Share Account Statewide – Milesburg Bridge – Bellefonte Branch

Mr. Shura stated that he previously provided a cost estimate and project description relative to this project and developed a cost estimate total of \$1.2 million to include all construction,

engineering, and inspection with a request of \$1 million and a local match of \$200,000. It is noted that the maximum grant request is limited to \$1 million. There is no requirement for match on this project. Mr. Shura stated that what has been discussed is that there is an anticipated significant response for this particular grant and question whether it makes sense to submit the application given the responses that are being received and the potential to see a partial award that would put the JRA in a bind in terms of accepting the partial award with greater share cost versus rejecting the award.

Mr. Stover stated that this grant is not going to be submitted. There is a massive amount of applications and one of the problems with CFA is they will typically reduce the amount of the ask.

Mr. Shura stated that Stiffler McGraw is submitting 15 applications for this particular round – mostly municipal projects. One of the challenges is getting letters of support from local representatives because they are overwhelmed with requests.

Mr. Shura stated this bridge is not a high priority bridge. It is part of an approach in Milesburg to alleviate some flooding.

Mr. Stover stated that no action is being requested for this item.

MOU with Port Matilda Borough for CFA Multimodal

Mr. Stover stated that a Memorandum of Understanding (MOU) has been prepared by the JRA solicitors which lays out the relationship between the JRA and the Borough of Port Matilda. The project is the implementation of the borough's approved Multimodal Transportation Fund grant from the Commonwealth Financing Authority (CFA).

The structure of the relationship keeps all engineering and construction agreements through the borough, and none would flow through the JRA's accounts.

The draft MOU has been sent to the borough and borough solicitor for their review.

Mr. Stover stated the cost shares for the project are: \$200,000 from the CFA Multimodal, \$55,000 from Centre County's \$5 fee fund, \$10,000 from Port Matilda Borough Council and \$18,000 from the JRA, which is in the JRA's budget. All the monies will flow through Port Matilda Borough not through the JRA.

Mr. Postal made a motion for the Board to approve the MOU with Port Matilda for the administration of the CFA multimodal project; Mr. Showers seconded the motion; motion carried.

PROPERTY MANAGEMENT COMMITTEE

Committee Chairman Jenkins reported on the work of the Property Management Committee which met at 10:30 a.m. Chairman Jenkins stated that the items discussed at the PMC meeting will not be rehashed *ad nauseam*. Recommendations from the PMC will be made to the full Board for approval. Members can feel free to ask questions before approval.

PPL License Agreement (SVRR – Shamokin)

Committee Chairman Jenkins stated the PMC is recommending approval of the license agreement with PPL and to authorize execution by the JRA's officers.

Mr. Jenkins made a motion for the Board to approve this license agreement with PPL and authorize execution by the JRA's officers; Dr. Spsychalski seconded the motion; motion carried.

AGAPE Land Lease Termination Agreement (NSHR – Bloomsburg)

Committee Chairman Jenkins stated the PMC is recommending approval of termination of the land lease agreement with AGAPE and to authorize execution by the JRA's officers.

Mr. Jenkins made a motion for the Board to approve this Land Lease Termination Agreement and authorize execution by the JRA's officers; Mr. Showers seconded the motion; motion carried.

Wildlife for Everyone Endowment Foundation (WFE) Amendment to License Agreement (NBER – Huston twp.)

Committee Chairman Jenkins stated the PMC is recommending approval of the amendment to the license agreement for Wildlife for Everyone Foundation (WFE) and to authorize execution by the JRA's officers.

Mr. Krentzman made a motion for the Board to approve this amendment to the license agreement for WFE and authorize execution by the JRA's officers; Mr. Gummo seconded the motion; motion carried.

Coal Township Catch Basin Easement Agreement (SVRR – Coal Township)

Committee Chairman Jenkins stated the PMC is recommending approval of the easement agreement with Coal Township and to authorize execution by the JRA's officers.

Mr. Jenkins made a motion for the Board to approve the easement agreement with Coal Township and authorize execution by the JRA's officers; Mr. Postal seconded the motion; motion carried.

North Yards Sales Agreement (JVRR – Burnham)

Committee Chair Jenkins stated the PMC is recommending approval of the North Yards Sales Agreement to Joseph Krentzman & Son, Inc. and execution by the JRA's officers.

Board Chairman Graham stated that Mr. Krentzman requested a 90-day due diligence period, so the closing would not be until up to 120 days after the signing of the sales agreement

Mr. Jenkins made a motion for the Board to approve the same of the North Yards Sales Agreement to Joseph Krentzman & Son, Inc. at the 2022 appraised value of \$120,000 and execution by the JRA's officers; Ms. Wakeman seconded the motion; motion carried with Mr. Krentzman abstaining.

Bear Camp Encroachments (NSHR – Cooper Township)

Committee Chairman Jenkins stated that the PMC had discussion on an encroachment in Cooper Township, Montour County, and more discussion will be brought to the full Board in future meetings if any action is required.

Mr. Stover stated that Mr. Postupack will start to add the graphics and background information in the PMC meeting packet going forward.

PASSENGER EXCURSIONS COMMITTEE

Committee Chairman Spychalski reported on the work of his committee which met on Tuesday, March 8th.

Committee Chairman Spychalski stated that the committee also met on February 23rd. the result of the deliberations that occurred as the result of the two meetings is in the form of a draft 2022 Passenger Excursions Time Table that was provided to Board members.

Dr. Spychalski made a motion for the Board to approve the draft Passenger Excursions Time Table; Mr. Gummo seconded the motion.

Mr. Harvey asked if the time table is final or whether additional trips will be added to the schedule. Committee Chairman Spychalski replied that there is a possibility that trips will also ultimately be offered based out of Williamsport and Bellefonte; however, this is still a work in progress, relative to resolution of conditions that would make it operationally feasible. If it does work out, the Passenger Excursions Committee will be bringing a proposal for a second time table to accommodate the trips for those two locations. However, at this point, what is certain in terms of feasibility of operation is what is seen on the existing time table.

Mr. Harvey asked if the time table has the approval of all three partners and will still be working with the partners in the other regions. Committee Chairman Spychalski responded yes.

Motion carried.

Sunbury Semiquincentennial Committee – Trip Sponsor MOU

Mr. Stover stated that the Sunbury Semiquincentennial Committee is the sponsor of a proposed passenger run on the SVRR on July 9th. The JRA executes a Memorandum of Understanding (MOU) with each trip sponsor organization that lays out the responsibilities of the sponsor organization, Penn Valley Railroad, LLC, and the JRA.

The MOU does not approve specific trips for any given year. That approval lies with annual approval of the passenger excursions time table.

JRA staff was able to get the MOU signed by Penn Valley Railroad, LLC, the Semiquincentennial Committee and the JRA.

Dr. Spychalski made a motion for the Board to ratify the JRA's officers' signatures on the Memorandum of Understanding with the Sunbury Semiquincentennial Committee; Mr. Jones seconded the motion.

Mr. Harvey asked if any action needed to be taken about the liability insurance for the excursions as he thought the insurance was dropped at one point due to the unfavorable outlook regarding COVID.

Mr. Stover stated the insurance cost is \$18,000 and it is already in the JRA's budget. Mr. Stover stated he will contact Mr. Tripp Salisbury regarding reinstating the insurance.

Attorney Bee stated this would be an administrative item and does not need a motion.

Mr. Harvey stated he is not requesting a motion and is comfortable it being an administrative item.

Motion carried.

LEGAL

Legal Issues

Mr. Stover stated that a request has been received for 2022 track car ("speeder") runs this year. All have been approved by the Operator.

The proposed 2022 railcar excursions are:

May 14 – LVRR

May 15 – NBER

June 11 – NSHR

June 12 – SVRR

Ms. Hoover made a motion for the full Board to approve the speeder runs as listed above; Mr. Schultz seconded the motion; motion carried.

Operating Agreement Consultant's Report

Mr. Dan Mazur presented the Operator's year-end financial and the 2022 budget via PowerPoint.

2021 Transportation Expense Ratio

- Target: About 43%
- Results for 4Q 2021
 - Lower than Target
 - Higher than 2020
 - Lower than 2021 Budget
- Results for all of 2021
 - Lower than Target
 - Lower than 2020
 - Lower than 2021 Budget

2021 Maintenance of Way Ratio

- Target: About 21%
- Results for 4Q 2021
 - Higher than Target
 - Significantly higher than 2020
 - Significantly higher than 2021 Budget
- Results for all of 2021
 - Higher than Target
 - Higher than 2020
 - About equal to 2021 Budget

2022 Budget Transportation Expense Ratio

- Target: About 43%
- 2022 Budget
 - Lower than Target
 - About equal to 2021

2022 Budget Maintenance of Way Expense Ratio

- Target: About 21%
- 2022 Budget
 - Higher than Target
 - Slightly lower than 2021

Mr. Mazur stated that he has additional and detailed information but recommended discussing that confidential and proprietary information in executive session.

Prior to recessing into executive session, Attorney Bee stated that the JRA Board held an executive session with its legal counsel concerning the RFP litigation and appeals on February 24, 2022. There are no other items for public session, but there are multiple items to be discussed in executive session including the litigation and there may be action items following executive session.

Chairman Graham recessed the regular meeting at 1:25 p.m. to convene into executive session at 1:35 p.m.

Chairman Graham reconvened the regular meeting at 2:15 p.m.

Attorney Bee stated that the JRA Board had recessed into executive session where the Board's consultant, Dan Mazur, continued the confidential portion of his operator's report. After that occurred, Mr. Mazur and the operator's representatives left and the JRA Board had privileged and confidential discussion with its legal counsel regarding the RFP litigation, a confidential property transaction, and regarding certain attorney work product. The JRA's counsel has been working on an operating agreement addendum to add the Selinsgrove Line into the JRA's operations. There is a potential need to consider an amendment to the agenda for today's meeting to add two action items. The reason these were not on the agenda is that counsel were exchanging redlined drafts up until the day before the meeting.

If the Board should want to entertain adding these two items to its agenda, the items for substantive action would be: first, to consider the approval of an Addendum to the Operating Agreement between the JRA and SURC to add the Selinsgrove Line to SURC's operation of the JRA lines and to authorize the JRA's officers to execute that Addendum, and the second substantive motion would be to authorize the JRA's solicitor and its special STB counsel to work

toward finalizing and submitting coordinated filings to the STB for exemption, in order to obtain regulatory approval to commence operations on the Selinsgrove Line.

Mr. Harvey made a motion to amend the agenda to add consideration of these items to the agenda; Mr. Schultz seconded the motion; motion carried.

Attorney Bee stated that JRA's counsel has been working on language that everyone – including STB counsel – would find appropriate to amend the Operating Agreement between the JRA and its current Operator for the purpose of adding the Selinsgrove Line to the operations of the JRA's holdings and to conform the Operating Agreement with the terms of the Freight Services Easement Agreement between the JRA and Norfolk Southern. With the exception of incorporating the Selinsgrove Line and making that Line's operation subject to those easement-specific requirements, the terms of the Operating Agreement, as previously amended, did not change for the most part.

Mr. Harvey asked Attorney Bee to walk the Board through some of the key terms in the Operating Agreement Addendum, such as the operating fee, maintenance obligations to the operator and what is the term or duration of the agreement.

Attorney Bee stated that the term of the Operating Agreement is established by the extension of the original Operating Agreement, following negotiation with the parties to the RFP litigation. The duration is not explicitly stated in this Addendum; but is supplied under the existing Operating Agreement, as amended and extended. For the most part, the Addendum does not change the terms of the Operating Agreement, except to add the Selinsgrove Line, subject to the Freight Service Easement provisions. The fee did not change. One exception to that is that the maintenance standard for the Selinsgrove Line is set at FRA standards, but the parties can implement higher maintenance standards by mutual agreement.

Mr. Harvey clarified that the term of the Operating Agreement, as amended by the new Addendum, corresponds to the resolution of the RFP litigation. Attorney Bee confirmed that was correct.

Mr. Winslow made a motion for the Board to approve an addendum to the Operating Agreement between the JRA and the operator to add the Selinsgrove Line to the JRA's operations and authorize the JRA's officers to execute that addendum; Ms. Wakeman seconded the motion; motion carried.

Mr. Harvey made a motion for the Board to authorize the JRA's solicitor and special STB counsel to finalize and submit a filing with the STB for exemption in order to obtain regulatory approval for the JRA's operator to commence operation on the Selinsgrove Line; Mr. Postal seconded the motion; motion carried.

SEDA-COG Joint Rail Authority Meeting

March 9, 2022

Page: 12

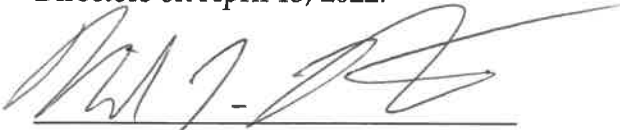
With there being no further business to come before the JRA Board, Chairman Graham adjourned the meeting at 2:40 p.m.

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 13, 2022.



Secretary/Assistant Secretary