



SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, NOVEMBER 12, 2008  
WILLIAMSPORT/LYCOMING CHAMBER OF COMMERCE  
WILLIAMSPORT, 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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**AUTHORITY MEMBERS PRESENT**

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

**GUESTS PRESENT**

Al Bubb, NRHS  
Mark Murawski, Lycoming County Planning Commission  
Russ Nicodemus, Railroad Operating Companies  
Jeff Pontius, Railroad Operating Companies  
Nikki Reedy, Railroad Operating Companies  
Dick Robey, Railroad Operating Companies  
Mimi Robey, Railroad Operating Companies  
Gary Shields, Railroad Operating Companies  
Pete Simcox, Railroad Operating Companies  
Diana Williams, Railroad Operating Companies

**STAFF PRESENT**

Steve Hurvitz, Esq., McQuaide Blasko  
Paul Jannotti, Jannotti Rail Consulting  
Kay Aikey  
George Fury  
Steve Kusheloff  
Jamie Shrawder  
Jeff Stover

**ADMINISTRATIVE ITEMS**

**Call to Order**

Mr. Walls called the meeting to order at 12:46 p.m.



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### Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

The board members introduced themselves to Kay Aikey who replaced Jamie Shrawder due to her transferring to another department within SEDA-COG.

### Approval of the October 8, 2008 Meeting Minutes of the SEDA-COG Joint Rail Authority

*Mr. Harvey made a motion to approve the October 8, 2008 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Henry seconded the motion. Motion carried.*

### Treasurer's Report

Mr. Reitz reviewed the Treasurer's Report for the month of October 2008.

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

### Operating Agreement Committee Report

Mr. Spendiff stated the financial information Mr. Robey provided was included in the meeting packet. The Operating Agreement Committee reviewed the financial report provided by Mr. Robey. Mr. Spendiff asked Mr. Robey for an explanation of the cash flows between the JRA railroads. Mr. Robey stated that three of the Authority railroads carry payroll for all six railroad operations. Also, a majority of the total of materials and other vendor billings for all of the railroads are paid by North Shore Railroad Company and at the end of each month there is an allocation of the expenses that North Shore has made to the other railroads. It also means that North Shore is sending out checks substantially more than the revenue that is brought in. Every day the accounting staff assembles a list of the cash balances for all of the corporations and when the cash balance of North Shore gets too low, they transfer cash from the other railroads to build the cash flow of North Shore back up. The cash transfers occur at the end of each day when it appears that there is a need to transfer cash from one of the other railroads into North Shore to take care of the expenses that it has made. At the end of the month there is an analysis of North Shore's expenses and allocations of those expenses to the other railroads. Therefore there is no identification of any particular transfers associated with any particular expense.

Mr. Spendiff asked Mr. Robey to provide a one page summary of the cash transfers and expense allocations from the report he provided to the Board.

Mr. Spendiff also asked Mr. Robey for clarification on the tax credit schedule. Mr. Robey reported that "tax credits received" is actually the amount of track maintenance that the shipper purchased from the railroad company. North Shore then paid back to the shipper, which is reflected as shipping credit paid; the balance is the difference. Legal expenses were also incurred as part of the transfers.

Mr. Stover asked where the fuel surcharge showed up in revenue. Mr. Robey replied that it is included in the NS and CP settlements.

Mr. Spendiff stated that the Operating Agreement Committee is satisfied with the responses from the operator.

Mr. Shaffer asked the operator for written clarification on the deferred tax benefit and income tax payable.

Mr. Spendiff stated that the Operating Agreement Committee has approved the operator's annual report with the request for some clarifying information. The operator has met his obligation regarding the annual report.

Mr. Walls commended Mr. Spendiff and the Operating Agreement Committee for the work that was done on reconciling the numbers from the operator's annual report.

### Capital Budget Committee Report

Mr. Shaffer stated that the committee's report will be deferred to Item C -- the Newberry South Bulk Transfer Facility.

### Legal Issues

Attorney Hurvitz stated the court found Mr. Decker in contempt and has posed a civil fine of \$1,000 payable to the Authority. Subsequent to that court hearing, it was discovered that Mr. Decker apparently still had not removed some items by the date the judge referenced in his order. The court had been asked to enter an order requiring Mr. Decker to build a fence and the court did not do that. After learning that all items located on the ROW had not been removed, a motion of contempt was filed, again asking the court to require Mr. Decker to build a fence and submit evidence that all of the items that are remaining near the track have been removed.

### Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for November and December, the projects map, and the staff report.

### Operator's Status Report

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

## PROPERTY MANAGEMENT COMMITTEE

### Property Management Committee

Mr. Redin stated that the land lease for Nittany Oil at Newberry Yard is in its final form and has been reviewed by the committee.

***Mr. Redin made a motion for the Joint Rail Authority to accept the conditions of Nittany Oil lease; Mr. Kramer seconded the motion.*** Attorney Hurvitz asked what if Nittany Oil decides to use the facility for some other purpose and wanted to know if the Authority wanted to consider putting a requirement in the lease that there be a certain amount of rail business done from this facility as a condition to continuing the lease. Nittany Oil will pay \$8,400 a year plus \$1,000 for each storage tank. There is no requirement in the lease as it is drafted that they use the rail and no requirement that they generate a certain number of carloads. Attorney Hurvitz suggested something be put in the lease giving the Authority the right to terminate if Nittany Oil does not use the site for the purpose for which it is intended.

Mr. Walls asked Mr. Stover and Attorney Hurvitz to come up with a defensible number of carloads that would become the threshold for termination of the lease. Mr. Fury responded that you cannot predict the market for a commodity year to year and expect Nittany Oil to maintain a certain number of carloads. He suggested adding a clause that if after a year there is no rail traffic the Authority and Nittany Oil, by mutual agreement, may terminate the lease.

Mr. Shaffer suggested giving staff and solicitor broader discretion to put this terminology in to the lease rather than tie down the lease by requiring guaranteed carloads.

Mr. Walls stated the Authority indicate that we are in general agreement with the transfers of this draft lease with the addition that we request that the solicitor and staff work out mutually acceptable terms relative to the right of the Authority to terminate under certain conditions to be mutually developed.

Mr. Walls asked Mr. Fury to review some of the Authority's leases and report back to the Authority with findings of improvements in the logic of leases that the Authority needs to address.

***Mr. Redin withdrew the motion.***

#### **Issuance of RFP for Surveys in Danville and Bloomsburg**

Mr. Redin reported that there has been some dispute regarding property owned by the JRA in Danville and Bloomsburg areas. A discussion was held at the Property Management Committee and staff has asked to secure requests for proposals for surveys to be done at particular locations.

There was a delay with the engineering consultants for the Rumberger Engine House because there was a personnel change, but they are back on track in their securing the necessary permits to do work in and over the stream. Staff will ask the consultants to include some engineering work to close the pits. The plan is to come to the full board with recommendations and to start repairs in the spring of 2009.

On December 10, 2008 prior the full board meeting there will be a Property Management Committee meeting and everyone was urged to attend this meeting to discuss the Newberry South Bulk Transfer Facility.

#### **OLD BUSINESS**

##### **Newberry South Bulk Transfer Facility Issues (LVRR)**

Further discussion of this item is being deferred to December 10, 2008.

##### **Lewistown Track Relocation Study (JVRR)**

Mr. Stover stated that staff recommends engaging Land and Mapping for an aerial flight to provide aerial photographs for the Lewistown area.

***Mr. Herman made a motion to accept the Land and Mapping proposal in the amount of \$3,350.00; Mr. Reitz seconded the motion; motion carried.***

Mr. Walls stated that staff recommends selecting Keller Engineers to prepare the Rail Line Relocation Feasibility Study, but not to include execution of their proposal until approved for grant participation by PennDOT.

***Mr. Redin made a motion to select Keller Engineers to prepare the Rail Line Relocation Feasibility Study, but not to include execution of their proposal until approved for grant participation by PennDOT; Mr. Shaffer seconded the motion; motion carried.***

### Moran Kennedy-King Distribution Center

Cost estimates are needed to do the revised grant application. Staff recommends engaging Larson Design Group to provide cost estimates for DCED eligible improvements provided Moran Industries agrees to reimburse the JRA for any out-of-pocket costs.

***Mr. Spendiff made a motion to engage Larson Design Group to provide costs estimates provided Moran Industries agrees to reimburse the JRA for any out-of-pocket costs; Mr. Redin second the motion; motion carried.***

### NEW BUSINESS

#### Danville KOZ Designation (NSHR)

Mr. Stover stated that a former Metso Minerals building along the NSHR is a Keystone Opportunity Zone (KOZ). Montour County wants to expand the KOZ to the former TRW plant nearby, but under state rules KOZ's can only expand to contiguous parcels. The JRA's R/W for the NSHR, however, can serve as that property link. There is no cost, or downside, to approving the NSHR to serve as a KOZ link. Staff recommends identifying the NSHR right-of-way as a KOZ link between the former TRW plant and Metso Minerals.

***Mr. Herman made a motion to offer the NSHR right-of-way as a KOZ link between the former TRW plant and Metso Minerals; Mr. Henry seconded the motion; motion carried.***

#### Preliminary Track Inspection Report

Mr. Jannotti presented his preliminary track inspection report. Staff recommends passing a resolution to direct the operator to bring all track segments that do not yet meet JRA Track Standards in to compliance by December 31, 2009. The operator has realized additional revenue as a result of the sale of the 2007 short line tax credits, and stands to receive additional funds through the sale of the 2008 credits. Since these substantial monies have become available to the Operator, the monies can be used for these required track upgrades. The operating agreement reads that the segments of track that don't meet JRA standard would be brought up to standard within a reasonable timeframe giving credence to traffic and revenue.

***Mr. Shaffer made a motion to pass a resolution to direct the operator to improve all track segments that do not yet meet JRA Track Standards to be in compliance by December 31, 2009 subject to staff discretion to adjust that program; Mr. Reitz seconded the motion; motion carried.***

Mr. Robey commented that some segments of the track that the Authority owns have very low traffic. The largest piece of track that evidently does not meet the Authority standards is the piece from Shamokin to Mt. Carmel and he wanted to know if it makes sense to put a substantial amount of money into it to bring it up to Authority's standards.

***Mr. Shaffer modified the motion to allow the Executive Director to exercise some reasonable discretion in regards to low volume type of trackage with a substantial cost to bring it to JRA standard; Mr. Reitz seconded the motion; motion carried.***

Mr. Stover stated with the additional tax credit revenue there is money to bring the trackage up to JRA standard.

Mr. Redin commented this is an opportunity to bring this type of trackage up to standard.

**2009 PA Rail Freight Seminar**

Mr. Stover stated that the 2009 PA Rail Freight Seminar will be held at the Harrisburg Hilton on May 13-15, 2009. The Joint Rail Authority has been asked to be the local sponsor to replace the Keystone State Railroad Association. The PA Rail Freight Advisory Committee (RFAC) will pay the JRA to do this work so there will be no out-of-pocket expense. Staff is recommending that the JRA agree to serve as the local sponsor for the 2009 PA Rail Freight Seminar.

***Mr. Shaffer made a motion that the JRA serve as the local sponsor for the 2009 PA Rail Freight Seminar provided the RFAC reimburses the JRA for staff time and direct expense; Mr. Herman seconded the motion; motion passed.***

Mr. Stover stated the quote from Balfour Beatty for ground penetrating radar services for the 50 mile NBER Main includes data collection and processing to find concrete structures up to 8 feet off each side of track; total cost is \$24,850.00. The operator has agreed to split the cost to run the entire Nittany Main from Tyrone to Lock Haven. \$12,425.00 would be paid by the JRA and the other half paid by the operator.

***Mr. Shaffer made a motion to authorize entering into a contract with Balfour Beatty in the amount of \$24,850.00 to be split with the operator; Mr. Spendiff seconded the motion; motion carried.***

Mr. Walls stated that Mr. Stover should ask Balfour Beatty to give the Authority a GPS <sup>grid</sup> coordinate reference so it can be tied into the GIS database.

*grid*  
*JK* *DK*

**Public Forum**

Mr. Bubb commented on the possible SEEDCO development in Northumberland County and the possibility of rail service to that facility which would come off of the Shamokin Valley Railroad and suggested keeping an eye on that track in case it would have to be upgraded.

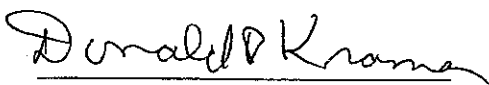
**ADJOURNMENT**

Mr. Walls 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 December 10, 2008.

  
Secretary/Assistant Secretary