



**SEDA-COG JOINT RAIL AUTHORITY MEETING  
WEDNESDAY, NOVEMBER 10, 2010  
SEDA-COG, LEWISBURG, PA  
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**

Frank Dombroski, Montour County  
John Gummo, Clinton County  
Scott Harvey, Lycoming County  
Mike Hawbaker, Centre County  
Bud Henry, Columbia County  
Don Kramer, Clinton County  
Michael Krentzman, Mifflin County  
Dennis Reitz, Northumberland County  
Frank Sawicki, Northumberland County  
Dennis Shaffer, Union County  
John Showers, Union County  
John Spychalski, Centre County  
Jerry Walls, Lycoming County

**GUESTS PRESENT**

Tom Avery, Railroad Operating Companies  
Allen Bubb, NRHS  
Steve Campbell, Roaring Creek & Catawissa Valley Historical Study Group  
Dan Durachko, Bellefonte Historical Railroad Society  
Gail Durachko, Bellefonte Historical Railroad Society  
Jason Fink, Lycoming County Visitors Bureau  
Todd Hunter, Railroad Operating Companies  
Bill Kelly, Lycoming County Planning  
Leroy Kline, Delta Development  
John Mizerak, Delta Development  
Mark Murawski, Lycoming County Planning  
Don Purcell, Norfolk Southern – Retired  
Gary Shields, Railroad Operating Companies  
Pete Simcox, Railroad Operating Companies  
Jeb Stotter, Railroad Operating Companies  
Diana Williams, Railroad Operating Companies

**STAFF PRESENT**

Tom Schrack, Esq., McQuaide Blasko Law Offices  
Kay Aikey  
George Fury  
Steve Kusheloff  
Jeff Stover

## CALL TO ORDER

### Call To Order

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

### Pledge of Allegiance

Chairman Walls led the Pledge of Allegiance.

## ADMINISTRATIVE ITEMS

### Public Forum

There were no comments from the general public.

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

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

### Treasurer's Report

Mr. Reitz presented the Treasurer's Report for the month of October 2010.

Chairman Walls noted that the loans for the Newberry South Bulk transfer facility are substantially offset by the lease rent from Railway Unloading Services, a subsidiary of Bulkmatic Corporation.

*Mr. Hawbaker made a motion to approve the Treasurer's Report for the month of October 2010; Mr. Harvey seconded the motion; motion carried.*

### Legal Issues

Attorney Schrack stated there are no further legal issues other than what will be discussed later in the agenda.

### Events Calendar/Projects Map/Staff Report

Mr. Stover presented the events calendar for November and December and Projects Status.

### Operator's Status Report and Business Forecast

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

Mr. Shields stated that three of the five JRA railroads continue on a record pace. For the first 10 months of the year traffic has exceeded or equaled 2009. Marcellus shale related commodities through October equaled 4,749 carloads, which is triple what was received the prior year and represents 18.5% of the total inbound/outbound business.

Ms. Williams stated she will be doing a monthly reconciliation of the operator revenues as a result of the Auditor's suggestion.

Chairman Walls asked Mr. Simcox where he is at with the overall Maintenance of Way program for the year; Mr. Simcox responded the work program is at 95%.

## **OLD BUSINESS**

### **TIGER II Grant Award**

Mr. Kline from Delta Development Group briefed the board relative to the restructuring of the TIGER II funds to maximize the projects that can be completed. He reviewed the Conceptual Funding Strategy which was provided at the meeting.

The goals for trying to advance the strategy included 1) trying to maximize the return on investments creating income from projects that can be advanced quickly; 2) to leverage resources that might be available from federal and state government; and 3) utilize windows of opportunity to capitalize future projects with the lowest possible debt cost. Mr. Kline explained the strategy and stated the primary purpose of the strategy is to take the money that was awarded in the TIGER grant and put those funds into rail projects that will generate revenue for the Authority. This then allows for use of revenue to address future debt service.

The projects not being advanced as part of the \$10 million grant are the Marcellus Energy Park, Level Corner Industrial Sites, and Jubilier Industrial Park Rail Facilities and the Airport Access Road.

Mr. Kline stated Delta will work for Lycoming County and SEDA-COG JRA to identify and secure other funding for Loysock Bridge and Airport Access Road funding gap by 1) future rail capital budget requests; 2) reauthorization of Transportation Equity Act (TEA); 3) PennDOT resources; 4) additional bridge funding; and 5) Federal Transportation Appropriations.

Commissioner Burke shared that the Lycoming County Board of Commissioners is committed to all of the projects regionally and stated it is important that the rail projects get completed. Lycoming County has a strong financial commitment to the projects.

Mr. Shaffer gave a report from the Capital Budget Committee meeting which was held prior to the Board meeting. The recommendation from the Capital Budget Committee is to authorize staff and Delta to proceed with a strategy proposal and come back to the Board with their final recommendation at the December JRA Board meeting.

***Dr. Spychalski made a motion that the full Board approve the Delta concept in principle; Mr. Henry seconded the motion; motion carried with Mr. Hawbaker abstaining.***

### **Review of Sub-Grant Agreement with IPC for Koppers/Halliburton Project (LVRR)**

Attorney Schrack stated he has reviewed the revised Memorandum of Understanding (MOU) for Halliburton and it is acceptable. This is a MOU for the JRA to obtain an easement over Koppers' tracks and includes understandings related to construction and rehabilitation of tracks for Halliburton. The

agreement will govern the transfer of \$900,000 to the JRA from the IPC's DCED grant to cover the cost of track work at Koppers. The JRA is responsible for getting the track work done.

Mr. Stover stated W.E. Yoder is the contractor and Mr. Jannotti is prepared to award the work. We will look at possible changes in quantities to lower the cost of the contract.

***Mr. Shaffer made a motion that the full Board authorize the execution of the MOU with IPC and Halliburton subject to review by staff and JRA solicitor; Mr. Reitz seconded the motion; motion carried.***

#### **Purchase of James Wood Site (LVRR)**

Attorney Schrack reported that the JRA is looking at acquiring property known as the James Wood site. An agreement of sale was executed for the purchase of the property. The closing date is scheduled for December 17, 2010 or before. The JRA has obtained financing from Jersey Shore State Bank and Authority staff has been negotiating the documents for that loan. The JRA is now looking at the possible execution of a lease agreement with Unimin Corporation. A key item for the bank is that there would be a lease on this property to be used for debt service. It is possible that Unimin will have a decision on this project by Friday so a lease agreement can be drawn up. A subsidiary of the James Wood Company, Selectrim, will lease the existing spray booth for up to three years.

Chairman Walls stated that the two leases will bring in revenue to cover debt service. In addition the LVRR may want to lease some of the building.

***A motion was made by Dr. Spychalski for the full Board to authorize the Chairman and Secretary to negotiate and execute leases with Unimin and Selectrim as long as the terms are as represented subject to JRA solicitor approval; Mr. Kramer seconded the motion; motion carried with Mr. Hawbaker abstaining.***

#### **NEW BUSINESS**

#### **Sale of Scrap at Port Matilda (NBER)**

Mr. Stover stated there are some 12 tons of miscellaneous scrap stockpiled along the NBER Main in Port Matilda. Staff has solicited bids from scrap recyclers in the region. The bid opening was held on November 9. Bidders were Staiman Brother's at \$185/gross ton and Krentzman at \$118/gross ton.

***Mr. Hawbaker made a motion for the full Board to award sale of scrap to Staiman Brother's at \$185/gross ton; Mr. Reitz seconded the motion; motion carried with Mr. Krentzman abstaining.***

#### **Muncy Industrial Park Track Acquisition (LVRR)**

Mr. Stover stated the Industrial Properties Corporation proposes to convey the Muncy Industrial Park track to the JRA. ADS and Charlotte Pipe will retain their respective private sidings. Managers from both ADS and Charlotte Pipe have indicated that they concur with the IPC conveyance to the JRA. In 2000, the rail customers, ADS, Charlotte Pipe and Kellogg's agreed to a three-way cost sharing for the RFAP grant match.

To improve the track to JRA standards requires about \$60,000 in track work being commissioned by the IPC. ADS and Charlotte Pipe are prepared to cost share. Kellogg's, however, has declined to cost-share citing that their rail business is via Bulkmatic transload in the Newberry Yard. IPC has asked the JRA to consider assuming Kellogg's cost share. If Kellogg's desires direct rail service at a later time, it would have to "buy back in" and make the JRA whole.

*Mr. Shaffer made a motion that the full Board authorize acquisition of the track from the IPC and authorize staff and officers to enter into an agreement to share 1/3 of the cost to bring the track up to JRA standards and if Kellogg's desires rail service at a later time, it would have to "buy back in" and make the JRA whole; Dr. Spsychalski seconded the motion; motion carried.*

## COMMITTEE REPORTS

### Property Management Committee

#### North Branch Canal Trail Land Conveyance (NSHR)

This item was tabled until the December meeting since loose ends remain to be tied up.

#### Bellefonte Borough (NBER)

Mr. Fury stated that Bellefonte Borough has approached staff requesting an easement for a pedestrian crossing and walkway from the Talleyrand Park to the Match Factory complex. All plans have been submitted and approved. The cost of the easement is \$1.00.

*Mr. Hawbaker made a motion for the full Board to approve the easement for Bellefonte Borough and authorize the Chairman and Secretary to execute all documents; Mr. Reitz seconded the motion; motion carried.*

#### Williamsport Sanitary Authority (LVRR)

Mr. Fury reported that the Williamsport Sanitary Authority has approached staff requesting an easement for utilities being relocated due to its expansion along Jefferson Street. All plans have been submitted and approved. Cost of the easement is \$33,250.00 along with an application fee of \$500.

*Mr. Hawbaker made a motion that the full Board approve these easements contingent upon receipt of all fees and authorize the Chairman and Secretary to execute all documents; Dr. Spsychalski seconded the motion; motion carried.*

Mr. Fury stated associated with this, PPL has also submitted a R/W agreement for relocation of its overhead wires serving the site similar to the agreement in Williamsport for servicing of the Bulkmatic site.

*Mr. Showers made a motion for the full Board to approve the R/W agreement to PPL for service and relocation of their lines along Jefferson Street and to authorize the Chairman and Secretary to execute all documents; Mr. Sawicki seconded the motion; motion carried.*

### Fishlips LLC (LVRR)

Mr. Fury reported that Fishlips, LLC has approached staff requesting an easement for a private crossing accessing property it has purchased adjacent to MIP 2. The easement is required for subdivision purposes. This is an existing crossing that is not under agreement. All plans have been submitted and approved. This will be an annual agreement billed at \$360/year. If the adjacent property is developed commercially the license fee will be adjusted to reflect the commercial rate.

***Mr. Kramer made a motion that the full Board approve the easement for Fishlips, LLC contingent upon receipt of all fees and authorize the Chairman and Secretary to executive all documents; Mr. Harvey seconded the motion; motion carried.***

### Rumberger Engine House (NBER)

Mr. Fury reported that the NBER has raised concerns about snow and ice falling off of the new roof on the Rumberger Engine House. The steel roof facilitates snow and ice sliding off of the roof. This is a safety concern as crews plug locomotives in to electrical receptacles located on the exterior of the building.

Proposals for the installation of snow guards and protective "huts" over the receptacles have been obtained.

Triangle Construction has submitted a low proposal for the "hut" construction at \$1,930.00 and R. H. Marcon Inc. has submitted the low proposal for the snow guards at \$2,740.00.

***Dr. Spychalski made a motion for the full Board to approve award of the "Hut" project to Triangle Construction in the amount of \$1,930.00 and to R. H. Marcon for the "Snow Guard" installation in the amount of \$2,740.00 and authorize the Chairman and Secretary to execute all documents; Mr. Henry seconded the motion; motion carried.***

### Passenger Excursion Committee

Mr. Gummo reported that the three-party agreement was signed on October 22, 2010. The passenger excursion schedule for 2010 was provided in the meeting packet. The Penn Valley Railroad schedule of trips was provided at the meeting.

Mr. Stover reviewed the insurance quotes received from McRail for contingent liability insurance. North Shore Railroad has the primary liability coverage which indemnifies the Authority. The cost without excursion coverage for 2011 would be \$26,883 and to add excursion coverage would cost \$32,033, an increase of approximately \$5,000.

Mr. Krentzman suggested seeking out another insurance carrier to obtain quotes.

Chairman Walls stated that two questions need to be addressed 1) does the event insurance cover the off railroad premises where people gather to get on board; and 2) are the volunteers covered?

Chairman Walls stated that the Executive Director and the event sponsors need to discuss the event insurance coverage with McCarthy and also explore any other way to get more competitive quotes.

Mr. Shaffer questioned whether a higher level of coverage is needed. A question was raised is the coverage per occurrence or aggregated.

Mr. Krentzman asked if the Rail Authority is second in line for coverage. Mr. Stover replied he would have to check with McCarthy on this.

Chairman Walls stated that legal counsel for each entity will need to collaborate with the Executive Director to decide if there is a need for the Rail Authority to go to a higher level of coverage if we are second in line for coverage and also determine if the Rail Authority is second in line.

Mr. Gummo stated the Passenger Excursion Committee did not feel comfortable making a decision on the insurance coverage without Board review and therefore did not have a recommendation to the full Board.

Chairman Walls asked Board members if they were comfortable delegating the Executive Director and solicitor the decision as to whether to stay with McRail and go to 10M/20M level of coverage.

Mr. Reitz suggested having a special Board meeting to discuss this matter as he is not comfortable with someone making this decision other than the full Board.

Attorney Schrack stated this is a business decision for the Board but could certainly be delegated to the Executive Director in consultation with the solicitor but it certainly is a very important decision.

Mr. Shaffer stated he felt that this is a decision of the full Board and that the Authority should go with the higher amount.

Chairman Walls asked that the Executive Director and solicitor check into who is in first or second position for coverage and as far as special Board meeting this can be nailed down in a factual way and be sent in a correspondence email.

Attorney Schrack stated that under the agreement between Penn Valley, North Shore and the Authority it provided that the party of the Authority will enter into an MOU with the sponsor and in that it is required that there will be a review of the sponsor's insurance as well and each party will have the ability to review and accept that.

Chairman Walls stated that the Executive Director needs to get back to Mr. McCarthy of McRail, do some shopping on quotes and collaborate with the Operator, Penn Valley and their counsel to look to see if everyone is sufficiently covered with insurance including the volunteers and collaborate with the event sponsors to see what the specifics are in the event coverage.

#### **Rail Freight Assistance Program**

Mr. Stover stated he just received an announcement from Governor Rendell that \$3.9 Million has been approved in capital budget money for projects in Clinton County, Lycoming County, Mifflin County and Northumberland County.

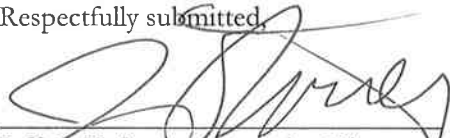
**Chamber of Commerce Membership**

Chairman Walls reported that staff has proceeded to contact some Industrial Development Corporations and Chambers of Commerce and so far have applied to two including the Williamsport/Lycoming Chamber of Commerce. Chairman Walls asked if in addition to the Executive Director if the Board member in that respective county would be willing to participate in those activities. Chairman Walls

stated he wants to make sure the Board members of the Rail Authority are visible to the people back home including the Chambers of Commerce and are representing the chambers' interests.

Chairman Walls adjourned the meeting at 2:30 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 8, 2010.



Secretary/Assistant Secretary