



**SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, OCTOBER 13, 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

AUTHORITY MEMBERS PRESENT

John Gummo, Clinton 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
Rob Postal Mifflin County
Dennis Reitz, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
John Spsychalski, Ph.D., Centre County
Jerry Walls, Lycoming County

GUESTS PRESENT

Tom Avery, Railroad Operating Companies
Hank Bauman, PPL
Allen Bubb, NRHS
Jason Fink, Lycoming County Visitors Bureau
Susan Hochreiter, Bellefonte Historical Railroad Society
Todd Hunter, Railroad Operating Companies
Don Purcell, Norfolk Southern – Retired
Andrews Richards, Bellefonte Historical Railroad Society
Gary Shields, Railroad Operating Companies
Pete Simcox, Railroad Operating Companies
Jeb Stotter, Railroad Operating Companies
Diana Williams, Railroad Operating Companies
Fran Zartman, Fort Discovery

STAFF PRESENT

Tom Schrack, Esq., McQuaide Blasko Law Offices
Jack Stover, Esq., Buchanan Ingersoll & Rooney
Kay Aikey
Steve Kusheloff
Jeff Stover

CALL TO ORDER

Call To Order

Chairman 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

Chairman Walls led the Pledge of Allegiance.

ADMINISTRATIVE ITEMS

Public Forum

There were no comments from the general public.

Approval of the September 8, 2010, Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the September 8, 2010 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Gummo seconded the motion; motion carried; motion carried.

Approval of the September 29, 2010, Special Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Kramer made a motion to approve the September 29, 2010 special meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Jenkins seconded the motion.

Treasurer's Report

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

Mr. Herman made a motion to approve the Treasurer's Report for the month of September 2010; Dr. Spychalski seconded the motion; motion carried.

Legal Issues

Attorney Schrack stated there is one item involving the sublease of land by Nittany Oil in the Newberry yard. The Board had indicated at a previous meeting that the sublease to Reagent Chemical would be approved provided that certain conditions were met. Those conditions were that Reagent would enter into a hazardous materials indemnification agreement with the Authority. Reagent is agreeable to that and the agreement has been executed for presentation to the Chair for signature. The Authority has also received, as negotiated in connection with this sublease, an increase in the rent amount that Nittany Oil is to pay under the lease with the Authority. The rent will increase from \$8,400 per year to \$12,000 per year. An addendum to the lease to that effect is ready for the Chair's signature as well as a simple consent to the sublease arrangement.

Dr. Spychalski made a motion for the full Board to ratify the past action taken for approval of the sublease to Reagent Chemical upon the sub-tenants and the tenants fulfillment of certain conditions which have been met, and to authorize the Chair to execute the documents; Mr. Hawbaker seconded the motion; motion carried.

Events Calendar/Projects Map/Staff Report

Mr. Stover presented the events calendar for October and November, 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 through September, interchange traffic continues at a rapid pace for three of five JRA railroads – JVRR, LVRR, NBER. Also through September YTD relative to Marcellus Shale related commodities, the railroad received 4,208 carloads, which is about 17.3% of the overall carload business.

Chairman Walls asked Mr. Simcox for an update on the work that the Sperry car and inspections brought up and what is needed on the NBER as related to the accelerated wear problem with the coal traffic. Mr. Simcox replied that the Sperry defects are all removed and repaired and as far as the rail wear on the Nittany there has not been a response from NS relative to technical assistance on the rail problem. Chairman Walls asked if there is anything in the way of further work scheduled on the NBER. Mr. Simcox replied that a tie gang is working Saturdays through Tuesdays and that work is projected to be completed on October 26th, and the program work for that track will be completed on October 29th.

Mr. Baumann of PPL was present to discuss their concern on the scheduling of track work on the NBER. Chairman Walls asked Mr. Simcox what the flexibility would be to honor PPL's request to minimize track work in October. Fall is when PPL stockpiles coal for the winter; he would like the work to be deferred to November so it wouldn't interfere with PPL's coal movement. Mr. Simcox stated he didn't think this could be done with tie gang and he is skeptical about moving the tie and surfacing work into the month of November.

Chairman Walls said the issue appears to be scheduling and some communication problems. There is a standing request from PPL for some type of scheduling reconsideration. The Chairman asked the operator to discuss scheduling options with Mr. Baumann.

Mr. Reitz shared a document regarding unionization and asked Mr. Shields why this wasn't shared with the Authority. Mr. Shields stated that the labor laws have changed for the airline and railroad industry. It was suggested by the short line association that all employees be informed of this so the document was shared with all employees. Mr. Shields stated he has not been notified of any union activity.

OLD BUSINESS

TIGER II Grant Update

Mr. Stover stated he does not have any more to report.

Passenger Excursion Committee

Mr. Gummo stated there have been multiple meetings of the committee. A meeting was held on September 30 to discuss the term sheet. A meeting was held before the Board meeting to bring the terms between the operator of North Shore and Mr. Pontius into a common agreement.

Dr. Spychalski made a motion to grant Board approval of the Agreement for Rail Passenger Excursion Service subject to staff review, Board members of the Passenger Excursion Committee and solicitor approval after comments are received from Attorney Wilson and Mr. Pontius' counsel; Mr. Herman seconded the motion; motion carried with Mr. Shaffer abstaining.

A copy of the draft agreement was provided to sponsoring organizations, Board members and the railroad Operator.

Ratification of Clinger Home Sale (LVRR)

Attorney Schrack stated that previously the JRA approved the sale of six Newberry residential lots to Clinger Homes. The closing on that sale took place between Board meetings. Clinger Homes' attorney has asked for a ratification resolution whereby the resolution presented to the Chair would authorize the Chair to execute all closing documents. The sale netted the JRA \$51,232.50.

Mr. Reitz made a motion to pass resolution authorizing Chairman and Secretary to sign all necessary sale documents for the Clinger Homes transaction in Newberry; Mr. Hawbaker seconded the motion; motion carried.

Bid Award – Dock Demotion (LVRR)

Mr. Stover reported that one bid was received from Steinbacher Enterprises at a cost of \$14,580.00.

Mr. Kramer made a motion that the full Board award the bid for dock demolition to Steinbacher Enterprises in the amount of \$14,580.00; Mr. Postal seconded the motion; motion carried.

Bid Award – UGI Water Service Line (LVRR)

Mr. Stover stated that the JRA's lease with UGI in Newberry requires the JRA to provide domestic water service to their office. Larson Design Group has provided bid specifications for a ¾ inch water line. Low bid was received from Affordable Water & Sewer Hook-Ups in the amount of \$10,200.00. Chairman Walls asked if this ¾ inch water line conforms to the requirements and concerns of the Williamsport Municipal Water Authority; Mr. Stover replied that it does.

Mr. Harvey made a motion that the full Board award bid to Affordable Water & Sewer Hook-Ups in the amount of \$10,200.00; Mr. Showers seconded the motion; motion carried.

Koppers/Halliburton Track Project (LVRR)

Mr. Stover stated the bids were opened on October 5th for track rehabilitation and construction on tracks owned by the JRA and Koppers. Track construction on the Halliburton side is being bid by Halliburton under a separate contract at their own expense. The cost for these improvements is being paid for by a DCED grant to the Industrial Properties Corp. The nominal allocation from the grant for rail work is \$900,000. We are working with the IPC to see if additional funds are available.

Mr. Herman made a motion for the full Board to award the Koppers/Halliburton Track Project bid to W.E. Yoder in the amount of \$985,792.00 contingent on execution of subgrant agreement with the Industrial Properties Corporation; Mr. Reitz seconded the motion; motion carried with Mr. Hawbaker abstaining.

Newberry Pocket Track Bids (LVRR)

Mr. Stover stated this project was discussed at a previous meeting. This is a new track in Newberry which will provide an additional 1,032 feet of track for Marcellus Energy Services which is an existing Customer and lessee. The low bidder was G.W. Peoples at \$220,632. The project can be funded 70% by a portion of the remaining Capital Budget money. Marcellus has agreed to pay the local share. A lease and a check for \$91,000 for outstanding rent and for their local share have been mailed but have not been received as of today.

Dr. Spychalski made a motion that the JRA Board award the Newberry Pocket Track bid to G.W. Peoples in the amount of \$220,632 contingent upon receipt of the local share from Marcellus Energy and authorization for the Chair and Secretary to execute the amended lease with Marcellus Energy Services; Mr. Kramer seconded the motion; motion carried.

Chambers of Commerce Memberships

Chairman Walls stated that Mr. Fury had raised a question to him whether the Rail Authority should be joining local chambers of commerce. Chairman Walls asked Mr. Postal and Mr. Fink for their perspectives on this. Mr. Fink replied that the Williamsport-Lycoming Chamber has other authorities that are members and there is a classification for government type entities. The annual cost is \$250. Mr. Postal replied that the IDC is a separate from the Mifflin/Juniata Chamber of Commerce and that Mr. Tunall would be the person to talk with. Chairman Walls stated there are other chambers as well. Chairman Walls asked Board members for their thoughts on this. Mr. Hawbaker asked who would participate and make the commitment to go to the meetings. Mr. Shaffer stated that some of the chambers overlap in their counties and that possibly the Board member who represents that locality where the chamber is should be members in addition to a staff person. Chairman Walls stated that the Rail Authority is heavily involved in things that involve economic development. Mr. Fink stated that it might be helpful to look at communities to see what might be a better fit – is it being a member of the industrial development corporation for that community or is it the chamber of commerce.

Mr. Hawbaker made a motion to have staff investigate which economic development organizations the Rail Authority should choose to become members of; Mr. Kramer seconded the motion; motion carried.

NEW BUSINESS

Briefing on Insurance Coverage for JRA Board Members and Staff

Chairman Walls stated he was asked by a Board member as to what insurance coverage the Rail Authority board members and staff has. B.J. Giangiulio, President of H.A. Thompson was available by phone to brief the Board on its coverage and to answer questions. Pennsylvania Intergovernmental Risk Management Association (PIRMA) is the insurance pool for municipalities and authorities. Mr. Giangiulio joined the Rail Authority Board meeting via conference phone. He gave a brief description of the Rail Authority's Directors and Officers Liability coverage and stated that the coverage is \$10 Million per occurrence and extends to the SEDA-COG Joint Rail Authority, members of the governing body, boards, and commission and counsel, elected or appointed officials, employees acting within the scope of your employment, volunteers acting within the scope of their employment.

Chairman Walls called for an Executive Session at 2:00 p. m. to discuss a lawsuit filed against Mr. Shaffer by Union County Industrial Railroad Company, Richard D. Robey, Gary Shields, and Miriam Robey and may at some point involve the Rail Authority.

Chairman Walls reconvened the Board meeting at 3:05 p.m.

United Telephone Company of PA Easement (NBER)

Mr. Stover stated that United Telephone of PA, LLC has requested an easement for an aerial occupation over the NBER Main 352' west of MP 46 in Beech Creek.

All necessary documents and drawings have been received and all JRA specifications are met or exceeded. Attorney Schrack has reviewed the documents.

The cost of the easement is \$5,750 (\$230/year x 25 years).

Mr. Hawbaker made a motion that the full Board approve the United Telephone Company of PA easement contingent upon receipt of easement and application fees and authorize the Chairman and Secretary to execute the documents; Dr. Spychalski seconded the motion; motion carried.

Mifflin County Industrial Development Corporation Conveyance

For consideration is a conveyance of .27 acres to Mifflin County Industrial Development Corporation along the West Park track near First Quality Plant. The small strip is needed to widen Locust Road and has no negative impact on the railroad. Staff recommends this conveyance for \$1.00.

Dr. Spychalski made a motion for the full Board to approve the conveyance of .27 acres to the Mifflin County Industrial Development Corporation in the amount of \$1.00; Mr. Shaffer seconded the motion; motion carried with Mr. Postal abstaining.

Early Bird Car Wash (LVRR)

Mr. Stover stated that Mike Early of Early Bird Car Wash seeks to purchase a remnant piece of ground along the LVRR at Maynard Street to build a water recycling facility. A deal has been reached with the prospective purchaser to purchase this ground for \$.50 per square foot minus \$700 due to the time expended in working out this deal for a total of \$5,000.

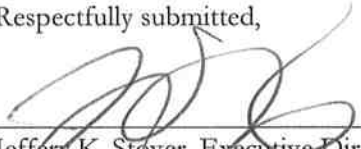
Mr. Shaffer made a motion for the full Board to sell the piece of ground to Early Bird Car Wash in the amount of \$5,000; Mr. Kramer seconded the motion; motion carried with Mr. Hawbaker abstaining.

Chairman Walls stated two available dates for the Rail Authority Holiday Dinner are Thursday, January 13 or Thursday, January 20, 2011 to be held at the Mountain Laurel Room in the Professional Development Center of Penn College. Consensus of Board members was January 13th. Chairman Walls asked if Board members wished to have musical entertainment during this dinner. The consensus of Board members was to not have musical entertainment.

ADJOURNMENT

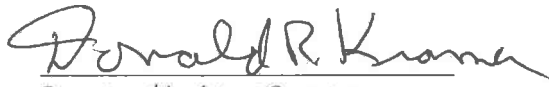
Mr. Walls adjourned the meeting at 3:15 p.m.

Respectfully submitted,



Jeffrey K. Stover, Executive Director

I hereby certify these minutes were approved by the SEDA-COG Joint Rail Authority Board of Directors on November 10, 2010.



Secretary/Assistant Secretary