



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, OCTOBER 8, 2008
UNION COUNTY GOVERNMENT CENTER
LEWISBURG, PENNSYLVANIA
12:30 P.M.

**PRESERVING
RAIL FREIGHT
SERVICE**

serving the counties of

Centre
Clinton
Columbia
Lycoming
Mifflin
Montour
Northumberland
Union

AUTHORITY MEMBERS PRESENT

Frank Dombroski Jr., Montour County
Mike Hawbaker, Centre County
Bud Henry, Columbia County
Don Kramer, Clinton County
Mike Redin, Centre County
Dennis Reitz, Northumberland County
Dennis Shaffer, Union County
John Showers, Union County
Jim Spendiff, Mifflin County
Jerry Walls, Lycoming County

GUESTS PRESENT

Al Bubb, NRHS
Steve Hurvitz, Esq., McQuaide Blasko
John Jones, Schaeffer, Jones, Eichner & Wagner, LLP
Jeff Pontius, Railroad Operating Companies
Dick Robey, Railroad Operating Companies
Mimi Robey, Railroad Operating Companies
Gary Shields, Railroad Operating Companies

STAFF PRESENT

George Fury
Jamie Shrawder
Jeff Stover

ADMINISTRATIVE ITEMS

Call to Order

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

Pledge of Allegiance

Mr. Walls led the Pledge of Allegiance.

The board members introduced themselves to new Montour County board member Frank Dombroski Jr.

Approval of the September 10, 2008 Meeting Minutes of the SEDA-COG Joint Rail Authority

Mr. Henry made a motion to approve the September 10, 2008 meeting minutes of the SEDA-COG Joint Rail Authority; Mr. Kramer seconded the motion. Mr. Reitz amended the minutes to read 2008 rather than 2009 offices on page 7. Motion carried.

**SEDA-COG JOINT
RAIL AUTHORITY**

201 Furnace Rd
Lewisburg
PA 17837

(570) 524-4491
fax 524-9190

jra@seda-cog.org
<http://jra.seda-cog.org>



Affiliated with
SEDA Council of Governments

Treasurer's Report

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

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

July 1, 2006 – December 31, 2007 JRA Audit

Mr. Jones presented the 18 month audit. Mr. Hawbaker suggested switching the loan rate to prime. Mr. Shaffer suggested liquidating the note. Mr. Stover will follow up on the questions with the bank regarding the JRA's loan. The term "capital fund revenue" should be changed to "operating fees".

Mr. Kramer made a motion to accept the audit report; Mr. Spendiff seconded the motion; motion carried.

Capital Budget Committee Report

Mr. Shaffer reported there are two changes to the Capital Budget -- the change to the Anthracite Road crossing project bid and the Mill Hall Industrial Track project. The four year capital budget plan will be refined for the November meeting.

Mr. Stover presented the Management Discussion and Analysis. Mr. Redin asked why the cost of the intermodal site is not born by the tenant. Mr. Stover stated the improvements are beyond what Bulkmatic will be using and there will be other tenants. Mr. Walls added the assets will be leasable to other companies and if it is a specialty improvement the customer will pay for it. The rents should recover most of the investment. Mr. Redin suggested priority should be given to the improvements needed by the operator. Mr. Stover will update the cash flow analysis through 2010.

Mr. Reitz made a motion to approve the Management Discussion and Analysis; Mr. Hawbaker seconded the motion; motion carried.

Operating Agreement Committee Report

Mr. Spendiff reported that the committee recommends accepting the operator's annual report. The operator was asked to provide a Management Discussion and Analysis on his annual reports. Mr. Robey will provide details on how the cash flow works between the five railroads and details about the general sales and administrative items in excess of \$100,000. Mr. Bowers will be at the November meeting to answer any remaining questions.

Mr. Spendiff made a motion to accept the operator's 2007 annual report; Mr. Redin seconded the motion; motion carried.

Legal Issues

The board entered into executive session at 1:48 p.m. to discuss legal matters relating to the Decker trespass issue and the confidential tax credit sale information provided by Attorney Wilson. The meeting reconvened at 2:34 p.m.

Events Calendar/Project Map/Staff Report

Mr. Stover presented the events calendar for October and November, the projects map, and the staff report. He also distributed copies of the JRA history.

Operator's Status Report

Mr. Robey referred to the Operator's Report included in the packet. Mr. Pontius discussed the two recordable injuries that occurred this past month. The board and operator's staff discussed what to do about the concrete bases along the NBER. One option is to try to locate all the bases and mark them on GIS so they can be avoided during work. They also suggested asking Mr. Jannotti what other short lines have done about this. Mr. Shields reviewed the Marketing Report and distributed a Norfolk Southern newsletter.

PROPERTY MANAGEMENT COMMITTEE

Nittany Oil Lease of Former Sechler Property

Mr. Fury reviewed the lease details for Nittany Oil at Newberry Yard. The rent is \$700/month plus \$1,000 per tank per year. They are anticipating 4 tanks at this site. The lease would be contingent upon the City's approval.

Mr. Kramer made a motion to approve the lease with Nittany Oil contingent upon the approval of the city of Williamsport; Mr. Spendiff seconded the motion. Mr. Redin asked why the rent changes for the same piece of property dependant upon the use. Attorney Hurvitz stated this happens all the time. He added the term of the lease should be included in the motion. Mr. Redin asked if our lease requires the lessee to restore the property. Attorney Hurvitz responded yes they are required to restore it but the Authority would need to decide if we want them to restore it or leave the improvements. Mr. Redin expressed concern about a company abandoning a property with hazardous materials or other issues. Mr. Fury stated our lease states the property is to be restored to the original condition. Attorney Hurvitz added there is no security required for this. The term of our lease is five years. Mr. Redin asked to table this item until the questions about restoration and hazardous materials can be answered. Mr. Stover recommended approving this lease. The lease could require a bond to ensure against the abandonment based on an engineer's estimate of the cost of restoration. Mr. Redin requested these details be handled in the PMC meetings. This item was tabled.

OLD BUSINESS

Anthracite Road

Mr. Fury explained that Finkbeiner was not able to fulfill the bonding requirement and withdrew their \$124,508 bid for the crossing project. The second lowest bidder is K.W. Reese at \$134,506.30, an increase of \$9,998.30.

Mr. Shaffer made a motion to ratify K.W. Reese as the lowest responsible bidder at \$134,506.30 for the Anthracite Road grade crossing project; Mr. Kramer seconded the motion; motion carried.

JVRR Rail Line Relocation Feasibility Study

Mr. Stover stated the proposals are due on October 22nd. The state is interested in funding the study 80% with a 20% local match paid by the JRA. He reviewed the PowerPoint presentation that was presented to the engineering firms that attended the pre-proposal meeting on September 23rd in Lewistown.

NBER Runaround RFAP for MHIT

The additional track work to use the remaining \$96,000 was presented to the board at the September meeting. Staff is seeking authorization to award to the lowest responsible bidder.

Mr. Shaffer made a motion to approve the award to the lowest responsible bidder pending recommendation of Atty. Hurvitz, Paul Jannotti and PennDOT Rail Freight; Mr. Reitz seconded the motion; motion carried.

NEW BUSINESS

Newberry South Core Borings

Larson Design Group needs to use a subcontractor for the core borings in the Newberry Yard. Staff is seeking approval to use Converse Consultants in the amount of \$5,669.

Mr. Shaffer made a motion to approve the LDG subcontract with Converse Consultants in the amount of \$5,669 for core borings in Newberry; Mr. Kramer seconded the motion; motion carried.

Public Forum

ADJOURNMENT

Mr. Walls adjourned the meeting at 3:28 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 November 12, 2008.



Secretary/Assistant Secretary