



SEDA-COG JOINT RAIL AUTHORITY MEETING
WEDNESDAY, JULY 8, 2015
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

Stephen Bridy, Northumberland County
Frank Dombroski, Montour County
Russ Graham, Centre County
John Gummo, Clinton County
Scott Harvey, Lycoming County
Tom Herman, Montour County
Rick Jenkins, Columbia County
Brent Jones, Clinton County
Michael Krentzman, Mifflin County
Dave Park, Columbia County
Rob Postal, Mifflin County
Don Purcell, Northumberland County
John Showers, Union County
John Spsychalski, Centre County
Jerry Walls, Lycoming County
Eric Winslow, Union County

JRA OPERATOR

Tom Avery, Director of Operations
Nate Blanchard, Customer Service Manager
Loni Briner, Lead Customer Service Rep/Media Manager
Todd Hunter, Director of Marketing
Joe Kantz, Marketing Rep
Gary Shields, President
Pete Simcox, Director of Engineering
Jeb Stotter, Vice-President
Diana Williams, Treasurer/Controller

GUESTS

John Ashbridge, Carload Express
Amanda August, The Daily Item
Steve Betts, PennDOT District 3-0
Al Bubb, West Shore Railroad
Steve Campbell, Roaring Creek & Catawissa Valley Historical Study Group
Rick Dandes, The Daily Item
Seth Keller, Staimain Recycling, Inc.
Alex Lang, Carload Express
Wayne Michel Reading & Northern Railroad
Mark Murawski, Lycoming County Planning
Russ Peterson, Carload Express
Jeff Pontius, Penn Valley Railroad, LLC
Andrew Richards, Bellefonte Historical Railroad Society

**SEDA-COG JOINT
RAIL AUTHORITY**

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Mark Rosner, Northern Plains Railroad
Dennis Shaffer, Reading & Northern Railroad
Jennifer Wakeman, WKOK Radio

LEGAL COUNSEL

Tom Schrack, Esq., McQuaide Blasko
John Bee, Esq., McQuaide Blasko

JRA CONSULTING PROFESSIONALS

John Conrad, P.E., Bridge Engineer
Paul Jannotti, Jannotti Rail Consulting
Dan Mazur, Operating Agreement Consultant

JRA STAFF

Kay Aikey, Program Assistant
George Fury, Property & Maintenance of Way Manager
Jeff Stover, Executive Director

SEDA-COG Staff

Liz Regan, Public Information

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.

Welcome – Chairman’s Statements

Chairman Walls 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 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.

Chairman Walls asked if anyone would be recording the meeting. No one responded as to their recording of the meeting. Chairman Walls stated that Kay Aikey, JRA staff, will be recording the meeting.

Chairman Walls called for an executive session at 12:32 p.m. Attorney Schrack stated the purpose of the executive session is to discuss the Reading & Northern litigation confronting the Authority.

Chairman Walls reconvened the regular meeting at 12:48 p.m.

ADMINISTRATIVE ITEMS

Public Forum

Chairman Walls asked for introductions by the JRA Board Members, JRA staff, legal counsel, and guests present.

Chairman Walls asked if there is any comment from the public to come before the Board.

Mr. Michel was recognized by the Chairman and rose to make comments. Mr. Michel stated that he knows that Reading & Northern has caused some consternation with the litigation, but that isn't Reading & Northern's goal. Last month when Mr. Krentzman talked about the fiduciary responsibility the Authority feels that you have to the taxpayers and communities, it was very encouraging to Reading & Northern. Reading & Northern believes that the Board, today, the scoring Board members actually have an opportunity to advance their fiduciary responsibility by choosing not to select an operator, but rather to table the plan to go forward with a new operator until the Board has the time to fully consider the possibility of selling the rail assets. In the past when Mr. Moran made an offer to purchase, Mr. Stover suggested that these assets might be worth \$60,000,000 to \$80,000,000 in the marketplace. The market sees short lines as having a very high value. There are very few short lines for sale, very few short line companies for sale. The Authority has a premium property. The Authority has the opportunity today to return millions to the taxpayers. They have not received a dime in the last 30 years. The Authority has the opportunity to return millions to the taxpayers while ensuring there will be good quality service for years to come. The free market works. The Reading & Northern provides a guaranteed two-hour service window to every customer on Reading & Northern's railroad. The Reading & Northern charges a demurrage lower than the North Shore's \$30, which Reading & Northern has now heard that the market is \$75. Reading & Northern charges \$28. It was just raised from \$20 to \$28 because everyone else seems to be higher. The Reading & Northern Railroad can: provide excellent service, spend tens of millions of dollars to upgrade your railroad, invest in equipment, and run a phenomenal passenger service. Reading & Northern does 70,000 excursion riders a year. The Reading & Northern does all of this because the free market works. There is no rush here. The Authority's original RFP timeframe calls for the decision to be made in the third quarter of 2016. There are two years left under the North Shore's contract. We have all admitted North Shore is doing a fine job; there is no need to rush to judgment. This is the time for all of you to act in furtherance of your fiduciary responsibility, put the bid process on hold, consider putting it up for sale, get offers from many people, protect yourself so that there are assurances they cannot in the future abandon if there is a downgrade of service you can buy it back at a guaranteed price. There are so many ways to protect yourself and protect the customers. Let the free market work. Let the taxpayers have a return on their investment. Let's privatize this railroad. Finally, let's follow what the federal government did with Conrail in 1986, what Pennsylvania did with their railroads in the 1990's and 2000. There is no reason for this to continue. Reading & Northern Railroad hopes that the Authority will consider this. Reading & Northern hopes that the Authority will give Reading & Northern Railroad the ability to drop the litigation. Reading & Northern has no desire to pursue this complaint and injunction. Reading & Northern will, however, if they don't see actions to put this on hold. The Authority's colleagues in the Lackawanna area have already spent in excess of \$300,000 defending their lawsuit – money that could have gone into the railroad, money that could have been returned to taxpayers.

Reading & Northern is going to take this litigation to the end. Reading & Northern will go as far as we have to go in the state and if necessary we will go federal. Reading & Northern is committed to

privatization. Reading & Northern will go to Harrisburg and try the legislative route. Reading & Northern will do everything in our power and spend our money to see this privatized. And, just so you know where Reading & Northern is coming from, we will not be a bidder. Reading & Northern does not want to buy these railroads. Reading & Northern may want to buy the Shamokin Valley Railroad as it connects to us. Reading & Northern is not doing this for our financial best interest; we're doing it because we believe it is in the public interest and we want a level playing field for everybody and all the customers, and Reading & Northern believes that the free market system will work.

Chairman Walls stated that it is the policy of the Rail Authority to have only two designated spokesmen and they are the Executive Director and the Chairman, and it is upon advice of legal counsel to refrain from comment because of the pending litigation involving the Authority other than to state that the Authority intends to actively defend the claims raised in this litigation and future litigation, and the Authority has faith that the judicial system will come to a reasonable, fair and appropriate decision.

Approval of the June 10, 2015 Meeting Minutes

Dr. Spsychalski made a motion for the Board to approve the June 10, 2015 meeting minutes.

Dr. Spsychalski referred to a possible correction and referred to the comment made by Mr. Krentzman in the last paragraph on page 7 which stated that he was the longest tenured Board member in this room. Dr. Spsychalski stated that Mr. Herman was present in the room. Mr. Krentzman stated that is why he had made the comment "with all due respect to Mr. Herman; the Chairman, Mr. Walls; and Mr. Stover, the Executive Director." Mr. Krentzman clarified that his tenure on the Board is not as long as that of Mr. Herman.

The minutes were approved with the clarification that Mr. Krentzman made that he did not mean in his statement that he was of longer tenure of Mr. Herman or the others that he named.

Mr. Krentzman seconded the motion; motion carried.

Approval of the June 10, 2015 Special Meeting Minutes

Mr. Postal made a motion for the Board to approve the June 10, 2015 special meeting minutes; Dr. Spsychalski seconded the motion; motion carried.

Treasurer's Report

Mr. Harvey presented the Treasurer's Report for the month of June 2015 as well as the JRA's loan summary.

Mr. Herman made a motion for the Board to accept the Treasurer's Report for the month of June 2015 and file for audit; Mr. Park seconded the motion; motion carried.

Events Calendar/Staff Report

Mr. Stover presented the events calendar for July and August and Staff Report.

Mr. Stover asked that Mr. Jannotti provide an update on the Section 130 project to rebuild the Independence Street grade crossing in the City of Shamokin. Mr. Stover stated that this is the longest crossing in Shamokin. The crossing signal improvements and the surface are being paid for out of Section 130 dollars.

Mr. Jannotti stated that the pre-bid was held on July 7, 2015 to address the schedule. Chairman Walls explained that a pre-bid is a briefing by the engineer of all prospective bidders so that they understand what the scope of the work is, deadlines and any unusual factors that need to be taken into account.

Mr. Jannotti stated that the bid opening will be held on July 22, 2015. The crossing is 216 feet long and the project is every extensive and detailed. He stated that Diamondback is doing the signal work. The project needs to be done this year in order to capture and retain the Section 130 funds.

Mr. Betts stated that the funds will not lapse if the project is not completed this year. Federal Highway Administration (FHWA) likes to see these projects invoiced regularly. The approval for this project was well over a year ago so it does need to get done, but there is not an issue with the funds lapsing. The approval from FHWA comes early on in the process, and once that approval is made, you have one year to start invoicing that project. The project needs to keep moving.

Mr. Jenkins made a motion to approve award of the Section 130 project on Independence Street in Shamokin to the responsible low bidder after review by PennDOT District 3-0, JRA engineer and staff; Mr. Postal seconded the motion; motion carried.

Operator's Status Report and Business Forecast

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

Ms. Williams stated that May 2015 total operating fee revenue is approximately 10% ahead of May 2014, and approximately 24% ahead YTD from last year. This is due in part to the trackage rights reconciliation.

Mr. Avery stated that in Northumberland there is a new trainmaster as of June 29. Chris Davis is an 18-year veteran of Norfolk Southern; Nate Charles the previous trainmaster has moved to Binghamton and is managing the D&H takeover.

OLD BUSINESS

Bridge Engineer's Report

Board members were provided with the Bridge Engineer's report. Mr. Conrad was in attendance at the meeting and provided some updates.

Consideration of Proposals Submitted in Response to RFP

Attorney Schrack recapped the scoring and voting process under the RFP. He stated that the ten scoring Board members received the Phase 2 proposals for review several weeks ago. These scoring Board members were required to review the proposals and score the proposals in accordance with the criteria set forth in the RFP. The other six Board members recused from the evaluation and scoring process early on because of avoiding an appearance of impropriety and bias in the process. There are ten scoring Board members that evaluated the proposals under the RFP. Chairman Walls stated this is because they work for companies that are customers of the one company that is in the proposal.

These scoring instructions and criteria were explained in detail at the JRA's June 10, 2015 Special Meeting. Under the Phase 2 scoring instructions, scoring Board members were to rank each proposal through the use of the scoring system. That scoring system is as follows: Each proposal receives a raw score of up to twenty points in each of the following categories:

1. Commitment to Track Maintenance
2. Commitment to Safe Operations
3. Soundness and Sustainability of Operating, Marketing, and Financial Plans
4. Commitment to Public-Private Partnership
5. Commitment to Economic Development

This will result in a total raw score of up to 100 points for each proposal, and under the RFP, the ranking score, which is called for under the RFP, is derived from the Board members' highest raw score receiving a ranked score of 3; the second highest score receiving a ranked score of 2; and the third highest score receiving a ranked score of 1. Those individual ranking scores for each Board member were independently compiled by Jeff Stover, the Authority's Executive Director, and Dan Mazur, the Transportation Consultant assisting the JRA in this process. There were two separate cumulative scoring sheets that were done – one by Mr. Stover and one by Mr. Mazur. Mr. Stover has them both here. Kay Aikey checked them and the scores were consistent on both scoring sheets. We now have a total ranking score for all three proposals. The ranking score results have not yet been provided to any Board member. As the Board is aware, there has been a two phase approval process under the RFP – the Phase 1 approval process concluded October 2014 when the Board voted to proceed with the RFP and invite certain proposers to move forward to Phase 2. The required vote was nine. The same vote is required here. Therefore, if the Board intends to conclude the RFP process and award the Operating Agreement in accordance with the RFP requirements, it must do so by roll call vote of nine members to the highest ranking proposer. Otherwise, if the Board does not intend to award an Operating Agreement and proceed under the RFP, then the Board has reserved the right to withdraw the RFP and reject all proposals.

The Excel spreadsheet of the ranking scores was presented. This is an aggregate of the ranking scores for all ten scoring Board members:

- Carload Express: 24
- North Shore Railroad: 23
- Northern Plains Railroad: 13

Mr. Stover stated that both Attorney Schrack and Attorney Bee were present to oversee the process.

Attorney Schrack stated that the consideration for the Board is whether to make a motion to award the Operating Agreement to the highest ranking score which will require a roll call vote of nine.

***Mr. Postal made a motion to award the contract based on the ranking to Carload Express;
Mr. Bridy seconded the motion.***

Mr. Krentzman and Mr. Harvey both stated that they are abstaining from the vote.

Mr. Herman stated he is opposed to the action being taken to have ten Board members making the decision. He suggested having a show of hands for the vote.

Attorney Schrack stated that the Board has to continue to follow the procedures and follow the rules the Authority has adopted through this process and not deviate from the rules. Bringing the recused Board members back in and letting them vote in favor of one proposer would deviate from the rules.

Mr. Postal stated that whatever the process was when it started should continue. Mr. Bridy asked if the process was voted on unanimously by the ten scoring Board members. Attorney Schrack replied that yes, it was a unanimous vote of the scoring Board members in Phase 1.

Mr. Richards of Bellefonte Historical Railroad Society asked what would happen if the Board votes no to the current motion. If the motion is rejected, does it mean that none of the proposers could be chosen again? What is the next step? Attorney Schrack replied that the JRA has the option to withdraw the RFP and reject all proposals by a vote of nine. The next step is something the Board would have to discuss and determine. Mr. Richards then asked if the motion is denied, would there be a second vote to deny all proposals or would that reject the current proposals or would there have to be a second vote. Attorney Schrack replied that there would have to be a second vote to formally withdraw the RFP and reject all proposals.

Chairman Walls asked if the proposals would have to be rejected or could the RFP process be kept open and somewhat alive. Attorney Schrack referred to language in the RFP – “the JRA reserves the right to reject any and all proposals, waive informalities and irregularities in proposals received and to accept any portion of any proposal if deemed in the best interests of the JRA.” Attorney Schrack stated he cannot see how the Authority could continue the RFP unless another phase is added. This is something that would have to be evaluated.

Mr. Michel asked Attorney Schrack: Is it not true that if no action is taken today that North Shore Railroad has two years remaining on their contract under federal law and North Shore can continue to operate after those two years until such time as it would file for discontinuance of operations and that the customers will continue to receive service for quite some time with no change even if this is tabled, postponed, brought back up in six months, etc.? It would seem from the federal law and the Authority’s own procedures that the Board has a lot of latitude to not force its members to vote to accept the highest award or reject all bids.

Attorney Schrack stated that Reading & Northern’s legal counsel is not present so he will address the Board in response to Mr. Michel’s question. Yes, the Operating Agreement that is currently in effect continues until the end of its expiration term – June 30, 2017.

A roll call vote was then taken of the ten scoring Board members with six members abstaining:

Centre County
Russ Graham: No
Dr. John Spychalski: Yes

Montour County
Frank Dombroski: No
Tom Herman: Yes

Clinton County
John Gummo: Yes

Northumberland County
Stephen Bridy: Yes
Don Purcell: Yes

Lycoming County
Jerry Walls: Yes

Union County
John Showers: No

Mifflin County
Rob Postal: Yes

Chairman Walls stated the motion fails to achieve the vote of nine required to pass.

Chairman Walls stated the options are to take some time and talk or entertain a different motion.

Attorney Schrack stated if the Authority is not able to take action today, it can postpone the vote.

Chairman Walls stated that would be a distinct action and that should be done by motion also.

Dr. Spychalski stated that a lot of time and effort has been given to this process. There has been ample time and an abundance of information at which to make an informed decision. For his part he stated that it was a difficult decision, and that he was hard pressed to choose one over the other of the two that he ranked strongest. A responsible Board has to step up to the plate and honor the processes that have been put in place, respect them, and take action that is definitive of their responsibility as Board members.

Dr. Spychalski made a motion that the ten scoring Board members vote again; Mr. Purcell seconded the motion.

A roll call vote was then taken of the ten scoring Board members:

Russ Graham: No
Dr. John Spychalski: Yes
John Gummo: No
Jerry Walls: Yes
Rob Postal: Yes

Frank Dombroski: No
Tom Herman: Abstaining, due to personal reasons
Stephen Bridy: Yes
Don Purcell: Yes
John Showers: No

Chairman Walls stated that the motion to vote again fails.

Mr. Bridy seconded Dr. Spychalski's remarks that a lot of time and energy has been spent on this process. He stated that in regard to something like this, because the JRA's By-laws do not limit those customers of the operator, either the By-laws should be amended or a typical board allows the majority of a quorum to pass as opposed to the majority of the board members. The only board that he sits on of the dozen or so, is the prison board that requires a majority of the overall board members not of a

quorum and that was done for a number of different legal reasons in the past because three commissioners make up that board. The JRA Board is going to spin their wheels whether the Board goes through this process a hundred times or not unless the JRA's by-laws are modified to the majority of a quorum and not the majority of the Board members.

Mr. Herman stated that he agrees with Mr. Bridy. He stated that he served on the Governor's Justice Commission for six years and has never heard of anything like this. Mr. Herman stated he has served on a lot of boards and different authorities.

Chairman Walls stated that Robert's Rules of Order which is generally regarded as the guidance for public bodies and even some private bodies to conduct themselves in voting procedures would indicate that once a quorum has been established for the governing body of a given organization the majority of that quorum then is legally and able to pass a motion.

Attorney Schrack stated the Municipal Authorities Act which governs this Authority says that you need to have a majority of the members present to take action. The question is whether the recused Board members are considered present for the vote.

Mr. Stover stated the six recusals is a significant number of the Board and that is the problem. One or two recusals usually does not cause a problem.

Chairman Walls then asked Mr. Stover if he had a recommendation. Mr. Stover replied no, that he has not played a role from the beginning at all relative to any scoring other than information compilation, data collection, interface with the proposals.

Mr. Gummo stated that Mr. Stover is the designated spokesperson for this process and he has done an excellent job in the progress and success of this process.

As far as recusals, Mr. Bridy stated that, for example, there are six on a prison board, three recuse themselves, two are for the motion, and one is against; the two that are for the motion pass.

Mr. Winslow stated that it is the By-laws that established the nine vote out of 16 to make a quorum.

Attorney Schrack stated that the quorum is a majority of the Board.

Mr. Bridy stated he is on many boards that have half of the board recusing themselves and it still passes.

Attorney Schrack stated if the Board needs to consider whether to include the recused Board members in this vote, the recommendation for the Board is to postpone the vote for thirty days because all legal counsel will need to be involved to provide advice and an opinion to this Board on how to proceed.

Chairman Walls questioned why legal counsel for Reading & Northern would need to be involved. Attorney Schrack replied that the recusals are an issue in the litigation.

Mr. Bridy made a motion to table the decision until the August Board meeting; Mr. Herman seconded the motion.

Mr. Gummo asked if this is sufficient time for a postponement. Attorney Schrack replied that it is.

Mr. Graham stated that this is with the understanding that counsel is going to investigate a full Board vote and to give enough time to review the proposals.

Chairman Walls stated that if the JRA has far exceeded the law by voluntary recusals of six Board members, if it is permissible for those six Board members to then get copies of all the material, review it and be prepared to vote at the August Board meeting, this needs to be reported. He charged Attorney Schrack and Attorney Bee to do a legal evaluation promptly so if all board members can vote, they need time and staff needs time to get all the information to those Board members.

A roll call vote was then taken of the ten scoring Board members to table the decision until the August Rail Authority Board meeting with six abstaining:

Russ Graham: Yes	Frank Dombroski: Yes
Dr. John Spychalski: No	Tom Herman: Yes
John Gummo: Yes	Stephen Bridy: Yes
Jerry Walls: Yes	Don Purcell: Yes
Rob Postal: No	John Showers: Yes

This motion failed to pass by one vote.

Mr. Bridy stated that the JRA's By-laws need to be modified, with either the majority of the quorum to take action or to allow those recusals to just step down.

Mr. Herman stated he previously served on the Geisinger Medical Authority, one of the largest authorities in the state, and it was always a majority rules. Chairman Walls replied the question is what is the majority.

Mr. Stover asked Attorney Schrack about whether state law provides some additional guidance on the ability of the recused Board members to vote.

Attorney Schrack stated that the six Board members did not recuse on the basis of an acknowledged conflict of interest under the State Ethics Act. They abstained in accordance with the higher stringent requirements of the JRA's Code of Conduct. If there is an actual conflict under the State Ethics Act and the Authority cannot take action because there is not the availability of a quorum necessary to take action, then the abstaining Board members come back in and are counted for the vote.

Attorney Schrack stated that the JRA By-laws state that it is a majority of disinterested Board members that is needed to take action under the Conflicts of Interest section. Mr. Bridy stated so then it is not the majority of the overall Board members.

Attorney Bee stated that part of the problem is unless disinterested is defined in the By-laws as excluding recusals not based on a stated actual conflict of interest under the State Ethics Act, then it is unclear whether or not that number should be counted out of the pool of potential voters. Without a clarification you would have to include those persons as the maximum number of people eligible to vote even though they have recused themselves because there hasn't been a stated conflict of interest under the State Ethics Act.

Chairman Walls asked if the six recused Board members could therefore vote. Attorney Bee replied that disinterested would have to be specifically defined in the By-laws.

Attorney Schrack stated that potentially you would have a vote of six of the entire Board if you require only a majority of the ten. If a quorum of the ten is six, then you would have a minimum vote of six adopting and awarding the Operating Agreement on behalf of an entire Board of 16. This is one of the considerations that was taken into account when it was discussed to have a vote of nine. Even though there are recused Board members, they have an interest in what happens, but they can't vote. That is one reason why the decision was made to have nine if the vote that this Board wants to see to take action here.

Mr. Krentzman commented that it is very unadvisable and poor to revisit something that was decided and discussed. The issue of recusals was flushed out very thoroughly. It is not appropriate to make constitutional amendments to the By-laws.

Mr. Bridy stated he disagrees; when this was originally discussed it was the By-laws were a majority of the 16. That is how it was explained. The word quorum never came up, but the By-laws were a majority of the entire Board. If there are recusals, they do not have a vote and are not counted for or against. The only tallies that are taken are those that are for or against and not the recusals.

Mr. Postal made a motion to table the decision until the JRA By-laws can be revisited and an interpretation of the correct voting members be determined; Mr. Bridy seconded the motion.

A roll call vote was then taken of the ten scoring Board members with six members abstaining:

Russ Graham: Yes	Frank Dombroski: Yes
Dr. John Spsychalski: Yes	Tom Herman: Yes
John Gummo: Yes	Stephen Bridy: Yes
Jerry Walls: Yes	Don Purcell: Yes
Rob Postal: Yes	John Showers: Yes

The motion passed unanimously with six members abstaining.

Attorney Schrack was asked to state the next steps:

Attorney Schrack stated that all legal counsel involved are going to review the JRA By-laws and the recusals in connection with the By-laws to determine whether (1) an amendment is needed to the By-laws or (2) whether the recused board members do properly have the right to vote at this point in the RFP process.

Chairman Walls asked if the determination comes back that recused board members should under law be allowed to vote, he then asked the Executive Director to immediately provide the recused board members with any materials they need in preparation for a consideration for a vote at the August Board meeting.

Mr. Bridy stated he would like further legal analysis, as he was told that it is the impending Board members and if they recuse themselves it still means they are in attendance. He stated he would like a

legal explanation when it comes to a quorum as opposed to those in attendance and those who recused themselves.

Mr. Herman stated there should be a time limit of 60 or 90 days.

Chairman Walls asked all 16 Board members if it would be appropriate that this process be concluded within 60 days. All Board members seemed to be in agreement unless legal counsel comes back with more discussion needed.

Chairman Walls asked that the Governance Committee be actively involved in any of the By-law issues and questions.

Mr. Showers stated that this is a difficult situation as a public Board as it is a major decision that is going to affect the future of the Authority. This process has hampered the Board's ability to work as six talented Board members were excluded from the deliberations. Their input, questions, thoughts and directions have been missed. The other ten have done their homework and did it according to the rules that they were charged with. This is not an easy position and he welcomes the 60 days to bring clarity to the situation.

Chairman Walls stated that he observes that with the best intentions the JRA went above and beyond the law to be extra careful.

Mr. Bridy stated that based on the overall vote, there are some on this Board that voted for the approval as the points were tallied that did not have Carload Express in first place. It is numerically impossible for those to be that close and have a 7-3 vote. So with all due respect, there are some that adhered to the process whether or not you agree with the outcome or not, we are going to take the entire Board's vote into the process of the vote and that is the way he understood the process.

Dr. Spychalski stated that was his understanding. Regardless of where his own judgment stood, he accepted and respected the process that was defined from the standpoint of the rankings and his vote was based on that understanding. It was not an easy decision. From a standpoint of respect for and acceptance of the process that is where his vote was placed. This Board agreed to this process and there was ample time to understand if one paid attention.

COMMITTEE REPORTS

Passenger Excursions Committee

Committee Chair John Spychalski reported on the work of his committee. The next Passenger Excursion service offering is scheduled for August 15 at Sunbury, with departures at 9:00 and 11:00 a.m. and 1:00 p.m.

Dr. Spychalski stated that the excursion from Lock Haven to Bellefonte and Pleasant Gap on June 20 was very successful. Ridership was at sell-out level. Dr. Spychalski extended thanks to Mr. John Gummo for having provided the riders with informative commentary on rail history and other trip-related subjects, and for arranging on-board performance of high quality musical entertainment. Dr. Spychalski complimented the members and staff of Downtown Lock Haven, Inc., for their excellent job of marketing the excursion. He also complimented North Shore

Railroad for movement of the train, and Penn Valley Railroad, LLC, for provision of the passenger cars and on-board service.

Property Management/Capital Budget/Safety Committee Meeting

Committee Chair Rick Jenkins reported on the work of his committee

Point Township PennDOT Rest Area (NSHR) – Possible Acquisition

Mr. Stover stated that on June 12 staff met with the PennDOT District 3-0 Right-of-Way Administrator. The purpose was to walk the 6.5 acre site wedged between Route 11 and the North Shore Railroad. Previously, staff had reported to the Board on this site which has great potential as a transload site. The JRA's appraisal for the site is \$150,000 - \$168,000.

Mr. Herman made a motion for the full Board to pass a resolution to make a formal request to PennDOT to purchase the site and to proceed to negotiate for same (the actual purchase offer will require later JRA Board actions); Mr. Bridy seconded the motion; motion carried.

Shamokin Yard (SVRR) – Possible Acquisition

Mr. Stover stated that staff has been talking to Mrs. Swank regarding the purchase of the former Reading Railroad's Shamokin Yard which consists of 6.655 acres. There are no tracks on the site; it is vacant. Because of a City of Shamokin ordinance (and for practical purposes), truck access to the site must be done via a road alongside the SVRR to the east toward Ranshaw. This road belongs to the JRA and had been leased to Elwood Swank; that lease ended over ten years ago.

Mr. Stover stated that he recommends that the Authority make an offer, but it should be discussed in executive session.

Chairman Walls called for an executive session at 2:25 p.m.

Chairman Walls reconvened the regular meeting at 2:34 p.m.

Attorney Schrack stated the executive session was held to discuss negotiations concerning the possible acquisition of the Shamokin Yard property. The Board is going to entertain an action on this.

Mr. Park made a motion for the full Board to authorize the Executive Director to negotiate with the property owner, Mrs. Swank, to purchase the former Shamokin Yard; Mr. Herman seconded the motion.

Chairman Walls stated that a subsequent action would be needed to approve the purchase for a stated value once those negotiations transpire. The Executive Director will bring his recommendation of the purchase price back to the Board.

Motion carried with Mr. Bridy abstaining due to Mrs. Swank being his aunt.

Snyder Township Supervisors (NBER) Easement

Mr. Fury stated that Snyder Township has requested access over JRA property in Vail along the NBER between MP 3.29 and MP 4.20 for the purposes of EMS access should a train be stalled and blocking public roadways. Over the years, NS has regularly stalled trains in this area.

PennDOT is currently replacing a bridge into Tyrone that, coupled with a stalled train, has created the immediate need for this access as the local community of Northwoods would be cut off from all emergency services. It makes sense to grant long term access for EMS should the above scenarios come in to play in the future.

Dr. Spychalski made a motion for the full Board to grant this permanent easement to Snyder Township Supervisors at no cost and authorize execution by the Chair and Secretary; Mr. Park seconded the motion; motion carried.

LEGAL

Legal Issues

Attorney Schrack stated there are no other legal issues to discuss.

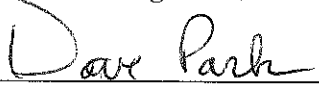
Chairman Walls adjourned the meeting at 2:43 p.m.

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 August 12, 2015.



Secretary/Assistant Secretary