



**PRESERVING  
RAIL FREIGHT  
SERVICE**

**SEDA-COG JOINT RAIL AUTHORITY MEETING**  
**Wednesday, November 10, 2021**  
**Union County Government Center, Lewisburg, PA**  
**12:30 p.m.**

**AUTHORITY MEMBERS**

Frank Dombroski, Montour County (via teleconference)  
Russ Graham, Centre County  
Scott Harvey, Lycoming County  
Lisa Hoover, Northumberland County  
Bob Hormell, Northumberland County  
Rick Jenkins, Columbia County (via teleconference)  
Brent Jones, Clinton County  
Michael Krentzman, Mifflin County  
Rob Postal, Mifflin County (via teleconference)  
David Schultz, Lycoming County  
John Showers, Union County  
John Spsychalski, Centre County  
Jennifer Wakeman, Montour County (via teleconference)  
Eric Winslow, Union County

**JRA OPERATOR**

Jeb Stotter, President & CEO  
Diana Williams, Treasurer/Controller

**GUESTS**

Kelly O'Brien, BIDA  
Jeff Pontius, Penn Valley Railroad, LLC  
Mark Rosner, Carload Express

**LEGAL COUNSEL**

John Bee, Esq., McQuaide Blasko (via teleconference)  
Tom Schrack, Esq., McQuaide Blasko (via teleconference)

**JRA CONSULTING PROFESSIONALS**

Dan Mazur, Operating Agreement Consultant  
Jason Shura, P.E., Stiffler McGraw

Affiliated with  
SEDA Council of Governments



**JRA STAFF**

Kay Aikey, Program Assistant

Kyle Postupack, Property & Maintenance of Way Manager

Jeff Stover, Executive Director

**CALL TO ORDER**

**Call to Order**

The Chairman) called the meeting to order at 12:32 p.m.

**Pledge of Allegiance**

The Chairman led the Pledge of Allegiance.

**Welcome – Chairman’s Statements**

The Chairman 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 Vice-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.

**Public Forum**

The Chairman asked if there is any public comment to come before the Board. No one expressed any comments.

**ADMINISTRATIVE ITEMS**

**Approval of the October 13, 2021, JRA Meeting Minutes**

*Dr. Spychalski made a motion for the Board to approve the October 13, 2021, JRA Meeting Minutes; Mr. Winslow seconded the motion; motion carried.*

**Treasurer’s Report**

Mr. Harvey presented the Treasurer’s Report for the month of October 2021, as well as the JRA’s loan summary, the JRA Money Market Account Financial Statement, the PIB Loan Financial Statement, and the JRA’s detailed accounting associated with the operating fees paid by the Operator.

*Mr. Jenkins made a motion for the Board to accept the Treasurer's Report for the month of October 2021 and file for audit; Mr. Krentzman seconded the motion; motion carried.*

### Staff Report and Events Calendar

Mr. Stover summarized the status of various construction projects and calendar highlights.

### Operator's Status Report

A copy of the Operator's Report was provided to Board members. Mr. Stotter reported the following:

- 900 ties were completed on the NSHR Main.
- The annual track inspections were completed in conjunction and cooperation with JRA staff and track consultant.
- PennDOT will be doing a walk through at the Route 11 transload site. The only thing left to do is some seeding of grass as well as a guardrail on the Northumberland end of the project.
- Staff will be observing Veteran's Day with business being suspended for a moment of silence at 11:00 a.m. and will be participating in a special event in Sunbury for recognition of the unknown soldiers' tomb.

### **OLD BUSINESS**

#### Bridge Engineer's Report

The Bridge Engineer's Report dated November 3, 2021, was included in the meeting packet. Mr. Shura gave a brief update to the Board on items included in his report.

#### JVRR West Park Track Bid Results and Award

Mr. Stover stated that bids were received on November 9<sup>th</sup> at 3 p.m. for the rebuilding of a section of the JVRR West Park Track under a PennDOT RFAP grant. The bids received on Tuesday, November 9, 2021, are below:

Contractor	Bid (\$)	Rank
K W Reese	497,610.00	1
Fox Railroad Services	529,954.00	2
Timity Railroad Const.	544,157.00	3
Rhinehart Railroad Const.	585,423.00	4
Railroad Constructors	626,790.00	5
Kennedy Railroad Services	758,640.00	6
CTW	783,643.00	7
Harbour Contractors, Inc.	795,760.11	8
The Middlesex Corp.	840,432.50	9

Mr. Stover stated that low bidder K W Reese has been one of the best performing railroad contractors the JRA has worked with. The lowest bid from K W Reese of \$497,610 is still \$94,000 above the estimate which was \$403,000. The amount on \$403,000 includes the engineering cost in the amount of \$19,200 for Mr. Jannotti's work. The local share under the original proposal would have been \$120,962 which - at the time - the JVRR agreed to split in furtherance of anticipated maintenance cost savings. Mr. Stover stated this work is the rebuild of the track which is Phase 2 and Phase 1 was already done at the north end of the track. Mr. Stotter and Mr. Mahaffey are agreeable to splitting the additional cost of the local share of \$107,500 with the JRA. This will take care of a problem area with the track. The recommendation was to award to K W Reese, subject to the split increase in local share in the amount of \$107,500.

Ms. Wakeman asked if this is a RFAP that was already awarded. Mr. Stover confirmed that it was approved and is the last one from 2020.

*Mr. Postal made a motion to award the JVRR West Park Track to K W Reese with the approval being an increase of the local share of approximately \$107,500; Dr. Spsychalski seconded the motion; motion carried.*

#### PennDOT Multimodal Applications Update

Mr. Stover stated that the Multimodal Transportation Fund (MTF) applications were submitted on November 4<sup>th</sup> for both the JRA's (Milesburg Bridge) and for Port Matilda (application for stormwater facilities).

The budget for each application is listed below:

#### **Borough of Port Matilda MTF PennDOT 2021**

<b>Total Cost</b>	<b>\$348,000</b>
MTF Grant Request	\$267,000
Centre County Grant	\$55,000
Borough of Port Matilda	\$10,000
SEDA-COG JRA	\$16,000

#### **SEDA-COG Joint Rail Authority – Milesburg Bridge MTF PennDOT 2021**

<b>Total Cost</b>	<b>\$1,499,000</b>
MTF Grant Request	\$1,144,000
Centre County Grant	\$45,000
Borough of Milesburg	\$100,000
NBER	\$100,000
SEDA-COG JRA	\$110,000

*Mr. Graham made a motion for the Board to ratify JRA contributions for each project as \$16,000 for the Port Matilda application and \$110,000 for the Borough of Milesburg Mr. Schultz seconded the motion; motion carried.*

## PROPERTY MANAGEMENT COMMITTEE

### BIDA Track Lease – Unauthorized Scrapping of Penn Valley Railroad, LLC Passenger Cars (Berwick)

Mr. Stover stated that JRA staff learned on October 27<sup>th</sup> that two former PRR rail cars owned by Penn Valley Railroad, LLC (Jeff Pontius) had been scrapped on a track in the BIDA complex. The JRA has now been fully informed of the circumstances of this unauthorized scrapping of a P70 Coach and the last Railway Post Office (RPO) car on the PRR.

In January 2020, at the request of DeLuxe Modular (owner of the Soft Foundry where Mr. Pontius had previously stored his cars) both cars were moved to a track outside the north end of the building where they presumably were “safe”.

All tracks in the BIDA complex are subject to a 2007 lease between the JRA and BIDA. This lease runs to 2027 and continues whether BIDA or any successor owns the underlying property.

The Soft Foundry and some surrounding land (which includes the area north of the building on which the cars sat on a track that enter the Soft Foundry) was sold by BIDA a few years ago. That deed of conveyance was discussed in a call on November 2<sup>nd</sup> with JRA staff, Attorney Bee and BIDA’s Executive Director and Solicitor. That deed includes an exclusion for rights of way and easements existing in the chain of title.

In 2018 the Deluxe Homes company was sold to a Jacob Frydman of New York and the company name changed to DeLuxe Modular.

Besides the scrapping of the two cars, 23 cross ties were damaged in the process. Zac Mahaffey inspected the track and said 23 ties were just scored and no substantial damage occurred. The tracks are serviceable and do not require any rehab.

JRA staff and Attorney Bee discussed having the JRA’s solicitor send a cease-and-desist letter to DeLuxe Modular to prevent any removal of the tracks.

Mr. Pontius has filed a report of theft to the Berwick Police Department.

Mr. Pontius briefly referred to a statement that he provided to JRA staff regarding this incident. Mr. Pontius suggested that a letter be sent to the DeLuxe regarding this.

Mr. Postupack share a slide of the two cars owned by Mr. Pontius that were scrapped and located in the BIDA Complex.

Ms. O'Brien stated that she forwarded pictures of the deed from the actual deed book in Columbia County to Mr. Stover that refers back to Pennsylvania Railroad easements and right-of-way and it constantly refers back that those are in place even after the transaction of property. Ms. O'Brien stated that the next decision is with Attorney Bee and BIDA's solicitor as to how far back will be needed to get the details of what the easement and right-of-way was for the rail as property and transfer of hands over the years. She stated it goes back over 60 years. Ms. O'Brien stated that it is clear from what she has seen in letters that the individual who owns the property now definitely knew that the cars were not his. Ms. O'Brien stated that follow up was done with the Borough of Berwick to see if there is any activity with the police department and the investigation has been turned over to a detective.

Attorney Bee stated that a letter is ready to be sent to Deluxe. Attorney Bee suggested that this issue be better discussed in executive session.

Mr. Stover stated that based upon the 2007 lease between the JRA and BIDA, one of the key points is that the term of the lease continues for 10 years with BIDA, its successors or assigns. The rest of the property was sold to the private owner in 2010 but that did not affect the lease on the track. Attorney Bee stated there is a lease that encumbers the property and there is no subordination language. The lease would have carried over notwithstanding a conveyance of title.

*Dr. Spychalski made a motion for the full Board to authorize JRA staff sending Deluxe Modular a cease-and-desist letter under the signature of Attorney Bee; Mr. Hormell seconded the motion; motion carried.*

Mr. Pontius suggested that an additional letter be sent to the scrapper, as he is still in the area.

*Dr. Spychalski made a motion for the full Board to also send an additional letter to Brenner Recycling of Hazleton who was the scrapper; Mr. Hormell seconded the motion; motion carried.*

**LVRN North Yards – Offer to Purchase and Approval to Seek Appraisal (JVRR – Burnham)**

Mr. Stover stated that the JRA office has received an offer of \$100,000 from Joe Krentzman & Son, Inc. to purchase the 19.8-acre North Yards in Burnham.

In 2018 there were some active discussion with Michael Krentzman about buying the North Yards, but no formal offer resulted from those discussions.

In response to the earlier interest, the JRA engaged Christian Aumiller of Lewistown in 2018 for an appraisal which he set at \$100,000.

At the October JRA meeting, staff recommended seeking bids for the embedded rail that exists on the site. In light of the Krentzman offer, staff recommends leaving it 'as is', pending a possible sale.

With Michael Krentzman sitting on the JRA Board, Mr. Stover said it would be best to get a current appraisal from a different appraiser. Staff contacted Richard Drzewiecki of Real Estate Appraisal & Marketing Associates of Sunbury. Both Aumiller and Drzewiecki have worked for Mifflin County per Commissioner Postal. The cost of the appraisal to be done by Richard Drzewiecki is \$3,500.

A copy of the offer on this parcel from Joe Krentzman & Son, Inc. was included in the meeting packet.

Chairman Showers noted that JRA staff consulted with Attorney Larry Coploff, as independent counsel regarding this matter.

Ms. Wakeman stated she is comfortable with Mr. Drzewiecki doing the appraisal as she has worked with this firm.

Mr. Postupack shared a slide of the 19.7 acres in the North Yards on the JVRR in Burnham.

*Ms. Wakeman made a motion for the full Board to engage Richard Drzewiecki to prepare an appraisal of the North Yards parcel in Burnham; Mr. Harvey seconded the motion.*

Mr. Winslow asked if the real estate and evaluation is just the land or will it incorporate the steel left there as well. Mr. Stover stated there is not much steel.

*Motion carried with Mr. Krentzman abstaining.*

#### Newpark Drilling Fluids Amendment (Newberry Yard)

Mr. Postupack stated that Newpark Drilling Fluids contacted JRA staff about their intention to add 14 mobile storage tanks on their leased site in the Newberry Yard.

Each mobile storage tank will hold 21,000-gallons of oil-based drilling fluid that is not HAZMAT and is not flammable.

At the October JRA Board meeting, there was concern about the possibility of a spill and if the spill containment system would be installed. There was also concern as to whom would be responsible for disposal of the drilling fluid and tanks should Newpark go out of business and leave the tanks behind.

JRA staff worked with Solicitor Schrack to draft an amendment to the original agreement which covers both scenarios.

Mr. Postupack shared a slide of the Newpark Storage Tank Containment System and the proposed location of 20,000-gallon storage tanks

*Amendment to Lease – Section 1. Consent to Alterations.*

- a. The installation, use, and maintenance of any storage tanks and related equipment, including but not limited to any pipes, lines, or fixtures, shall comply with any applicable laws, rules, regulations, or ordinances and safety measures.*
- b. All storage tanks shall be maintained, inspected, and tested in compliance in all material respects with applicable Environmental Laws (as defined in the lease) and shall be kept in good condition.*
- c. The title and ownership of the storage tanks shall be vested and remain in Newpark.*
- d. The Authority has made no representations or warranties with respect to the storage tanks or their location and shall assume no responsibility for the storage tanks.*
- e. Upon the expiration and/or termination of the lease, Newpark agrees to remove and/or clean up, at the sole option of the Authority, any storage tanks installed on the leased premises. The removal and/or cleanup shall be at Newpark's sole cost and expense and shall be undertaken and completed in full compliance with all federal, state, and local laws and regulations, as well as the reasonable directions of the Authority. All storage tanks removed from the leased premises shall be closed in compliance in all material respects with all applicable Environmental Laws, and with respect to each such tank, testing, and observations shall confirm that there were no releases requiring material environmental remedial actions or that any required material environmental remedial actions have been completed.*
- f. Newpark shall indemnify, defend, and hold the Authority, its successors and assigns, harmless against any expenses or damages, including reasonable attorneys' fees, that the Authority suffers or incurs related to the presence or installation of the storage tanks on the leased premises. Newpark understands and agrees that it is strictly liable for any environmental violation or harm, or any contamination to the soil or water under the leased premises, occurring during the term. The indemnification in this section shall be in addition to, and not in lieu of, any indemnification in favor of the Authority under the lease.*

Mr. Harvey asked if this is permitted by PA DEP. Mr. Postupack stated it is.

Attorney Schrack stated there are two components of this. There is legal language to address any additional protections in terms of indemnification, compliance with regulations, etc. there is a need to tell the tenant what removables are required. This also gives protection to the JRA to address the concerns.

*Mr. Harvey made a motion for the full Board to amend the lease agreement with Newpark; Mr. Jones seconded the motion; motion carried.*



**PPL License Agreement (NSHR – Danville)**

Mr. Postupack stated that JRA staff was contacted by PPL about replacing an existing transmission line that transversely crosses the NSHR at +/- MP 203.5 in Mahoning Township. The 69kV transmission line will be 130.8' above top of rail with sag.

PPL will be assessed an \$800 application fee as well as an annual fee of \$460 and subject to CPI increases per the Fee Schedule. All plans have been reviewed and approved.

Mr. Postupack shared a slide of the overhead transmission line – 10.8' on the NSHR – Mahoning Township – SR-11.

*Mr. Hormell made a motion for the full Board to approve the license agreement with PPL and authorize its execution by the JRA's officers; Ms. Wakeman seconded the motion; motion carried.*

**PPL License Agreement (SVRR – Shamokin)**

Mr. Postupack stated that JRA staff was contacted by PPL about replacing an existing overhead electrical wire at the Water Street grade crossing on the Carbon Run in Shamokin. The new overhead facility will be 38'-6" above top of rail with sag.

PPL will be assessed an \$800 application fee as well as an annual fee of \$460 and subject to CPI increases per the Fee Schedule. All plans have been reviewed and approved.

Mr. Postupack shared a slide of the overhead electrical wire located on the SVRR – Carbon Run Branch – 5<sup>th</sup> Street & Water Street.

*Ms. Hoover made a motion for the full Board to approve the license agreement with PPL and authorize its execution by the JRA's officers; Mr. Graham seconded the motion; motion carried.*

**CRODA License Agreement (NBER – Mill Hall)**

Mr. Postupack stated the JRA staff was contacted by CRODA about installing a new storm water valve vault on the SW quadrant of the Draketown Road grade crossing on the NBER Mainline as well as replacing an existing culvert under Draketown Road. Both facilities are within the JRA's right-of-way; however, the culvert does not cross under the main. There is not an existing agreement for either facility, so a new license agreement was drafted.

CRODA will be assessed an \$800 application fee as well as an annual fee of \$400 and subject to CPI increases per the Fee Schedule. All plans have been reviewed and approved.

Mr. Postupack shared a slide of the location of the automated valve and culvert replacement on the NBER Main – Mill Hall at the Draketown Road North Grade Crossing.

*Mr. Harvey made a motion for the full Board to approve the license agreement with CRODA and authorize its execution by the JRA's officers; Mr. Jones seconded the motion; motion carried.*

## LEGAL

### Operating Agreement Consultant Report

Mr. Dan Mazur presented the Operator's Third Quarter 2021 financials via PowerPoint.

#### 3 Q 2021 Transportation Expense Ratio

- Target: About 43%
- Results for 3 Q 2021
  - Much lower than Target
  - Much lower than 3 Q 2020
  - Much lower than 3 Q 2021 Budget

#### 3 Q 2021 Maintenance of Way Ratio

- Target: About 21%
- Results for 3 Q 2021
  - Higher than the Target
  - Lower than 3 Q 2020
  - Lower than 3 Q 2021 Budget

Mr. Mazur stated that he has additional and detailed information, but recommended it be discussed in executive session.

Attorney Schrack stated that he had nothing to report in public session and recommended that the remainder to Mr. Mazur's report be continued in executive session as well as brief discussion of the ongoing litigations.

Chairman Showers recessed the regular meeting at 1:34 p.m. to convene into executive session at 1:44 p.m.

Chairman Showers reconvened the regular meeting at 2:30 p.m.

Attorney Schrack stated that the Authority Board entered into executive session and continued the discussion with the Operator and Operating Agreement Consultant regarding the confidential aspect of his report. The Operator and the Operating Agreement Consultant then left the executive session, and the Authority Board and its solicitor held discussion concerning the ongoing RFP litigation and also held brief discussion concerning a potential and confidential real estate transaction. No action is recommended to be taken at this time.

With there being no further business to come before the JRA Board, Chairman Showers adjourned the meeting at 2:31 p.m.

Respectfully submitted,



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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, 2021.



\_\_\_\_\_  
Secretary/Assistant Secretary