



**Chautauqua, Cattaraugus, Allegany & Steuben Counties**  
**Southern Tier Extension Railroad Authority**  
 Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779  
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"This institution is an equal opportunity organization"

Terry Everetts, Chairman  
 Richard Zink, Chief Executive Officer

## MINUTES OF BOARD OF DIRECTORS MEETING

### December 7, 2015

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on December 7, 2015 in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

**Board Members In Attendance**

Michael Brisky  
 Seth Corwin  
 Rich Dixon  
 Terry Everetts  
 Adam Gorczyca  
 Jay Gould  
 Jerry Scott  
 Randolph Weaver

**Representing**

Cattaraugus County  
 Steuben County  
 Chautauqua County  
 Cattaraugus County  
 Chautauqua County  
 Chautauqua County  
 Southern Tier West RPDB  
 Steuben County

**Board Members Not In Attendance**

Crystal Abers  
 Mitchell Alger  
 James Griffin  
 Steve Havey  
 Vacancy  
 Vacant

**Representing**

Cattaraugus County  
 Allegany County  
 Steuben County  
 Allegany County  
 Allegany County  
 Seneca Nation of Indians

**Others Attending**

Thomas Barnes  
 Carl Belke  
 Kylie McLaughlin  
 Richard Zink

**Representing**

STERA Secretary  
 WNYP RR  
 WNYP RR  
 STERA CEO

## **1. Call to Order and Introduction of Those Present**

Chairman Terry Everetts called the meeting to order at 9:35 AM. Introductions were made of those present.

## **2. Reading and Approval of the Minutes of the June 15, 2015 Meeting**

It was noted that the October meeting was not held because of the lack of a quorum. The Board adopted a resolution approving the minutes of the June 15, 2015 Board Meeting (Gould, Weaver, passing unanimously).

## **3. Communications**

STERA received a communication from Cattaraugus County reappointing Terry Everetts to a term to expire September 12, 2018, and a communication from Allegany County appointing Steve Havey to complete John Foels' term, expiring August 27, 2017.

STERA also received an email from Mitchel Alger resigning from the STERA Board as of December 31, 2015. As Mr. Alger is the STERA CFO, STERA will have to replace him. The Board adopted a resolution approving waiting until the June 2016 elections to elect a replacement CFO; in the interim, the responsibilities for oversight of the financial statements will be undertaken by the Audit Committee (Scott, Dixon, passing unanimously).

STERA received a cc of a letter and materials from NYS DEC, addressed to the Cattaraugus County attorney, related to the former Randolph Foundry site, adjacent to the Southern Tier Extension line in Randolph. Expecting that Cattaraugus County would want some assurance from STERA that it could submit a report due to NYS DEC regarding the site, STERA reached out to WNYP to ask whether there is any reason why Cattaraugus County should not submit the report. WNYP visited the site and confirmed no changes and no issues on the site, and STERA communicated this to Cattaraugus County, which has submitted the report to NYS DEC.

There were no other communications.

## **4. Treasurer's Report**

The Treasurer's Report for November 30, 2015 had been posted to the STERA web site. Mr. Zink noted that the Audit Committee had not met on December 7, 2015 to review the financial statements, but the CFO had reviewed and approved the Treasurer's Report. Mr. Zink provided a summary of the Treasurer's Report. For the year to date ending November 30, 2015, STERA had a net income of \$422,365.34 on revenues of \$2,587,325.15. As of November 30, 2015, STERA had net assets of \$6,072,833.96 on assets of \$6,542,971.30, with a cash balance of \$547,431.94. Accounts payable as of November 30, 2015 were \$470,137.34, and accounts receivable and grants receivable as of November 30, 2015 were \$0 and \$1,896,354.79, respectively. The Board adopted a resolution approving the Treasurer's Report for November 30, 2015 (Dixon, Corwin, passing unanimously).

The Board also adopted a resolution approving two checks to Southern Tier West for administration and one to Harris Beach for legal services (Brisky, Corwin, passing unanimously), and a resolution approving a check to RONY for membership (Brisky, Dixon, passing unanimously).

## **5. Reports of Committees**

### **A. Audit Committee**

#### **1. Review of Proposals for Audit Services**

Mr. Zink noted that STERA had issued RFP's for audit services for the five years ending December 31, 2015, 2016, 2017, 2018, and 2019 to three accounting firms. The Audit Committee had met on October 5, 2015, and had reviewed and discussed the two proposals received in response to the RFP for audit services.

NYS allows a public authority to retain an independent audit firm for more than five years, but the firm must change the lead partner on the audit or the partner responsible for reviewing the audit at least once every five years. An audit partner should not oversee a public authority audit for more than any consecutive five year period. Mr. Zink noted that it was time to rotate audit services, as Bysiek CPA, PLLC has provided audit services for five years. However, Bysiek CPA, PLLC could continue if another auditor was involved as a reviewer of the Bysiek audit. Bysiek CPA, PLLC was one of the two responders to the RFP, and the Bysiek CPA, PLLC proposal involved another auditor as a reviewer of Bysiek audits.

The Audit Committee had adopted a resolution recommending that the Board select Bysiek CPA, LLC, as low bidder, to provide audit services per the RFP.

The Board adopted a resolution approving the selection of Bysiek CPA, LLC to provide 5 years of audit services (Gould, Brisky, passing unanimously).

#### **2. Review of Budget for 2016**

Mr. Zink noted that the Audit Committee had met on October 5, 2015, and had reviewed and discussed the proposed budget for 2016. The Committee adopted a resolution recommending that the Board approve the budget for 2016. Because there was no October 2015 Board meeting, a majority of members indicated via email that STERA should submit the unapproved budget to NYS ABO and ratify the submission at the scheduled December meeting. STERA did submit the budget on time. After discussion, the Board adopted a resolution approving the proposed budget for 2016 and ratifying the submission to NYS ABO (Corwin, Brisky, passing unanimously).

#### **3. Review of Four Year Financial Plan for 2016 - 2019**

Mr. Zink noted that the Audit Committee had met on October 5, 2015, and had reviewed and discussed the Four Year Financial Plan for 2016 - 2019. The Committee adopted a resolution recommending that the Board approve the four year financial plan. Because there was no October 2015 Board meeting, a majority of members indicated via email that STERA should submit the unapproved four year financial plan to NYS ABO and ratify the submission at the scheduled December meeting. STERA did submit the four year financial plan on time. After discussion, the Board reviewed and discussed the proposed Four Year Financial Plan for 2016 - 2019, and adopted a resolution approving the Four Year Financial

Plan for 2016 - 2019 and ratifying the submission to NYS ABO (Dixon, Brisky, passing unanimously).

## **B. Governance Committee**

### **1. NYS ABO Recommended Practice: Conflict of Interest Policy**

Mr. Barnes noted that the ABO has adopted a new Recommended Practice that advises authorities to have a Conflict of Interest Policy with specific content and provisions. STERA's current Code of Ethics Policy contains most of the provisions of the model policy contained in the Recommended Practice. On December 7, 2015, the Governance Committee reviewed the current Code of Ethics Policy, the new Recommended Practice, an internal memo prepared by Mr. Barnes making specific recommendations for revision of the current policy to make it consistent with the Recommended Practice, and a draft revised Code of Ethics Policy. After discussion, the Governance Committee had adopted a resolution recommending that the Board adopt the revised Code of Ethics Policy. After discussion, the Board adopted a resolution adopting the revised Code of Ethics Policy (Scott, Corwin, passing unanimously).

There are several operating issues that are raised by the Policy, which the Committee discussed and indicated the Board should take action upon.

- Officers, directors, employees, and agents of the Authority shall be required to acknowledge in writing one time that they have read, understand and are in compliance with the terms of the policy. This can be done with the annual ethics filing, or at any meeting.
- The Board, the Governance Committee, and the Ethics Officer each may have responsibility for receiving and investigating reported violations of this Policy. This provides multiple ways for allegations of violations of the Policy to be made and formally enter into the system.
- The Ethics Officer and Governance Committee both shall have the duties enumerated in 5.C and 5.d, i.e.:
  - Counsel in confidence officers, directors, employees and agents of the Authority who seek advice about ethical behavior.
  - Receive and investigate complaints about possible ethics violations.
  - Dismiss complaints found to be without substance.
  - Prepare an investigative report of their findings for action by the Chief Executive Officer or the Board. The Board ultimately has the authority for decisions regarding action in the event of violations of the Policy.
  - Record the receipt of gifts or gratuities of any kind received by an officer, director, employee or agent of the Authority. Officers, directors, employees or agents of the Authority shall notify the Board, the Governance Committee, or the Ethics within 48 hours of receipt of such gifts and gratuities.

After discussion, the Board adopted a resolution approving the above operating practices (Scott, Corwin, passing unanimously).

## Unfinished Business

### **6. WNYP RR Operating Status Report**

Carl Belke, President and Chief Operating Officer of the WNYP RR, provided a Management Report to the STERA Board. The Management Report covered the areas of Safety and Security, Grant Activities, Real Property, Operations and Customer Service, Marketing and Freight Business, Mechanical Issues, and Engineering and Maintenance of Way.

Highlights of his report are:

- Discussion of major rehabilitation projects. Although these projects were discussed during Mr. Belke's report, they are reported on separately under item #7 in these minutes.
- **Municipal projects:**
  - **Olean Trail Project** – This “rails with trails” project would is being delayed due to the issue related to the required length of contract commitment. WNYP cannot grant a lease for the trail on the bridge over the Olean Creek for longer than 17 years, and a longer period is necessary. A longer lease would have to be provided by Norfolk Southern, and it apparently is against Norfolk Southern corporate policy to facilitate side-by-side trails adjacent to active rail lines. Recently, the City has talked about a separate non-rail-based bridge crossing of the Creek, which would not solve the trespass issue on the rail bridge. Mr. Belke indicated that he is discussing an alternative with the City involving a permanent easement on the rail bridge, as a work-around to the lease length issue; the City will review the proposal. If an acceptable alternative is not found, WNYP may have to erect fencing to keep trespassers off the rail bridge, which WNYP does not want to do.
  - **Busti Trail Project** – This project was not funded by NYS, but is still alive as a project. The Town of Busti has downsized the project and continues to seek funding.
  - **Lucy-Desi / National Comedy Center Park Project** – Construction work on the at-grade pedestrian crossing has been completed. WNYP is discussing the lease of additional adjacent property.
  - **Jamestown Engine House** – A local group would lease this facility and make improvements thereto; lease negotiations continue.
  - **East Branch Trail** – This is a trail project in Corry PA, involving the transfer of an unused rail bridge overpassing the active rail line to a trail group. The group is seeking funding for the project. Negotiations continue.
- There is **potential for restoration of weekly service between Falconer and Meadville**, based upon anticipated new traffic (aggregates, fracking wastewater, and natural gas). There is **potential for restoration of regular service on the Buffalo Line, north of Olean**, based upon anticipated new traffic (new pipe yard activity). Aggregates, petroleum distillates, fracking sand freight volume is increasing. Storage of empty crude oil cars continues.
- The new federal transportation funding bill will increase highway activity, which will increase economic activity and lead to increased rail freight volumes.
- In 2015, WNYP has installed 38,000 crossties, 400 bridge ties, 5,000 tons of ballast, and 200 switch ties. WNYP also has lined and surfaced 44 miles of track.

- WNYP has had discussions with Seneca Nation of Indians with respect to the **potential replacement of the Main Street (Salamanca) rail bridge** (replacing the 6 lane rail bridge with a two lane bridge, with higher clearance for Main Street underpass traffic) and the re-routing of the main line in this area to remove the curvature of the line (which is a safety issue and which keeps train speeds down). Such a project would be eligible for NYS DOT funding. This is still an active project, and ongoing discussions with the Seneca Nation of Indians on other issues could lead to the project moving forward. Recently, WNYP has met with the City engineer and other City representatives to discuss the project, and has made some temporary repairs (welding) to the walkway framing underneath the bridge.
- **Litigation status report:** This involves the collision of a FedEx truck with a WNYP train in a prior year. The litigation is still in the deposition and interrogatory phase. From STERA's perspective, there has been no change in STERA's position: STERA has been sued (one of several defendants), but the 1998 MOU requires Norfolk Southern to indemnify STERA. STERA's attorney Harris Beach has been in contact with Norfolk Southern's and WNYP's attorneys. Currently, the plaintiff's attorney is deposing witnesses.
- **Emergency responder training:** WNYP had provided a workshop in conjunction with Operation Lifesaver for approximately 75 emergency responders from various Cattaraugus County communities. Mr. Belke indicated that there was an indication from the emergency responders that additional training sessions would be useful. There was discussion about additional trainings in the other 3 counties in NY and the PA counties the system, perhaps working through Southern Tier West and its counterpart in Pennsylvania, targeting communities that have rail operations (i.e., not just WNYP, but also B&P, NY&LE, OCTL, CSX, and NS). Recently, Operation Lifesaver had provided an emergency responders training session in Pennsylvania with the B&P Railroad. Previously, Mr. Belke noted that any training in Chautauqua County that involves communities with CSX operations should make use of CSX's training program, which is a quality training program. He also discussed the Transcaer program (<http://www.transcaer.com/>) that NS works with. These training programs would have to be motivated by CSX and NS, respectively.

The Board adopted a resolution approving Mr. Belke's report (Scott, Gould, passing unanimously).

Status reports on individual STERA projects, which were discussed during Mr. Belke's report, are provided below under item #7.

## **7. Status Reports on Current and Proposed Rehabilitation Projects**

### **FEMA Project (Southern Tier Extension Line)**

This STERA project, funded by FEMA, WNYP, and NYS DHSES, involved repairs to 47 locations on the Southern Tier Extension that were damaged in a storm occurring May 13 – 22, 2014. FEMA had declared a disaster in Allegany, Cattaraugus, Chautauqua, and Steuben Counties, relating to this storm. All work on the FEMA project has been completed and financial closeout of the project is underway.

### **NYS DOT PFRAP Cattaraugus Rail Rehabilitation Project (Southern Tier Extension Line)**

The project involves the installation of 10,000 rail ties between Olean and Killbuck (Cattaraugus County), the repair of 11 rail switches, the installation of 12,000 tons of ballast, surfacing and alignment of track and turnouts, the rehabilitation of three at-grade crossings, and the rehabilitation

of 11 turnouts. This project started in 2015 and should be completed in 2016, with the Olean yard work switch work begin deferred until 2016.

**NYS DOT PFRAP Tie Replacement and Grade Crossing Repair Project (Buffalo Line)**

The project involves the replacement of 8,000 cross ties and the rehabilitation of four highway-railroad grade crossings on the section of the Buffalo Railroad Line between Olean and the Pennsylvania State Line. The grade crossing construction has been completed, including a track realignment in Olean. Cross tie shortages and delayed delivery had caused the postponement of the tie installation and surfacing work until 2015, but tie installation work and first surfacing work was completed in June 2015. Additional ballast is being applied and regulated, and final removal of the replaced ties will be completed shortly. All project work was completed, but funds still remained in the budget.

Mr. Belke and Mr. Barnes had had a discussion with NYS DOT regarding an additional extension to accommodate additional work under the project, utilizing an approximate \$250,000 underrun on the project. All matching funds and overruns for the additional work would be WNYP's responsibility. As of the date of the meeting, NYS DOT had not indicated whether it would approve such a request. If it does, STERA will have to submit a formal written request for approval, including a scope of proposed work. Under the assumption that NYS DOT does invite the formal request, Mr. Barnes asked the Board to authorize its submission and the undertaking of the additional work. After discussion, the Board authorized the submission of a formal request for extension for the proposed of undertaking additional work, and the undertaking of the additional work if the extension and additional work are approved by NYS DOT (Corwin, Brisky, passing unanimously).

**NYS DOT 2005 Bond Act Bridge Rehab and Track Realignment (Falconer) Project (Southern Tier Extension Line)**

This STERA project is funded by NYS DOT and WNYP. This project is located in the Falconer area in Chautauqua County, and consists of the realignment of track from a bridge that in recent years had been in service to an adjacent bridge that in recent years had not been in service. The project's primary objectives have been completed; the realigned route and bridge crossing were placed back in service in November 2013. The project replaced a bridge in need of major repair that had only a 273,000 pound per carload weight capacity with a bridge (the bridge placed back into service) that has a 315,000 pound per carload weight capacity (above the industry standard of 286,000 pounds); it was the last remaining 273,000 pound-per-carload bridge in the line.

The project had come in under budget and NYS DOT had approved the installation of additional welded rail, the installation of 1,200 ties, and the improvement of a switch serving the RHI Monofrax siding in Falconer. STERA had received (from NYS DOT) and executed a no-cost time extension for the project through December 31, 2015. Final surfacing, alignment, and cleanup work continues. The installation of the additional rail and ties was completed in June 2015. All project work was completed, but funds still remained in the budget.

Mr. Belke and Mr. Barnes had had a discussion with NYS DOT regarding an additional extension to accommodate additional work under the project, utilizing an approximate \$180,000 underrun. All matching funds and overruns for the additional work would be WNYP's responsibility. As of the date of the meeting, NYS DOT had not indicated whether it would approve such a request. If it does, STERA will have to submit a formal written request for approval, including a scope of proposed work. Under the assumption that NYS DOT does invite the formal request, Mr. Barnes asked the Board to authorize its submission and the undertaking of the additional work. After discussion, the Board authorized the submission of a formal request for extension for the proposed of undertaking

additional work, and the undertaking of the additional work if the extension and additional work are approved by NYS DOT (Corwin, Brisky, passing unanimously).

There was discussion about the portion of the RHI Monofrax siding that is privately owned by RHI Monofrax (i.e., not part of the STERA system and accordingly not eligible for improvement using NYS DOT project funds). It is possible that RHI Monofrax, WNYP, and the Chautauqua County IDA might be able to work together to effect a cost efficacious project implementation.

#### **NYS DOT 2005 Bond Act Bridge Rehab Project (Southern Tier Extension Line)**

This STERA project is funded by NYS DOT and WNYP. The project consists of the rehabilitation of four railroad bridges in Allegany County (three in Alfred/Alfred Station and one in Belvidere) and one railroad bridge in Cattaraugus County (Salamanca). Work has been completed on all five bridges. Tie installation and surfacing operations have been completed. Replacement rail is being distributed for placement at Alfred.

The project had come in under budget and STERA had received (from NYS DOT) and executed a no-cost time extension for the project through December 31, 2015. NYS DOT also had authorized the installation of an additional 960 ties at the Salamanca bridge; these ties were installed in June 2015. This project was substantially completed in the fall of 2015, with a little work remaining to be done by WNYP.

#### **Proposed STERA Track and Bridge Rehabilitation Project**

Mr. Barnes reported that STERA had submitted an application to NYS DOT for \$1,600,000 of PFRAP grant funds, to be matched by \$400,000 of WNYP funds. The project would involve replacing 8,000 linear feet of welded rail in Carrolton in Cattaraugus County, and repairing three bridges in Jamestown, one bridge in Salamanca, and one bridge in Olean. All work except the Olean bridge is to be done on the Southern Tier Extension; the Olean bridge is on the Buffalo line.

After discussion, the STERA Board adopted a resolution declaring itself lead agent for SEQRA review on the project. The Board reviewed and discussed a Short Form EAF, and after discussion, noting that it was a repair project, involving no substantial changes in an existing structure or facility, with project construction activities to occur only on existing railroad right-of-way. The Board noted that the existing railroad right-of-way is already improved, and is not the locus of any significant habitat or species. The Board noted that project construction activities will not impact the environment any more than do existing operation of trains on this currently operating railroad line and the construction activity itself is seen as a small impact. There will be no impacts on vegetation, animals, stormwater, wetlands, streams, natural resources, historical resources, archaeological resources, or the character or viewsheds of the adjoining lands. There will be no changes in use, intensity of use, or traffic as a consequence of the project. The project is not inconsistent with any approved comprehensive plan, land use plan, or zoning ordinance. STERA has evaluated the magnitude, duration, likelihood, scale and context of any potential adverse impacts, and has determined that the project does not need further analysis in an EIS.

As a result of this analysis, the STERA Board adopted a resolution making a finding that the project would not present any significant adverse environmental impacts on the environment, and therefore to issue a negative declaration on the project (Corwin, Dixon, passing unanimously).

#### **Proposed Multi-Modal Freight Transfer Facility and Manufacturing Center Project (Olean)**

Mr. Barnes indicated that there has been no change in this potential initiative. STERA has been unsuccessful to date in obtaining first phase construction funds, but continues to seek funding.

STERA has received communication from a potential developer's agent indicating some interest in developing the project, but the developer has not made any progress toward moving the project forward.

#### **Site Development Project**

Mr. Barnes indicated that there has been no change in this potential initiative. Southern Tier West has not advanced this project at the current time.

### **8. Other Old Business**

There was no other old or unfinished business discussed at the meeting.

### **9. Seneca Nation of Indians Representation on STERA Board**

There has been no movement on the appointment of a representative to the STERA Board by the Seneca Nation of Indians.

### **10. Compliance with NYS Public Authorities Accountability Act (PAAA) and Public Authorities Reform Act (PARA) and Other Statutory and Regulatory Requirements**

#### **Compliance Status – NYS ABO Training Requirements**

Mr. Barnes noted that all STERA Board members and staff, with the exception of new member Steve Havey, are in compliance with NYS ABO training requirements.

#### **Discussion of Any Desired Policy Modifications**

Mr. Everett's encouraged Board members to bring any desired policy modifications forward at any time of the year.

### **New Business**

#### **11. New Business**

There was no new business discussed at the meeting.

#### **12. Public Comment**

There was no public comment.

#### **13. Next Meeting Date and Agenda for Next Meeting**

The Board approved a resolution setting the regularly scheduled meetings of the STERA Board in 2016 for the following dates: March 7, 2016; June 6, 2016; October 10, 2016; and December 5, 2016 (Gould, Corwin, passing unanimously). The June meeting will be the Annual Meeting. Special meetings may also be called as needed. Unless otherwise amended, all meetings of the STERA Board will be at 9:30 AM in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board, 4039 Route 219, Suite 200, Salamanca, New York.

There will be an Audit Committee meeting immediately preceding each scheduled Board meeting. The Governance Committee and Executive Committee will meet as required. Additional special meetings of the committees may be called as needed during 2016. The meetings of the committees will be held at the office of the Southern Tier West Regional Planning and Development Board in Salamanca, NY.

**14. Adjournment**

The meeting adjourned at 11:38 AM (Scott, Corwin, passing unanimously).

I certify that this is an accurate summary of the meeting of the Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held on the date indicated above.

Name: Thomas M. Barnes  
Office: Secretary  
Date: December 7, 2015