



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 Director Annual Meeting

June 12, 2017

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held its annual meeting at 9:30 AM on June 12, 2017 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

Seth Corwin
 Terry Everetts
 Adam Gorczyca
 Jay Gould
 James Griffin
 Steve Havey
 Robert Keis
 John Malter
 Earl McElfresh
 Jerry Scott

Representing

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

Board Members Not In Attendance

Michael Brisky
 Rich Dixon
 Vacancy
 Vacant

Representing

Cattaraugus County
 Chautauqua County
 Allegany County
 Seneca Nation of Indians

Others Attending

Thomas Barnes
 Carl Belke
 Jesse Coats
 Kylie McLaughlin
 Richard Zink

Representing

STERA Secretary
 WNYP RR
 WNYP RR
 WNYP RR
 STERA CEO

1. Call to Order and Introduction of Those Present

Recognizing a quorum, Chairman Terry Everetts called the meeting to order at 9:30 AM. Introductions were made of those present. Mr. Everetts welcomed John Malter, newly appointed to the STERA Board by Steuben County.

2. Reading and Approval of the Minutes of the March 27, 2017 Meeting

The Board adopted a resolution approving the minutes of the March 27, 2017 Board Meeting (Gould, Scott, passing unanimously).

3. Election of Officers

For the Nominating Committee, Mr. Corwin presented the following slate of nominees for election:

Board officers:

Terry Everetts	Chairman
Jay Gould	Vice Chairman
James Griffin	Second Vice Chairman

There were no other nominations from the floor. The Board approved a resolution closing nominations (McElfresh, Havey, passing unanimously) and a resolution electing this slate of officers (Corwin, Havey, passing unanimously).

For the Nominating Committee, Mr. Scott presented the following slate of nominees for election:

Corporate officers:

Richard Zink	Chief Executive Officer (Executive Director)
Robert Keis	Treasurer (Chief Financial Officer)
Thomas Barnes	Secretary

There were no other nominations from the floor. The Board approved a resolution closing nominations (McElfresh, Scott, passing unanimously) and a resolution electing this slate of officers (Corwin, Griffin, passing unanimously).

Mr. Everetts, by virtue of his position as Chairman, becomes the Ethics Officer and Records Access Appeals Officer.

Mr. Zink, by virtue of his position as CEO, is the STERA Contracting Officer, Records Management Officer, and Records Access Officer.

4. Communications

Mr. Barnes noted that STERA has received notification from NYS ABO that it has issued Policy Guidance 17-02: Public Authority Procurement Guidelines. Discussion is reported later in these minutes under item number 10.

There were no other communications.

5. Treasurer's Report

Mr. Zink presented the Treasurer's Report for May 31, 2017. Mr. Zink noted that the Audit Committee had met to review the financial statements. For the year to date ending May 31, 2017, STERA had a net income of \$60,414.90 on revenues of \$726,576.92. As of May 31, 2017, STERA had

net assets of \$4,630,658.87 on assets of \$4,633,158.87, with a cash balance of \$168,925.46. Accounts payable as of May 31, 2017 were \$2,500.00, and accounts receivable and grants receivable as of May 31, 2017 were \$11,020.02 and \$537,100.41, respectively. The Board adopted a resolution approving the Treasurer's Report for May 31, 2017 (Corwin, Scott, passing unanimously).

The Board adopted a resolution approving the payment of a check to Southern Tier West in the amount of \$39,414.00, reflecting the 2% administrative fee due on two construction projects that had closed (McElfresh, Keis, passing unanimously).

6. Reports of Committees

A. Audit Committee

Mr. Griffin reported that the Audit Committee had met earlier on June 12, 2017, and had reviewed the interim financial statements. The Committee recommended that the Board accept the financial statements with no changes. The Board adopted a resolution accepting the financial statements (McElfresh, Corwin, passing unanimously).

B. Governance Committee

Mr. Everetts reported that the Governance Committee had met earlier that same day, and had reviewed and discussed STERA's Financial Disclosure and Ethics Report for 2016, noting that the Cattaraugus County Attorney's Office had indicated that it had examined the filings and there were no ethics issues present during 2016. The Governance Committee adopted a resolution making a finding that the Authority had no ethics issues during 2016, and recommending to the Board that it make a finding that the Authority had no ethics issues during 2016 and adopt the report. After discussion, the Board adopted a resolution making a finding that the Authority had no ethics issues during 2016 and adopting the report (Corwin, Scott, passing unanimously).

Old or Unfinished Business

7. 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:

- **Operations, Service Levels, and Freight:**
 - The **national rail system** is running smoothly, but nationally reduced traffic levels are causing the STERA/WNYP system's interconnecting railroads to reduce train service and connection frequency at interchanges. NS deliveries at Meadville have been reduced from three to two times per week. Internal issues at CSX Railroad have impacted the service efficacy of the national rail system.
 - **Service levels:** Falconer to Meadville service has been restored to weekly service (had been running biweekly). Olean to Meadville service will be restored tomorrow, with 286K trains from

Meadville needing to go to Olean. Olean to Hornell service is operated less than once per week as needed. Olean to Falconer is operated regularly once per week. Olean to Machias service has been restored for ballast trains, with weekly service. In Pennsylvania, service is provided to Driftwood on a weekly basis, with Olean to Port Allegany being operated on a daily basis.

- **Freight levels:** The delivery of sand for fracking gas wells continues at Emporium PA, with projections for this traffic to continue through 2017. New customers are projected to come on line in Pennsylvania.
- **Car Storage:** WNYP continues to store tank cars and other cars.
- **Safety and Security:**
 - WNYP has scheduled a professional assessment this spring of its **security and emergency response plans, practices, and procedures**.
 - Trespass and interference with rail operations by people in the 10 to 20 year age range in the Olean area is a growing problem. Police are notified in all instances. Arrests have been made.
 - WNYP is planning **First Responders training sessions** in Oil City/Franklin PA, Jamestown, and Olean in the spring/summer of 2017.
- **STERA Construction Projects:**
 - Although these STERA projects were discussed during Mr. Belke's report, they are reported on separately under item #8 in these minutes.
- **WNYP Construction Projects:**
 - **Emporium PA sand unloading terminal project:** WNYP has received a \$125,000 "PA First" grant for blacktop and drainage improvements to the Emporium PA sand unloading terminal. WNYP will provide a \$25,000 match. The project was completed on May 30.
 - **PennDOT 2015 RTAP Project:** WNYP has been awarded a \$500,000 grant (\$215,000 WNYP match) for the installation of 7,500 ties on the Buffalo Line between Larabee Road, Eldred PA and North Kean in Port Allegany PA. WNYP is awaiting the PennDOT contracts. Agreement documents have not been received yet. WNYP will perform this project this summer using WNYP forces.
 - **PennDOT 2016 RTFAP Project:** WNYP currently is in the application phase for this proposed \$1,010,000 project (\$700,000 PennDOT, \$310,000 WNYP match) for the installation of 7,500 ties on the Buffalo Line between North Eldred and Larabee Road, Eldred PA and North Kean and Kean in Port Allegany PA. The project will include re-timbering two turnouts and rebuilding a two-track public grade crossing in Port Allegany. This project will probably be performed in 2018.
 - **Grade Crossing Projects:** WNYP has underway or planned track and highway surface replacements at 25 grade crossings and highway warning signal upgrades at 6 crossings, in both NY and PA, using \$130,000 of US DOT funds. The first of these 25 projects has been completed at First Street in Allegany, and three projects are ongoing currently at Mill Village in Pennsylvania.
 - **Austin Road Overpass (Keating Summit, PA):** The overpass has been closed and replaced with a grade crossing. The PAPUC has ordered that the bridge must be removed. This will occur this summer.

- **Valastiak Road Overpass (Freehold Township, PA):** The timber deck on the structure is deteriorating and WNYP is investigating strengthening options for the bridge. The grade crossing alternative was too costly.
- **Real Property and Municipal Projects:**
 - **Olean Trail Project** – This “rails with trails” project has been terminated due to Norfolk Southern objections. Olean still would like a trail crossing the Olean Creek, but will have to re-route its trail as a consequence of Norfolk Southern’s objections. Trespass on the rail bridge over the Olean Creek is an ongoing problem, for which there is no immediate solution. WNYP is developing a plan for arbors and fencing.
 - **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 to the City for the extension of the park along the riverfront.
 - **Jamestown Engine House** – Norfolk Southern has approved the lease of the enginehouse to a local group, which will make improvements thereto. The redevelopment concept includes and trolley and museum. Environmental cleanup has not yet been completed.
 - **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.
- **Salamanca Main Street Bridge Replacement and Track Realignment:** STERA and WNYP met with representatives of the Seneca Nation of Indians and the City of Salamanca 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. Another meeting during the summer is anticipated, but the project grant application would not be submitted until 2018.
- **Litigation status report:** This involves the collision of a FedEx truck with a WNYP train in a prior year. The deposition and interrogatory phases have been completed. The case is going to non-binding mediation in July. 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.

The Board adopted a resolution approving Mr. Belke’s report (Corwin, Scott, passing unanimously, Griffin abstaining).

Status reports on individual STERA projects, which were discussed during Mr. Belke’s report, are provided below under item #8.

8. 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 project has been completed and financial closeout of the project is underway. STERA is awaiting project closeout from FEMA.

Mr. Belke noted that WNYP will be submitting Hazard Mitigation Plan information to Allegany County this week.

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 consisted of the realignment of track from a bridge located in the Falconer area in Chautauqua County 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. All project work was completed, but approximately \$482,000 of funds (\$240,839 NYS DOT, \$241,621 WNYP) still remained in the budget.

On 12/31/15, the last day of the NYS DOT contract, STERA received an extension to accommodate additional work under the project, utilizing the underrun. STERA will use the extension and unspent funds to install an additional 5,000 ties in the Southern Tier Extension east of the Falconer bridge, between Steamburg and Poland Center. All matching funds and overruns for the additional work would be WNYP's responsibility. STERA and WNYP executed an amendment of the existing agreement on the project on March 7, 2016.

In late September, STERA was informed by NYS DOT that it could not approve this additional project work because it was outside the geographic bounds of the original project. However, STERA will be able to install approximately \$25,000 of ties within the geographic bounds of the project. Accordingly, as WNYP does not have sufficient necessary work to be done within the original project bounds to utilize the balance of the remaining project funds, STERA must terminate the project and turn back the \$240,839 of funds remaining in the DOT grant award (less the approximate \$12,500 of funds for the additional tie work) to NYS DOT.

STERA is awaiting closeout by NYS DOT, which is awaiting invoicing by WNYP, which is awaiting a NYS DOT site visit for final inspection.

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 approximately \$214,000 of funds (\$188,794 NYS DOT, \$25,741 WNYP) still remained in the budget.

On 12/31/15, the last day of the NYS DOT contract, STERA received an extension to accommodate additional work under the project, utilizing the underrun. STERA will use the extension and unspent funds to rehab four additional grade crossings on the Buffalo line north in the Olean area (Back Hinsdale Road, Oregon road, Haskell Road, and Promised Land Road), and install (approximately \$25,000 of) additional ties. All matching funds and overruns for the additional work would be WNYP's responsibility. STERA and WNYP executed an amendment of the existing agreement on the project on March 7, 2016. This project work has been completed.

STERA is rendering final invoices. Post invoice, there should be less than \$15,000 remaining of project funds.

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. The tie installation, ballast installation, surfacing and alignment of track and turnouts, the rehabilitation of three at-grade crossings, and the rehabilitation of 11 turnouts all have been completed. The Olean yard work switch work began on September 27. Frank Tartaglia, Inc. of Syracuse is the subcontractor for the switch work. The project has been completed. Closeout is awaiting a NYS DOT site visit for final inspection

STERA Track and Bridge Rehabilitation Project (Southern Tier Extension Line and Buffalo Line)

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. The three cities will contribute traffic control. All work except the Olean bridge is to be done on the Southern Tier Extension; the Olean bridge is on the Buffalo line. The Olean bridge (Queen Street) will now involve a deck replacement. STERA received a contract for the project from NYS DOT in November 2016, and has executed a contract with WNYP for contractual services in support of the project. Bid packages are in preparation. Unfortunately, due to the lateness of season, the actual construction work may not commence until the spring of 2018. WNYP will install the rail, with contractors to weld it in place. Contractors will do the bridge work.

Olean Enginehouse and Yard Improvement Project

In late 2016, STERA submitted a grant application to NYS DOT for the 2016 PFRAP funding cycle. The project would involve improvements to the enginehouse in the Olean yard, installation of a yard video security system, the installation of 6,000 6x8 ties in the Olean yard, and the replacement of 8 switches in the Olean yard. The work would be done on the Southern Tier Extension Line. The goal of the project is to improve safety and track speeds within the Olean Yard, which would further improve competitiveness of rail service. Further, the project is part of an overall strategy to raise the entire Southern Tier Extension Railroad and Buffalo lines to a 286,000 lb. capacity specification for 4-

axle rail cars. The enginehouse improvements specifically are intended to improve safety and productivity related to operations within the enginehouse. The security system is intended to improve public safety and reduce vandalism. STERA's intention is to contract directly with WNYP for the provision of engineering, construction, and construction inspection services on this contract (augmented by engineering review and inspection review by NYS DOT). WNYP may engage one or more third party private sector construction contractor(s) to provide certain construction services under sub-contract to WNYP; interested potential subcontractors may contact STERA and/or WNYP directly. NYS DOT has provided a contract to STERA, and is reviewing the draft STERA-WNYP subcontract prior to its execution. Bid packages are in preparation. It is unclear when the project will commence and be completed.

Proposed STERA Tie and Rail Replacement PFRAP Project (Southern Tier Extension Line)

Mr. Belke requested that STERA submit an application in the 2016 PFRAP funding cycle (NOFA not yet announced) to NYS DOT for \$1,120,000 of PFRAP grant funds, to be matched by \$480,000 of WNYP funds. He described the proposed project, which involves replacement of 10,000 ties, replacement of some worn rail, and surfacing between Steamburg (Cattaraugus County) to Waterboro (Chautauqua County), between MP SA-14.00 (west of Steamburg) to MP SA-23.00 (Waterboro). The work would be done on the Southern Tier Extension Line. All of the work would be bid by WNYP.

After discussion, the STERA Board adopted a resolution declaring itself lead agent for SEQRA review on the project (Gould, Scott, passing unanimously). The Board reviewed and discussed a Short Form EAF, and noted that it involved maintenance repairs to the existing rail line, 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 (Griffin, Malter, passing unanimously).

After discussion, the Board approved a resolution, consistent with the STERA procurement policy, making a determination that the public interest is best served by making a purchase of goods and services from WNYP related to the project without competitive procurement, finding:

- a) that WNYP is qualified to perform the work required or provide the commodities, equipment, goods or services required,
- b) that WNYP is responsible and reliable,
- c) that the price to be set for the procurement is likely to be either the lowest price if a competitive procurement were followed or a fair market price for the goods and services required, that is, the price is likely to be a Best Value, and

- d) that there is some valid public purpose for not undertaking a competitive procurement process, to include but not be limited to public safety, public health, and timeliness,

and therefore, authorizing entering into one or more contracts with WNYP for the provision of services and the procurement of materials, supplies, and leased equipment in support of the project (Keis, Corwin, passing unanimously, Griffin abstaining). It was noted that WNYP may subcontract portions of the project, and that any such subcontracts must be in compliance with the requirements of NYS DOT and STERA and must be approved in advance by NYS DOT and STERA.

After discussion, the STERA Board adopted a resolution authorizing submission of an application to NYS DOT for the project, authorizing acceptance of a NYS DOT award and WNYP match funds, authorizing implementing the project using the NYS DOT and WNYP funds, authorizing adherence to the NYS DOT contract, authorizing the Chairman and CEO to execute all legal documents pertaining to the project, and authorizing entering into a contract with WNYP for the match funds and for a subcontract for the implementation of the project work (Corwin, McElfresh, passing unanimously, Griffin abstaining).

Proposed Bridge NY Project (Salamanca Main Street Bridge, Southern Tier Extension Line)

Mr. Belke reported that STERA, the City of Salamanca, and the Seneca Nation of Indians had met recently to discuss replacement of the Salamanca Main Street rail bridge and the realignment of track just to the west of the bridge. It is possible that the project (and possibly the realignment project) could be funded through the NYS DOT Bridge NY program, 2017 NOFA not yet released. In the discussion, it was decided that the project would be best planned for this year, with an application to be submitted next year. The Seneca Nation of Indians representatives indicated that there would have to be approval by the Seneca Nation of Indians for both of the projects to move forward. A follow up planning meeting will be held in July.

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. Mr. Belke indicated his concern that developable, rail-serviceable land may be vanishing to other uses.

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. Everetts noted that all STERA Board members and staff are in compliance with NYS ABO training requirements.

NYS ABO Policy Guidance on Procurement

The Board discussed the new NYS ABO policy guidance and decided against modifying the current policy until the October meeting.

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.

11. Other Old or Unfinished Business

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

New Business

12. New Business

There was no new business discussed at the meeting.

13. Public Comment

There was no public comment.

14. Next Meeting Date and Agenda for Next Meeting

The remaining regularly scheduled 2017 meetings of the STERA Board will be on the following dates: October 16, 2017 and December 11, 2017. 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.

15. Adjournment

The meeting adjourned at 11:20 AM (Scott, Malter, 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: June 12, 2017