



Chautauqua, Cattaraugus, Allegany and 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”

William Daly, Chairman
Richard Zink, Chief Executive Officer

MINUTES OF BOARD OF DIRECTORS MEETING

October 21, 2013

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority last met at 9:30 AM on October 21, 2013 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
William Daly
Terry Everetts
Dan Farrand
Adam Gorczyca
Jay Gould
James Griffin
Jerry Scott

Representing

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

Board Members Not In Attendance

Michael Brisky
Joseph Eade
John Foels
Timothy O’Grady
Vacant
Vacant

Representing

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

Others Attending

Thomas Barnes
Carl Belke
Lucas Brewer
Richard Zink
Chris Chapman

Representing

STERA Secretary
WNYP RR
WNYP RR
STERA CEO
Buffalo News/Jamestown Post Journal

1. Call to Order and Introduction of Those Present

Chairman William Daly called the meeting to order at 9:30 AM. Introductions were made of those present.

2. Reading and Approval of the Minutes of the June 17, 2013 Meeting

The Board adopted a resolution approving the minutes of the June 17, 2013 Board Meeting (Griffin, Gould, passing unanimously).

3. Communications

There were no communications.

4. Treasurer’s Report

A. September 30, 2013 Treasurer’s Report

Mr. Zink distributed a Treasurer’s Report for September 30, 2013. For the year to date ending September 30, 2013, STERA had a net income of \$38,861.57 on revenues of \$266,030.31. As of September 30, 2013, STERA had net assets of \$3,516,903.73 on assets of \$3,889,263.19, with a cash balance of \$47,051.10. Accounts payable as of September 30, 2013 were \$372,359.46, and accounts receivable as of September 30, 2013 were \$500,795.97. The accounts payable balance reflects the WNYP construction financing for the FEMA project, and invoices for the NYS DOT bridge project and Falconer project. As regards the FEMA project, once the final draw for the FEMA project has been received, it will be used to retire the construction financing. The accounts receivable balance refers to the FEMA project funds that will be used to retire the interim financing, and the NYS DOT receivables for the two NYS DOT projects.

The \$40,000 annual payment from WNYP to STERA is shown as a receivable.

Mr. Zink also noted four invoices that he wished to have the Board authorize payment for, as follows:

Harris Beach	\$3,457.29	Legal fees re: abatement extension agreement
Hayes Corporation	\$5,274.00	Directors and Officers Insurance
WNYP	\$257,260.13	FEMA construction financing
Southern Tier West	\$15,000.00	Administrative services

At the recommendation of the Audit Committee, the Board adopted a resolution approving the Treasurer’s Report for September 30, 2013, and authorizing the payment of these four invoices (Scott, Everetts, passing unanimously).

B. 2013 Budget

The Board discussed the 2013 budget, which is in place, and adopted a resolution approving the amendment of the budget for calendar year 2013 so as to reflect FEMA and other grant flows, and to direct staff to post the amended budget to the NYS ABO PARIS system (Griffin, Corwin, passing unanimously).

C. Approval of 2014 Budget

Mr. Zink distributed a draft budget for calendar year 2014. After discussion, and with the recommendation of the Audit Committee, the Board adopted a resolution approving the budget for calendar year 2014 (Griffin, Corwin, passing unanimously).

D. Approval of “Four Year Budget” (Budget for 2014 to 2017)

Mr. Zink distributed a draft “Four Year Budget” (Budget for 2014 to 2017). After discussion, and with the recommendation of the Audit Committee, the Board adopted a resolution approving the “Four Year Budget” (Budget for 2014 to 2017) (Griffin, Scott, passing unanimously).

E. Bank Account Signature Cards

After discussion, the Board adopted a resolution (Resolution 13-01) approving (a) the signature authority on bank accounts by the Board officers (Mr. Daly, Mr. Foels, and Mr. Gould), and (b) authorizing Mr. Zink to inspect the accounts as necessary (Farrand, Corwin, passing unanimously).

Reports of Committees

5. Audit Committee

Mr. Zink reported that the Audit Committee had not met earlier that same day, due to a lack of a quorum.

6. Governance Committee

Mr. Barnes reported that the Governance Committee had not met earlier that same day, due to a lack of a quorum.

However, the Board did take up a topic that was on the Governance Committee Agenda, the potential revision of the Whistleblower Policy, and after discussion, adopted a resolution to keep the policy that is currently in place (Griffin, Corwin, passing unanimously).

Unfinished Business

7. Operating Status Report by Carl Belke, WNYP RR

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, Major Projects, Operations and Customer Service, Marketing and Freight Business, Mechanical Issues, Engineering and Maintenance of Way, and Bridges and Culverts.

With respect to **safety issues**, he noted several accidents (none of which are major), five derailments thus far this calendar year, and trespassing and scrap thefts (which continue to be an issue and which WNYP is addressing through criminal prosecution).

WNYP’s **proposal to the FRA to eliminate the signals** on 6.5 miles of the Buffalo Line from CP-North Olean to CP-South Olean has been approved by the FRA, and the signal system will be eliminated on November 4, 2013. WNYP anticipates costs savings of approximately \$150,000 per year.

WNYP has undertaken **lighting upgrades to the Constitution Avenue Rail Yard**, using a NYSEDA incentive grant.

WNYP is now averaging two to three **crew starts** per day in Olean five days per week and one to two crew starts per day in Meadville five days per week.

With respect to the **City of Olean Walkable Olean Project**, STERA and WNYP representatives met with the City of Olean regarding the City's planned improvements of North Union Street. Discussion related to incorporating the grade crossing into the process. WNYP is discussing with NYS DOT about using NYS DOT grant funds and/or US DOT Section 131 grants funds to reconstruct the grade crossing and upgrade the crossing signals, as a NYS DOT project. There also is potential for the grade crossing to become a "quiet crossing" (i.e., no requirement to blow the train whistle when approaching).

With respect to the **City of Olean Trail Project**, WNYP has met with the City to discuss and move forward jointly on developing the City's trail system, which will include utilization of an unused former rail bridge.

With respect to the **City of Olean Brownfield Opportunity Area (BOA) project**, WNYP and STERA sit on the City's BOA Steering Committee, and are attempting to secure agreement from the City to direct that the former Agway/Felmont site be dedicated to a rail shipping company, inasmuch as it fronts on the rail line right at the diamond intersection of the two rail lines, and is the best and perhaps only developable rail-serviceable site in the City.

With respect to the **Buffalo Street Overpass in the City of Olean**, WNYP has seen to it that the overpass has been repainted to improve the attractiveness of the Buffalo Street entrance to the City.

8. Status Reports on Current and Proposed Rehabilitation Projects

520 West Second Street (Jamestown)

In response to a settlement offer from Norfolk Southern, the NYS Attorney General's office has provided a release to affected parties (including STERA) on the demand letter.

NYS 2005 Bond Act Bridge Rehab Project

This is a STERA project funded by NYS DOT and WNYP. The project involves the rehabilitation of four railroad bridges in Allegany County and one railroad bridge in Cattaraugus County. WNYP is STERA's engineering and construction contractor for the project. WNYP has commenced the project. With STERA's and WNYP's approval, WNYP has engaged an engineering subcontractor, will complete final engineering design in the winter, and will submit the final engineering design to NYS DOT for approval. Construction work is anticipated to commence in June 2014 and be completed sometime in 2014. STERA and WNYP Railroad will coordinate construction activities with the affected municipalities.

NYS 2005 Bond Act Bridge Rehab / Track Realignment Project (Falconer)

This is a STERA project funded by NYS DOT and WNYP. This project involves shifting the active track over to an unused and former parallel alignment, so that the active track will cross an unused parallel rail bridge, which also must be repaired to put it in service. This is a less expensive proposition that rebuilding the rail bridge currently in use. WNYP is STERA's engineering and construction contractor for the project.

WNYP has commenced the project. STERA and WNYP have complied with NYS DOT's requirements relating to the procurement of subcontracting services and materials specifications. Construction work has commenced, and the rail line shut be cut in on November 1, 2013, with most if not all major construction work completed in 2013. However, there will be a line item for environmental work that will be left open for five years, with a \$50,000 budget amount, in case additional

environmental work needs to be done. There will be annual inspections over these five years to make this determination.

There also may be funds remaining on the project, and STERA and WNYP may be approaching NYS DOT for approval for an additional re-purposing of these funds toward other rail needs on the line.

Proposed Tie Replacement and Grade Crossing Repair Project (Buffalo Line)

STERA has heard informally that NYS DOT has approved STERA's grant application for the project, but as of the date of the meeting, NYS DOT has not informed STERA officially in writing of this approval. The project would involve 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 total proposed project will cost \$1,345,630.56, comprised of \$1,076,504.45 of grant funding from the New York State Department of Transportation Passenger and Freight Rail Assistance Program (PFRAP, at 80%), and \$269,126.11 of cash match funding (20%) provided by WNYP. If the project is funded NYS DOT, final engineering design will developed in the winter of 2014 and construction will begin in the spring of 2014 and be completed either in 2014 or during the 2015 construction season. STERA and its engineering/construction agent WNYP Railroad will coordinate construction activities with the affected municipalities.

Proposed Bridge Clearance Obstruction Project (Wellsville)

Mr. Brewer indicated that there has been no change in this potential initiative. WNYP has built a database of issues and remediation costs relating to removal of height and width clearance obstructions and weight limits on all bridges on the entire STERA system, although information is insufficient outside of the system going eastward to the Port of New York and New Jersey. These clearance obstructions and weight limitations have been an obstacle to moving heavy and oversize freight via rail across the system (e.g., large compressors originating from Dresser Rand in Olean and Wellsville, etc.). The ability to move this type of freight onto rail and off the region's highway system would result in longer life and lower repair costs for the region's highway system. The issue in moving forward will be obtaining funding to make these bridge remediation projects happen.

However, there has been no customer interest in removing these obstructions, so this is not currently a WNYP priority. Should this change, WNYP is prepared to work with STERA to address this issue.

Proposed Lister Street Project (Jamestown)

Mr. Brewer indicated that there has been no change in this potential initiative. WNYP and STERA continue to research funding options for closure of the City of Jamestown Lister Street grade crossing, and the potential installation of a siding at that location to serve a nearby business (Suit-Kote). WNYP has not yet discussed economic impact with Suit-Kote. The closure of the grade crossing would involve the closure of Lister Street, which is an extreme grade street, and which consequently poses safety issues in the winter with traffic sliding on the icy street through the grade crossing into oncoming train traffic. The closure of Lister Street would entail acquisition of several dilapidated houses, the demolition of those houses, and the construction of a new driveway for one impacted house. The issue in moving forward will be obtaining funding to make this project happen. STERA may reach out to the City to see whether the City might be able to find funding that is required to close the street (e.g., property acquisition and demolition, etc.).

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 Status

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. Brewer indicated that he had a presentation that he would transmit to STERA that may be useful in this regard.

9. Status of the Property Tax Abatement Extension Approval

Mr. Zink noted that the abatement extension / PILOT modification agreement has been executed by Norfolk Southern.

10. 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. Mr. Daly indicated that he has reached out to the Seneca Nation to see whether the Seneca Nation might be interested in appointing a member, and has not heard back yet.

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

Training Sessions – now online

Three current members (Mr. Brisky, Mr. Farrand, and Mr. O'Grady) have not yet completed NYS ABO's PAAA compliance training sessions. NYS ABO requires Board members to receive training within one year of becoming a STERA Board member. NYS ABO now makes the required training available online. Board members are encouraged to register for this training, as the limited space available fills up quickly. Mr. Barnes indicated that he had emailed information on the online training sessions to the appropriate members.

Discussion of Any Desired Policy Modifications

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

There was discussion as to whether WNYP could provide a monthly synopsis to STERA Board members of ongoing activity on the system (e.g., construction, maintenance, major customers, etc.) so that STERA Board members could respond to questions asked by the general public, and thus be better ambassadors for the rail initiative. Mr. Belke said that he would prepare such a monthly synopsis and transmit it to Mr. Barnes for broadcasting to the STERA Board. He also encouraged STERA Board members to contact himself or Mr. Brewer directly with any questions, and provided business cards for that purpose.

12. Other Old Business

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

New Business

13. Other New Business

There was no other new business discussed at the meeting.

14. Public Comment

There was no public comment.

15. Next Meeting Date and Agenda for Next Meeting

The next regularly scheduled meeting of the STERA Board will occur on December 16. Special meetings may also be called as needed. Unless otherwise amended, all meetings 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 on December 16 at 9:00 AM immediately preceding the scheduled Board meeting on that date. If there is business, there will be a Governance Committee meeting on December 16 at 9:00 AM immediately preceding the scheduled Board meeting on that date. Additional special meetings of the two committees may be called as needed during 2013. The meetings of the committees will be held at the office of the Southern Tier West Regional Planning and Development Board in Salamanca, NY.

No other regular Executive Committee meetings are scheduled for 2013; the Board will call special meetings of the Executive Committee as needed.

16. Adjournment

The meeting adjourned at 11:23 AM (Griffin, Gould, 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: October 21, 2013

