



**Chautauqua, Cattaraugus, Allegany & Steuben Counties**  
**Southern Tier Extension Railroad Authority**  
 Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York 14779  
 TEL (716) 945-5301 FAX (716) 945-5550 TDD (716) 945-5301

"This institution is an equal opportunity organization"

Terry Everetts, Chairman  
 Richard Zink, Chief Executive Officer

## MINUTES OF BOARD OF DIRECTORS ANNUAL MEETING

### June 15, 2015

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on June 15, 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**

Crystal Abers  
 Mitchell Alger  
 Michael Brisky  
 Seth Corwin  
 Terry Everetts  
 Adam Gorczyca  
 James Griffin  
 Jay Gould  
 Jerry Scott  
 Randolph Weaver

**Representing**

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

**Board Members Not In Attendance**

Rich Dixon  
 Vacancy  
 Vacant  
 Vacant

**Representing**

Chautauqua County  
 Allegany County  
 Allegany County  
 Seneca Nation of Indians

**Others Attending**

Thomas Barnes  
 Carl Belke  
 Lucas Brewer  
 Kylie McLaughlin  
 Richard Zink

**Representing**

STERA Secretary  
 WNYP RR  
 WNYP RR  
 WNYP RR  
 STERA CEO

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

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

**2. Election of Board and Corporate 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 and electing this slate of officers (Corwin, Abers, 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)
Mitchell Alger	Treasurer (Chief Financial Officer)
Thomas Barnes	Secretary

There were no other nominations from the floor. The Board approved a resolution closing nominations and 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.

**3. Reading and Approval of the Minutes of the March 9, 201 Meeting**

The Board adopted a resolution approving the minutes of the March 9, 2015 Board Meeting (Gould, Scott, passing unanimously).

**4. Communications**

There were no communications.

**5. Treasurer’s Report**

The Treasurer’s Report for May 31, 2015 had been posted to the STERA web site. Mr. Zink noted the Audit Committee had met earlier that same day had reviewed the Treasurer’s Report. He provided a summary of the Treasurer’s Report. For the year to date ending May 31, 2015, STERA had a net income of \$45,276.73 on revenues of \$1,127,720.40. As of May 31, 2015, STERA had net assets of

\$7,692,826.52 on assets of \$7,719,556.25, with a cash balance of \$170,343.33. Accounts payable as of May 31, 2015 were \$26,729.73, and accounts receivable as of May 31, 2015 were \$960.00. The Board adopted a resolution approving the Treasurer's Report for May 31, 2015 (Griffin, Alger, passing unanimously).

## **6. Reports of Committees**

### **A. Audit Committee**

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

Mr. Zink noted that the Audit Committee had met earlier that same day and had reviewed and discussed a proposed RFP for audit services for the five years ending December 21 2015, 2016, 2017, 2018, and 2019.

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. The current auditor could continue if another auditor was involved internally at Bysiek CPA, PLLC.

Mr. Griffin had indicated that he thought that perhaps the auditor rotation was required every three years, so perhaps STERA ought to consider a five year contract with the requirement of an auditor rotation at a minimum of 3 years, or a six year contract, with the requirement of an auditor rotation at a minimum of 3 years. Mr. Zink indicated that he would check on the rotation requirements, and STERA's issuance of the RFP, and the ultimate auditor contract, would confirm to NYS requirements.

Mr. Zink proposed issuing the RFP to a minimum of 3 CPA firms, and selecting the lowest qualified bidder. Mr. Zink proposed issuing the RFP by September 1, 2015, with responses due back by September 30, 2015. The Board would select the auditor at its October 5, 2015 meeting, and place the selected auditor under contract before the end of 2015.

The Board adopted a resolution approving issuance of the RFP (Weaver, Corwin, passing unanimously).

### **B. Governance Committee**

#### **1. Review of Financial Disclosure and Ethics Report for 2014**

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 2014, noting that the Cattaraugus County Attorney's Office had indicated that it had examined the filings and there were no ethics issues present during 2014. The Governance Committee adopted a resolution making a finding that the Authority had no ethics issues during 2014, and recommending to the Board that it make a finding that the Authority had no ethics issues during 2014 and adopt the report. After discussion, the Board adopted a resolution making a finding that the Authority had no ethics issues during 2014 and adopting the report (Scott, Abers, passing unanimously).

## **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, Major Projects, 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 #8 in these minutes.
- Municipal projects:
  - Olean Trail Project – This “rails with trails” project would be 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.
  - 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 – Under construction.
  - 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.
- Winter 2014/2015 Class I railroad service problems and congestion largely have been cleared up and the national rail system is running smoothly.
- WNYP regularly and safely operates single-person remote control locomotive operations across the system.
- There is ongoing discussion, emanating from Jamestown, regarding the desire for excursion passenger traffic between Buffalo and Jamestown on the Buffalo Southern/NY & Lake Erie/STERA track. The NY & Lake Erie interchanges on paper with the STERA system at Waterboro in Chautauqua County. The project proponents have engaged Stone Consulting to study the project and make recommendations. Mr. Belke asked for guidance from the STERA Board, which told him to keep an open mind on the issue, and see what the consulting report indicated. There is a sense that the concept is not financially viable, due to insurance costs, up front rehabilitation costs, and a lack of sufficient ridership.
- WNYP is storing both empty and never-used crude oil cars at various unused passing sidings around the STERA/WNYP system. The empty cars may contain as much as 5 gallons of Bakken crude oil in them, but they have been charged with nitrogen gas to make any fumes non-volatile, and as such present no public safety issue.

- In May, WNYP delivered a 444,000 lb. transformer (gross weight 740,000 lbs.) for unloading on the Buffalo line south of Franklinville, for eventual installation in Hinsdale.
- Freight volume related to methane gas operations in Pennsylvania continues to grow, and is expected to increase further in the coming months.
- Olean-to-Hornell service is operated less than once per week. Olean-to-Falconer service is operated one to two times per week. Olean-to-Machias is operated as required for pickup of company ballast.
- WNYP has been awarded an \$840,000 PENN DOT grant for the installation of 12,000 ties on 14.5 miles of the Oil City Branch between Oil City and Sugar Grove PA. WNYP will supply a \$360,000 match on the \$1,200,000 project. The project has been let for construction in September 2015.
- WNYP has been awarded a \$448,000 PENN DOT grant to rehabilitate the timber approaches to a through-truss bridge on the Famers Valley Branch in Eldred PA. WNYP will supply a \$192,000 match on the \$640,000 project. The project has been let for construction in 2015, and is currently in the environmental review and approvals process.
- WNYP is undertaking a number of grade crossing repair and upgrade projects this season, replacing track and highway surface at some 25 crossings across the system. Highway warning system upgrades will be made at 8 crossings.
- 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.
- 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.
- 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). 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. Mr. Corwin also noted that an additional good target audience would be school bus operators.

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

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 possibly NYS DHSES, involves 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. Initially, repair and mitigation work at 46 of these 47 locations were classified as small projects and the 47<sup>th</sup> location was classified as a large project (owing to the construction cost at that location projecting to exceed \$100,000). Consistent with FEMA rules and STERA's procurement policy, STERA could contract directly for work on the small projects, but had to competitively procure services for the large project.

The large project related to work to be done at and around the Schoolhouse Road grade crossing in the Town of Carrollton in Cattaraugus County, and located on the Allegany Territory of the Seneca Nation of Indians. STERA and WNYP worked with the Seneca Nation of Indians with respect to complying with the Seneca Nation's regulatory requirements and with respect to addressing the Seneca Nation's concerns regarding the project.

STERA undertook a competitive procurement RFP process for the large project, and bids came in more than twice the engineer's estimate. As a consequence, and consistent with FEMA regulations, STERA downsized the project and attempted to negotiate an acceptable price with the low bidder. Unfortunately, the low bidder's proposal still was significantly in excess of the projected amount. As a consequence, STERA had removed some line items in the project scope, deleting the grade elevation roadwork, grade crossing highway work, and track lowering from the project scope, which reduced the project cost. The lower project cost effectively removed the requirement to undertake competitive procurement for the project, and allowed STERA to do the work at the project location per the reduced scope of work directly through WNYP as contractor under the original FEMA PW (i.e., as a small project). STERA and WNYP would plan to do the balance of the work (e.g., lowering the rail bed, etc.) in a future NYS DOT project.

As a consequence, and as a summary of the overall FEMA project, STERA in total has issued 33 separate contracts to WNYP, covering all of the small projects work at all 47 project locations, based on the FEMA-issued PW's.

With respect to work on the Allegany Territory of the Seneca Nation of Indians, the project is proceeding smoothly and in compliance with all Seneca Nation of Indians regulations. The Seneca Nation of Indians has designated a rail liaison to work directly with WNYP on rehabilitation projects on the Allegany Territory. STERA and WNYP both have encouraged the Seneca Nation of Indians to become more closely involved in rehabilitation work on the Allegany Territory through appointment of an active member to the STERA Board.

Mr. Lucas noted that NYS DEC has indicated that there is a limited window for any project work that needs to be done in non-trout streams (July 1, 2015 through July 15, 2015), so all relevant work will be accomplished in that time frame.

All work on the FEMA project will be completed prior to the FEMA deadline.

Mr. Griffin indicated that he felt that STERA should be using WNYP as its agent to undertake competitive procurement for construction contracts for all of its construction contracts, as opposed to STERA doing it itself, and he was assured by Mr. Belke and Mr. Barnes that FEMA regulations did not permit STERA to act as a pass through to WNYP on large contracts, delegating its procurement

responsibilities to WNYP. In all instances (i.e., FEMA projects, NYS DOT projects, and all other projects), STERA has to conform to its own procurement policies, applicable NYS laws and regulations, and requirements of the involved funding program.

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

Since the March 2015 STERA Board meeting, STERA and NYS DOT have executed the grant contract for funding for this project, and STERA subsequently had executed a contract with WNP for materials, construction, and other services in support of the project. WNYP will act as STERA's contractor for the project. WNYP is subcontracting portions of the project; 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.

This is a \$2,478,967.20 million project, involving \$1,983,173.76 of NYS DOT grant funds and approximately \$495,793.44 of WNYP funds (20% match rate). 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)**

This STERA project is funded by NYS DOT and WNYP. 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. This project will be completed in 2015, consistent with the NYS DOT contract.

**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. This project should be completed by fall 2015.

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 is anticipated to be completed by fall 2015.

**Authorization of Application to NYS DOT for Additional Rehabilitation Funds**

It was noted that STERA anticipates that NYS DOT will release a direct (i.e., not through the CFA) NOFA for rehabilitation grant funds in the not too distant future. After discussion, the STERA Board adopted a resolution authorizing the submission of a grant application to NYS DOT for rehabilitation funds, to be matched by WNYP funds (Corwin, Brisky, 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.

**9. Other Old Business**

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

**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.

