



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 5, 2016

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on December 5, 2016 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
 Terry Everetts
 Adam Gorczyca
 Jay Gould
 Steve Havey
 Earl McElfresh
 Jerry Scott

Representing

Cattaraugus County
 Steuben County
 Cattaraugus County
 Chautauqua County
 Chautauqua County
 Allegany County
 Cattaraugus County
 Allegany County

Board Members Not In Attendance

Rich Dixon
 James Griffin
 Robert Keis
 Randolph Weaver
 Vacancy
 Vacant

Representing

Chautauqua County
 Steuben County
 Southern Tier West RPDB
 Steuben County
 Allegany County
 Seneca Nation of Indians

Others Attending

Thomas Barnes
 Carl Belke
 Jesse Coats
 George Fillgrove
 Kylie McLaughlin
 Richard Zink

Representing

STERA Secretary
 WNYP RR
 WNYP RR
 Senator Cathy Young
 WNYP RR
 STERA CEO

1. Call to Order and Introduction of Those Present

Chairman Terry Everetts, recognizing a quorum, called the meeting to order at 9:30 AM. Introductions were made of those present. Mr. Everetts thanked Mr. Gould for chairing the prior meeting in his absence.

2. Reading and Approval of the Minutes of the October 3, 2016 Meeting

The Board adopted a resolution approving the minutes of the October 3, 2016 Board Meeting (Corwin, Gould, passing unanimously).

3. Communications

None.

4. Treasurer's Report

The Treasurer's Report for November 30, 2016 was not available as bank statements for November 30, 2016 had not yet been received by the date of the meeting. Accordingly, the Board reviewed the Treasurer's Report for October 31, 2016, which Mr. Zink distributed. Mr. Zink noted that because of a lack of a quorum, the Audit Committee had not met to review the financial statements.

Mr. Zink provided a summary of the Treasurer's Report. For the year to date ending October 31, 2016, STERA had a net loss of \$72,201.47 on revenues of \$350,716.61. As of October 31, 2016, STERA had net assets of \$5,310,048.93 on assets of \$5,310,048.93, with a cash balance of \$148,263.02. Accounts payable as of October 31, 2016 were \$0.00 and accounts receivable and grants receivable as of October 31, 2016 were \$53,063.95 and \$1,338,834.67, respectively. Mr. Zink noted that STERA is awaiting the final payment from FEMA on the FEMA project.

Mr. Zink noted that STERA had directed its agent Hayes Corporation to obtain at minimum 3 bids for D&O insurance. The low bid quote was \$5,182. The Board adopted a resolution approving the payment via check for D&O insurance in the amount of \$5,182 (Scott, Corwin, passing unanimously).

The Board adopted a resolution approving the Treasurer's Report for October 31, 2016 (Corwin, Havey, passing unanimously).

5. Reports of Committees

The Audit Committee meeting scheduled to be held on December 5, 2016 was not held due to a lack of a quorum. The meeting was not rescheduled. No other committees met or were scheduled to meet.

Old or 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:

- **Operations, Service Levels, and Freight:**
 - The **national rail system** is running smoothly, with seasonal winter delays expected. There has been an increase in nationally reduced traffic levels, but overall national traffic levels are still reduced.
 - **Service levels:** Falconer to Meadville service has been restored to biweekly service (currently running weekly). 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:** Aggregates traffic in 2016 has been down from 2015 levels. The delivery of sand for fracking gas wells continues at Emporium PA, with projections for this traffic to continue into 2017. WNYP has acquired a 12-acre parcel in Turtle Point PA and has constructed a double ended siding for public delivery service there. A scale, small office building, and lighting have been installed. The facility will open in October 2016 and the first use will be for the delivery of frack sand. In mid-August one of the widest loads shipped (13 feet) from Dresser Rand Olean was delivered to the B&P Railroad in Salamanca for transfer to CSXT at Buffalo.
 - **Car Storage:** WNYP is currently storing close to 500 tank cars and 250 to 300 other cars.
- **Safety and Security:**
 - WNYP has scheduled a professional assessment this autumn of its **security and emergency response plans, practices, and procedures**.
 - WNYP held a **First Responders training session** on June 30 in Port Allegany, PA, for McKean Potter and Cameron County authorities. WNYP plans to follow up with similar session in Oil City/Franklin PA. Possible additional session would be held in Jamestown and Olean in the spring of 2017.
- **STERA Construction Projects:**
 - Although these STERA projects were discussed during Mr. Belke's report, they are reported on separately under item #7 in these minutes.
- **WNYP Construction Projects:**
 - **Emporium PA sand unloading terminal project:** WNYP has received a \$100,000 "PA First" grant for blacktop and drainage improvements to the Emporium PA sand unloading terminal. WNYP will provide a \$25,000 match. The project currently is in the design and permitting phase, and has been delayed.
 - **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 will undertake this project in 2017, and is awaiting the PennDOT contracts.
 - **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. Grants have not yet been awarded by

PennDOT. If funded, WNYP will undertake this project in 2017, probably finishing in 2018. These last two PennDOT projects will be combined into a single project.

- **Grade Crossing Projects:** WNYP has underway or planned track and highway surface replacements at 20 grade crossings and highway warning signal upgrades at 6 crossings, in both NY and PA, using \$130,000 of US DOT funds. Work is proceeding ahead of schedule and 3 additional surface upgrades have been added for repair this fall.
- **Storm damage:** A heavy rainfall in September 2016 caused considerable washout and wash-over damage to the Southern Tier Extension Line between Hinsdale and Belmont. WNYP forces have been restoring ditches and opening culverts throughout that area.
- **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** – A local group would lease this facility and make improvements thereto. The redevelopment concept includes a trolley and museum. Environmental cleanup has been completed; lease negotiations continue. Norfolk Southern to date has said no to the proposal; WNYP expects to meet with Norfolk Southern again in a month to discuss it further.
 - **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:** 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. Previously, WNYP had met with the City engineer and other City representatives to discuss the project, and had made some temporary repairs (welding) to the walkway framing underneath the bridge. Mr. Barnes noted that Ms. Abers had suggested that the Salamanca Main Street Redevelopment Committee might be an entrée to the Seneca Nation on this topic. Mr. Belke noted that WNYP’s relationship with the SNI is good at the current time.
- **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.

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

As noted above, status reports on individual STERA projects, which were discussed during Mr. Belke's report, are provided immediately 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 project has been completed and financial closeout of the project is underway. STERA is awaiting the scheduling of a project closeout meeting.

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.

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.

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. STERA received a contract for the project from NYS DOT in November 2016, and today will execute a contract with WNYP for contractual services in support of the project. Unfortunately, due to the lateness of season, the actual construction work will not commence until the spring of 2017.

Proposed NYS DOT PFRAP Rehabilitation Project

STERA submitted a grant application to NYS DOT for the 2016 PFRAP funding cycle. The project, STERA Olean Enginehouse and Yard Improvement 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. Some or all of the work would be bid by WNYP to subcontractors. The revised total project cost, as submitted, was \$1,927,800. The revised

application was for \$1,542,240 of NYS DOT PFRAP grant funds, to be matched by \$385,560 of WNYP funds (20% match). In addition to eligibility for NYS DOT PFRAP grant funds, the project should be eligible for NYS DOT Bond Act funds via the same grant application submission, as the proposed project also conforms to Bond Act program requirements.

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. 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.

9. 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 with the exception of Mr. McElfresh, all STERA Board members and staff are in compliance with NYS ABO training requirements.

Discussion of Any Desired Policy Modifications

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

10. Other Old or Unfinished Business

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

New Business

11. New Business

Meeting dates for calendar 2017 were discussed (see item #13), as was the Board survey of Board member performance.

There was no new other 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 2017 for the following dates: March 27, 2017; June 12, 2017; October 16, 2017; and December 11, 2017 (Corwin, Gould, 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 2017. 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 11:20 AM (Corwin, 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: December 5, 2016