



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 Meeting

October 16, 2017

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority last met at 9:30 AM on October 16, 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
 Richard Cousins
 Rich Dixon
 Terry Everetts
 Jay Gould
 James Griffin
 Steve Havey
 Robert Keis
 John Malter
 Earl McElfresh
 Jerry Scott

Representing _____

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

Board Members Not In Attendance

Adam Gorczyca
 Vacancy
 Vacant

Representing _____

Chautauqua 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

Recognizing a quorum, Chairman Terry Everetts called the meeting to order at 9:30 AM. Introductions were made of those present. Mr. Everetts welcomed Richard Cousins, newly appointed to the STERA Board by Cattaraugus County (replacing Michael Brisky, whose term had expired).

2. Reading and Approval of the Minutes of the June 12, 2017 Meeting

The Board adopted a resolution approving the minutes of the June 12, 2017 Board Meeting (Scott, Corwin, passing unanimously).

3. 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 9.

STERA has received a communication from Cattaraugus County appointing Richard Cousins to a three year term as Board member, with term to expire September 12, 2020.

There were no other communications.

4. Treasurer's Report

Mr. Zink presented the Treasurer's Report for September 30, 2017. Mr. Zink noted that the Audit Committee had not met to review the financial statements. For the year to date ending September 30, 2017, STERA had a net income of \$21,000.90 on revenues of \$726,576.92. As of September 30, 2017, STERA had net assets of \$6,568,418.84, on assets of \$6,570,918.84, with a cash balance of \$129,511.46. Accounts payable as of September 30, 2017 were \$2,500.00, and accounts receivable and grants receivable as of September 30, 2017 were \$47,723.12 and \$2,477,571.28, respectively. The Board adopted a resolution approving the Treasurer's Report for September 30, 2017 (Havey, Keis, passing unanimously).

The Board adopted a resolution approving the payment of a check to WNYP in the amount of \$47,623, reflecting payments due on construction contracts (Corwin, Keis, passing unanimously). The Board also adopting a resolution accepting a bid for Directors and Officers Insurance for calendar 2018 from Hayes Corporation in the amount of \$6,600.000 (Griffin, Dixon, passing unanimously).

Budget for 2018

After discussion, the Board adopted the amended Budget for 2018 (Scott, Keis, passing unanimously).

Four Year Financial Plan for 2018 – 2021

After discussion, the Board adopted the amended Four Year Financial Plan for 2018 – 2021 (Griffin, Corwin, passing unanimously).

5. Reports of Committees

A. Audit Committee

The Audit Committee scheduled for October 16, 2017 was canceled. The Audit Committee will next meet at 9:00 AM before the Board meeting on December 11, 2017.

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:**
 - With the exception of service issues caused by internal problems at CSX, the **national rail system** is running smoothly, but continued reductions in national traffic levels continue to impact the STERA/WNYP system's interconnections with other railroads, reducing train service and connection frequency at interchanges. The STB is investigating CSX service issues.
 - **Service levels:** Falconer to Meadville service has been restored to weekly service. 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:** Aggregate shipping has increased over 2016 levels and projects to be increasing further in 2018. The delivery of sand for fracking gas wells continues at a strong pace. New customers are projected to come on line in Pennsylvania. WNYP has acquired a 10 acre parcel with three warehouse buildings adjacent to the Meadville PA yard. Track construction for bulk distribution will start this month. WNYP will install a 1,000 foot spur for natural gas loading in Union City PA.
 - **Car Storage:** WNYP continues to store tank cars and other cars.
- **Safety and Security:**
 - A professional assessment of WNYP's **security and emergency response plans, practices, and procedures** was completed in July.
 - WNYP held **First Responders training sessions** in Jamestown, Olean, Meadville and Franklin PA during July and August. Attendance was good, and the sessions were successful.
 - 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. WNYP's police officer patrols Olean and Portville. Arrests have been made.
- **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 \$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:**
 - **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. Jamestown is reviewing the lease.
- **Litigation status report:** This involves the collision of a FedEx truck with a WNYP train in a prior year. Discovery is almost completed. In November, the defendant will be asked questions. There has been counsel change for the plaintiffs. WNYP is confident in its position in the case, and does not plan to settle. 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, Griffin, 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 project has been completed and financial closeout of the project is underway. STERA is awaiting project closeout from FEMA.

Mr. Belke noted that WNYP has submitted Hazard Mitigation Plan information to Allegany County, thus retaining eligibility for FEMA funding for storm related repairs and mitigation projects.

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 was allowed to install approximately \$25,000 of ties within the geographic bounds of the project. Accordingly, as WNYP did not have sufficient necessary work to be done within the original project bounds to utilize the balance of the remaining project funds, STERA had to terminate the project and turn back to NYS DOT the \$240,839 of funds remaining in the DOT grant award (less the approximate \$12,500 of funds for the additional tie work).

As of this meeting date, 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 was applied and regulated, and final removal of the replaced ties has been completed. 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 used 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 were 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 and inspected by NYS DOT, and is awaiting final closeout.

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. All project work (tie installation, ballast installation, surfacing and alignment of track and turnouts, rehabilitation of three at-grade crossings, rehabilitation of 11 turnouts, and Olean yard work) 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. Unfortunately, due to NYS's delay in reviewing the plans, the actual construction work will 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. The project will be completed in 2018.

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. Yard tie installation will start on October 30. Switch installation will occur in the spring of 2018. Enginehouse work will be bid shortly. The project will be completed in 2018.

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

Mr. Barnes reported that NYS DOT has not yet announced a 2017 funding cycle for the PFRAP funding program, which has been made available on a yearly basis for a number of years now and which STERA has successfully utilized for line rehabilitation funding for a number of years now. Recently, STERA's contact within NYS DOT indicated that the 2017 PFRAP funding cycle may be announced shortly.

Proposed Bridge NY Project (Salamanca Main Street Bridge Replacement and Track Realignment, Southern Tier Extension Line)

Mr. Belke reported that STERA, the City of Salamanca, and the Seneca Nation of Indians had met in the spring of 2017 to discuss replacement of the Salamanca Main Street rail bridge (replacing the 6 lane rail bridge with a two lane bridge, with higher clearance for Main Street underpass traffic) and the realignment of track just to the west of the bridge (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 (or at least the bridge replacement component) would be eligible for NYS DOT Bridge NY funding. Another meeting is anticipated, but the project grant application would not be submitted until 2018. It had been 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 the bridge and track realignment projects to move forward.

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

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

ABO Policy Guidance 17-01 Board Member Training has been posted to the web site.

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

This Policy Guidance also states that “as a best practice, the ABO recommends that directors participate in refresher training upon re-appointment to the Board or at least every three years.”

Mr. Barnes reminded any Board member taking the ABO training to forward to STERA the email documenting completion of the training, as STERA is required to keep documentation of all Board members’ completed training.

NYS ABO Policy Guidance on Procurement

ABO Policy Guidance 17-02 Procurement Guidelines has been posted to the web site. Mr. Griffin reported that Harris Beach has reviewed STERA’s current procurement policy and no changes need to be made to the policy to keep it in compliance with the new policy guidance.

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.

Mr. Barnes noted that the New Member Orientation Process Reference Document has been updated on the web site to reflect current Board membership and current rehabilitation projects.

10. Jamestown Passenger Excursion Train Project

It was noted that Jamestown has entered into a contract with Stone Consulting of Warren PA to develop a plan for proceeding, including a feasibility analysis. The report should be available in six to eight months. Up front capital costs should be at least \$25 million, including \$11 million of rail and ties.

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.

