



**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 Meeting**

**March 25, 2019**

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on March 25, 2019 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  
 Jay Gould  
 Jeff Gray  
 Brooke Harris  
 Earl McElfresh  
 Jerry Scott

**Representing**

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

**Board Members Not In Attendance**

Terry Everetts  
 James Griffin  
 Steve Havey  
 Robert Keis  
 John Malter  
 Vacant

**Representing**

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

**Others Attending**

Thomas Barnes  
 Edward Bysiek  
 Jesse Coats  
 Ray Martel  
 Richard Zink

**Representing**

STERA Secretary  
 Bysiek CPA, PLLC  
 WNYP RR+  
 WNYP RR  
 STERA CEO

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

In the absence of Chairman Terry Everetts, and recognizing a quorum, Acting Chairman Jay Gould called the meeting to order at 9:40 AM. Introductions were made of those present. Mr. Gould welcomed new member Jeff Gray.

## **2. Reading and Approval of the Minutes of the October 15, 2018 Meeting**

The Board adopted a resolution approving the minutes of the October 15, 2018 Board Meeting (Harris, Dixon, passing unanimously).

## **3. Presentation of Audit**

The Board adopted a resolution approving a change in the order of business to allow for the presentation of the audit (Dixon, Harris, passing unanimously).

It was noted that the Audit Committee meeting scheduled for earlier on March 26, 2018 had been canceled for lack of a quorum.

Mr. Edward Bysiek of Bysiek CPA, PLLC presented the audit, including the management letter, for the year ending December 31, 2018, to the STERA Board. The audit indicated an unqualified (clean) opinion and did not find any deficiencies or weaknesses in STERA's internal control procedures for the year ending December 31, 2018, or any compliance findings for the year ending December 31, 2018. After discussion, the Board adopted a resolution accepting the audit for the year ending December 31, 2018 and the accompanying management letter (Scott, Harris, passing unanimously).

There was a discussion regarding depreciation and the useful life of the rail assets.

## **4. Communications**

A communication was received from the Clerk of the Chautauqua County Legislature indicating that Jeff Gray was appointed to membership on the STERA Board, replacing Adam Gorczyca, with term expiring February 28, 2020.

There were no other communications.

## **5. Treasurer's Report**

Mr. Zink presented the Treasurer's Report for February 28, 2019. Mr. Zink noted that the Audit Committee had met to review the financial statements. For the year to date ending February 28, 2019, STERA had a net income of \$578,332.95 on revenues of \$593,667.85. As of February 28, 2019, STERA had net assets of \$7,762,570.79 on assets of \$8,395,953.53, with a cash balance of \$642,368.31. Accounts payable as of February 28, 2019 were \$633,382.74, and accounts receivable and grants receivable as of February 28, 2019 were \$81,199.82 and \$2,317,571.86, respectively. He discussed elements of the accounts receivable and grants receivable. The Board adopted a resolution approving the Treasurer's Report for February 28, 2019 (Harris, McElfresh, passing unanimously).

The Board adopted a resolution approving the payment of the following three checks:

\$20,000.00 to Southern Tier West for general administrative services (an additional \$5,000 will be invoiced and paid later in the year)

\$3,384.87 to Southern Tier West for administrative services relating to a specific construction contract (reflecting 2% of the contract amount)

\$19,123.35 to Southern Tier West for administrative services relating to a specific construction contract (reflecting 2% of the contract amount)

(Corwin, Scott, passing unanimously). It was noted that construction administrative services are now being billed and paid at the same time as other invoices from the contractor WNYP, as opposed to being billed and paid at the end of the construction project.

## **6. Reports of Committees**

### **A. Audit Committee**

The Audit Committee meeting scheduled for earlier on March 25, 2019 was canceled due to the lack of a quorum.

### **B. Executive Committee**

The Executive Committee meeting scheduled for earlier on March 25, 2019 was canceled due to the lack of a quorum.

### **C. Governance Committee**

The Governance Committee meeting scheduled for earlier on March 25, 2019 was canceled due to the lack of a quorum.

### **D. Approval of Reports and Policies**

In the absence of review and recommendations by the various committees, the Board adopted a resolution approving all of the following reports listed below (Scott, Harris, passing unanimously).

Annual Report  
Audit Committee Charter Review Report  
Audit Committee Self-Evaluation Report  
Audit FYE Dec 31, 2018, including Audit Management Letter FYE Dec 31, 2018  
Authority Performance Self-Evaluation Report  
Board Member Attendance Report  
Board Performance Self-Evaluation Report  
Board Performance Self-Evaluation Report 2016 vs 2017 vs 2018  
Budget for 2019  
Compliance Report  
Effectiveness of Internal Controls Report  
Executive Committee Self-Evaluation Report  
Financial Disclosure and Ethics Report  
Four-Year Financial Plan for 2019 to 2022  
Governance Committee Charter Review Report  
Governance Committee Self-Evaluation Report

Investment Report  
Management Evaluation Report  
Procurement Report  
Property Disposition Report  
Property Listing Report  
Records Management Program Report

In the absence of review and recommendations by the various committees, the Board adopted a resolution approving all of the authority policies listed below (Harris, Dixon, passing unanimously).

Audit Committee Charter  
Bylaws  
Code of Ethics  
Compensation, Reimbursement, and Attendance Policy  
Competencies and Personal Attributes Required of Board Members Policy  
Defense and Indemnification Policy  
Equal Opportunity and Affirmative Action Policy  
Governance Committee Charter  
Internal Control Procedures  
Investment Policy  
Lobbying Policy  
Management Performance Evaluation Standards  
Measurement Standards Performance Evaluation  
Mission Statement  
New Member Orientation Process  
New Member Orientation Process Reference Document  
Procurement Guidelines (Contract and Procurement Policy)  
Property Disposition Guidelines  
Public Access to Records Policy  
Public Access to Records - Subject Matter List  
Records Management Program  
Travel and Use of Discretionary Funds Policy  
Uniform Tax Exemption Policy Whistleblower Policy

### **Old or Unfinished Business**

#### **7. Western New York Rail Corridor Passenger Initiative**

Richard Zink reported that he has held several meetings with the parties, attempting to ascertain differences between the parties' understanding of critical cost and other elements of the proposed initiative, and that these meetings are ongoing. He also noted that the Stone Consulting feasibility and engineering study report was not completed. Stone feels that STERA needs to weigh in before the study and report can be completed, and STERA feels that the study and report should be completed before it makes a decision on moving forward or not moving forward with the initiative. So the study and report is not something that can be evaluated at this point. Mr. Zink stressed the need for STERA to maintain a strong relationship with Norfolk Southern and Western New York and Pennsylvania to fulfill its primary mission of ensuring freight rail service in southwestern New York and northwestern Pennsylvania, and

he indicated that everything else is of secondary importance. He also noted that he has attended one or more of the meetings with the two northern tier counties, and this group appears to be ten to fifteen years from solving the many issues involved with passenger service connecting with the proposed southern tier service.

## **8. WNYP RR Operating Status Report**

Jesse Coats, Manager of Engineering and Projects for 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 northern tier of the **national rail system** is running smoothly, but WNYP's connecting railroads are reducing train service and connection frequency at interchanges. B&P haulage to Salamanca has been an issue in recent months.
  - Business currently expected to remain strong.
- **Safety:**
  - **First Responder/OLS:** Seven OLS presentations by Chief Walsh have been completed in 2018.
- **STERA Construction Projects:**
  - Although these STERA projects were discussed during Mr. Coat's report, they are reported on separately under item #9 in these minutes.
- **WNYP Construction Projects:**
  - **Grade crossing surface upgrades :** WNYP completed 14 crossing surface upgrades in 2018. However, the Route 62 crossing in Kennedy, NY was not completed due to NYS DOT delays in approving WNYP's detour plan. WNYP will press to finish this in 2019. WNYP plans to do up to 20 upgrades in 2019.
- **Litigation status report:** This involves the collision of a FedEx truck with a WNYP train in a prior year. Discovery and depositions have been completed. A trial date has not yet been set; WNYP would like a venue change to upstate. A motion for summary judgement has been argued, and WNYP is waiting for the judge's ruling on this. 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. Coat's report (McElfresh, Gray, passing unanimously).

Status reports on individual STERA projects, which were discussed during Mr. Coat's report, are provided below under item #9.

## 9. Status Reports on Current and Proposed Rehabilitation Projects

### A. Completed Projects:

#### FEMA Project (Southern Tier Extension Line)

All work on the project has been completed and STERA is awaiting project closeout from FEMA.

#### NYS DOT 2005 Bond Act Bridge Rehab and Track Realignment (Falconer) Project (Southern Tier Extension Line)

All work on the project has been completed and STERA is awaiting project closeout from NYS DOT.

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

All work on the project has been completed and STERA is awaiting project closeout from NYS DOT.

### B. Active Projects:

#### NYS DOT PFRAP Tie Replacement and Grade Crossing Repair Project (Buffalo Line)

All work on the project has been completed. However, STERA has submitted a request to NYS DOT for a no-cost time extension through the end of 2019 to enable STERA to use unspent project funds to rebuild the Clark Street grade crossing in Olean. STERA currently is awaiting NYS DOT documents approving the project deadline extension and the inclusion of this additional grade crossing rehabilitation in the project.

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

This project is funded by \$1,600,000 of NYS DOT PFRAP grant funds, matched by \$400,000 of WNYP funds. The project scope involves 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.

WNYP will install the rail, with contractors to weld it in place in 2019. WNYP is securing bids for welding contractors. This element of the project is planned to be completed in 2019.

The bridge component of the project began in 2018. Contractors are doing the bridge work. LC Whitford has completed two of the three Jamestown bridges (Buffalo Street and Main Street), and will complete the third (Foote Avenue) in 2019. All concrete work on the Wildwood Avenue (Salamanca) bridge was completed in November. The contractor will finish sealcoating when weather permits in the spring. This bridge encountered significant cost overruns due to concrete deterioration that was worse than anticipated.

As to the remaining bridge (Queen Street in Olean on the Buffalo Line), WNYP previously had reported that the bridge would now involve a deck replacement, which could be done under the project agreement and within the project budget. However, after additional inspection and engineering, WNYP had determined that the bridge would need to be completely replaced, which would not be within the project budget. Subsequently, through discussions with the City of Olean, a new strategy was mutually developed that WNYP would raise the Front St overpass rail bridge by 18" to accommodate truck traffic and the City could lower the roadbed by 8", provided that the City would allow WNYP to fill in under the Queen Street bridge, eliminating

the road underpass, but installing culvert pedestrian walk-through. The Queen Street fill, pedestrian culvert, and Front Street raising could all be accomplished within the project budget, if such an amendment would be approved by NYS DOT. The City agreed to this strategy, and NYS DOT seemed amenable as well. Subsequently, WNYP and the City have been negotiating engineering requirements for the Queen Street fill and the pedestrian walk-through culvert. In early 2019, they came to agreement, engineering was developed, and STERA submitted a scope change request to NYS DOT, which is being evaluated as of the date of the meeting. As part of the process for approving a scope change, an administrative law judge hearing will have to be held. If approved early enough in the construction season, the Queen Street and Front Street bridge components potentially could be completed in 2019.

#### **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. Yard tie installation was completed in late 2017, and switch installation was completed in the spring of 2018. NYS DOT has approved the specification of the security system and approved purchase from a specific vendor. The pole line installation is now complete. NYS DOT has given the authority to proceed with installation of cameras and recording system, currently in process.

Because of significant bid cost overruns, the engine house components have been removed, and WNYP may ask STERA to approach NYS DOT for a change order for the unused project funds. STERA is awaiting WNYP proposals for such a change order. Previously the STERA Board had authorized either a change order request or a scope change, as required by NYS DOT, in this regard.

The project will be completed in 2019.

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

In June 2017, the STERA Board had authorized submission of an application for \$1,120,000 of NYS DOT PFRAP grant funds, to be matched by \$480,000 of WNYP funds. STERA also had undertaken the SEQRA review and issued a negative declaration on the project. However, NYS DOT had not issued the Notice of Funding Availability (NOFA) for the 2017 PFRAP program until just recently. In the interim, WNYP had revised the proposed project scope.

The project as initially proposed was to involve 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).

WNYP's current thinking is that the project will involve ten (10) miles of tie replacement and surfacing between Steamburg, SA-14.00 and Waterboro, SA-23.00, and between MP SA-27.0 and MP SA-28.0 (Poland Center). This works out to approximately 13,000 ties. Approximately half of this project area will need substantial ballasting. The project also will include three (3) public highway grade crossing surface rebuilds at Coldspring Road (Randolph), Main Street (Randolph), and Goodwins Landing Road (Waterboro) and eleven (11) private farm grade crossing widenings and rebuilds. The project also will involve replace of switch timbers at one main line turnout (the No. 10 turnout at the Randolph Team Track. The revised project cost is

\$1,788,110.54, which would be funded by \$1,251,677.38 of NYS DOT grant and \$536,433.16 of WNYP match funds.

The work would be done on the Southern Tier Extension Line. All of the work would be bid by WNYP or done by WNYP itself. NYS DOT has approved an award and STERA is now in the contracting phase, which if it proceeds in a timely fashion, would allow the project to be commenced and completed in 2019. The STERA Board previously had authorized subcontracting with WNYP on the project.

**C. Proposed Projects**

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

In 2017, STERA had discussions with the City of Salamanca and the Seneca Nation of Indians regarding a project that would involve 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. The project grant application would not be submitted until a future 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.

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

**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.

**11. 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. Gould noted that with the exception of Mr. Gray, all STERA Board members and staff are in compliance with NYS ABO training requirements.

### **Discussion of Any Desired Policy Modifications**

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

### **12. Other Old or Unfinished Business**

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

### **New Business**

#### **13. New Business**

##### **A. Appointment of Nominating Committee**

Mr. Gould appointed Mr. Dixon, Mr. McElfresh, Mr. Havey, and Mr. Corwin to a Nominating Committee to present a slate of nominees for the Board and Corporate officer positions at the June 10, 2019 meeting. Mr. Gould appointed Mr. Corwin to chair the Nominating Committee. The Board ratified these appointments (Scott, McElfresh, passing unanimously).

##### **B. Annual Ethics Form Filing**

Mr. Zink directed Board members to complete the filings and submit them to the Cattaraugus County Attorney's office. He indicated that he would transmit blank forms to those members who had not yet received them.

##### **C. Appointment of Jeff Gray to Governance Committee**

Mr. Gould appointed Jeff Gray to Governance Committee membership (Scott, McElfresh, passing unanimously).

##### **D. Other New Business**

There was no new business discussed at the meeting.

### **14. Public Comment**

There was no public comment.

### **15. Next Meeting Date and Agenda for Next Meeting**

The remaining regularly scheduled 2018 meetings of the STERA Board will be on the following dates: June 10, 2019; October 21, 2019; and December 9, 2019. The next Board meeting (June 10) 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 2019. The meetings of the committees will be held at the office of the Southern Tier West Regional Planning and Development Board in Salamanca, NY.

**16. Adjournment**

The meeting adjourned at 10:38 AM (McElfresh, Scott, 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: March 25, 2019