



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"
John Margeson, Chairman

MINUTES – April 21, 2008

The Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on April 21, 2008 in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board in the Center for Regional Excellence, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

Board Members In Attendance

Seth Corwin
William Daly
Joseph Eade
Terry Everetts
Jay Gould
James Griffin
Karl Kruger
John Margeson
Timothy O'Grady
Robert Walrod

Representing

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

Board Members Not In Attendance

Thomas Livak
Lucille White
Vacant
Vacant

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

Others Attending

Steven Abdella

Thomas Barnes
Gregory Lindquist
William Rice
Richard Zink

Representing

Chautauqua County Attorney / Norfolk
Southern Attorney
Southern Tier West
City of Jamestown Dept. of Development
City of Jamestown, Dept. of Planning
Southern Tier West

Call to Order and Introduction of Those Present

Chairman John Margeson called the meeting to order at 9:40 AM. Mr. Margeson welcomed all who were present. Following this, introductions were made of those present. Mr. Daly introduced Jay Gould, who has been named by Chautauqua County to complete the term of Fran Lus. The STERA Board welcomed him.

Approval of Minutes and Ratification / Approval of Prior Business

Mr. Barnes noted two errors in the December 3, 2008 minutes that the Board had approved quarterly meetings at 9:30 AM on the third **Thursday (should be Monday)** of the month beginning with February, provided that in 2008, owing to President's Day being a legal holiday on the third **Thursday (should be Monday)** of the month, the Board will meet on the second Tuesday. Thus, the 2008 quarterly meetings of the STERA Board will be held on **February 12, May 19, August 18, and November 17**. With this revision, the Board adopted a resolution approving the minutes of the December 3, 2007 Board Meeting (Kruger, Corwin, passing unanimously).

The Board adopted a resolution approving the minutes of the February 12, 2008 Board Meeting (Kruger, Corwin, passing unanimously).

After discussion, the Board ratified and adopted a resolution that had been approved by the Executive Committee through an email vote, relating to implementing the \$500,000 NYS DOT Multimodal Program Project, including seeking bridge financing for the award (Eade, Corwin, passing unanimously). This resolution takes the place of the resolution adopted at the December 3, 2007 meeting, which was adopted for the Multimodal Program Project when the award was initially announced at \$235,000. The increase in the award from \$235,000 to \$500,000 required the execution of a new resolution referencing the larger award amount.

The ratification of a second action of the Executive Committee, regarding the combination of the 2006 rehabilitation project and the 2008 Multimodal Program project into a single rehabilitation construction project, and the utilization of Clough Harbour & Associates LLP for engineering services, is left to the discussion under "Southern Tier Extension Rehabilitation Project."

Bills and Communications

There was no correspondence, other than that noted later in the meeting.

Treasurer's Report

Mr. Zink, STERA Treasurer, provided a Treasurer's Report for March 31, 2008. For the three months ending March 31, 2008, STERA had a net income of \$30,323.08 on revenues of \$272,031.56. As of March 31, 2008, STERA has a net worth of \$7,451,284 on assets of \$7,478,766.

Mr. Griffin asked that the report provide information on grants and expenditures, including information which has not to date been made available by WNYP, and that the report be given in advance on a monthly basis to the Audit Committee. Bank statements should be included in the mailing.

Mr. Zink noted that STERA had distributed the transition payment funds to the taxing jurisdictions. He noted that all of the municipalities on the north-south line have cashed their transition payments check, excepting the Town of Ischua.

The STERA Board accepted the Treasurer's Report (Everetts, Kruger, passing unanimously).

Reports of Committees

Audit Committee

Mr. Griffin noted that this Committee had met immediately prior to the STERA Board meeting. He noted that Mr. Lus has resigned from STERA and will need to be replaced on the Committee. Mr. Margeson appointed Jay Gould to the vacant seat.

Mr. Zink noted that the audit would be completed in the following week.

Mr. Griffin noted that STERA had missed a reporting deadline for its annual report, and might need to request an extension. He also noted that he was under the impression that STERA needed to file with the State and federal tax departments.

Governance Committee

Mr. Eade noted that this Committee had held its first organizational meeting immediately prior to the STERA Board meeting.

Mr. Griffin indicated that he felt that the STERA Board may be acting improperly by empowering its Executive Committee to act in between meetings of the full Board, and that furthermore, telephone conference call meetings or the Executive Committee and email votes of the Executive Committee probably were not consistent with the Public Authority Accountability Act. The Board adopted a resolution authorizing contacting Robert Ryan of Harris Beach LLP or another attorney with similar PAAA experience for an opinion on these issues and to review the STERA Bylaws for consistency with the PAAA (Kruger, Daly, passing unanimously). Mr. Barnes was directed to have the attorney also research whether STERA had any filing obligations with respect to the State and federal tax departments.

Unfinished Business

Jamestown Urban Design Plan

Bill Rice, Planner, City of Jamestown and Greg Lindquist, Economic Developer, City of Jamestown, made a presentation to STERA regarding the City's Draft Urban Design Plan. Mr. Rice discussed the terminal redevelopment, the Washington Street Bridge, and the potential coal conveyor issues.

Mr. Daly indicated that implementation of the Urban Design Plan would do great things for downtown Jamestown, but he also indicated that he was concerned that it was developed in a vacuum without the participation of STERA or WNYP. There are issues of potentially non-conforming adjacent uses (with active railroad right of way), security, trespass, safety, and future railroad and business development.

Mr. Burt noted that in the west rail yards, there would still remain a need for a certain amount of sidings and truck parking. WNYP is willing to work with the City, but needs to be able to serve its customers. He indicated that he felt that WNYP's input has not been much used by the City

in the past 8 years. There may, for example, be an opening for negotiation on the Washington Street Bridge access issue.

Mr. Daly suggested either a special committee to work with WNYP and the City, or a special meeting, or both. Mr. Margeson indicated that he would call a special meeting of STERA, and directed Mr. Daly and Mr. Barnes to develop a date in June for a special STERA Board meeting to be held in Jamestown at the CCIDA office. A possible date would be June 16 at 11 AM to 2 PM.

Southern Tier Extension Rehabilitation Project

Clough Harbour Extra Work Authorization

Mr. Barnes noted that at the December 3, 2007 meeting, the STERA Board had approved the following:

“Approval of using engineering services provided by WNYP in-house engineering staff at no cost to STERA plus continuation of utilization of CHA for engineering services related to the 2006 contract, provided that the additional CHA services amounted to no more than \$30,000, and provided that STERA and WNYP execute a letter agreement in which in return for STERA so engaging CHA, WNYP agrees to reimburse STERA for all project expenses over and above the project grant contract funds, including engineering costs in excess of \$110,000, and provided that before the STERA – WNYP letter agreement is executed, WNYP provide to STERA all accounting information and financial documentation pertaining to the contract to date, and indicating that engineering services for future or upcoming contracts would be procured competitively and / or procured from WNYP on a case-by-case basis” (Daly, Corwin, passing unanimously, Griffin abstaining).

He noted that (1) WNYP had since provided to STERA accounting information and documentation pertaining to the contract and that (2) WNYP had provided a proposed contract to STERA, which he had judged to be inadequate to support the STERA action because it didn't provide adequate protection to STERA regarding WNYP commitment for overruns. Mr. Burt had agreed that the agreement needed to be modified.

However, this course of action was made moot because the Multimodal Program funding award had been increased from \$235,000 to \$500,000. Accordingly, with this substantial funding in hand, it made sense to consider the combination of the funds remaining under the prior 2006 rehabilitation contract and the \$500,000 Multimodal Program funding into a single construction contract. Under this scenario, there was a reason to consider utilization of Clough Harbour for the combined contract, and Mr. Burt provided a letter agreement to STERA that was judged to provide adequate protection to STERA regarding WNYP commitment for overruns. With this information in hand, the Executive Committee proceeded to discuss combining the two contracts and using Clough Harbour for engineering services.

Ratification of Resolutions Approved by Executive Committee regarding Combination of 2006 Rehabilitation Project and 2008 Multimodal Program into Single Rehabilitation Project and Utilization of Clough Harbour & Associates LLP for Engineering Services

Mr. Barnes recounted the events leading to an Executive Committee action occurring after the abbreviated February 12, 2008 STERA Board meeting, in which the Executive Committee approved (a) the combination of funds remaining under the 2006 rehabilitation Project and the new funds anticipated under the 2008 Multimodal Program into a single rehabilitation project (to maximize productive work accomplished and minimize overhead expenses), and (b) the utilization of Clough Harbour & Associates LLP for engineering services on the combined project. After discussion the Board ratified the action Executive Committee took in this regard, provided that there was prior execution of a letter agreement with WNYP that indicates that in consideration for STERA sponsoring the Multimodal Program project and combining the Multimodal Program project and the remaining 2006 rehabilitation contact into a single contract, WNYP agrees to fund any project cost overruns, and also approved execution of this letter agreement with WNYP (Eade, Everetts, passing with all members voting aye excepting Kruger, who voted nay).

Selection of Rehabilitation Contractor

The Board indicated that it would act as a full board to select a rehabilitation contractor at its May 19, 2008 meeting. The Board is undertaking a competitive procurement process, including recommendations by NYS DOT and the consulting engineer.

Operating Status and Proposed Rehabilitation Projects

Operating Status – Southern Tier Extension and Buffalo Lines

William Burt, President of WNYP RR), provided a summary of the operating status of the Southern Tier Extension and Buffalo lines. He provided an operating diagram of the system. He noted that interchange traffic from PA to Hornell is increasing, with glass sand being shipped from PA to upstate NY. He discussed traffic flowing from Canada to Binghamton to a Chautauqua County wood products firm. He discussed fuel oil moving from Warren PA to Elmira Heights NY.

He discussed the impacts that escalating diesel fuel costs have had on WNYP operations. He mentioned the idling costs for locomotives in Olean, as there is no indoor barn for them. WNYP hopes to construct such a facility at the Olean yard this summer.

Other Potential STERA Rehabilitation Projects

Mr. Burt discussed future rehabilitation projects. He noted that WNYP was not successful in its bid for \$4.5 million of DOT funds, and would apply again for tie replacement along the entire line. He noted that the Great Valley Creek bridge at the western-most crossing needs attention, and that it would involve \$500,000 to repair it or \$1 million to replace it.

Remaining Business

Owing to the late hour of the day, Mr. Margeson brought the meeting to a close, with all remaining business to be transacted at the May 19, 2008 meeting.

Annual Meeting, Election of Officers, and Nominating Committee

Mr. Margeson indicated that the May 19, 2008 meeting would serve as the 2008 annual meeting, at which the Board would elect Board officers and he would appoint corporate officers. He named Mr. Daly, Mr. Kruger, Mr. Everetts, and Mr. Corwin to the nominating committee.

Public Comment

There was no public comment.

Next Meeting Date and Agenda for Next Meeting

Mr. Margeson noted that the Audit Committee and Governance Committee each may meet before the next Board meeting to discuss appropriate matters.

Mr. Margeson noted that the Authority full Board would meet on May 19, 2008 at 9:30 AM to do business.

Adjournment

The Board adopted a resolution to adjourn at 11:50 AM (Eade, Kruger, passing unanimously).

I certify that this is an accurate summary of the meeting of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held on the date indicated above.

Name: _____

Office: _____

Date: _____