



**Chautauqua, Cattaraugus, Allegany & Steuben Counties**

# **Southern Tier Extension Railroad Authority**

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**"This institution is an equal opportunity organization"**  
**John Margeson, Chairman**

## **MINUTES OF BOARD OF DIRECTORS MEETING**

### **October 15, 2012**

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority met at 9:30 AM on October 15, 2012 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  
William Daly  
Joseph Eade  
Terry Everetts  
John Foels  
Adam Gorczyca  
Jay Gould  
Timothy O'Grady

#### **Representing**

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

#### **Board Members Not In Attendance**

Michael Brisky  
James Griffin  
John Margeson  
Thomas Ryan  
Vacant  
Vacant

#### **Representing**

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

#### **Others Attending**

Thomas Barnes  
Lucas Brewer  
Richard Zink

#### **Representing**

STERA Secretary  
WNYP RR  
STERA Chief Executive Officer

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

In the absence of Chairman John Margeson, Vice Chairman Joseph Eade called the meeting to order at 9:38 AM. Introductions were made of those present.

## **2. Reading and Approval of the Minutes of the June 18, 2012 Meeting**

The Board adopted a resolution approving the minutes of the June 18, 2012 Board Meeting (Daly, Corwin, passing unanimously).

## **3. Communications**

Mr. Zink noted that STERA had received a communication from Steuben County reappointing Seth Corwin for a term to expire on August 31, 2015.

Mr. Barnes noted that he had received a letter of resignation from the STERA Board from James Cooper, the representative of the Southern Tier West Regional Planning and Development Board. Southern Tier West is expected to designate a successor in the near future.

Mr. Barnes noted that STERA had received an initial demand letter dated August 23, 2012 relating to Spill No. 09-04801, PIN No. H1011, 520 West Second Street, Jamestown, in the amount of \$29,834.68. Discussion on this matter is reported under item #7 herein.

Mr. Barnes noted that he had been contacted by LaBella Associates, engineering consultant of the City of Jamestown, who is completing a revitalization study for the Chadakoin River corridor, investigating the ownership and use of the railroad right of way in this area.

## **4. Treasurer's Report**

### **A. September 30, 2012 Treasurer's Report**

Richard Zink indicated that the Audit Committee members present at the scheduled October 15 Audit Committee meeting (for which a formal meeting was not held, due to a lack of a quorum), including Chief Financial Officer John Foels, had discussed the financial statements prepared for September 30, 2012, and had decided that it would re-review them at a future date, and recommended that the Board table the review of the statements for September 30, 2012. After discussion, the Board adopted a resolution tabling review of the Treasurer's Report for September 30, 2012 (Gould, Corwin, passing unanimously).

### **Directors and Officers Insurance**

Mr. Zink noted that at the June 18, 2012 meeting, the Board had adopted a resolution authorizing the CEO to issue an RFP for directors and officers insurance. STERA thus directed its broker Hayes Company to obtain quotes. The low quote is for \$4,883, an increase of \$30 from last year's rate. The Board adopted a resolution authorizing obtaining directors and officers insurance per this lowest quote (Daly, Gould, passing unanimously).

## **Reports of Committees**

### **5. Audit Committee**

In the absence of Audit Committee Chairman Griffin, Mr. Zink delivered the report on the Audit Committee meeting held October 15, 2012. Due to a lack of a quorum, the Audit Committee did not formally meet on October 15, 2012, but the members present did talk informally and the following are the recommendations to the Board of the Committee members present on October 15, 2012:

#### **Separation of duties and any methods to address risk in relation to the internal financial statements**

Mr. Zink noted that STERA has moved to the new system of reviewing checks and bank balances and developing interim financial statements, approved by the Board at the June 2012 meeting. However, he indicated that the Audit Committee, including Chief Financial Officer John Foels, had discussed the financial statements prepared for September 30, 2012, and had decided that it would re-review them at a future date, and recommended that the Board table the review of the statements for September 30, 2012. There may be some changes to procedures recommended by the Audit Committee, which will be reviewed by the Governance Committee and STERA Board at future meetings.

#### **Recommendation of Review of Proposed Budget for Calendar 2013**

Mr. Zink discussed the proposed budget for 2013, and noted that Southern Tier West was requesting an increase in annual administrative fee from \$10,000 to \$17,500. At the recommendation of the Audit Committee, the Board adopted a resolution authorizing the CEO to approve the proposed budget for calendar year 2013 (Gould, Daly, passing unanimously).

#### **Audit for the Next Three Years**

Mr. Zink reported that STERA had issued an RFP for a three year contract for auditing services, and the Audit Committee had reviewed the bid proposals, and recommended that the Board select Bysiek CPA, PLLC (\$2,900 for 2012, \$3,000 for 2013, \$3,000 for 2014) for auditing services. At the recommendation of the Audit Committee, the Board adopted a resolution authorizing entering into a contract with Bysiek CPA, PLLC for auditing services for 2012 – 2014 per the bid proposal (Foels, Gould, passing unanimously).

#### **Bank Account Signatures**

At the recommendation of Mr. Zink, the Board adopted a resolution removing Donald Rychnowski and Gerard Fitzpatrick as eligible signatories on the bank accounts, and reaffirming James Griffin, John Margeson, Joseph Eade, and Richard Zink as eligible signatories on the bank accounts (Daly, Corwin, passing unanimously).

### **6. Governance Committee**

Governance Committee Chairman Eade delivered the report on the Governance Committee meeting held October 15, 2012.

### **Internal Control Procedures**

The Governance Committee tabled review of the most recent revision of the Internal Control Procedure Policy, which had been approved by the Board at its June 2012 meeting, pending any further recommended revisions to be made by the Audit Committee.

### **Unfinished Business**

#### **7. Operating Status Report by Carl Belke, WNYP RR**

Carl Belke, President and Chief Operating Officer of the WNYP RR, was not present, but had provided a detailed written Management Report to the STERA Board. The Management Report covered the areas of Safety and Security, Financial Status of WNYP RR, Operations and Customer Service, Marketing and Freight Business, Mechanical Issues, Engineering and Maintenance of Way, Bridges and Culverts, and Other Projects. Lucas Brewer, Assistant Chief Engineer of WNYP RR, was present to present the report and answer questions.

Mr. Brewer noted that Norfolk Southern overhead coal traffic and Marcellus-related traffic has ceased, causing WNYP to reduce service levels generally. Additionally, as a consequence of the elimination of Norfolk Southern overhead coal traffic and Marcellus-related traffic, WNYP has withdrawn its request for US DOT FRA RRIF loan to fund rehabilitation projects.

Additionally, WNYP and Mr. Barnes have held a discussion with NYS DOT regarding putting the following rehabilitation projects on hold:

- STERA's repair of five bridges in Allegany and Cattaraugus County, which would be funded through a NYS DOT 2005 Bond Act grant and WNYP match funds, due to the inability on the part of WNYP to provide match funds at the current time; and
- STERA's rail and tie replacement project in Cattaraugus County, which would be funded through a NYS DOT 2005 Bond Act grant and WNYP match funds, also due in part to the inability on the part of WNYP to provide match funds at the current time. Additionally, WNYP previously had considered the project to be essential due to heavy coal trains being run on the line. These heavy cars had necessitated upgrading the rail on this section of the line, but since coal traffic has ceased on the line, WNYP no longer could justify making this investment, at least at the current time. Accordingly, WNYP's and Mr. Barnes' discussion with NYS DOT on this project have involved re-purposing these project funds in favor of a bridge project in Falconer, in which the line would be realigned to run across an adjacent bridge, which is in better condition than the bridge currently in service and which is capable of carrying heavier loads.

More detailed discussion and actions on these two STERA projects mentioned above is reported later in these minutes.

Mr. Brewer also noted that:

- The Farmers Valley Branch tie and surface project, to be funded by a PennDOT grant in the amount of \$570,000, would be completed by November 1, 2012.
- All construction work relating to STERA's repair of storm washouts in Allegany County, funded through a FEMA/NYS OEM grant and WNYP match funds, has been completed. STERA is in the process of closeout of the project and is awaiting FEMA/OEM reimbursement for the project.

- The Sherlock Hollow bridge overpass removal and grade crossing installation project has finally received Norfolk Southern execution of property easements and transfers, which will enable construction to proceed in 2013. This initiative was discussed in more detail later in the meeting, and is reported on later in these minutes.
- The NYSDOT-funded highway/grade crossing project on two grade crossings in Scio (Allegany County), one on NY Route 19 and the other on River Street, is now planned to occur in 2013. Route 19 will be kept open while the grade crossing is rebuilt.
- WNYP continues to research options for the closure of the Lister Street grade crossing in the City of Jamestown (Chautauqua County). This initiative was discussed in more detail later in the meeting, and is reported on later in these minutes.

**Status of STE Line East of Cuba / Status of Buffalo Line**

Mr. Brewer noted that WNYP has ceased regular scheduled service east of Cuba, although WNYP still will provide service east of Cuba on an as-needed basis. Previously, Mr. Belke had noted that WNYP also has had conversations with Norfolk Southern regarding Hornell gateway access, which in part is a function of positive train control (PTC), which NS requires, and which WNYP cannot afford to implement at the current time. Accordingly, NS is not allowing WNYP's non-PTC trains on its track. The Board recalled that Mr. Griffin previously had noted that STERA might consider keeping the Hornell Gateway open as a negotiating point in any re-negotiation with Norfolk Southern regarding any potential extension of the abatement term.

In WNYP's discussions with Norfolk Southern, Norfolk Southern has indicated to WNYP that it plans the strategic move of re-routing NS traffic currently coming from Buffalo to Hornell and thence to points west on the Southern Tier Extension, to a route that would go from Buffalo down the Buffalo line to Machias and thence on the Buffalo and Pittsburgh Railroad (B&P) line from Machias to Salamanca, whereupon traffic would interchange with WNYP for routing to points east or west on the Southern Tier Extension line. An alternate route would be from Buffalo down the Buffalo line to Machias, whereupon traffic would interchange with WNYP for routing to Olean, and from thence to points east and west on the Southern Tier Extension line. B&P is the operator handling traffic on the Buffalo Line from Buffalo to Machias, and to this point, Norfolk Southern has indicated that its preference would be to continue B&P's handling of the traffic from Machias to Salamanca on the B&P line, with subsequent interchange with WNYP at Salamanca, as opposed to an interchange in Machias with WNYP, which would then take the traffic down the Buffalo line to Olean.

Mr. Barnes noted STERA has an interest in exploring the interchange with B&P in Machias, as STERA has an interest in driving as much traffic onto the STERA system (i.e., the Buffalo line) as is possible – as more traffic could lead to more revenue to WNYP and contribute to WNYP's viability, and also as more frequent service on the Buffalo line could lead to more shippers on that line (including additional industrial development) – provided that the interchange and handling freight coming from Buffalo on the Buffalo Line was in WNYP's interest in terms of its profitable operation. Mr. Brewer indicated that he could not comment on the impact of WNYP train operations from Olean to Machias on WNYP's profitability, but he did indicate that WNYP would be interested in running trains from Olean to Machias. The Board noted that this would require a change in Norfolk Southern's position (i.e., removal of the paper barrier to interchange with WNYP in Machias), which possibly could be one part of STERA's position in any negotiations with Norfolk Southern regarding any potential extension of the abatement term.

Additionally, an interchange in Machias also would require a construction project to create an interchange siding in Machias to facilitate transfer of cars from B&P to WNYP at Machias Junction. More specifically, the project could involve restructuring an existing double track rail siding. STERA has asked WNYP to determine a definite project cost for this interchange siding.

Additionally, there may be the opportunity to construct a rail siding to permit loading of gravel and stone products from the Buffalo Crushed Stone quarry. STERA has asked WNYP to determine a definite project cost for this rail siding.

Mr. Barnes noted that STERA has been in contact with Senator Cathy Young's staff in Albany to investigate funding possibilities for the construction project to create an interchange siding in Machias and the construction of a rail siding to permit loading of gravel and stone products from the Buffalo Crushed Stone quarry.

With respect to the service on the Southern Tier Extension line east of Cuba, NS previously had indicated to WNYP that it was interested in helping drive traffic over the Southern Tier Extension, but no solutions to the problem have been developed at the current time. Mr. Griffin previously had noted that some guarantee from NS in this regard should be sought in any negotiation with Norfolk Southern regarding any potential extension of the abatement term.

#### **520 West Second Street, Jamestown**

Mr. Barnes noted that STERA had received an initial demand letter from the NYS Attorney General's office dated August 23, 2012 relating to Spill No. 09-04801, PIN No. H1011, 520 West Second Street, Jamestown, in the amount of \$29,834.68. Mr. Barnes noted that he had spoken to both the NYS DEC spill officer who was involved with this case and the NYS Attorney General's office.

The NYS DEC spill officer indicated that the NYS DEC had removed underground storage tanks on the site using federal LUST federal recovery act stimulus funds, and the LUST program requires recovery of the tank removal costs (i.e., the \$29,834.68 bill). The prior tenant on the site, Unloading Corporation, has ceased existence, and NYS has proceeded against STERA as deed holder of record.

Mr. Barnes indicated that he had told the NYS Attorney General's office that STERA also objected to the invoice on the basis that STERA is analogous to an IDA that takes title to real estate in an industrial bond transaction for a period of years in favor of the underlying private sector business owner of the real estate. In such cases, it is unusual for the NYS DEC to proceed against the IDA for a spill that the IDA itself has not caused. He also expressed that either WNYP or NS Railway Corporation were probably the correct entities under this theory for liability. Mr. Barnes noted to the STERA Board that if the NYS Attorney's General's continued to attempt to recover from STERA, STERA would have to pay, and then STERA would invoice Norfolk Southern, and doubtless NS would invoice WNYP to recover costs.

Mr. Barnes also indicated that he had told the NYS Attorney General's office that NYS DEC never had notified STERA that any work would be done on the site, to give STERA an opportunity to do the work itself. STERA could object to the NYS Attorney General's office invoice on the basis that STERA was not notified that NYS DEC was going to enter the site and do any work, and STERA was not offered the opportunity to do the work itself.

Mr. Barnes also noted that he had told the NYS Attorney General's office that STERA had not previously received an initial invoice on this case, and STERA in fact had not received any communication at all from the State on this case since NYS DEC's letter dated December 28, 2010, indicating that NYS DEC has reviewed the excavation soil sample laboratory analysis results, and that although the results exceeded NYS DEC's soil guidance values, NYS DEC will not require any further work at this time, designating the site as "inactive."

Mr. Barnes also indicated that he had told the NYS Attorney General's office that WNYP – through its property management contractor ReLTEK – has done some research with the City of Jamestown BPU, which indicates that the City may be the correct entity for liability, as the City has been the user of the site for some years (without a lease from WNYP), and possibly might even be the responsible party that did the spill from the underground tanks.

Mr. Barnes had provided this information to the NYS Attorney General's Office, and the NYS Attorney General's Office had indicated to STERA that there is a strict liability on this issue despite STERA being a non-operating "paper owner," regardless of when the contamination had occurred. STERA had indicated that it was not clear whether a third party was involved.

The NYS Attorney's General's office indicated that it would contact WNYP and the City of Jamestown Board of Public Utilities to investigate the issue further. The NYS Attorney's General's office indicated that it would extend the demand letter deadline while it investigated this issue.

STERA asked WNYP to contact the Norfolk Southern environmental affairs attorney and see whether Norfolk Southern wished to become involved in the situation, and Mr. Brewer indicated that WNYP would do so.

The STERA Board indicated that, pending the outcome of WNYP's contact with the Norfolk Southern attorney, STERA should contact STERA attorney Harris Beach to obtain its advice on proceeding.

Mr. Brewer also noted another possibility for negotiation with the City BPU on this issue. He indicated that WNYP could offer the City BPU the options of either (a) paying the tank removal costs and continuing on as is with respect to lease / no lease, (b) entering into a lease and paying back rent owed, which then would be used to pay the tank removal costs, or (c) removing all City presence from the site and walking away. Terry Everetts recommended that WNYP take further steps to place the City BPU under a lease for the property, and Mr. Brewer indicated that WNYP would do so.

## **8. Status Reports on Current and Proposed Rehabilitation Projects**

### **FEMA Project Status**

As noted above, all construction work relating to STERA's repair of storm washouts in Allegany County, funded through a FEMA/NYS OEM grant and WNYP match funds, has been completed. STERA is in the process of closeout of the project and is awaiting FEMA/OEM reimbursement for the project.

### **NYS 2005 Bond Act Bridge Rehab Project Status**

At the June 2012 Board meeting, the Board had approved a resolution authorizing submission at the appropriate time of a request to NYS DOT to postpone the project. As is noted above, WNYP and Mr. Barnes have held a discussion with NYS DOT regarding putting the project on hold, due to the inability on the part of WNYP to provide match funds at the current time.

### **NYS 2005 Bond Act Welded Rail Project Status / Proposed Bridge Rehab and Track Realignment Project (Falconer)**

As was indicated above, STERA's rail and tie replacement project in Cattaraugus County is on hold due to (a) the inability on the part of WNYP to provide match funds at the current time and (b) reduced need for the project as a result of the elimination of heavy coal traffic on the line.

Mr. Barnes noted that in March 2012, the Board had authorized an application to NYS DOT for grant funds through the CFA process, with matching funds to be provided by WNYP, for (a) the

replacement of Bridge SA-29.26, Falconer, NY and (b) the undertaking of safety-based masonry repairs and concrete re-facing of rail bridges over highways in Alfred, Wellsville, Olean, Salamanca and Jamestown. However, as NYS DOT did not offer funding in the July 2012 CFA cycle, STERA did not to approach NYS DOT funding for this project. Mr. Belke subsequently had indicated that instead of replacing Bridge SA-29.26, WNYP now has decided to re-route the mainline so as to utilize an adjacent bridge, which is in better condition than the bridge currently in service, which is capable of carrying heavier loads (i.e., it meets the 286K weight load requirements), and which should cost substantially less than the complete replacement of the bridge currently in service. The second component of the project originally contemplated (the undertaking of safety-based masonry repairs and concrete re-facing of rail bridges over highways in Alfred, Wellsville, Olean, Salamanca and Jamestown) would not be done at the current time.

STERA, WNYP, and NYS DOT have discussed re-purposing the welded rail project funds (NYS DOT 2005 Bond Act funds and WNYP match funds) in favor of the bridge project in Falconer.

Mr. Brewer indicated that WNYP currently is developing an accurate cost estimate for the Falconer project, information that NYS DOT will use in its decision relating to whether to re-purpose the CFA welded rail award.

After discussion, the STERA Board adopted resolution authorizing a formal request for re-purposing the project funds in favor of the Falconer bridge project, executing any agreements with NYS DOT and WNYP to effect this re-purposing, and issuing an RFP as appropriate for the Falconer bridge project (Corwin, Daly, passing unanimously).

#### **Sherlock Hollow Bridge Removal and Grade Crossing Project (Hinsdale)**

This Town/County project involves the removal of a local highway bridge over the STE at Sherlock Hollow in Hinsdale, and the installation of a grade crossing. The project requires the acquisition of right of way from STERA / Norfolk Southern.

STERA had initially executed an Assignment of Claim and Release form in favor of Norfolk Southern that would allow Norfolk Southern to execute the required deed and easement transfers. Norfolk Southern felt that this was a prerequisite for its execution of the deed and easement transfers. The Town of Hinsdale had agreed to pay a fee of \$3,500 to Norfolk Southern for their execution of these documents.

After extensive delay by Norfolk Southern and subsequent intervention by Congressman Reed, Norfolk Southern has finally executed the closing papers for the takings (deed and permanent easement) that will permit demolition of the bridge and the construction of a grade crossing over the STE and Sherlock Hollow in Hinsdale.

Subsequently, STERA was informed by Cattaraugus County DPW that for reimbursement using FHWA funds, NYS DOT requires a separate process under which STERA executes the deed and easement transfers, involving an appraisal and waiver of fee in favor of Norfolk Southern. STERA executed these documents in September 2012.

After discussion the Board adopted a resolution ratifying the execution of the Assignment of Claim and Release form and the deeds, permanent easements, and temporary easements as required by Norfolk Southern and NYS DOT (Gould, Foels, passing unanimously).

**Proposed Dresser Rand Rail Siding Reinstallation / Bridge Clearance Obstruction Project (Wellsville)**

The project involves two components, (a) replacement of a railroad bridge to alleviate a clearance obstruction, and (b) reinstallation of a rail spur (siding) into the Dresser Rand facility to provide rail service to this company. The rail bridge project component also will pay longer term dividends, as it would allow for the shipment of larger dimension (height and width) freight that currently cannot be shipped on the line.

Mr. Barnes noted that Mr. Everetts had checked with the Director of Dresser Rand Wellsville Operations and his Leadership Team and had determined that there is no further need to explore or proceed with this initiative, as the 12 foot width clearance window pretty much rules out rail for a lot of Dresser Rand’s high and wide moves unless the products are torn down and shipped in pieces. Dresser Rand had been unable to secure any interest from NYS DOT Buffalo office in helping to rectify this clearance issue.

The following is a cost estimates for the project:

Remediation of bridge clearance obstruction:	\$ 60,000
Dresser Rand spur restoration:	<u>250,000</u>
Total:	\$ 310,000

The cost estimate for the bridge clearance obstruction was developed by WNYP through discussions with a contractor. WNYP feels comfortable with a \$60,000 budget for 2013 construction.

The cost estimate for the rail spur restoration component of the Wellsville project was developed in 2012, based upon the project being a STERA project, and upon STERA contracting directly with WNYP to do the construction work with its own equipment and personnel in order to limit costs.

Mr. Barnes noted that STERA has continued to seek funding for this project. In March, the Board had authorized application for NYS funds in the CFA process for funds for the reinstallation of this siding. However, NYS DOT did not offer funding in the July 2012 CFA cycle.

Mr. Barnes indicated that he had spoken to NYS DOT Albany regarding Multimodal funding. NYS DOT had suggested that STERA investigate the use of Multimodal Funding for this project by contacting Assemblyman Giglio, as Multimodal Funding is allocated through the NYS Assembly. NYS DOT suggested that both the siding installation and Wellsville area clearance obstructions might be possibly remediated through a single Multimodal grant, requiring no match funds, depending upon the size of the request. Mr. Barnes had spoken with Mr. Brisky (Mr. Giglio’s district director) and George Fillgrove (Senator Young’s district director) about Multimodal funding availability for this initiative, and subsequently had spoken with Jessica Jeune (Senator Young’s chief of staff) about Multimodal or other funding for the project.

As of the date of the meeting, STERA has been unable to determine the availability of funding for the project.

STERA defers to the county IDA for assistance with projecting employment impacts for the two projects. STERA is unsure as to the immediate economic impact of the Wellsville project. However, as noted above, removal of the bridge clearance obstruction should have a longer term impact because it would enable larger dimension freight to be handled on the Southern Tier Extension line.

**Proposed Lister Street Project (Jamestown)**

The proposed Lister Street Project would involve the closure of a local (City) street grade crossing over the railroad, resulting in creating two cul de sacs on either side of the current grade crossing. To bring about the project, property adjacent to Lister Street would have to be acquired, and there would have to be some building demolition and the relocation of several current building occupants. This would allow (a) snow plow access (either through creation of turnarounds or access/egress through other local streets), and (b) most importantly, in terms of economic development, the installation of a rail siding that would serve two local companies currently located there.

The following is the project cost estimate for the project:

Lister Street Closure:	\$ 368,950
Installation of New Siding:	<u>295,000</u>
Total:	\$ 663,950

The cost estimate for the Lister Street Closure component of the Lister Street Project was developed in 2006, but WNYP has indicated that the cost estimate is still good today. The cost estimate for the new siding component of the Lister Street Project was developed in 2012, based upon the project being a STERA project, and upon STERA contracting directly with WNYP to do the construction work with its own equipment and personnel in order to limit costs.

NYS DOT previously had indicated an interest in providing up to \$169,000 of the funding toward the Lister Street Closure component of the Lister Street Project. WNYP has indicated that match funding might be provide by both WNYP and one of the benefitted companies.

STERA has provided this project budget estimate information to Cathy Young’s Chief of Staff in Albany, for assisting with identifying funds for the project. As of the date of the meeting, STERA has been unable to determine the availability of funding for the project.

STERA has deferred to the county IDA for assistance with projecting employment impacts for the two projects. WNYP feels pretty certain that the Lister Street project would have immediate economic impact upon completion.

**Proposed Multi-Modal Freight Transfer Facility and Manufacturing Center Project (Olean)**

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 no progress has been made on moving the project forward.

**Site Development Project Status**

Southern Tier West has not advanced this project at the current time.

**9. Future Status of the Property Tax Abatement Provided by STERA to Norfolk Southern**

The Board previously had discussed the possibility of negotiating with Norfolk Southern concerning extending the abatement period. The Uniform Tax Exemption Policy adopted by STERA will be an element of any such extension. The Board had adopted a resolution authorizing Mr. Margeson and Mr. Zink, with the assistance of Mr. Barnes, to contact Norfolk Southern regarding a potential extension of the abatement term. Mr. Belke has provided contact information for Mr. Chip Metter at Norfolk

Southern, who Mr. Belke had indicated would be the appropriate Norfolk Southern contact for this purpose. At the October 15 meeting, the Board reaffirmed its direction to Mr. Margeson and Mr. Zink to engage Norfolk Southern in introductory conversations regarding a potential extension of the abatement term.

The Board previously had directed staff to research the effect on the Southern Tier Extension and Buffalo lines of the State's legislation reducing real estate taxes on railroads that was passed sometime approximately in 2006. There had been some sense that the legislation was limited to Conrail assets and was temporary, but there also had been some sense that taxes on the Buffalo line were specifically affected by the legislation. At the October 15 meeting, Mr. Barnes reported that the State legislation (the "Rail Infrastructure Investment Act of 2002") was uniform across the state to all railroads, and was permanent. The Act is the Real Property Tax Law, Article 4, Titles 2-A and 2-B. The Act revises the methodology for the calculation of railroad ceilings to the benefit of railroads while providing (temporary, now expired) State financial assistance to cushion the impact on local governments. It was expected to reduce the real estate property tax burden on railroads in the State by approximately 45% through a series of adjustments to the statutory railroad ceiling formula.

#### **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**

##### **Training Sessions – now online**

Several current members (Mr. Brisky, Mr. Gorczyca, Mr. O'Grady, and the member to be appointed by Southern Tier West) have not yet completed NYS ABO's PAAA compliance training sessions. NYS ABO requires Board members to receive training within one year of becoming a STERA Board member. NYS ABO now makes the required training available online. Board members are encouraged to register for this training, as the limited space available fills up quickly. The Board noted that all members must receive the required training by the end of 2012. Mr. Barnes indicated that he would email information on the online training sessions to the appropriate members.

The Board directed staff to secure and maintain file copies of the certifications of training for all members.

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

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

#### **12. Other Old Business**

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

##### **New Business**

There was no other new business discussed at the meeting.

