



Southern Tier Extension Railroad Authority

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

MINUTES OF ANNUAL BOARD OF DIRECTORS MEETING

June 17, 2013

The Board of Directors of the Chautauqua, Cattaraugus, Allegany and Steuben Southern Tier Extension Railroad Authority held its Annual Meeting at 9:30 AM on June 17, 2013 in the Conference Room in the office of the Southern Tier West Regional Planning and Development Board, 4039 Route 219, Suite 200, Salamanca, New York. The following persons were in attendance:

Board Members In Attendance

Michael Brisky
Seth Corwin
William Daly
Joseph Eade
Terry Everetts
John Foels
Adam Gorczyca
Jay Gould
James Griffin
Jerry Scott

Representing

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

Board Members Not In Attendance

Timothy O'Grady
Vacant
Vacant
Vacant

Representing

Allegany County
Allegany County
Seneca Nation of Indians
Steuben County

Others Attending

Thomas Barnes
Lucas Brewer
Richard Zink
Chris Chapmen

Representing

STERA Secretary
WNYP RR
STERA CEO
Buffalo News

1. Call to Order and Introduction of Those Present

Vice Chairman Joseph Eade called the meeting to order at 9:32 AM. Introductions were made of those present.

2. Change of Order of Agenda

The Board adopted a resolution authorizing a change of the order of the agenda for the Board Meeting (Corwin, Everetts, passing unanimously).

3. Nominating Committee

For the Nominating Committee, Mr. Corwin presented the following slate of nominees for election:

Board officers:

William Daly	Chairman
Joseph Eade	Vice Chairman
James Griffin	Second Vice Chairman

Corporate officers:

Richard Zink	Chief Executive Officer (Executive Director)
John Foels	Treasurer (Chief Financial Officer)
Thomas Barnes	Secretary

There were no other nominations from the floor. The Board approved a resolution closing nominations and electing this slate of officers (Corwin, Gould, passing unanimously).

Mr. Zink, by virtue of his position as CEO, is the STERA Contracting Officer, Records Management Officer, and Records Access Officer.

At this point, Mr. Daly took over the Chairmanship of the organization and meeting.

4. Reading and Approval of the Minutes of the May 16, 2013 Meeting

The Board adopted a resolution approving the minutes of the May 16, 2013 Board Meeting (Eade, Griffin, passing unanimously).

5. Communications

It was noted that a communication had been received from Edmunds Enterprises, dated June 12, 2013, relating to the Town of Machias / Lime Lake Wastewater System Project. Edmunds has been retained to estimate the damages that will be incurred by various property owners as a consequence of the construction project. The letter indicates that STERA, as potentially damaged property owner, can become involved in the initiative to ensure that it is compensated for any damages sustained. During discussion, it was noted that STERA has no authority to undertake any property transactions. Norfolk Southern has sole authority for permanent property transactions, and WNYP can provide temporary property transactions (e.g., one year leases, etc.). WNYP has offered an annual lease, but the Wastewater District has chosen to undertake eminent domain proceedings to obtain a permanent easement from Norfolk Southern. Mr. Griffin noted that as STERA is in title, the district cannot undertake eminent domain against a public authority. STERA and WNYP both indicated that they are okay with the wastewater project proceeding. STERA indicated that it would not respond to Edmunds' letter.

6. Treasurer's Report

A. May 31, 2013 Treasurer's Report

Mr. Zink distributed a Treasurer's Report for May 31, 2013. For the year to date ending May 31, 2013, STERA had a net income of (\$8,044.54) on revenues of \$0. As of May 31, 2013, STERA had net assets of \$3,406,072.20 on assets of \$3,996,254.68, with a cash balance of \$144.99. Accounts payable as of May 31, 2013 were \$590,182.48, and accounts receivable as of May 31, 2013 were \$768,640.68. The accounts payable balance reflects the WNYP construction financing for the FEMA project, and invoices for the NYS DOT bridge project and Falconer project. As regards the FEMA project, once the final draw for the FEMA project has been received, it will be used to retire the construction financing. The accounts receivable balance refers to the FEMA project funds that will be used to retire the interim financing, and the NYS DOT receivables for the two NYS DOT projects. Senator Gillibrand's office has provided letters to FEMA in an attempt to expedite FEMA's provision of the remaining draw.

The \$40,000 annual payment from WNYP to STERA is shown as a receivable.

At the recommendation of the Audit Committee, the Board adopted a resolution approving the Treasurer's Report for May 31, 2013 (Foels, Eade, passing unanimously).

Reports of Committees

7. Audit Committee

Mr. Zink reported that the Audit Committee had met earlier that same day, and had discussed the Treasurer's Report.

8. Governance Committee

Mr. Eade reported that the Governance Committee had met earlier that same day, and had reviewed and discussed the STERA Management Report - Financial Disclosure and Ethics Report June 2013 and the Draft Travel and Use of Discretionary Funds Policy.

A. STERA Management Report - Financial Disclosure and Ethics Report June 2013

After discussion, and with the recommendation of the Governance Committee, the Board adopted a resolution making a finding that STERA did not have any conflicts or ethical issues during calendar year 2012, and approving the STERA Management Report - Financial Disclosure and Ethics Report June 2013 (Corwin, Eade, passing unanimously).

B. Draft Travel and Use of Discretionary Funds Policy

The draft Travel and Use of Discretionary Funds Policy based on the policy template provided by Mr. Griffin, which was developed by Harris Beach. The policy combines both a Travel Policy and a Use of Discretionary Funds Policy into a single policy. STERA already has a Travel Policy, which also had been developed using a template policy provided directly to STERA by Harris Beach. After discussion, and with the recommendation of the Governance Committee, the Board adopted a resolution approving the Travel and Use of Discretionary Funds Policy, replacing the current Travel Policy (Corwin, Griffin, passing unanimously).

9. Status of the Property Tax Abatement Extension Approval

Mr. Zink noted that he had transmitted the deviation notice to 67 taxing jurisdictions, and had received 7 communications, only one of which was written. They fell into two categories: either the taxing jurisdiction wanted to see the abatement agreement, or the taxing jurisdiction indicated that it understood why STERA was extending the abatement but wanted clarification as to the benefits of the abatement and did not want STERA to re-extend the abatement term after the current extension without justification. Mr. Daly noted that one taxing jurisdiction had contacted the Chautauqua County IDA and has asked for and received an explanation of the abatement extension. The Board suggested that STERA respond to the questions asked by the Village of Allegany's attorney in writing, and that Mr. Zink reach out to the Village and offer again to sit down with the Village and discuss the matter.

Mr. Griffin noted that the majority of the taxing jurisdictions seemed satisfied with the extension of the abatement period. He noted that New York is the only state in the union that imposes real estate taxes on railroads, and that that New York had reduced real estate taxes on railroads in 2002 and he expected that in the not too distant future New York would eliminate real estate taxes on railroads.

STERA had engaged Harris Beach to draft the abatement extension / PILOT modification agreement, which is a modification of the earlier agreements. The STERA Board had reviewed the draft abatement extension / PILOT modification agreement in advance of the meeting, and discussed the agreement at the meeting. Mr. Scott asked why the annual abatement fee was constant at \$40,000 over the term of the extension. Mr. Zink indicated that STERA is comfortable with this amount, and didn't want WNYP to be burdened with an increasing fee structure over the abatement period.

The Board adopted a resolution authorizing Mr. Zink to execute the abatement extension / PILOT modification agreement (Griffin, Eade, passing unanimously). Mr. Belke will work with Norfolk Southern to get the PILOT modification agreement executed by Norfolk Southern.

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. Mr. Daly indicated that he would reach out to the Seneca Nation through his contacts on the Seneca Nation Economic Development Corporation and see whether the Seneca Nation might be interested in appointing a member.

11. Jamestown Proposal Re: Train Station and Excursion Trains

Mr. Daly informed the Board about a proposal from the City of Jamestown Urban Renewal Agency. The City of Jamestown Urban Renewal Agency has submitted a TIGER funding application to US DOT for a project that would involve (a) the purchase and reconditioning of passenger railroad cars and (b) the repair of the dormant section of the New York and Lake Erie (NYLE) railroad line between Waterboro and South Dayton in Cattaraugus County. Waterboro is the connection switch point for interchange of traffic between the NYLE and the Southern Tier Extension railroad line owned by STERA. Waterboro is approximately 9 miles east of Jamestown. Mr. Daly provided STERA a copy of the TIGER application. The Board directed that the TIGER application be posted to the STERA web site for review by STERA Board members.

The proposed TIGER project is part of a larger initiative being proposed by Jamestown and several other partners, including the WNY Rail Historical Society, to position the City of Jamestown as the "National Center for Comedy," as a tourism economic development initiative. This would in part involve utilizing

the Jamestown Train Station, which recently has completed a \$12 million renovation, and which would be re-purposed in some fashion to become part of the comedy initiative, probably involving some additional renovations and improvements, while still apparently retaining its historical character and some of its functional capacity as a train station.

The initiative apparently also includes a railroad component that would involve passenger excursion trains to and from the Train Station, initially originating from Buffalo, traveling over the Buffalo Southern and then the NYLE and then the Southern Tier Extension. Future excursion trains are envisioned from other origination points, apparently including Corning.

To make this rail excursion component happen, (a) Jamestown would have to obtain a contract with Amtrack for excursion operation, (b) Jamestown would have to satisfy Norfolk Southern's, STERA's and WNYP's insurance requirements, and (c) there would have to be some significant improvements to the track. These track improvements include but are limited to (a) upgrading the 9 miles (approx) from Jamestown to the Waterboro switch to Class 3 standards, (b) reinstallation of the Waterboro switch, (c) improvement of the NYLE track from Waterboro to Gowanda, and (d) the replacement of a bridge on the Buffalo Southern Line north of Gowanda. Federal track regulations would require that the track be improved to Class 3 status to sustain passenger service. The TIGER application apparently only addresses the improvement of the NYLE track from Waterboro to Gowanda. The TIGER application indicates that as the proposed passenger excursion service would be affiliated with Amtrack, as such, insurance coverage would be included under Amtrack's insurance umbrella. However, Amtrack's insurance coverage would have to satisfy Norfolk Southern's, STERA's and WNYP's requirements. Also, Amtrack possibly would require Jamestown to pay a fee so that Amtrack's insurance could be expanded to include the proposed excursion traffic.

The STERA Board indicated that through Mr. Daly, it would reach out to the City of Jamestown Urban Renewal Agency, possibly suggesting a meeting between STERA, Jamestown, and WNYP to bring the Jamestown people up to speed on the rail requirements for making this happen. However, both STERA and WNYP indicated that they would not stand in the way of passenger service on the nine miles of the Southern Tier Extension, provided that all requisite conditions have been satisfied.

At this point, Chairman Daly left the meeting, and Mr. Eade took over and chaired the balance of the meeting.

Unfinished Business

12. Operating Status Report by Carl Belke, WNYP RR

In the absence of Carl Belke, President and Chief Operating Officer of the WNYP RR, Lucas Brewer, Assistant Chief Engineer and Manager of Real Property of the WNYP RR, provided a Management Report to the STERA Board. The Management Report covered the areas of Safety and Security, Major Projects, Operations and Customer Service, Marketing and Freight Business, Mechanical Issues, Engineering and Maintenance of Way, and Bridges and Culverts.

WNYP's **proposal to the FRA to eliminate the signals** on 6.5 miles of the Buffalo Line from CP-North Olean to CP-South Olean has been filed, FRA inspectors have been on site, and approval is hoped for in early 2014.

WNYP is now averaging two to three **crew starts** per day in Olean five days per week and one to two crew starts per day in Meadville five days per week.

WNYP is working on several opportunities for business at the **Belvidere Team Track**. Previously, WNYP had discussed several proposed upgrades to the Belvidere Team Track operation to facilitate freight transfer there.

The **Sherlock Hollow Road grade crossing** in Hinsdale has been completed (construction of new grade crossing surface and highway approaches and installation of signal devices). NYS DOT soon will inspect the grade crossing and once NYS DOT approval has been provided, the grade crossing will be opened (July 1 target date). A stormwater drainage pipe had been removed in the construction, but it is going to be re-installed in the next several weeks.

The two **Scio grade crossing projects** (NYS Route 19 and County Route 9) have been completed. Both highway-railroad grade crossings have been replaced. WNYP Railroad will be continuing related tie replacement and cleanup work throughout the summer. All rail-related work should be completed by this fall.

WNYP is undertaking a **Bridge Management Plan** that is part of moving toward a 286k rail line. WNYP is undertaking bridge ratings. Initial rating results are coming in better than expected. After the Falconer project has been completed, WNYP will allow 286k traffic across the Southern Tier Extension mainline.

13. Status Reports on Current and Proposed Rehabilitation Projects

520 West Second Street (Jamestown)

Mr. Brewer indicated that WNYP had no update from Norfolk Southern on this issue. Previously, Norfolk Southern had indicated to WNYP that it is handling the NYS Attorney General's office demand letter for the Jamestown property on behalf of both WNYP and STERA, pursuant to the transaction agreements. Additionally, Norfolk Southern indicated that it has offered a settlement of the matter to the NYS Attorney General's office, and directed WNYP not to separately attempt to handle it with the NYS Attorney General's office. The NYS Attorney General's office has not yet responded to the Norfolk Southern settlement offer. Norfolk Southern indicated that it would provide a status update as to the final resolution.

NYS 2005 Bond Act Bridge Rehab Project

This is a STERA project funded by NYS DOT and WNYP. The project involves the rehabilitation of four railroad bridges in Allegany County and one railroad bridge in Cattaraugus County. WNYP is STERA's engineering and construction contractor for the project. WNYP shortly will complete final engineering design and submit it to NYS DOT for approval. Construction work will commence shortly thereafter (summer 2013) and should be completed sometime in 2014. STERA and WNYP Railroad will coordinate construction activities with the affected municipalities.

NYS 2005 Bond Act Bridge Rehab / Track Realignment Project (Falconer)

This is a STERA project funded by NYS DOT and WNYP. This project involves shifting the active track over to an unused and former parallel alignment, so that the active track will cross an unused parallel rail bridge, which must be repaired to put it in service. This is a less expensive proposition than rebuilding the rail bridge currently in use.

WNYP is STERA's engineering and construction contractor for the project. With respect to the wetlands issues that NYS DEC had brought up, WNYP had met with NYS DEC on the project on March 19, 2013, and all permits (NYS DEC and US Army Corps) are currently in place.

WNYP has commenced the project. Subsequently, NYS DOT had informed WNYP that NYS DOT wished to review the engineering plans and materials specifications on the project, and that NYS DOT wished to review WNYP's sub-contractual procurement process and documents. This review has resulted in a delay of the project. STERA and WNYP are in the process of completing NYS DOT requirements relating to the procurement of subcontracting services and materials specifications. Once approved by NYS DOT, construction work will commence soon thereafter (summer 2013) and should be completed sometime in 2014.

Proposed Tie Replacement and Grade Crossing Repair Project (Buffalo Line)

Mr. Barnes reported that STERA submitted the grant funding application to NYS DOT on a timely basis. The project would involve 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 total proposed project will cost \$1,345,630.56, comprised of \$1,076,504.45 of grant funding from the New York State Department of Transportation Passenger and Freight Rail Assistance Program (PFRAP, at 80%), and \$269,126.11 of cash match funding (20%) provided by WNYP. If the project is funded NYS DOT, construction will begin in the spring of 2014 and be completed during the 2015 construction season. STERA and its engineering/construction agent WNYP Railroad will coordinate construction activities with the affected municipalities.

Proposed Bridge Clearance Obstruction Project (Wellsville)

WNYP is building a database of issues and remediation costs relating to removal of height and width clearance obstructions and weight limits on all bridges on the entire STERA system, and outside of the system going eastward to the Port of New York and New Jersey. These clearance obstructions and weight limitations have been an obstacle to moving heavy and oversize freight via rail across the system (e.g., large compressors originating from Dresser Rand in Olean and Wellsville, etc.). The ability to move this type of freight onto rail and off the region's highway system would result in longer life and lower repair costs for the region's highway system. The issue in moving forward will be obtaining funding to make these bridge remediation projects happen.

Proposed Lister Street Project (Jamestown)

WNYP and STERA continue to research funding options for closure of the City of Jamestown Lister Street grade crossing, and the potential installation of a siding at that location to serve a nearby business (Suit-Kote). WNYP has not yet discussed economic impact with Suit-Kote. The closure of the grade crossing would involve the closure of Lister Street, which is an extreme grade street, and which consequently poses safety issues in the winter with traffic sliding on the icy street through the grade crossing into oncoming train traffic. The closure of Lister Street would entail acquisition of several dilapidated houses, the demolition of those houses, and the construction of a new driveway for one impacted house. The issue in moving forward will be obtaining funding to make this project happen. STERA may reach out to the City to see whether the City might be able to find funding that is required to close the street (e.g., property acquisition and demolition, etc.).

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 the developer has not made any progress toward moving the project forward.

Site Development Project Status

Southern Tier West has not advanced this project at the current time. Mr. Brewer indicated that he had a presentation that he would transmit to STERA that may be useful in this regard.

14. 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, and Mr. O’Grady) have not yet completed NYS ABO’s PAAA compliance training sessions. Mr. Gorczyca is taking the training later this same week. 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 previously had indicated that all members must receive the required training by the end of 2012. Mr. Barnes indicated that he had emailed information on the online training sessions to the appropriate 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.

15. Other Old Business

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

New Business

16. Other New Business

There was no other new business discussed at the meeting.

17. Public Comment

There was no public comment.

18. Next Meeting Date and Agenda for Next Meeting

The following are the dates for the regularly scheduled meeting of the STERA Board for the remainder of 2013: October 21 and December 16. Special meetings may also be called as needed. Unless otherwise amended, all meetings 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 Governance and Audit Committee meetings on each of the Board meeting dates to be held at 9:00 AM immediately preceding the scheduled Board meeting on those dates. Additional special meetings of the two committees may be called as needed during 2013. The meetings of the committees will be held at the office of the Southern Tier West Regional Planning and Development Board in Salamanca, NY.

No other regular Executive Committee meetings are scheduled for 2013; the Board will call special meetings of the Executive Committee as needed.

19. Adjournment

The meeting adjourned at 10:50 AM (Corwin, Gould, passing unanimously).

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

Name: Thomas M. Barnes
Office: Secretary
Date: June 17, 2013