

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION  
REGULAR BIMONTHLY MEETING  
MAY 4, 2006**

**CALL TO ORDER AND ROLL CALL**

Chairman James E. Betts called the meeting of the Ohio Rail Development Commission (ORDC) to order at 10:15 a.m. on May 4, 2006. The meeting was held on the 19<sup>th</sup> floor of the Vern Riffe Center in Columbus. Commissioners in attendance were as follows: Chairman James Betts, Larry Sowers, Herk Wolfe, Daniel Roberts, Thomas McOwen, Barbara Hammontree Bennett, Solomon Jackson, Eric Neff (for ODOD Director Bruce Johnson), Tim Kelso, aide to Senator Larry Mumper and Representative Allan Sayre. Eight voting members were present; two non-voting members were present.

Members absent included: James Hartung, Howard Wood, Senator Robert Hagan and Representative Stephen Buehrer.

**MOMENT OF SILENCE TO HONOR JIM ONG**

Prior to proceeding with the meeting, Chairman Betts took a moment to speak about the recent and sudden passing of Jim Ong, member of the Brotherhood of Locomotive Engineers and friend to the Ohio Rail Development Commission. Chairman Betts asked for a moment of silence to honor his life.

**APPROVAL OF THE MINUTES OF THE MARCH MEETING**

Chairman Betts asked for a motion to approve the Minutes of the March 30, 2006 Commission Meeting. Commissioner Sowers moved to approve the minutes and Commissioner Bennett seconded the motion. By a majority vote the minutes were approved as presented.

**EXECUTIVE DIRECTOR'S REPORT**

Director James Seney presented his Executive Director's report to the Commissioners. He reported on the status of the Ohio Hub plan and indicated that the Economic Impact Study is the next phase of the plan. This study will determine the impact on the cities involved in the Hub plan. Director Seney indicated that it is his hope to be able to present the findings of the completed study at the retreat which will be held sometime this summer or early fall. Both TEMS and GEM are the teams involved in working on the study.

Director Seney presented Susan Kirkland, Manager of ORDC's Safety Programs, with her 25 year service pin from ODOT. He acknowledged her hard work and dedication over the years and thanked her for a job well done. Director Seney also took the chance to thank everyone on the staff who has worked with ORDC and ODOT for a number of years.

Commissioner Jackson inquired about the gubernatorial candidates' positions with regard to the Ohio Hub plan. Director Seney responded by indicating that both candidates have officially and publicly announced their support of the plan at the Rail Summit recently held in Columbus and sponsored by All Aboard Ohio. Director Seney reported that both Mr. Blackwell and Congressman Strickland are in support of moving the Plan through to the next phase which includes the economic and environmental impact studies.

Commissioner Roberts indicated that he had attended the Ohio Rail Tourism Association's annual conference. The president of All Aboard Ohio, Bill Hutchison, gave a presentation at the conference and reported that their grassroots membership had increased by more than 300% just

in this past year. This increase lends testimony to the fact that interest in rail continues to grow. Director Seney echoed Commissioner Roberts' comments and reported that this year's rail summit had twice the attendance it did last year.

## **FINANCE REPORT**

Matthew Dietrich reported that three projects (City of Lima-Greater Ohio Ethanol Plant, Harrison Ethanol and Coshocton Ethanol) have all been pushed forward to FY '07. A total of \$650,000 has been moved to the next fiscal year's budget as a result. Chairman Betts inquired if all these projects had monies encumbered. Mr. Dietrich reported that only the Harrison Ethanol project had funds that were encumbered. The other two projects had not. Mr. Dietrich reported that Harrison Ethanol has "tabled" their project until further notice. The company is attempting to work out their financing and will approach the commission at a later date once everything is finalized.

Mr. Dietrich reported that if all projects before the Commission are approved at this meeting, we will have a zero balance available for grants for fiscal year '06. This is the objective prior to the start of the next fiscal year. The full Finance Report can be found on page five of the packet.

Director Seney spoke about the issues with permitting in Ohio and how our state is not a "one stop shop" to do business. Director Seney reported that a company like Harrison Ethanol, for example, would need to make 27 trips to Ohio in order to be approved for all grants and incentives the company was offered where in Kentucky and Indiana only one trip to the state would be necessary. He indicated that this is one of the problems Ohio faces and that we need to streamline the entire process in order to be more accommodating to new business.

## **PROJECTS**

### **Marion Industrial Center Bulk Transload Facility (amendment to Resolution 06-02) – Resolution 06-05**

Mr. Dietrich presented this project before the commission. An overview of the project can be found on page 10 of the packet and is follows: At the January 2006 commission meeting, Resolution 06-02 was approved for a \$100,000 grant and a \$650,000 loan to GP2, LLC for the Marion Industrial Center. The Marion Industrial Center requested a loan and a grant to assist with the rebuilding/upgrading of 4,000 feet of track to new 130 lb rail, rehabilitating 10,000 feet of track and purchasing intermodal loading/unloading equipment to initiate new trailer on flat car service between Kansas City, Missouri and Marion, Ohio.

Mr. Dietrich reported that since the project was approved in January, two significant changes to ORDC's participation in the project have occurred: 1) GP2, LLC was able to secure private financing, therefore they are no longer in need of the loan offered by ORDC, and 2) the ownership structure of the company was revised where now Marion Industrial Center, not GP2, LLC, will be the owner of the loading/unloading equipment purchased from the grant funding awarded by ORDC. This name change necessitates the need for an amendment to the previous resolution; changing the recipient of the grant funds from GP2, LLC to Marion Industrial Center.

Commission Jackson inquired about the monitoring of projects where grant funds are awarded for the purpose of purchasing equipment. He inquired about the auditing of such projects and what recourse we would have if the grant funds were used for a piece of equipment but that equipment was not utilized at the "assigned" project location. A short discussion followed with Alan Klodell, Assistant Attorney General for ORDC, reiterating that clawback provisions apply whether it is a loan or a grant. Director Seney then indicated that we are in continual contact

with the recipients but we could add “equipment use and location” to the annual reporting (Jobs & Carloads Report) which Bev Lee, ORDC Planner, is responsible for.

Chairman Betts asked for a motion to approve Resolution 06-05. Commissioner McOwen moved to approve the motion and Commissioner Sowers seconded. Roll call was taken with eight votes in the affirmative.

#### **Camp Chase Railroad – Resolution 06-07**

Mr. Lou Jannazo, ORDC’s Chief of Project Development, presented the Camp Chase Railroad project to the commission. Mr. Jannazo reported that Camp Chase Railroad is requesting a grant of \$150,000 to assist with select, spot tie replacement along 10.7 miles of track as well as a \$1 million loan to rebuild Avenue Yard in west Columbus to serve the railroad’s newest customer, Sunoco Logistics. Avenue Yard will cost approximately \$2.2 million to rehabilitate it to a suitable condition capable of handling the new rail traffic. Camp Chase has already invested \$1.6 million in a new spur and containment pit next to the tracks and to relocate its mainline to allow room for a new spur to be constructed.

Mr. Jannazo reported that ORDC’s loan and grant funding will assist Camp Chase in its plans to improve the entire 14 miles of railroad. He introduced Mr. Russell Peterson, President of Camp Chase. Mr. Peterson spoke to the commissioners about his project and thanked them for their consideration of the funding. He spoke about the needs of Avenue Yard and how important this project is to the railroad to be able to serve Sunoco Logistics as well as their current customers.

Commissioner Jackson inquired about the \$150,000 grant request and questioned whether that would be enough money to cover the tie replacement needs of the nearly 11 miles of the 14 miles of track. Mr. Peterson responded by saying that the company intends to pay for as much of the rehabilitation as possible and indicated that the grant is enough to cover the most critical of needs at this time but certainly is not enough to cover everything that will need to be repaired.

Commissioner Sowers moved to approve Resolution 06-07 and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative.

#### **Jacobs Industries/A. Schulman Bulk Transload Facility Equipment loan – Resolution 06-08**

Mr. Jannazo presented the Jacobs Industries project before the commission. He reported that this is the same project that was brought before the commission at the March meeting but now with a different element to be considered for ORDC funding. The project overview is as follows: The current loan request is for up to \$650,000 for the purchase of bulk transloading equipment and racking at the new A. Schulman bulk plastics transload facility at CSX Transportation’s Stanley Yard in Walbridge, Ohio. The new racking is critical because the containers will be able to be stored seven high versus three to four high as they are now; thus increasing the capacity of the building. The grant request of \$100,000 is a bulk transload grant that will go before the State Controlling Board on Monday, May 8<sup>th</sup>. The funds will be taken from the “Rail Transload Facilities” fund established by the General Assembly for demonstration purposes. (Note: The previous request in March was a \$100,000 grant to Shenandoah Valley Realty, LTD to help pay for rail improvements in order to establish a plastics bulk transload, packaging and distribution facility for A. Schulman Company.)

Mr. Jannazo detailed the three pieces of equipment that will be purchased with the assistance of ORDC loan. Shenandoah will own the equipment and will be responsible for its maintenance.

Chairman Betts asked for a motion to approve Resolution 06-08. Commissioner Sowers moved to approve the resolution and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative.

### **Norfolk Southern-Heartland Corridor – Resolution 06-06**

(Note: Commissioner Jackson recused himself from the discussion of Resolution 06-06.)

Lou Jannazo presented this project before the Commission. Mr. Jannazo reported that Norfolk Southern (NS) is requesting a grant of \$836,355 to assist with the cost of providing double stack clearance from Columbus through West Virginia to the port of Hampton Roads in Norfolk, VA. The grant amount represents 90 percent of the total project cost here in Ohio. The total estimated cost in Ohio is \$929,284. Mr. Jannazo indicated that this project was brought before the commission this past November with a preliminary recommendation to approve the funding contingent upon NS being able to raise the remaining funds necessary to complete this project, which the Commission did approve. NS has now raised those funds and is before the Commission officially to request approval.

Project Overview: The NS Heartland Corridor project is part of a regional public-private initiative to improve connections between intermodal terminals and Atlantic ports. In order for the railroad to handle container traffic in a cost-effective manner, the containers need to be “double-stacked” on specially designed rail cars. Currently, there is no direct route from Central Ohio to the Port of Norfolk which can accommodate double stacked trains (obstacles include low overhead bridges, low clearance tunnels and other similar obstacles). Only by eliminating these obstacles is NS able to create the direct route to Norfolk that it needs.

Chairman Betts asked for a motion to approve Resolution 06-06. Commissioner Wolfe moved to approve the motion and Commissioner Roberts seconded the motion. Roll call was taken with seven votes in the affirmative, one recused.

### **OLD BUSINESS**

#### **CSX TRAC Application Submission Update – Resolution 05-07**

Matthew Dietrich gave an update on the status of CSX’s TRAC application in which ORDC is the public sponsor for CSX. Mr. Dietrich indicated that page 44 of the packet contains a “draft final” of the application. The request is for the construction of a 3.3 mile bypass track and yard reconfiguration at Parsons Yard in Columbus. Mr. Dietrich indicated that final numbers are not yet available but should be ready by May 15, 2006. Chairman Betts inquired about ORDC’s role with this application. Mr. Dietrich responded by saying that all applications for consideration by TRAC require a public sponsor so ORDC is acting as CSX’s public sponsor.

Mr. Dietrich introduced Scott Moshiven (?) and Nick Zimmers, both of CSX. Mr. Moshiven indicated CSX is very happy to be a part of the TRAC process and thanked ORDC for being their sponsor.

### **NEW BUSINESS**

None.

### **PUBLIC COMMENT**

Commissioner McOwen inquired about the I&O service issue mentioned on page 7 of the packet in Lou Jannazo’s report. He asked for a status update on I&O’s inability to obtain 1,800 feet of NS track. Director Seney responded by reporting that many negotiations have taken place but nothing has been resolved as of yet.

Chairman Betts inquired if anyone from NS would like to comment. Mr. Bill Harris, Manager of Public Affairs, was present at the meeting and offered his comments. Mr. Harris responded by indicating that there are several businesses involved on this section of track and it is an extremely busy section. Mr. Harris reported that NS did come to the table with an offer but the customer interested in the 1,800 feet was not willing to pay the cost associated with having the access.

Mr. Carl Gelfer inquired about the legal name of All Aboard Ohio and if it was previously named Ohio Association of Railroad Passengers. Commissioner Roberts responded that it was previously OARP but are now operating under All Aboard Ohio.

Mr. Gelfer then inquired about station locations and proposed stops for the Ohio Hub plan. Director Seney indicated that there are several locations that do have historic stations but that station locations for the plan will be determined by ridership and marketing studies and that most station locations will most likely not be where a station is already located.

Mr. Gelfer then directed a statement toward Bill Harris of NS in regard to supporting the pedestrian overpass at Marconi Blvd.

Chairman Betts thanked everyone for coming and asked that the room be vacated as quickly as possible for the purpose of adjourning to Executive Session.

#### **MOTION TO ADJOURN TO EXECUTIVE SESSION**

Chairman Betts asked for a motion to adjourn to Executive Session. Commissioner Neff moved to approve the motion and Commissioner Bennett seconded the motion. Chairman Betts asked for a majority vote of the commissioners by indicating “aye.” All in favor responded. The motion was approved.

#### **ADJOURN TO EXECUTIVE SESSION**

The commissioners adjourned to Executive Session at 11:35 a.m. for the purpose of discussing the State of Ohio vs Safe Crossing case in Licking County Common Pleas Court. Susan Kirkland, Manager of ORDC’s Safety Projects, Tod Darfus, ORDC’s Project Manager for Licking County and Alan Klodell, ORDC’s Counsel presented the case to the commissioners.

#### **RECONVENE FROM EXECUTIVE SESSION**

Executive Session concluded at 12:16 p.m.

#### **ADJOURNMENT**

Chairman Betts adjourned the meeting of the Ohio Rail Development Commission at 12:17 p.m.