

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BIMONTHLY MEETING
MARCH 30, 2006**

CALL TO ORDER AND ROLL CALL

Chairman James E. Betts called the meeting of the Ohio Rail Development Commission (ORDC) to order at 10:11 a.m. on March 30, 2006. The meeting was held on the 19th floor of the Vern Riffe Center in Columbus. Commissioners in attendance were as follows: Chairman James Betts, Larry Sowers, Daniel Roberts, Thomas McOwen, James Hartung, Andrew Gall (for ODOT Director Gordon Proctor), Barbara Hammontree Bennett, Eric Neff (for ODOT Director Bruce Johnson), Senator Larry Mumper and Representative Allan Sayre. Eight voting members were present; two non-voting members were present.

Members absent included: Solomon Jackson, Herk Wolfe, Senator Robert Hagan and Representative Stephen Buehrer.

APPROVAL OF THE MINUTES OF THE JANUARY MEETING

Chairman Betts asked for a motion to approve the Minutes of the January 12, 2006 Commission Meeting. Commissioner Neff 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 reported that he would be in contact with those Commissioners whose appointments are due to expire on October 20th of this year. Director Seney indicated that he would like to know their intentions with regard to serving ORDC for another term so that he and Chairman Betts can contact the governor's office with recommendations.

Director Seney spoke about his trip to Washington D.C. to attend the AASHTO (SCORT) conference and make some legislative visits. He reported that he met with both Congressman LaTourette and Congresswoman Tubbs Jones in regards to the status of the Ohio Hub plan as well as Senator Voinovich's staff to brief them on recent activities with the Hub Plan and give the Senator some background information he had requested.

Chairman Betts asked Director Seney to elaborate on the status of the Ohio Hub Plan. Director Seney reported that everything is moving along nicely and is on schedule. He talked about the economic impact study and the additional route studies and indicated that adding Indianapolis as a potential stop is a possibility. Director Seney specified that both studies should be completed this fall.

Commissioner McOwen inquired about the Midwest Regional Rail Initiative (MWRRI) and what, if any, new developments have occurred. He also inquired about how this entity fits into the Ohio Hub Plan. Director Seney spoke about the relationship between MWRRI and ORDC and how ORDC is working with them and several other entities to develop common ground to determine track maintenance costs as well as other things so a national criteria is created for passenger rail. He commended Randy Wade of MWRRI for his leadership and assistance. A short discussion followed.

FINANCE REPORT

Matthew Dietrich reported that a total of \$198,312 in GRF funds is available for projects for the balance of the fiscal year (if all projects to be presented before the commission at this meeting are approved).

Mr. Dietrich reported he is working with Lou Jannazo on the NS Double-Stack project on timing to allow for encumbering the money in this fiscal year.

Mr. Dietrich spoke about a grant previously awarded by ORDC to Youngstown & Austintown Railroad to serve YSD Industries (Youngstown Steel Door). He reported that an amendment to the grant was executed by staff to reflect that YSD Industries went out of business and another company, Warehousing Steel Processing, is rail-dependant and has moved into the building YSD once occupied. No other changes to the grant occurred.

APPROVED PROJECT BRIEFING

Seasongood & Mayer, LLC

Note: Chairman Betts indicated a deviation from the schedule was necessary due to a scheduling conflict with Megan Browning, the representative for Seasongood & Mayer, LLC, and asked Mr. Dietrich to present their project before the commission.

Matthew Dietrich presented the background for this project and reported that ORDC has entered into a personal services contract with Seasongood & Mayer for \$25,000. The purpose of this contract is to investigate the use of the Federal Railroad Administration's Railroad Rehabilitation and Improvement Financing (RRIF) loan program to possibly defease the Series 1992 Certificates of Participation (COPs) for the Panhandle Rail Line project. If it is found that RRIF financing can be obtained, Seasongood & Mayer will assist ORDC in the finalization of the defeasance process which will include policy development and communication assistance with federal agencies as well as with an existing trustee for the bonds. Megan Browning of Seasongood & Mayer was present to answer any questions.

Senator Mumper inquired about the position of the commission with regard to the Panhandle Rail Line. Chairman Betts reiterated that the commission had previously voted to suspend the sale of the Panhandle Rail Line indefinitely. This personal services contract will assist in determining the value of the asset of the line which may impact any future decisions by the commission with regard to the Line.

PROJECT

Wheeling & Lake Erie: Benwood Bridge Rehabilitation – Resolution 06-04

Lou Jannazo presented this project before the commission. An overview of the project is as follows: the Wheeling & Lake Erie (W&LE) Railway is requesting a \$100,000 grant and a \$150,000 loan to make repairs to a portion of its Benwood Bridge over the Ohio River in Bellaire, Ohio. ORDC's funding assistance is part of the continuing upgrading efforts of the entire bridge structure. The bridge is more than 100 years old and spans the Ohio River between Bellaire and Benwood, West Virginia. The bridge is 1.1 miles in length. W&LE purchased the bridge from CSX Transportation in 1994. In Benwood, the bridge approaches lead into and out of the CSX Benwood Yard. This yard has become an important interchange point between CSX and W&LE. The W&LE uses the bridge to service the American Electric Power Cardinal Plant in Brilliant, First Energy Warrenton River Terminal in Warrenton, Marathon/Ashland Oil Company in Canton, PPG Industries in Barberton, Wheeling-Pittsburgh Steel at various locations along the Ohio River as well as other companies who depend upon rail traffic. In 2005, 9,850 cars traveled over the bridge.

The W&LE is planning to invest \$500,000 over the next few years in additional repair needs of the bridge. Restoring the masonry on the bridge will improve safety for pedestrians and vehicles that travel underneath it. The W&LE is also working with the State of West Virginia which has provided a grant in the amount of \$200,000 to repair the underwater portions of three piers in the Ohio River. Approval of this project will result in the improved safety of rail traffic on a major structure as well as the improved safety for the city of Bellaire. It is estimated that the companies who use rail over the Benwood Bridge employ approximately 3,800 Ohioans.

Chairman Betts asked for a motion to approve Resolution 06-04. Commissioner Sowers moved to approve the resolution and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative; two absent.

APPROVED PROJECT BRIEFINGS

Aurora Plastics, Inc.

Beverly Lee presented the Aurora Plastics project before the commission. Aurora Plastics is requesting a grant in the amount of \$25,000 to assist with the construction of a new rail spur and switch at its new facility in Streetsboro, Ohio. Ms. Lee reported that Aurora Plastics will create 22 jobs and will retain 20 jobs. This project will generate 350 cars annually.

Project overview: The company produces PVC compounds for vinyl windows, siding, blinds and custom profiles. Aurora Plastics has grown at a rate of 50 percent per year and has outgrown its current facility in Mantua Township, Ohio. Aurora's new facility will house a blend tower, storage space for raw material and finished goods, office space and an R&D lab with state-of-the-art equipment. The new rail spur will be approximately 2,223 linear feet. The estimated cost of this new spur is approximately \$479,111. Mr. Tony Lamorte, Chief Financial Officer of Aurora Plastics, was present for questions. Chairman Betts asked if Mr. Lamorte would like to comment. Mr. Lamorte indicated his company is very thankful for ORDC's assistance and reported they are anxious to move forward with this project.

BSE Partnership, LLC

Matt Dietrich presented the BSE Partnership project before the commission. Mr. Dietrich reported that this contract is for \$15,000 and is complimentary to the Seasongood & Mayer contract in that BSE Partnership will perform a valuation of the Panhandle Rail Line. The purpose of this valuation is to estimate the fair market value of any potential lease agreement. The current five year operating agreement with the COPs financing structure require that any modification to either the underlying financing structure or the operating agreements "requires a significant level of due diligence on the part of ORDC to develop a basic understanding of the value of the rail line as an operating entity beyond that of the real estate appraisal already secured by the commission last year." This contract with BSE Partnership does just that. BSE Partnership will provide a formal report of its findings which will serve as a basis for negotiating a lease agreement with the Columbus and Ohio River Railroad Company.

Chairman Betts inquired when the formal report was expected to be completed. Mr. Dietrich responded that he hoped to provide a report to the commission at the May meeting. The issue of

confidentiality with the report was then raised. Alan Klodell, ORDC's legal counsel, indicated that the report would be held confidential and, in the event it would need to be distributed outside of ORDC, all confidential information contained within the report would be redacted prior to distribution.

Jacobs Industries / A. Schulman Bulk Transload Facility

Mr. Jannazo presented the Jacobs Industries' project to the commission. Jacobs Industries is requesting a grant of \$100,000 from the Rail Transload Facilities fund which was created by the Ohio General Assembly in the last biennial budget bill (HB 66). ORDC was provided \$500,000 to establish a demonstration program to "assist communities, railroads and other businesses to develop facilities that will enhance the ability of the railroads to work with other transport modes to move bulk commodities more efficiently and safely."

Project overview: The Jacobs Industries' project will assist with the rail portion only of a \$2.9 million project to establish a bulk transload, packaging and distribution facility in Walbridge in the CSX Transportation Stanley Yard. If approved by the State Controlling Board, the money will be used to rehabilitate 2,800 feet of track and construct a turnout and an additional 600 feet of track. This project is the first bulk transload project to be presented before the commission. If approved, it will generate 500-800 rail cars per year (most likely closer to 800 cars) and will create 30 new jobs.

Mr. Jim Jacobs, President of Jacobs Industries, was present for any questions. Chairman Betts asked of Mr. Jacobs would like to comment about his project. Mr. Jacobs indicated they are a "rail logistics center" and stressed the importance of the usage of rail service over trucking. Mr. Jacobs acknowledged Commissioner Hartung's efforts to assist Jacobs Industries in obtaining a Foreign Trade Zone and reiterated the importance of this project to the community.

Due to the fact the project must be approved by the State Controlling Board, Chairman Betts asked for a motion to "approve this project for consideration by the State Controlling Board." Commissioner Hartung moved to approve the motion and Commissioner Neff seconded the motion. The motion was approved with eight votes in the affirmative.

Senator Mumper inquired how soon this project might be coming before the State Controlling Board. Mr. Dietrich responded that he expected it to be approximately four to six weeks. Senator Mumper asked that he and Representative Sayre be kept apprised of its status.

OLD BUSINESS

None.

NEW BUSINESS

Columbus & Ohio River RR Request for a Long-Term Lease on the Panhandle Rail Line

Director Seney spoke about the Ohio Central's request for a long-term lease. He stated that a "long term lease option should be bid just like a purchase would be bid." Director Seney indicated that a few issues were present that needed to be cleared up prior to granting a long term lease to the Ohio Central or anyone else. He spoke about the fact that a thorough evaluation of the rail line was necessary so the State is fully aware of the Line's value as an asset.

Director Seney indicated that this was a very complex issue with a lot of loose-ends that needed to be discussed and finalized prior to the expiration of the Ohio Central's current lease agreement next year (June 2007).

Mr. Bill Strawn, President of the Ohio Central Railroad, was present for additional comment and spoke on the Ohio Central's contribution to the Panhandle Line. Mr. Strawn indicated a total of \$22 million has been spent to date with an additional \$6 million proposed for future repairs. Mr. Strawn asked that the commission come to a decision as quickly as possible regarding their request so all plans will continue to move forward on schedule as planned.

Commissioner Sowers referred to the letter from Mr. Strawn and inquired about the timeline for a decision regarding the future operator of the Line. Mr. Seney responded that the timeline was set for us by the expiration date of the current contract; June of 2007. He indicated we will have an answer well in advance of the expiration date.

Commissioner Neff asked for an itemized list outlining the Ohio Central's expenditures thus far so the Commission had a better understanding of what has been done. Mr. Strawn responded by saying he would provide the commissioners with such a list.

PUBLIC COMMENT

Mr. Carl Gelfer asked Director Seney about the additional route studies for the Ohio Hub Plan. He asked about a route through Newark which would serve Dennison University. Director Seney indicated that the route studies were currently underway and we would know more once the studies were completed. Mr. Gelfer then inquired about the status of the Marconi Blvd. crossing. Director Seney reported that ORDC has fulfilled its end of the obligation with the crossing but that several other state and government entities who are involved are still working on their portions of the project.

Mr. Bill Harris, Manager of Public Affairs for Norfolk Southern, was present at the meeting and indicated that Norfolk Southern is still involved with the project and are working on fulfilling their obligation with this project.

Matthew Dietrich spoke about the Ohio Southern Railroad resolution (Resolution 99-22) in which the Railroad would purchase the asset from the state for the Net Liquidation Value of the Line prior to the improvements being made. Mr. Bill Strawn spoke about the many improvements that the Ohio Central has made along the 22-miles of track and presented Chairman Betts with a check to mark the conclusion of the agreement between Ohio Central Railroad and ORDC as identified in Resolution 99-22.

ADJOURNMENT

Chairman Betts asked for a motion to adjourn the meeting of the Ohio Rail Development Commission. Commissioner Hartung moved to approve the motion. Chairman Betts asked for all in favor to say "aye." The motion was approved and the meeting adjourned at 11:20 a.m.