

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BIMONTHLY MEETING
JANUARY 11, 2007**

CALL TO ORDER AND ROLL CALL

The meeting of the Ohio Rail Development Commission was called to order by Chairman James Betts at 10:15 a.m.

Members present included: Barbara Bennett, James Hartung, Eric Neff, Larry Sowers, Herk Wolfe, Solomon Jackson, Dan Roberts, Howard Wood, Tom McOwen, Senator Larry Mumper and Chairman James Betts. There were ten voting members present and one non-voting member present.

APPROVAL OF THE MINUTES OF THE NOVEMBER MEETING

Chairman Betts asked for a motion to approve the minutes of the November 9, 2006 Commission meeting. Commissioner Wood moved to approve the minutes and Commissioner Wolfe seconded the motion. The minutes were approved as presented.

MOTION TO ADJOURN TO EXECUTIVE SESSION

Chairman Betts asked for a motion to adjourn to Executive Session for the purpose of discussing consideration of a permanent Executive Director for the Rail Commission. Commissioner Neff moved to approve the motion and Commissioner Bennett seconded the motion. The motion was approved and the Commission adjourned to Executive Session at 10:19 a.m. All commissioners and Assistant Attorney General Alan Klodell were present for the discussion.

RECONVENE FROM EXECUTIVE SESSION

The commissioners reconvened from Executive Session at 12:00 p.m.

MOTION TO DIRECT STAFF ON NEXT STEPS FOR THE EXECUTIVE DIRECTOR'S POSITION

Chairman Betts asked Commissioner Roberts to read a motion which directs ORDC staff on the next steps with regard to the Executive Director's position. Commissioner Roberts read the following: *"The commission should repost the position of Executive Director as soon as possible and that posting should remain for a period of 10 calendar days from the date it is posted; the chairman shall appoint a committee to review all applications and the interview process will follow; those who previously applied for the position will remain under consideration and the posting shall state as such so those applicants do not have to go through the process again; and the position description should be distributed to the commission as soon as it is posted."*

Commissioner Roberts moved to approve the motion and Commissioner Neff seconded the motion.

AMENDMENT TO THE MOTION REGARDING THE EXECUTIVE DIRECTOR'S POSITION

Commissioner Neff asked for a point of clarification with regard to the resumes (new applications) and whether they would be distributed to all the commissioners or just the selected committee. Commissioner Roberts stated he did not have any problem with amending the motion to indicate that all new resumes be received by all commissioners once the posting comes down. Commissioner Neff moved to make the amendment to the previous motion to allow for all new applications and resumes to be forwarded to all commissioners rather than only the selected committee. The applications and resumes of those who previously applied for the position will be forwarded to members of the committee only. Commissioner Sowers

seconded the motion. All in favor responded "aye." Roll call was taken and the amended motion was approved with ten votes in the affirmative.

Chairman Betts asked that Commissioners Neff, Jackson, McOwen and Hartung be the selected commission members responsible for reviewing all resumes along with him and indicated he would be in touch with them to make the appropriate arrangements.

NOTE: Chairman Betts apologized and asked that he be excused due to a meeting he had to attend and asked that Commissioner Wolfe take over the remainder of the meeting as chair. Commissioners Jackson, Hartung and Wood also indicated they had previous commitments and needed to leave the meeting as well. A total of six commissioners remained (Wolfe, Neff, Bennett, Sowers, McOwen and Roberts) which constituted a quorum and therefore the meeting continued.

Commissioner Wolfe asked for motion to deviate from the schedule in order to accommodate schedules of those present in the audience. Commissioner Sowers moved to approve the motion and Commissioner Bennett seconded the motion. All in favor responded by saying "aye." The motion was approved and the commission moved to "Projects" on the agenda.

PROJECTS

Resolution 07-01; ODOD Grant for the Ohio Central Mt Vernon Line Grade Crossings – Matthew Dietrich

Matt Dietrich presented Resolution 07-01 found on page 13 of the packet to the commissioners. Mr. Dietrich reported that at the November meeting the commission approved a \$200,000 grant to Ohio Central for rehabilitation work along this line (44 public grade crossings). This request is "part two" of the original request. The Ohio Department of Development (ODOD) has provided a \$1.7 million grant from its Roadwork Development (629) Account funds for rail/highway grade crossing improvements on the CSX-owned and Ohio Central-leased Mt Vernon line. Due to restrictions with regard to use of 629 monies, the funds must go to a public entity. ORDC will be the public entity to administer the funds for this project. Mr. Dietrich reported that approval of this resolution will allow ORDC to accept the grant funds which have already received Controlling Board approval. Commissioner Sowers moved to approve Resolution 07-01 and Commissioner Bennett seconded the motion. Roll call was taken with six votes in the affirmative. The motion was approved.

Resolution 07-02; Assignment of the Columbiana County Port Authority Loan to Eastern States Railroad – Matthew Dietrich

Mr. Dietrich presented the background on this loan which originated in September of 2003. Staff is requesting the commission approve a revision in loan terms and the assignment of the loan from Columbiana County Port Authority (CCPA) to Eastern States Railroad. Since September of 2003 there have been four requests to modify the terms of the loan. The first modification delayed payments on the loan by three months. It was presented as a "stop gap" measure necessitated by the bankruptcy of the original operator, Central Columbiana and Pennsylvania Railroad (CQPA). The second modification further delayed payments from March 2005 to March 2006 to allow the new operator, the Ohio and Pennsylvania Railroad, an Ohio Central subsidiary, the same benefits that were offered the first operator of the line; one year of operation principal and interest free. The third modification was another deferral to allow the Ohio and Pennsylvania Railroad an opportunity to examine additional funding options (i.e., an

FRA RRIF Loan). Since then, the Ohio Central Railroad has decided to cease operations on the line and not renew the lease out of bankruptcy. The primary shipper on the line, Total Waste Logistics, decided it would form a new railroad, Eastern States Railroad (ESRR), and purchase CCPA's rights to the line from the bankruptcy court. ESRR received approval in November of 2006 and will purchase the rail line from CCPA and subcontract operations of the line with Youngstown and Southeastern Railroad.

Mr. Dietrich presented the terms of the new modification to the loan:

- 1) The amortization of the loan will be extended two years providing ESRR with a six year, 11 month amortization of the outstanding balance which is just over \$2 million. The first payment will be February 1, 2007.
- 2) ESRR will provide a \$100,000 one-time payment on February 1, 2007 in addition to the required debt service associated with the amortization as described in item #1.
- 3) The CCPA will guarantee the first \$1.2 million of the loan on a declining scale with the guarantee scheduled to expire with the December 2010 payment.
- 4) Total Waste Logistics will guarantee the remaining balance of the loan (\$898,046.63) until the debt is retired.

Mr. Dietrich indicated that Tracy Drake, CEO of the Port Authority, and Guy Fragle, representing Eastern Stated Railroad, were present for any questions the commission may have. Mr. Drake thanked the commission for its assistance and indicated that Total Waste Logistics' entire business is dependant upon this line. He reported the Port Authority is in full support of this project.

Commissioner Sowers inquired what "larger maintenance projects will be contracted out" meant in the briefing and asked for clarification. Mr. Guy Fragle indicated anything beyond normal, routine maintenance with costs above \$250,000 would be handled by a contractor.

Commissioner Wolfe asked for a motion to approve Resolution 07-02. Commissioner McOwen moved to approve the resolution and Commissioner Neff seconded the motion. Roll call was taken with six votes in the affirmative. The motion was approved.

Resolution 07-03; WESTCO Sugar Creek Bridge Replacement – Lou Jannazo

Lou Jannazo presented Resolution 07-03 to the commissioners which can be found on page 24 of the packet. Mr. Jannazo reported that WESTCO is requesting \$207,000 in grant funding and up to \$513,000 in a loan to assist with the replacement of a bridge in Fayette County; Sugar Creek Bridge. He reported the bridge is a wooden trestle bridge which needs to be replaced. The cost of a new steel bridge is approximately \$680,000. A map indicating where the bridge is located can be found on page 27 of the packet.

Mr. Jannazo reported that this bridge is critical to all WESTCO rail users along the line and indicated that over 4000 cars traveled over the line in 2005. The Indiana and Ohio Railway (I&O) is the operator. Mr. Jannazo reported that the railroad has agreed to detour traffic for the 30 to 60 days necessary to complete the construction of the new bridge and assume the costs of the detour which could run in excess of \$200,000. Mr. Jannazo indicated this is an excellent example of the efforts of Larry Himes and the Port Authority of how well the Port Authority partners with agencies to accomplish its projects.

Mr. Larry Himes, Secretary-Treasurer of WESTCO, indicated this bridge is directly across one of the few “mega-sites” available in Ohio and supported by the Jobs Ready Sites program. He announced this project is supported by Fayette County Engineer’s Office and indicated that bids for this project will begin next Wednesday, January 17, 2007.

Commissioner McOwen publicly commended the professionalism of WESTCO and Larry Himes and indicated he has had an opportunity to work with them in the past and it has always been a pleasure.

Commissioner Bennett moved to approve Resolution 07-03 and Commissioner McOwen seconded the motion. Roll call was taken and the motion was approved with six votes in the affirmative.

APPROVED PROJECT BRIEFING

Cleveland Commercial Railroad – Lou Jannazo

Mr. Jannazo presented the Approved Project Briefing for Cleveland Commercial Railroad (CCR). CCR is requesting a grant of up to \$55,000 to assist with emergency rehabilitation needs necessary to get them through the winter and into spring between Glenwillow and Cleveland. These improvements include tie replacement, a crossing improvement and 600 feet of ditching. Mr. Jannazo introduced Bill Brown of CCR who thanked the commission for all of its support and reported that the railroad has now moved from deferred maintenance to non-deferred maintenance and is attempting to be proactive to prevent another derailment, which last occurred in Spring of 2006. Mr. Brown publicly thanked Mr. Jannazo for all of his support.

EXECUTIVE DIRECTOR’S REPORT / FINANCE REPORT – Matthew Dietrich

Matthew Dietrich presented the Executive Director’s / Finance Report found on pages 3-8 of the packet. Mr. Dietrich reported ORDC has a little less than \$400,000 available in GRF funds for projects. Approximately \$2.1 million in appropriation authority is available with Controlling Board approval for loan projects.

The Intermodal Rail Freight Study was included in the packet sent to the commissioners. Mr. Dietrich reported this study is an excellent report completed by TEMS and encouraged the commissioners to read it.

Mr. Dietrich announced that the CSX TRAC application did not pass this last funding round but that ORDC will continue to work with ODOT to try and get the project funded.

The final draft Ohio Hub report has arrived and ORDC staff is working to review the report and will provide its comments to TEMS.

Mr. Dietrich reported that ORDC has been asked by GO21 to attend Railroad Day on the Hill in Washington DC sometime in mid-March. He indicated he would be working with Chairman Betts to determine who might be the best person to represent ORDC at this this event.

Dietrich announced that Stu Nicholson is working with Chris Vineis to plan “ORDC Day on the Square” – an event to give Commissioners a venue to discuss railroad issues with the legislature.

Mr. Dietrich reported he has been in touch with both the House and Senate to fill the vacancies on our commission as a result of term limitations.

Commissioner McOwen asked for an update on S 1516. Mr. Dietrich reported this is an Amtrak reauthorization bill but also establishes a federal program for passenger rail. We received correspondence from States for Passenger Rail and National Association of Railroad Passengers who indicated co-sponsors were needed for this bill. Mr. Dietrich indicated he would be in contact with Senator Brown's office to express our interest in this bill.

Commissioner Neff inquired about the personal services contracts ORDC has outstanding and asked that all commissioners be given a summary of all active projects. Mr. Dietrich reported he would forward that information on to them.

OLD BUSINESS

None.

NEW BUSINESS

None.

PUBLIC COMMENT

None.

ADJOURNMENT

Commissioner Wolfe asked for a motion to adjourn the meeting. Commissioner Neff moved to approve the motion and Commissioner Bennett seconded the motion. The meeting adjourned at 12:45 p.m.