

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION  
REGULAR BIMONTHLY MEETING  
MARCH 30, 2007**

**MARCH 20, 2007 SPECIAL MEETING**

A subcommittee of the Ohio Rail Development Commission ("ORDC") met on Tuesday, March 20<sup>th</sup> at the Vern Riffe Center to consider the appointment of an executive director. In attendance were Commissioner Thomas McOwen, who served as Chair of the meeting, Commissioners Barbara Hammontree-Bennett, Eric Neff and Solomon Jackson and Associate Assistant Attorney General Alan Klodell.

After calling the meeting to order at approximately 10:00 a.m., Commissioner McOwen moved to adjourn into executive session for the purpose of further reviewing the applications of candidates for the position of ORDC executive director. Commissioner Bennett seconded the motion. Roll call vote was taken with four votes in the affirmative.

At approximately 12:15 p.m. the commissioners reconvened from executive session for the sole purpose of adjourning the meeting. Commissioner McOwen adjourned the meeting at 12:15 p.m.

**CALL TO ORDER AND ROLL CALL**

The meeting of the Ohio Rail Development Commission was called to order by Chairman James Betts at 10:05 a.m. on Friday, March 30, 2007.

Members present included: Barbara Bennett, James Hartung, Eric Neff, Herk Wolfe, Solomon Jackson, Dan Roberts, Howard Wood, Tom McOwen, Larry Sowers (who arrived at 10:15 a.m.), Senator Larry Mumper, Representative Larry Flowers and Chairman James Betts. There were ten voting members present and two non-voting member present. Members absent included: Senator Capri Cafaro and Representative Robert Hagan.

**APPROVAL OF THE MINUTES OF THE JANUARY MEETING**

Chairman Betts asked for a motion to approve the minutes of the January 11, 2007 Commission meeting. Commissioner Hartung moved to approve the minutes and Commissioner Bennett seconded the motion. Roll call was taken with nine votes in the affirmative (Commissioner Sowers had not yet arrived). The minutes were approved as presented.

**EXECUTIVE DIRECTOR/FINANCE REPORT**

Matthew Dietrich presented the Executive Director/Finance Report found on page 3 of the packet. Mr. Dietrich reported the Transportation Budget passed the House and is waiting for approval in the Senate. He reported the GRF portion of the budget proposes ORDC receive an annual \$2 million increase in funding over the next two years (a total of \$4 million). Testimony is scheduled for April 5<sup>th</sup> before the Senate Finance and Financial Institutions Committee. Mr. Dietrich indicated he would be present to give testimony.

Mr. Dietrich updated the Commissioners on his recent trip to Washington to attend Railroad Day on the Hill. He reported that Lou Jannazo, who was there to attend the SCORT meeting, stayed an additional day in Washington to assist with Congressional visits. Mr. Dietrich indicated there are three federal issues the railroads have concerns with at this time: a renewal of the shortline tax credit which is due to expire at the end of this year, a new 25% tax credit for Class I railroads

which will be for expansions only rather than rehabilitation, and the threat of re-regulation of the industry by Congress.

Commissioner Jackson inquired about the re-regulation issue and asked Mr. Dietrich to further expound upon this matter. Commissioner Jackson also inquired about the status of the refinancing of the Panhandle, the Lorain Port Authority's request for support from ORDC for a federal earmark, and the Ohi-Rail Piney Fork lease.

Mr. Dietrich reported a group called Consumers United for Rail Equity (CURE) was in Washington to present concerns shippers have about the fairness of rail rates and related issues. Mr. Dietrich indicated nothing has been introduced in Congress as of yet so his mention of this as an issue was for informational purposes only for the Commissioners. No action is being asked of or required by the Commissioners at this time.

Commissioner Jackson's second issue pertained to the status of the refinancing of the Panhandle. Mr. Dietrich reported ORDC is proceeding with a financial review of the loan and has submitted the fee required to refinance the loan. He indicated it was his hope to have a closing of this loan sometime in the fall.

Commissioner Jackson's third question was in reference to the Lorain Port Authority's request for support for their request of a \$1.5 million earmark for the West Shore Corridor alternative analysis. Mr. Dietrich indicated the Port was asking for a letter of support from ORDC to the Congressional delegation for this project, a commuter rail operation, from downtown Cleveland to Lorain. Discussion followed with Chairman Betts asking for a motion to "Authorize a letter to the Lorain Port Authority indicating consistency with their proposed plan as that of ORDC." Commissioner Sowers moved to approve the motion and Commissioner Hartung seconded the motion. All in favor indicated by saying "aye"; none were opposed. The motion was approved so staff will draft a letter to the Port Authority.

The final comment requested of Mr. Dietrich by Commissioner Jackson was in reference to the Ohi-Rail lease and their request to extend the lease from an annual agreement to a five year lease. Mr. Dietrich reported Ohi-Rail had stated that such action would assist them in making investments in the line. Chairman Betts polled the Commissioners to inquire if anyone had concerns with granting this request. None were raised so Chairman Betts asked Mr. Dietrich to make the Piney Fork Rail Line lease request a formal part of the agenda for the May meeting.

Mr. Dietrich presented the Finance Report to the Commissioners. He reported that approximately \$227,000 is available in grant funds if all items are approved at this meeting and a balance of approximately \$181,000 is available in loan funds.

## **PROJECTS**

### **Resolution 07-04; Marion Industrial Center – Lou Jannazo**

Lou Jannazo presented Resolution 07-04 found on page 18 of the packet. Mr. Jannazo reported the Industrial Center has requested a \$150,000 grant and a \$300,000 loan to purchase and rehabilitate a used overhead crane to assist with their rapidly expanding intermodal service. Mr. Jannazo indicated in January of 2006 the Industrial Center estimated approximately 60,000 units would be handled by the Marion Industrial Center in its first year. Projections now indicate the number is closer to 90,000 units and the facility has not yet been in service for a full year.

Mr. Jannazo indicated Ted Graham, the owner of the facility, and Dave Claborn, Executive Director with Marion CanDo!, were both present to answer any questions the Commissioners may have. Senator Mumper commented on how important this facility is for the citizens of Marion. Chairman Betts asked Mr. Graham why he thought the projections were so far off from initial estimates. Mr. Graham indicated it was “because the facility works for the customers.”

Commissioner Jackson went on record saying he has concerns with ORDC funding going toward equipment (“rolling stock”) and the liability that may be associated with that. Discussion followed.

Commissioner McOwen inquired about any recourse ORDC has for the loan. Mr. Dietrich indicated a piece of the equipment will be used as collateral.

Chairman Betts asked for a motion to approve Resolution 07-04. Commissioner Hartung moved to approve the resolution and Commissioner McOwen seconded. Roll call was taken with eight votes in the affirmative and two abstentions.

#### **APPROVED PROJECT BRIEFINGS**

##### **Allen County Rail Spur/ALPLA, Inc.**

Lou Jannazo presented the request from Allen County Commissioners for a grant of \$75,000 to fill a funding gap for a 2,300 foot lead track and 400 foot spur necessary to serve a new business moving into Lima (Alpla, Inc.). Alpla projects it will create 50 new jobs to start with the potential to increase their employment to 150.

Mr. Jannazo introduced Allen County Commissioner Dan Reiff and Marcel Wagner, Allen County Economic Development Group Director, to the Commissioners. Mr. Reiff indicated Alpla is a supplier to Proctor & Gamble. He reported this project will continue to grow as Alpla invests in the building to increase its capacity.

##### **Cambridge-Guernsey County CIC**

Lou Jannazo presented the request of the Cambridge-Guernsey County CIC for a \$25,000 grant to assist with the construction of a turn-out to enhance the efficiency of operations for the Byesville Scenic Railway and Ohio Central freight. Mr. Jannazo introduced Bob Oess, Cambridge-Guernsey County CIC, who was available for questions. Mr. Oess addressed the Commissioners and presented a brief history of the line. He indicated this line has the potential to enhance economic development by increasing tourism in the area. He thanked the commissioners for their support of the CIC’s efforts.

#### **OLD BUSINESS**

None.

#### **NEW BUSINESS**

Matthew Dietrich presented the request of the Columbus and Ohio River Railroad to renew their five-year lease of the Panhandle Rail Line which is due to expire on June 30, 2007. Mr. Dietrich indicated no changes are required with the operating agreement. The new lease will extend the expiration date to June 30, 2012.

Bill Strawn, President of Ohio Central Railroad System, was present to speak about the Panhandle Line and its importance to the railroad and the state. Mr. Strawn indicated the Line is critical to their operations due to its connectivity to the rest of the Ohio Central system. Mr. Strawn thanked the commission for its efforts both in the present and the past and he indicated he felt they would be back again to stand before the commission and request even longer lease options to assist with their investment needs in the future.

Representative Flowers inquired if 180 days was an adequate amount of time for the Commission to react to a written termination notification should the Ohio Central deem necessary (see Page 24 of Operating Agreement of ORDC and C&OR for the Panhandle Rail Line). Mr. Dietrich responded by saying no concerns have been raised by legal counsel or the C&OR over this requirement. A short discussion followed.

Commissioner Jackson commented about the commission retreats and offered a suggestion that the invitation list should be extended to include “shortline partners” as well as Art Arnold and the members of the Ohio Railroad Association.

Commissioner Roberts commented about the hi-rail trip he took with members of the staff on the Piney Fork line. He encouraged other commissioners to definitely take advantage of this opportunity should another occasion arise. Commissioner Roberts indicated he thought it was extremely worthwhile to view the property the state owns and the conditions along that line.

Resolution 07-05 – Dennison Easement Issue.

Mr. Dietrich reported on a new resolution which is a late addition to the packet. He spoke about an issue with homeowners in Dennison. New owners are attempting to close on this property when it was discovered the house sits 9 feet into Panhandle property, which is owned by the state. Mr. Dietrich presented this issue and asked the commissioners for the authority to provide clearance so the new owners could proceed with the closing. A short discussion followed.

Chairman Betts asked for a motion to approve the granting of the easement. Commissioner Hartung moved to approve the motion and Commissioner Sowers seconded. Roll call was taken with 10 votes in the affirmative. The motion is approved.

Commissioner Neff announced he would no longer be representing the Director of Development on the Commission as he is being replaced by Kimberly Gibson, the Lt. Governor’s Special Assistant for Energy, Transportation and Regional Collaboration, effective the May meeting.

**PUBLIC COMMENT**

Art Arnold, Ohio Railroad Association, thanked Commissioner Neff for his service to the Commission. Mr. Arnold also expressed his thoughts about Commissioner Jackson’s concerns over granting funds toward equipment purchases. Mr. Arnold indicated he was in full support of any project that “enhances rail service in Ohio” but noted our investment should be protected.

Chairman Betts thanked Representative Flowers and Senator Mumper for their attendance at the meeting.

**MOTION TO ADJOURN TO EXECUTIVE SESSION**

Chairman Betts asked for a motion to adjourn to Executive Session for “the purpose of receiving a report from the interview committee regarding the candidates for executive director.”

Commissioner McOwen moved to approve the motion and Commissioner Neff seconded the motion. Roll call was taken with 10 votes in the affirmative. The commissioners adjourned to Executive Session at 11:25 a.m.

**RECONVENE FROM EXECUTIVE SESSION AND ADJOURNMENT OF FULL COMMISSION MEETING**

The commissioners reconvened from Executive Session and Chairman Betts adjourned the meeting at 11:53 a.m.