

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BIMONTHLY MEETING
MAY 17, 2007**

MAY 17, 2007 SPECIAL MEETING

A subcommittee of the Ohio Rail Development Commission ("ORDC") met on Thursday, May 17, 2007 at the Vern Riffe Center for the purpose of discussing the final candidates for the position of executive director of the ORDC. Chairman Betts called the meeting to order at 12:10 p.m. In attendance were Chairman James Betts, Commissioners Thomas McOwen, Barbara Bennett, Howard Wood, Daniel Roberts and Solomon Jackson and Associate Assistant Attorney General Alan Klodell. Commissioner Larry Sowers was present to observe.

Commissioner Kimberly Gibson arrived at 12:16 p.m.

Chairman Betts asked for a motion to immediately adjourn to Executive Session for "the purpose of discussing the various strengths, weaknesses and backgrounds of the various candidates without comparing the two." Commissioner Bennett moved to approve the motion and Commissioner Jackson seconded. Roll call was taken with seven votes in the affirmative.

A short discussion took place regarding the official process of deciding upon a final candidate and whether or not the committee was ready to make a recommendation of an Executive Director to the full commission. It was decided the committee should make that recommendation at the full commission meeting. Additional discussion followed with Assistant Attorney General Alan Klodell advising the committee they adjourn from Executive Session to Open Session to further discuss the candidates. Chairman Betts asked for a motion to adjourn Executive Session. Commissioner Roberts moved to approve the motion and Commissioner Jackson seconded the motion. Executive Session adjourned at 12:22 p.m. Open session immediately followed at 12:23 p.m.

NOTE: Upon commencement of Open Session the door to the meeting room (West A) was opened and all attendees who were gathered for the full commission meeting were invited to join the interview committee for discussion. Commissioner Herk Wolfe and Stu Nicholson, ORDC's Public Information Officer, joined the discussion.

OPEN SESSION OF THE INTERVIEW COMMITTEE

Members present during open session included Chairman James Betts, Commissioners Barbara Bennett, Larry Sowers, Tom McOwen, Daniel Roberts, Howard Wood, Kimberly Gibson and Solomon Jackson. Associate Assistant Attorney General Alan Klodell was also present for the discussion. Commissioner Herk Wolfe arrived at 12:43 p.m.

Commissioner Bennett began open session with a review of the process which allowed the committee to end up with two finalists for the Executive Director position. She reported a packet containing over 100 applications/resumes was reviewed by the committee. From the resumes the committee decided upon eleven candidates to receive an interview based on three criteria:

- Management experience
- Knowledge of the rail industry
- Skills/experience to negotiate at the local and state levels

NOTE: All commissioners were invited to participate as members of the interview committee. Seven commissioners agreed to do so. Commissioner Roberts was unable to be part of the first meeting to review all 100 applications but has been present at each subsequent meeting.

Commissioners interviewed ten candidates (one withdrew his name from consideration prior to the interview). From those interviews the list was shortened to four names (Mike Bradley, Matt Dietrich, Bill Knight and Don Yerks). After discussion and a vote the list was narrowed to three names (Mike Bradley, Matt Dietrich and Don Yerks). Shortly thereafter Mr. Yerks submitted a letter withdrawing his name from further consideration “for personal reasons” which left Mike Bradley and Matt Dietrich.

Discussion regarding each of the candidates strengths took place with several commissioners commenting on the qualifications of both candidates and the fact the decision is a very difficult one to have to make. Chairman Betts reiterated the interview committee was charged with the task of coming before the full commission with a final recommendation.

Commissioner Bennett made a motion to recommend Matt Dietrich for the position of Executive Director to the full commission. Chairman Betts seconded the motion. Commissioner Roberts requested an amendment to the motion that “if negotiations are unsuccessful with Matt then Mike Bradley be given the opportunity to enter into negotiations for the position.” Discussion followed with no objections to the amendment. Roll call was taken with three votes in the affirmative; four in the negative.

Additional discussion took place with Commissioner Jackson reiterating the need to have an Executive Director who has the ability to raise the standards of those around them and inspire the staff to do well. He indicated both past Directors, Tom O’Leary and Jim Seney, had that ability. All agreed.

Commissioner McOwen made a motion to “flip the previous motion” to “recommend Mike Bradley for the position of Executive Director and, if negotiations are unsuccessful with Mike then Matt Dietrich be given the opportunity to enter into negotiations for the position.” Commissioner Wood seconded the motion. Roll call was taken with four votes in the affirmative; three in the negative.

Chairman Betts asked if someone was prepared to make the motion to recommend Mike Bradley to the full commission. Commissioner McOwen agreed he would raise the motion. Chairman Betts asked if anyone had anything additional they would like to discuss. No one had anything further so Chairman Betts adjourned the meeting by asking all in favor of adjournment to respond by saying “aye.” All commissioners responded in the affirmative and the meeting was adjourned at 1:10 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 1:20 p.m. on Thursday, May 17, 2007.

Members present included: Chairman James Betts, Larry Sowers, Dan Roberts, Solomon Jackson, Kimberly Gibson, Barbara Bennett, Herk Wolfe, Tom McOwen, Howard Wood, Senator Larry Mumper and Representative Larry Flowers. Nine voting members were present and two non-voting members were present.

NOTE: Senator Capri Cafaro arrived at 1:30 p.m. and departed at 2:00 p.m.

APPROVAL OF THE MINUTES OF THE MARCH MEETING

Chairman Betts inquired if anyone had any corrections to the minutes of the March 30, 2007 commission meeting. No one requested any corrections so Chairman Betts announced the minutes were approved as presented.

ACKNOWLEDGEMENTS

Chairman Betts took a moment to acknowledge the attendance of ODOT Director James Beasley at the meeting. Chairman Betts gave a brief synopsis of Director Beasley's professional career prior to being named Director of ODOT under the Strickland Administration. He thanked Director Beasley for his presence. Director Beasley responded by indicating he is a "multi-modal promoter" and believes "ODOT should focus on all modes of transportation" and will "advance this agenda with the General Assembly."

Chairman Betts reported that Senator Mumper is working to restore ORDC's funding of \$4.7 million annually which was initially proposed in the Governor's budget but reduced in Substitute House Bill 119. He thanked Senator Mumper for any effort he could make on the Commission's behalf.

EXECUTIVE DIRECTOR/FINANCE REPORT

Acting Executive Director & Secretary Treasurer Matthew Dietrich presented the Executive Director/Finance Report to the commissioners. Mr. Dietrich referred everyone to page three of the commission packet which outlines the status of the proposed budget for ORDC. He thanked Commissioner Flowers for his efforts on behalf of ORDC's funding as a member of the House Finance & Appropriations Transportation & Justice Subcommittee.

Mr. Dietrich reported the current budget also calls for the removal of the \$500,000 Rail Transload Facilities funding program which was a pilot program put in place this past fiscal year.

Commissioner Kimberly Gibson commended both Director Beasley and Matt Dietrich for their testimonies and other efforts with the General Assembly during the budget hearings.

Mr. Dietrich wanted to acknowledge the hard work of Don Damron and Stu Nicholson for their diligence in pursuing funding for the Ohio Hub Programmatic Environmental Impact Statement (PEIS) by submitting Federal Appropriations Requests with both Congressman Tim Ryan's office as well as Congresswoman Marcy Kaptur's office. Mr. Dietrich indicated a copy of the request is included in the packet. The PEIS will begin to identify final routes so we can work with those local jurisdictions involved.

Commissioner Jackson asked Mr. Dietrich to report on the City of Mentor crossing issue and commended ORDC's efforts with a new administrative policy which will notify legislators of projects occurring in their districts. Commissioner Jackson inquired what, if any, is the role of

the railroads at the 2007 Ohio Conference on Freight sponsored by ORDC and TMACOG in Toledo on September 17 and 18. Finally, Commissioner Jackson asked Mr. Dietrich to explain the Charrette Design Competition. Mr. Dietrich reported ORDC is required, as part of the court-order from the case, to participate in a diagnostic review. Susan Kirkland, Manager of ORDC's Safety Programs, elaborated further. ORDC's position is a grade separation versus an at-grade crossing. CSX (Mel McNichols) will be involved with the diagnostic review.

Mr. Dietrich reported TMACOG is planning to involve the railroads in the conference and planning for the conference is just now underway. The Charrette Design Competition is linked to the passenger station workshop that occurred last summer that the American Institute of Architects (AIA) was involved with. The competition focuses on promotion of multi-modal development. ORDC awarded the AIA a grant of \$1000 to assist with the sponsorship.

GUEST SPEAKER – GENERAL BARRY McCaffrey

Chairman Betts introduced special guest speaker General Barry McCaffrey (ret.) to the commission. General McCaffrey is currently Board Chairman of HNTB Federal Services and heads up his own consulting firm, McCaffrey Associates, in Arlington, Virginia. He was present to discuss his experiences with Homeland Security and transportation issues here in the U.S. and abroad.

General McCaffrey reported he is working to help strengthen America's borders and points of entry. He indicated that since September 11, 2001, America is more aware of the threat factor. He spoke about how serious the threat of terrorism is and the fact that intelligence and law enforcement in the United States is continually improving upon its knowledge base.

General McCaffrey spoke about the war in Iraq and its affects on the U.S. He reported he personally believes "we are immensely safer now than we were prior to 9/11" but "we have a ways to go." General McCaffrey stated that the trucking industry is very important to our transportation network but rail is also equally important and we should be doing everything possible to utilize this option. Chairman Betts inquired about the possibility of a terrorist attack on our nation's rail network and where General McCaffrey thought we could be most vulnerable. General McCaffrey indicated our CIA is top-notch and that the United States is viewed by other nations as possessing technology far above anything they might have. He believes these factors have helped to prevent subsequent attacks to the U.S. thus far.

Representative Flowers inquired how the Midwest compares to the rest of the world in regard to first responders. General McCaffrey indicated the NYPD is the most sophisticated police department and the FDNY is world-class yet they still cannot communicate with one another. "We have more work to be done," General McCaffrey said. "Technology for police and fire has to be increased dramatically. We have challenges ahead but we are improving."

Chairman Betts thanked General McCaffrey for willingness to meet with the commission and his informative presentation.

EXECUTIVE DIRECTOR/FINANCE REPORT – cont'd

Matt Dietrich thanked Stu Nicholson and Lou Jannazo for their assistance with the *Rail Moves Ohio* handout which is a compilation of facts gathered by staff from a variety of sources and studies both internally and externally.

Mr. Dietrich reported if all projects are approved at the meeting the accounts will be zeroed out - which is the goal since it is the end of the fiscal year. Mr. Dietrich indicated there is a small amount of money left in the operations account but he will work to ensure it is zeroed out as well.

Commissioner Jackson inquired about the Loan Payback Report and why some of the loans that are indicated as closed are still listed as “active.” Mr. Dietrich indicated the loans are closed but money is still being taken in this fiscal year therefore they are still listed as active. Once all monies are taken in and the loan documents are finalized, those projects will no longer be listed as active, rather they will be listed as “paid off.”

PROJECTS

OHI-RAIL LEASE RENEWAL – Resolution 07-05A – Evelyn Winkfield

Evelyn Winkfield, ORDC's Property Manager, presented Ohi-Rail's request to change the term in their lease renewal of the Piney Fork Line from a period of one year to a period of five years. Ms. Winkfield reported Ohi-Rail has been leasing the Piney Fork from the state since 1982 and has provided rail service and maintenance to the line since that time. She reported the company wants the longer lease term because they are planning improvements and the longer lease will help the company to invest in the repairs and maintenance. Another change in the lease is the required notice on the right of first refusal provision. This change will extend the notification from a five day notice to a thirty day notice.

As a point of clarification Matt Dietrich noted that staff mistakenly labeled this resolution 07-05. There is a previous resolution labeled 07-05 which was approved at the March meeting (Columbo Panhandle Easement). Therefore, this resolution number has been changed to 07-05A.

Chairman Betts asked for a motion to approve extending the lease agreement for Ohi-Rail. Commissioner Sowers moved to approve the motion and Commissioner Wolfe seconded the motion. Roll call was taken and the motion was approved with nine votes in the affirmative.

5-YEAR RENEWAL OF PANHANDLE RAIL LINE OPERATING AGREEMENT – Resolution 07-06 - Matthew Dietrich

Matt Dietrich presented the Panhandle Operating Agreement Lease Renewal (Pg 31 of the commission packet) requested by the Columbus & Ohio River Rail Road (C&OR). Mr. Dietrich reported there are a few minor changes to the current operating agreement that ORDC recommended and the C&OR has accepted. These changes include: elimination of the un-audited financial statement requirement in Section 8 of the agreement, removal of the requirements that FRA Class of Track must be achieved within a set time period, removal of references to a five year engineering plan and budget since the C&OR is already providing this information on an annual basis, and extending the reporting dates from March 15 to April 15. Mr. Dietrich indicated this change should prevent the need to grant further time extensions for the reporting.

Mr. Bill Strawn, President of the Ohio Central Railroad Systems, was present at the meeting and thanked the commission for all of its efforts to assist them. He reported his company has already invested \$26 million in the line and indicated the longevity in the lease is critical to the continued partnership between the railroad and the state.

Commissioner Jackson commended Ohio Central for its years of service along the line and indicated as long as he has been a commissioner he has never heard a complaint about the railroad in regard to its maintenance and operation of this line. He indicated he is in favor of extending a long term lease to Ohio Central.

Chairman Betts asked for a motion to approve Resolution 07-06. Commissioner Gibson moved to approve the motion and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative. Note: Commissioner Roberts left the room and was not present for the discussion of this Resolution or the vote.

WHEELING & LAKE ERIE RR APU PURCHASE – Resolution 07-07 – Matt Dietrich

Mr. Dietrich reported this briefing can be found on page 61 of the commission packet. Mr. Dietrich indicated the railroad is upgrading their locomotive fleet with the installation of auxiliary power units (APUs). These units maintain the temperature of fluid levels within the locomotive to allow the engine to be shut down and not left to idle which keeps the fluids from freezing. These units save fuel and reduce emissions. Mr. Dietrich indicated, if approved, the Wheeling & Lake Erie (W&LE) will receive a loan in the amount of \$378,600 to assist with the purchase of 10 additional APUs. Discussion followed.

Pat McCune, the W&LE representative, was present to thank the commission on behalf of company president Bill Callison. Chairman Betts asked for a motion to approve Resolution 07-07. Commissioner Sowers moved to approve the motion and Commissioner Gibson seconded. Roll call was taken and the motion was approved with nine votes in the affirmative.

FULTON RAILROAD – Resolution 07-08 – Lou Jannazo

Lou Jannazo, ORDC's Chief of Project Development, presented the Fulton Railroad project to the Commission. He indicated the briefing can be found on page 66 of the commission packet.

Mr. Jannazo reported Fulton Railroad is a subsidiary of Sawyer Place Company. Fulton Railroad serves Rookwood Terminal, LLC which is another subsidiary of Sawyer Place Company. The railroad owns track but does not have locomotives or provide carrier service. Staff is recommending granting the final \$200,000 available from the Bulk Transload Program for the purchase of equipment necessary to establish a new bulk transload facility. Mr. Jannazo introduced Mr. Denny Hill and Mr. Jeff Stuart of Fulton Railroad who thanked the commission for considering their project.

Commissioner Jackson inquired about the Bulk Transload Program and whether its intent was to fund equipment. Mr. Dietrich reported the Program was a pilot program in which ORDC was granted \$500,000 for transload projects. The new fiscal year budget calls for the removal of funding of the Bulk Transload Program but increases ORDC's overall budget. Discussion followed. Chairman Betts asked for a motion to approve Resolution 07-08. Commissioner Wolfe moved to approve the resolution and Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative, one abstention.

VILLAGE OF LEIPSIC – Resolution 07-09 – Lou Jannazo

Mr. Jannazo presented the Village of Leipsic's request of a grant of \$100,000 and a loan of \$825,000. The briefing can be found on page 74 of the commission packet.

NOTE: Commissioner Jackson recused himself from discussion of this project.

Mr. Jannazo spoke of the Iron Highway Industrial Park which is a 2,300 industrial park located north of the Village of Leipsic in Putnam County. The Village wants to construct 13,800 feet of new track to connect three railroads which all serve the park (CSX, NS & the Indiana & Ohio Railway). Poet Ethanol, currently under construction, will generate 5,000 rail cars per year amongst the three railroads.

Mr. Jannazo introduced Mr. Martin Kuhlman, Putnam County Community Improvement Corporation and Mr. Jim Russell, Leipsic Village Administrator, who were present to answer any questions. Mr. Kuhlman thanked the commission for its consideration of their project, noting there is no other industrial park in the area like this one. He indicated there is up to 7000 acres available to develop; 2300 acres will be developed initially. Mr. Russell reported this project is seven years in the making and they are very excited about its potential.

Chairman Betts asked for a motion to approve Resolution 07-09. Commissioner McOwen moved to approve the motion and Commissioner Wolfe seconded the motion. Roll call was taken with eight votes in the affirmative; one recused.

APPROVED PROJECT BRIEFINGS

Tuscarawas County Port Authority/Plymouth Foam – Lou Jannazo

Mr. Jannazo presented the Tuscarawas County Port Authority's request for a \$48,570 grant to assist with the replacement of 90 ties on a piece of existing track in an industrial park that is currently out of service. An overview of the project can be found on page 80 of the packet.

Mr. Jannazo reported this project is an industrial redevelopment project. A vacant 295,000 s.f. facility will be the new home of Plymouth Foam. The facility is located in the Southern Gateway Business Park which the Port Authority owns. The Port Authority has acquired loans for the necessary building improvements while ORDC will provide the grant to rehabilitate the track. A total of 20 new jobs will be created and 76 jobs will be retained as a result of this project. Mr. Jannazo introduced Mr. Harry Eadon from Tuscarawas County Port Authority and Mr. Steve Karas of Plymouth Foam who were present to answer any questions the commission may have. Mr. Eadon thanked the commission for its support and reiterated the Port Authority's commitment to making this project a success.

City of Greenville Lead Track – Lou Jannazo

Mr. Jannazo presented the City of Greenville's request for a \$100,000 grant to assist with the costs of constructing 2400 feet of lead track to connect Andersons Marathon Ethanol and Spartech (plastics plant) to the RJ Corman Railroad branch line. Mr. Jannazo reported ORDC's Safety Program will pay up to \$187,000 to assist with the reconstruction of the crossing surface and the installation of lights and gates at the crossing which is located on the lead track. A complete briefing of this project may be found on page 86 of the commission packet.

Mr. Jannazo introduced Greg Fraley, Mayor of the City of Greenville and Nancy Myers, the City's Finance Director, who were available to answer any questions. Mayor Fraley thanked the commission for its assistance and support of this project and commented on how this project helped to retain 90 jobs at Spartech. He indicated the city is very grateful for everything ORDC has done to contribute to this project's success.

Ohi-Rail/Piney Fork Line Bridge Decks – Lou Jannazo

Mr. Jannazo reported the full briefing can be found on page 94 of the packet. Mr. Jannazo indicated Ohi-Rail has been operating on the Piney Fork Line since 1984. Business along the line has been "sparse" but Ohi-Rail has done a good job of keeping things going. Mr. Jannazo reported Ohi-Rail is requesting a grant of \$42,924 to assist with necessary repairs on six bridge decks and two bridge walkways between Minerva and Amsterdam.

Mr. Jannazo introduced Rich Delatore and Powell Felix both of Ohi-Rail who were present to answer any questions. Mr. Felix indicated there are 2 mph slow orders on these bridges so Ohi-Rail is very grateful for the assistance from ORDC. Mr. Delatore thanked the commissioners for their consideration of the five year lease for their company. He indicated DeNoon Lumber employs 160 and hopes to expand upon their business.

OLD BUSINESS

Motion for Consideration of a Permanent Executive Director

Chairman Betts reported a select committee has been working over several weeks to determine a final candidate to fill the position of permanent Executive Director. He reported the committee started with over 100 applications and had come down to two final candidates. Chairman Betts indicated the committee was prepared to make a recommendation to the full commission and asked if Commissioner McOwen was prepared to make such a motion. Commissioner McOwen indicated he was and raised the following motion: "Move that commission enter into negotiations for position of Executive Director of the Ohio Rail Development Commission with Michael Bradley. Furthermore, should negotiations with Michael Bradley not be productive the commission immediately enter into negotiations with Matthew Dietrich for the position."

Commissioner Wood seconded the motion. Chairman Betts asked if there were any comments on the motion. Commissioner Bennett reiterated how difficult this process was and reported on what they as a committee looked for in determining the final candidate. She indicated management, familiarity with the railroad industry and the ability to move with the political arena were all areas considered and reported that both candidates were highly qualified. Chairman Betts thanked the committee for their participation and asked if anyone else had any further comments. No one indicated there was anything further so Chairman Betts asked Stu Nicholson to call the roll. Roll call was taken with nine votes in the affirmative.

NEW BUSINESS

None.

PUBLIC COMMENT

Art Arnold spoke on the efforts of the staff, in particular Lou Jannazo and Matt Dietrich, in regard to the restoration of the \$2 million removed from ORDC's budget in the Substitute Senate Bill. Chairman Betts echoed Mr. Arnold's comments and asked if anyone would be willing/able to talk to their legislators on ORDC's behalf to please do so.

Jolene Molitoris, former FRA Administrator and former employee of the Rail Commission, commented on the sense of pride she feels in observing the workings of the Rail Commission; in particular the commissioners economic development efforts in preserving jobs for the people of the great state of Ohio.

Commissioner Jackson commented on the commission retreat and indicated he feels the retreats are of great benefit to the commissioners and staff. Commissioner Jackson commented he would like to see two retreats per year rather than one. Chairman Betts responded by saying Matt would be working on getting a retreat together soon.

ADJOURNMENT

With no other comments or business to come before the commission, Chairman Betts thanked everyone involved in the selection process of the Executive Director once again and adjourned the meeting of the Ohio Rail Development Commission at 3:27 p.m.