

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
JANUARY 16, 2008**

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairwoman Jolene M. Molitoris at 10:05 a.m. on Wednesday, January 16, 2008.

MEMBERS PRESENT

Members present included: Chairwoman Jolene Molitoris, Commissioners Tom McOwen, Kimberly Gibson, Barbara Bennett and Director James Beasley, Representatives Larry Flowers and Robert Hagan; and Senator Larry Mumper.

Due to a lack of a quorum, Chairwoman Molitoris suggested moving ahead with the briefings on the projects but delay taking the votes.

NOTE: Commissioners Solomon Jackson, Larry Sowers and Dan Roberts arrived after a determination was made that there was not a quorum. Once they arrived there were enough commissioners present to vote on the projects.

PROJECTS

Resolution 08-16; MGQ, Inc.

Lou Jannazo presented Resolution 08-16 to the Commission. Maple Grove Quarry (MGQ) is requesting a loan in the amount of \$300,000 to assist with on-site rail expansion needs. The company plans to construct 4,200 ft. of new track and turnouts to improve rail efficiency and facilitate new business.

Mr. Jannazo reported the staff recommendation is to approve the loan and noted the track will be used as collateral. He introduced Shayne Thomas, Special Projects Manager for MGQ. Representative Hagan inquired about the length of the unit trains. Mr. Thomas indicated they have enough space for one unit train now (50 ft cars - 80 cars long) but the additional track will accommodate another train. Director Beasley then inquired about the life expectancy of the quarry to which Mr. Thomas responded they have 50 years of reserves.

Chairwoman Molitoris spoke on behalf of Commissioner Wolfe who was unable to attend the meeting. She indicated Commissioner Wolfe expressed his highest regard for this company's business practices and is very much in support of their project.

Chairwoman Molitoris reported the commission needed to wait on the arrival of Dan Roberts in order to vote on this project. Alan Klodell indicated Commissioner Jackson had arrived but had recused himself from this project and therefore would not participate until the MGQ project was finalized.

Mr. Thomas thanked everyone on the commission for their support. He reported financing this project was a huge challenge for them and would not have been possible were it not for the assistance from ORDC.

(The vote was not taken until a quorum could be obtained.)

Resolution 08-17; Case Farms Feed Mill

NOTE: Commissioner Bennett recused herself from discussion of this project.

Lou Jannazo presented the Case Farms project to the commission (pg 8 of the commission packet). He indicated the company is requesting a \$200,000 grant to assist with the cost of rebuilding 1,750 ft of lead track and 800 ft of storage track. This project is essential to a new mill located in Massillon, Ohio that will utilize the rail. The company expects the new plant (as well as an expansion to an existing plant in Winesburg) to be in operation by March of 2009.

Commissioner Jackson inquired about the number of new jobs identified in the project briefing (200). He wanted to know where the jobs would be created and why. Mr. Chuck McDaniel, Plant Manager of Case Farms, was present to answer questions. Mr. McDaniel responded to Commissioner Jackson's question by indicating the company plans to double-shift its operations. They currently operate from 6:00 a.m. – 5:00 p.m. This will increase the company's poultry processing.

Representative Hagan inquired about the benchmarks used to determine the level of assistance. Mr. Jannazo explained the process and the clawback provisions that are enforced should a company not meet its jobs or carloadings commitments. Mr. Jannazo reported this is all part of the official agreement.

Representative Hagan next inquired about public hearings for projects such as these. Mr. McDaniel indicated his company has had hearings on their proposed projects but is unaware of any official process.

NOTE: Chairwoman Molitoris announced enough commissioners were now present for voting so a quorum had been obtained.

ROLL CALL

Chairwoman Molitoris asked Stu Nicholson to conduct roll call. Members present included: Chairwoman Jolene Molitoris, Commissioners Tom McOwen, Kimberly Gibson, Barbara Bennett, Director James Beasley, Dan Roberts and Solomon Jackson; Representatives Larry Flowers and Robert Hagan; and Senator Larry Mumper. Members absent included Commissioners James Hartung and Herk Wolfe. Seven voting members were present.

NOTE: Commissioner Larry Sowers arrived after the official roll call (10:50 a.m.)

APPROVAL OF THE MINUTES OF THE NOVEMBER MEETING

Chairwoman Molitoris asked for a motion to approve the minutes of the November 8, 2007 meeting. Commissioner Bennett moved to approve the minutes and Commissioner Jackson seconded the motion. Roll call was taken. The minutes were approved as presented.

MOTION TO APPROVE RESOLUTION 08-16 (MGQ, INC)

NOTE: Commissioner Jackson recused himself from the vote.

Chairwoman Molitoris asked for a motion to approve Resolution 08-16; MGQ, Inc.

Commissioner McOwen moved to approve the motion and Commissioner Gibson seconded the motion. Roll call was taken with six members voting in the affirmative. The project was approved.

NOTE: Commissioner Roberts stated for the record that although he was not present for the briefing presentation given by Lou Jannazo and the company he had thoroughly reviewed his commission packet and felt he could comfortably vote on this project.

MOTION TO APPROVE RESOLUTION 08-17 (CASE FARMS, LLC)

NOTE: Commissioner Bennett recused herself from the vote.

Commissioner Gibson moved to approve Resolution 08-17. Commissioner McOwen seconded the motion. Roll call was taken with six votes in the affirmative.

NOTE: See above comment by Commissioner Roberts in Resolution 08-16. The same comment applies for this project.

PANHANDLE LONG TERM LEASE COMMITTEE REPORT

Commissioner McOwen (committee Chairman) presented an overview of the committee's progress. He reported the committee has met four times but has yet to finalize a recommendation for the full commission. Chairman McOwen indicated the committee is looking at the long term lease in three parts: developing the guiding principles for the agreement; drafting the agreement; and participating in a public involvement process for the agreement.

Chairman McOwen reported it is his desire to have a recommendation to come before the full commission by the next commission meeting in March. Commissioner Jackson presented some background on the liability issue the committee is reviewing with respect to non-freight use of a rail line. Commissioner Gibson presented a motion to ask the commission to "appoint a special committee to examine the liability protection for non-freight activities on freight lines as well as explore legislative approaches to resolve the issue of liability protection for rail tourism and trail activities in rail corridors." Chairman McOwen seconded the motion. Roll call was taken with eight votes in the affirmative.

EXECUTIVE DIRECTOR REPORT

Director Matthew Dietrich presented his executive director report for the commission. He indicated his report could be found on page 16 of the commission packet. Director Dietrich highlighted "outreach efforts" and reported he had recently had the opportunity to meet with Senator Austria, the new Chair of the Senate Transportation Committee. Director Dietrich also thanked the Panhandle Committee for its efforts to try to resolve such a complex issue with regard to the liability issue for non-freight uses on freight rail corridors.

Director Dietrich spoke about the Diesel Emissions Reduction Grant (DERG) program administered through the Department of Development. ORDC has agreed to be the public sponsor for these agreements. He reported ORDC has received several inquiries about this program already. Chairman McOwen expressed his full support of this program and encouraged the railroads to take advantage of it.

Director Dietrich thanked Director Beasley and Howard Wood of ODOT to develop a strategy to determine existing rail data available and what is necessary to progress the "wish list" for this data.

Director Dietrich reported ORDC has offered the former Buckeye Scenic Railroad, now the Zanesville & Western, a lease to store its cars on the un-used Glassrock Branch of the Ohio Southern line.

Federal Legislation Overview

Director Dietrich gave a PowerPoint Presentation on current federal legislation as it relates to railroads. He reported on the Shortline Tax Credit, the Freight Rail Infrastructure Capacity Expansion Act, Railroad Competition and Service Improvement Act and Federal Railroad Safety Improvement Act. Director Dietrich also spoke about Amtrak reauthorization which has 41 co-sponsors. Title 3 is one of the most important elements of this bill. He indicated, if passed, this will be one of the first, true programs that provides passenger rail funding.

Commissioner Jackson spoke about the railroad re-regulation issue. He indicated ORDC should take a position on this important issue. Bill Harris, Senior Vice President, Government Relations, Norfolk Southern, was present and spoke about this issue to express his concern. He asked "please take a look at the long term best interest of Ohio." He requested everyone to oppose re-regulation and support tax credits.

Bill Callison, President of the Wheeling & Lake Erie Railroad, spoke about his concerns and noted that while re-regulation is directed toward the Class I railroads this issue will impact the shortlines.

Susan Kirkland gave an overview of her section report. She highlighted the MUTCD modifications regarding signs and traffic signals and reported on the Angels on Track website and the numerous reports ORDC has received since that foundation commenced its public awareness campaign. She included a spreadsheet as part of her report. Ms. Kirkland indicated ORDC is working to address these constituent concerns as quickly as possible.

Commissioner Bennett inquired about the Buckeye Crossbuck program and where the National Committee is on this issue, Ms. Kirkland reported in 2009 when the Manual is published there will be a 10 year period for states to bring their signage up to conformance. Ms. Kirkland indicated she and others who sit on the committee will be working together to formulate an implementation plan to take on such a massive project and will bring that plan before the commission for review and approval.

INTRODUCTION OF GUESTS

Chairwoman Molitoris introduced Tom Drake, Vice President of Government Relations for CSX, who was present to introduce a new Director of Government Relations for Ohio. Prior to his introduction he spoke about the fact Ohio has more CSX track miles than any other state in which they operate. Due to that fact CSX brought on a new Director of Government Affairs to assist Neil Zimmers, Rusty Orbin. Mr. Orbin thanked everyone for their support and expressed how excited he his to be a part of the CSX team.

FINANCE REPORT

Megan McClory presented her finance report to the commission. She spoke about the personal services contracts still active (Capital Partnerships and Highway-Railroad Safety Consulting, LLC) and reported the total ORDC funds available for projects in FY '08 is approximately \$1.9 million.

Ms. McClory gave a PowerPoint presentation on Rail Infrastructure Financing Options and outlined four different funding mechanisms currently in use and available to companies: grants, loans, Certificates of Participation and Congressional allocations. She identified the pros and cons of each option. Next Ms. McClory identified eight funding mechanisms that currently exist yet are not currently in use by ORDC: Independent Bonding Authority, Diesel Emission Reduction program, ODOT-eligible federal funds, State Infrastructure Bank, Railroad Rehabilitation & Investment Financing program, Transportation Infrastructure Finance & Innovation Act program, Enterprise Bond Fund and State capital bill allocation. She identified these resources as potential funding sources given the budget constraints that currently exist.

Commissioner Bennett commented on the funding opportunities that are available and thanked Ms. McClory for her efforts in assembling this presentation. Commissioner McOwen expressed he was very grateful to Ms. McClory for the presentation and encouraged the commission to look into these options.

Introduction of Crystal Murray Ducker

Chairwoman Molitoris introduced Crystal Murray Ducker, the new PIO for RJ Corman Railroad. Ms. Ducker thanked everyone for the opportunity to be at the meeting and indicated she will be working closely with the commission in her new position.

2008 ACTION PLAN

Chairwoman Molitoris reviewed the Action Plan and thanked the commissioners for spending time with her to identify where their areas of interest lie with respect to the various committees: Legislative, Human Resources, Economic Development/Long Term Planning and Budget/Fiscal.

Each commissioner indicated where they would like to offer their assistance:

Kimberly Gibson – Economic Development/Long Term Planning and Legislative

Solomon Jackson – Human Resources

Tom McOwen – Economic Development/Long Term Planning

Dan Roberts – Legislative and Human Resources

Barbara Bennett – Economic Development/Long Term Planning

NOTE: Director Beasley departed at 12:30 so he was unavailable to identify his area of interest with a committee. Larry Sowers departed at 12:35.

Chairwoman Molitoris asked for a motion to approve the 2008 Action Plan. Commissioner McOwen moved to approve the plan and Commissioner Roberts seconded the motion. Roll call was taken with six votes in the affirmative.

NEW BUSINESS

Resolution 08-18; Requesting the Support of the Ohio Congressional Delegation to Provide Funds for Ohio Hub Rail Corridor Development.

Director Dietrich presented a brief overview of the Resolution. Chairwoman Molitoris made a motion to approve Resolution 08-18. Commissioner Gibson seconded the motion. Roll call was taken with six votes in the affirmative.

PUBLIC COMMENT

Mr. Bill Allman commented on S294 (Amtrak) and the fact that Senator Voinovich voted against it. He inquired if anyone was aware of his reasons for voting against it. Director Dietrich suggested Mr. Allman contact Senator Voinovich's office to inquire.

ADJOURNMENT

Chairwoman Molitoris asked for a motion to adjourn the meeting of the Commission, Commissioner Bennett moved to approve the motion and Commissioner Roberts seconded the motion. The meeting was adjourned at 12:45 p.m.