

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
JANUARY 29, 2009**

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairwoman Jolene M. Molitoris at 9:50 a.m. on Thursday, January 29, 2009.

MEMBERS PRESENT

Chairwoman Molitoris asked Megan McClory to call the roll. Members present included: Chairwoman Jolene Molitoris, Commissioners Larry Sowers, Marianne Freed for Director Beasley, Tom McOwen, William Murdock, Barbara Bennett, Rob Greenlese, Solomon Jackson, Bill Lozier and Representative Robert Hagan (w/ aide Emily McBane). Senator Capri Cafaro was absent however Aide Aaron Chicatelli attended in her absence. Commissioner Herk Wolfe was also absent. There were nine voting members present; therefore a quorum had been obtained. A vacancy of one member each in the House and Senate still needs to be filled.

NOTE: Commissioner Tom McOwen arrived at 9:55 a.m. after the roll call. Commissioner Bill Lozier arrived at 10:02 a.m. Commissioner Barbara Bennett arrived at approximately 10:30 a.m.

Distribution of the 21st Century Transportation Priorities Task Force Report

Chairwoman Molitoris spoke about the final report/recommendations which the task force recently issued. Each commissioner received a hard copy. She indicated this report focuses on multi-modal priorities and spoke to its message in emphasizing public-private relationships. Chairwoman Molitoris requested feedback from the commissioners on the report's recommendations which include "four game-changing strategies, 13 recommendations and 71 action steps." She expressed her appreciation of Matt and the staff of ORDC for their contribution to the task force.

Chairwoman Molitoris indicated the Federal Stimulus package is an opportunity to create jobs and invest in our country. She reported staff is working diligently with the Governor's staff in Washington to ensure Ohio's interests and needs are clear.

Two additional items that Chairwoman Molitoris wanted to discuss were 1) a Resolution commending James Beasley for his service to ORDC and 2) her appointment to Director of ODOT upon Director Beasley's retirement. Chairwoman Molitoris requested Megan McClory, ORDC's Secretary-Treasurer, read Resolution 09-08.

Resolution 09-08 - Honoring Ohio Department of Transportation Director James Beasley for his Service to the Ohio Rail Development Commission

Ms. McClory read Resolution 09-08 to the commissioners and all present. Chairwoman Molitoris moved to approve the resolution and Commissioner Greenlese seconded the motion. Roll call was taken with seven votes in the affirmative. Although the Director was not in attendance the commissioners applauded him for his contributions to the commission over the past two years.

Chairwoman Molitoris spoke on her appointment as Director of ODOT upon Director James Beasley's retirement. She officially assumes the position at close of business on Friday, January 30, 2009.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Matthew Dietrich expressed his appreciation both personally and on behalf of the staff to Chairwoman Molitoris for all of her contributions to the commission.

Director Dietrich indicated his Executive Director's report could be found on page 12 of the commission packet. He spoke first about the Heartland Corridor Extension where ORDC was a public sponsor. He reported ORDC and Norfolk Southern had received notice that MORPC was unable to fund the request for the \$3.3 million in improvements identified for the Columbus area. Director Dietrich announced this decision was based purely on economics and was not MORPC's unwillingness to participate. He stated ORDC is working with its partners to pursue alternative funding sources for this project.

Director Dietrich reported on the Jobs Stimulus Plan which began accepting applications on November 21, 2008. He indicated that he, Lou Jannazo and Megan McClory are all part of the project review team.

Amtrak 3-C Start-Up Service planning is in full swing. ORDC is set to meet with representatives of Cleveland, Springfield and Cincinnati on station planning. Director Dietrich reported Amtrak began work on January 5th to initiate service planning which includes field assessments, discussions with the railroads on capacity issues and ridership/revenue projections.

Director Dietrich commended the outstanding efforts of both Lou Jannazo and Don Damron on their meetings with the cities identified along the first routes of service for high speed rail; Cleveland, Columbus, Dayton and Cincinnati. He thanked the gentlemen for their dedication.

Director Dietrich spoke on ORDC's current outreach efforts which included several events where ORDC was invited to speak. He specifically thanked Art Arnold and Representative Hagan for their comments and presentations at the winter meeting of the Midwest Interstate Passenger Rail Commission in Omaha, Nebraska.

The Panhandle Appraisal was received and it identified a total value (real estate and track & fixtures) for 2008 of \$56,805,647 as opposed to the last valuation which was done in 2004 which listed a total value of \$24,200,000.

APPROVAL OF THE MINUTES OF THE NOVEMBER MEETING

Chairwoman Molitoris asked for a motion to approve the minutes of the November 13, 2008 meeting. Commissioner Sowers moved to approve the minutes and Commissioner Murdock seconded the motion. Roll call was taken. The minutes were approved as presented with eight votes in the affirmative.

FINANCE REPORT

Megan McClory presented the Finance Report to the Commissioners. The report can be found on page 21 of the commission packet. Ms. McClory reported the budget cut of \$174,088 identified at the November meeting did happen with the majority of the funds coming out of the grant program (\$161,748) and the remainder of the funds coming out of unspent operating funds (\$12,340). She reported OBM is continuing to allow transfers of unspent funds into the grant program which assists in off-setting the cuts we had to take. Ms. McClory reported the Governor's office announced an additional budget cut which took place in December that

reduced the current fiscal year budget an additional 5.75%. She indicated agencies were again allowed to shift the reduction across programs. ORDC met with Director Beasley and ODOT managers of the GRF funded programs. Director Beasley recommended reducing the ODOT/ORDC GRF budget in the public transportation program, where one-time federal funds could be used to help offset the reduction. This, in turn, held ORDC's grant programs harmless!

Ms. McClory spoke on the Amtrak agreement which began on January 5th and indicated ODOT's Office of Technical Services is providing the necessary funding for this contract (\$45,000).

Greater Ohio Ethanol filed for Chapter 11 in October of 2008. Ms. McClory indicated ORDC continues to monitor the proceedings with this case. ORDC's loan was for \$1 million with only \$107,000 having been repaid to date. Chairwoman Molitoris inquired if there was anything we could have done differently with this project so as to avoid being involved with this bankruptcy. Ms. McClory reported the ethanol industry as a whole is having difficulty and there wasn't anything to her knowledge that could have been differently. Director Dietrich echoed Ms. McClory's comment and stated there was no way we could have predicted what happened.

Ms. McClory spoke on cost saving opportunities available to ORDC. The largest measure could be taken in the area of rent currently paid to the LeVeque Tower (\$90,000). She stated ORDC is working with ODOT to determine whether ORDC could move into an ODOT-owned facility and therefore save rent funds. Chairwoman Molitoris encouraged Director Dietrich and his staff to continue to look at every cost saving measure available.

Note: Commissioner Bennett arrived.

PROJECTS

Resolution 09-01 – CSX North Baltimore Safety Initiatives

Director Dietrich spoke on the CSX National Gateway project which will be located at the North Baltimore Intermodal Facility. This proposed project is a rail corridor linking the east coast to the Midwest and will improve the flow of freight via rail with improved double-stack clearances, new terminals and greater capacity. Such a project enhances Ohio's consumer options and expands the Midwest's ability to deliver manufactured goods to world markets.

Two terminals are planned for Ohio with the first being in North Baltimore, Wood County. The facility will be owned and operated by a CSX-affiliate company, Evansville Western Railway. ORDC previously made a commitment of \$5 million to the project, and in reviewing the project plans, staff recommend that the \$5 million be used first to improve the safety of grade crossings in the vicinity of the North Baltimore facility, and secondarily to assist with the installation of "power switches" which allow trains to move into the yard at greater speed, which improves safety by reducing the amount of time that trains are occupying grade crossings. Rusty Orben, CSX's Director of Public Affairs, was present to answer any questions about the project. Commissioner Sowers moved to approve the resolution and Commissioner Murdock seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-02 – W&LE Akron Sub Safety Corridor

Director Dietrich asked Susan Kirkland to report on this project. This project was held over from the previous meeting as a result of several questions from the commissioners. The W&LE is upgrading the Akron Subdivision line from Medina to Akron and is increasing train speeds

from 25 mph to 40 mph. The railroad requested ORDC assistance to make additional improvements at grade crossings along the corridor to enhance public safety. The railroad is requesting a grant of up to \$175,000 to cover 50% of the costs associated with the project, a total of \$100,000 for crossing improvements and up to \$75,000 for enhancements to active warning devices.

Commissioner Lozier inquired about the difference in timelines between the use of federal funds vs. the use of state funds. Susan Kirkland responded by saying there is “months difference between the two (18-24 months).” Federal regulation requires a diagnostic review of the crossing which takes time. The railroad opted, due to those time constraints, to utilize state funding if possible. Commissioner Jackson inquired what had precipitated that caused the shift from use of federal funds to use of state funds? Lou Jannazo, ORDC’s Chief of Project Development, responded by indicating the railroad wanted to raise the track speed from 25 mph to 40 mph without delay. This will make safety improvements quickly without being postponed by the utilization of federal dollars. Commissioner Lozier inquired if there is any difference in design standards when using one source of funding over the other. Susan Kirkland indicated there is no difference. Alan Klodell provided his research in response to commissioners’ questions about potential liability, and indicated that it appears unlikely that the state would incur liability as a result of funding these improvements. Commissioner Sowers moved to approve the resolution and Commissioner Greenlese seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-03 – Case Farms Additional Funding

NOTE: Commissioner Bennett recused herself from discussion and the vote.

Lou Jannazo presented Case Farms’ request for an additional \$55,000 in grant funding. Case Farms originally came before the commission in January 2008 with a request of \$200,000 in grant funding to assist with the costs of reconstructing 1,750 ft. of out-of-service lead track and building a new 800 ft. storage track along the out-of-service lead. Actual bids on this necessary work came in much higher than expected (\$560,000) leaving a \$260,000 funding gap. All parties involved worked to fill the gap with ORDC making up the final \$55,000 needed to complete this project. Mr. Jannazo reported Tom David of Case Farms was present to answer any questions. Commissioner Murdock moved to approve the project and Commissioner Jackson seconded the motion. Roll call was taken with eight votes in the affirmative, one recused.

Resolution 09-04 – Diesel Emissions Reduction Grant Program

Lou Jannazo presented Resolution 09-04 to the Commission. The Diesel Emissions Reduction Grant Program (DERG) was established in 2007. It mandated \$20 million in Federal Highway funding in the CMAQ Program to be expended through state agencies on projects which purchase equipment and devices that would reduce diesel emissions. The Ohio Department of Development is the state agency expending those funds. Mr. Jannazo reported ORDC sent letters to the railroads offering them the opportunity to apply for DERG funds with ORDC as the public-private partner in the program. Mr. Jannazo reported five railroad projects were awarded funding in phase I: W&LE, purchase of auto start/stop for 16 locomotives; Cleveland Works Railroad, purchase of hot starts for 28 locomotives; I&ORY, purchase of 24 APUs for 24 locomotives; I&ORY, purchase of 2 ultra-low emission locomotives; and RJ Corman, purchase of 1 ultra-low emission locomotive. Mr. Jannazo indicated nearly \$5 million in funds was awarded for these projects. Commissioner Greenlese moved to approve this resolution, which

allows ORDC to serve as the public partner for this program, and Commissioner Lozier seconded the motion. Roll call was taken with nine votes in the affirmative.

Resolution 09-05 – US Department of Housing & Urban Development: Economic Development Initiative-Special Project Grant

NOTE: Commissioner Jackson recused himself from the discussion and the vote.

Megan McClory presented this resolution to the commission. She indicated the project briefing can be found on page 66 of the commission packet. Norfolk Southern (NS) has requested that ORDC be a public sponsor and grant recipient of a U.S Department of Housing & Urban Development (HUD) grant for the rehabilitation of an industrial building in Portsmouth, Ohio. The building will be utilized for steel and coal rail car repair.

Bill Harris, Public Affairs Manager for NS, was present to speak about the project. He reported NS plans to invest more than \$3.3 million in the facility and on-site infrastructure. NS will be able to re-hire nine furloughed employees and create 77 new jobs as a result of this project. ORDC's contribution to this project is limited solely to the distribution of the HUD grant. Commissioner Greenlese asked whether there will be any ORDC oversight of the outcomes of the project (i.e. the job commitments). Director Dietrich stated that ORDC will include what we can for monitoring, though we will need to abide by HUD's requirements. Commissioner Sowers moved to approve Resolution 09-05 and Commissioner Greenlese seconded. Roll call was taken with eight votes in the affirmative, one recused.

APPROVED PROJECT BRIEFING

Amtrak 3-C Corridor Study

As previously stated in his Director's report, Director Dietrich reported Amtrak began work on a study to initiate service planning which includes field assessments, discussions with the railroads on capacity issues and ridership/revenue projections. Through the use of State Planning & Research funds ODOT contributed the \$45,000 necessary for the study. Director Dietrich indicated a draft report is expected from Amtrak by June 30 of this year. A final report is due by August 31, 2009. Chairwoman Molitoris stated that Amtrak is being asked to work even more quickly.

PANHANDLE LONG-TERM LEASE COMMITTEE

Tom McOwen, Committee Chairman, spoke about the draft appraisal received by ORDC on the Line's valuation. Chairman McOwen indicated the new operators on the line (Genessee & Wyoming) have a draft of this report and have provided comments. He indicated the committee will be reconvening shortly to discuss the appraisal and hopefully move toward a final recommendation on the lease to the full commission.

COMMITTEE REPORTS

Human Resources Committee – Commissioner Jackson

Committee Chairman Jackson stated there was nothing new to report but indicated a concern of the committee over the potential loss of personnel during these tough economic times. He reported the committee plans to meet again in the next few weeks and will be exploring recommendations on creative ways to maintain staff. Chairwoman Molitoris asked Committee Chairman Jackson to discuss the potential move to ODOT as part of his meeting agenda. Committee Chairman Jackson expressed his concerns about how short line railroads are able to respond/react to the worsening economy.

Economic Development and Strategic Planning Committee – Commissioner Bennett

Committee Chairwoman Bennett indicated her committee was meeting today after the commission meeting. She reported her committee had received accomplishments and goals from the staff and would be working on a five year/ten year plan as a result. She hopes to have additional recommendations for the commission after the meeting.

Legislation Committee – Chairwoman Molitoris

Chairwoman Molitoris indicated that there is an opportunity for conversation with commissioners regarding legislative proceedings. Much of the state and federal budget processes are about sharing information. Commissioner Lozier asked whether federal stimulus funds will be filtered through agencies like the Ohio Public Works Commission, as they are an efficient agency. Chairwoman Molitoris indicated that the answer will come out of Congress's Conference Committee and that the Federal Highway Administration is waiting for guidance, too.

NEW BUSINESS

Director Dietrich spoke about the 2008 Accomplishments & 2009 Goals report requested of him at the November commission meeting. He identified several items (12) ORDC is currently involved in outside of administering loans and grants. Director Dietrich commended staff on their efforts in balancing so many active items at one time. He spoke about the public-private partnership agreements and his hopes to expand ORDC's role in the coming year, the Panhandle Lease Agreement and ORDC's desire to resolve this outstanding issue, safety initiatives such as developing standards for signal pre-emption at rail-highway grade crossings, and the development of a state rail plan to meet upcoming federal requirements for funding eligibility.

Resolution 09-07 – Recognizing Senator Brown's Allocation for Ohio Hub Environmental and Project Development Funds

Director Dietrich read Resolution 09-07 to the commissioners. Chairwoman Molitoris made a motion to approve Resolution 09-07 and Commissioner Bennett seconded the motion. Chairwoman Molitoris asked Ms. McClory to call the roll. There were nine votes in the affirmative. The resolution is approved.

OLD BUSINESS

Resolution 09-06 – Abandoned Railroad Rights-of-Way

After conferring with counsel, Chairwoman Molitoris decided to table Resolution 09-06 until Commissioner Herk Wolfe was present and able to participate since he had raised several questions on this matter at the previous commission meeting. This resolution will be deferred until the March meeting.

APPOINTMENT OF THOMAS McOWEN AS VICE-CHAIR OF ORDC

Chairwoman Molitoris spoke about ORDC's language (By-Laws) which provides for a Vice-Chair of the commission, who can act in the Chair's place when there is a vacancy in the Chair's seat. She presented Tom McOwen for consideration by the commission. Commissioner Sowers made a motion to approve Commissioner McOwen as Vice Chair, Commissioner Bennett seconded the motion. Roll call was taken with eight votes in the affirmative, one abstention (Commissioner McOwen). The motion is approved.

PUBLIC COMMENT

Bill Strawn, former President of the Ohio Central Railroad System, congratulated Chairwoman Molitoris on her years of service to the industry and her new appointment to Director of ODOT.

Denny Larr offered a standing ovation to Chairwoman Molitoris.

ADJOURNMENT

Chairwoman Molitoris called her final meeting as Chair adjourned at 12:01 p.m.