

**MINUTES OF THE OHIO RAIL DEVELOPMENT COMMISSION
REGULAR BI-MONTHLY MEETING
MAY 8, 2008**

CALL TO ORDER

The meeting of the Ohio Rail Development Commission was called to order by Chairwoman Jolene M. Molitoris at 10:10 a.m. on Thursday, May 8, 2008.

MEMBERS PRESENT

Chairwoman Molitoris asked Megan McClory to call the roll. Members present included: Chairwoman Jolene Molitoris, Commissioners Tom McOwen, Kimberly Gibson, Solomon Jackson, Dan Roberts, Herk Wolfe, Larry Sowers, Howard Wood for Director James Beasley, Representative Larry Flowers; Emily McBane (Legislative Aide for Representative Hagan) and Senator Capri Cafaro. Members absent included Senator Larry Mumper and Barbara Bennett.

ACKNOWLEDGEMENT OF JAMES HARTUNG, FORMER ORDC COMMISSIONER

Chairwoman Molitoris announced the resignation of James Hartung from the commission. She indicated Mr. Hartung's duties as Director of the Toledo Lucas County Port Authority have precluded him from attending the commission meetings as he had intended so therefore he tendered his resignation. She reported Mr. Hartung hopes to participate in another capacity at some point in the future. Chairwoman Molitoris expressed her sincere appreciation for Mr. Hartung's involvement over the years.

APPROVAL OF THE MINUTES OF THE MARCH MEETING

Chairwoman Molitoris asked for a motion to approve the minutes of the March 13, 2008, meeting. Commissioner Gibson moved to approve the minutes and Commissioner Wolfe seconded the motion. Roll call was taken. The minutes were approved as presented with seven votes in the affirmative, one abstention.

EXECUTIVE DIRECTOR'S REPORT

Executive Director Matthew Dietrich presented his Executive Director's report to the commissioners. Director Dietrich highlighted some of the points identified in his report. He first spoke about the steel coil issue and reported he testified before the Senate Highways and Transportation Committee on April 8th. He reported ORDC has been asked by ODOT to participate on a working committee on overweight/oversized issues. Director Dietrich will participate in this group on behalf of ORDC.

Director Dietrich reported ORDC has agreed to sponsor an application for Norfolk Southern to OKI to double stack trains from Columbus to Cincinnati for the Rickenbacker project.

ODOT's 21st Century Task Force had its kick-off meeting on May 7th. Director Dietrich complimented Chairwoman Molitoris on her leadership with regard to this meeting. He indicated ORDC has been asked to give presentations to two of the three sub-committees on the Task Force.

Lastly, Director Dietrich reported ORDC management staff will be meeting with all shortline railroads to discuss their needs and any issues they may be having with regard to conducting business in Ohio.

Commissioner McOwen inquired about a visit to the strategic planning staffs of both NS and CSX to help maximize economic development in Ohio. He asked if there is a way to budget such a trip. Chairwoman Molitoris commented that something should be able to be worked out and suggested talking to Governor's office.

Commissioner McOwen commented on the resolution passed at the last commission meeting and stated that he hoped the resolution (passed in March) "did not step on anyone's toes." Senator Cafaro commented that the steel coil resolution put her in a precarious position due to the fact she sits on the Senate Highways and Transportation Committee. She reported she felt that HB-30 is probably not the best "vehicle" for the steel coil truck weight issue to be carried and expressed hope that the 21st Century Transportation Priorities Task Force will provide some guidance. Commissioner Wolfe stated that he wished the Ohio Railroad Association could have given Commissioners more notice on HB-30 and the truck weight issue prior to the commission taking action.

Chairwoman Molitoris commented that the Task Force is looking for a "win-win" in attaining a goal of a truly multi-modal transportation policy. She stated that the Task Force has some very strong leaders and skills sets, but also stated that this is "not ODOT's task force" but is "the people's task force." She also stated that response to the initial kickoff meeting and the issue was so strong that the Task Force is planning on expanding the number of local area task force meeting around the state. She asked that Commissioners try to get involved in as many of these regional meetings as possible.

Chairwoman Molitoris reported to Commissioners that Governor Strickland and Ohio General Assembly leadership had reached an agreement on the Governor's Building Ohio Jobs initiative. She called the agreement a "real victory" since the plan would have otherwise had to go on the November ballot as an issue for the voters. The task now, she reported, is how to direct the \$100 million in the Initiative that is devoted to intermodal logistics.

FINANCE REPORT

Megan McClory, ORDC's Secretary Treasurer, presented the Finance Report to the Commissioners. She indicated the report can be found on page 47 of the commission packet. Ms. McClory reported this meeting is the last meeting of the fiscal year and ORDC is just about out of money. Ms. McClory spoke about the Buckingham Coal/NS project being just about ready to authorize for construction. This project has been in process for quite some time.

Ms. McClory reported ORDC is working with the Ohio Central Railroad to eliminate a bridge along the Panhandle Line. This bridge is located in Licking County and is in poor condition. Staff will continue to work with the railroad to put in an at-grade crossing.

On May 5, 2008, the State Controlling Board approved funding for Continental Appraisal Company to conduct an appraisal along the Panhandle Line. Ms. McClory indicated Commissioner McOwen will be giving an update on the status of the Panhandle Long Term Lease Committee later in the meeting.

Ms. McClory reported the Office of Budget & Management has requested ORDC submit its budget for the FY 2010 and 2011 budget at no greater than 95 percent of its current budget.

Ms. McClory announced the Finance Committee will be meeting immediately after the commission meeting and extended an invitation to anyone who wishes to stay for that committee meeting.

CSX NATIONAL GATEWAY PRESENTATION

Chairwoman Molitoris introduced Ms. Lisa Mancini who is Vice President for Strategic Infrastructure for CSX. Ms. Mancini spoke about the demand for freight transportation and the strained rail and highway infrastructures. She reported all indicators pointed to tremendous growth by 2020 on the already strained system.

Ms. Mancini reported the National Gateway project calls for double-stack clearance between North Carolina and Baltimore, Maryland via Washington D.C. (I-95 Corridor); Washington D.C. and Northwest Ohio via Pittsburgh, Pennsylvania (I-70/I-76 Corridor); and Wilmington N.C. to Charlotte, N.C. (The Carolina Corridor). She spoke about two terminals that would be located in Ohio: one in south Columbus and the other in Wood County. The terminal in Wood County would act as the “hub.”

Ms. Mancini reported the total investment in the National Gateway project is \$700 million. A total of \$267 million will benefit Ohio in the way of reducing congestion on the highways, reducing greenhouse gas emissions and reducing highway maintenance costs as well as improving safety. Ms. Mancini stated CSX would like for states to sign up as supporters of the project at www.nationalgateway.org.

Chairwoman Molitoris asked if CSX is looking to “green solutions” for the intermodal yards being planned for Ohio. Ms. Mancini responded CSX is purchasing additional fuel and emissions-efficient locomotives for yard operations as well as looking at additional ways green innovations can be used in the yards.

Commissioner Roberts complimented CSX on their website about the National Gateway project and Commissioner Gibson stated it is “amazing to see the commitment to this project by CSX.”

PROJECTS

Resolution 08-07 – Buckeye Industrial Mining

NOTE: Commission Jackson recused himself from the presentation and vote on this project.

Lou Jannazo, ORDC’s Chief of Project Development, presented Resolution 08-07 to the Commissioners (page 50 of the commission packet). Mr. Jannazo reported Buckeye Industrial Mining is requesting a grant in the amount of \$200,000 to assist with the purchase of rail loading/unloading conveyors and equipment for a bulk transload/coal blending facility located in Wellsville. He reported this project will create up to 115 new jobs at the Bulk Transfer Yard and up to 40 new positions at the company mines. Approximately 35,000 new carloads will be generated as a result of this project. Mr. Jannazo reported the investment by the company is over \$15 million.

Mr. Jannazo introduced Mr. Ken Kelly, Buckeye Industrial Mining Controller, who was present to answer any questions the commissioners may have. Mr. Kelly thanked the commissioners for their consideration of this project. Commissioner Roberts inquired about the potential to

expand rail access where currently coal is being trucked in from the mines in Ohio. Mr. Kelly responded their only option is trucking at this point in time but it is certainly an issue they continue to explore.

Commissioner Gibson moved to approve the project and Commissioner Sowers seconded the motion. Roll call was taken with seven votes in the affirmative, one recused.

Resolution 08-08 – City of Jackson/US Rail

Mr. Jannazo reported on the City of Jackson/US Rail Line Rehabilitation project located on page 56 in the commission packet. He indicated this project will actually be completed in three phases with this being the first of the three. The company is requesting a grant of up to \$350,000 and a loan of \$300,000 to assist with rehabilitation needs along the Jackson line from Jackson to RA Junction which is near Chillicothe.

Randy Heath, the Mayor of Jackson; Shane Goodman, Government Affairs/Community Relations, US Rail; Gabe Hall, President of US Rail; and John Hall, General Manager of US Rail were all present and spoke to the commissioners, thanking them for their consideration of this project and reiterating its importance to the City of Jackson. Special mention was also made of Lou Jannazo's commitment and assistance to this project.

Commissioner McOwen reiterated the importance of this project to southern Ohio and the community.

Commissioner Sowers moved to approve the resolution and Commissioner McOwen seconded the motion. Roll call was taken with eight votes in the affirmative.

Resolution 08-09 – Addendum to Carrollton Rail Line Rehabilitation Resolution Briefing (originally entered as Resolution 08-03)

Mr. Jannazo presented the Carrollton Rail Line Rehabilitation briefing found on page 66 of the commission packet. He reported this project was initially presented to the commission in March 2008 as Resolution 08-03. There is a strong possibility the project is changing from the original scope due to the fact that \$490,000 of the \$990,000 necessary to complete the project was coming from a Community Development Block Grant (CDBG) which is now in jeopardy due to the Carrollton company being unable to commit to the expansion and job creation as originally intended. The company manufactures conduit used in the housing industry. The recent downturn in the housing market has impacted their business so severely that the company is choosing to put a hold on any expansion plans. Without the necessary commitments in place Carroll County cannot obtain the grant. Mr. Jannazo reported the County is looking into other funding options to raise the \$490,000 but that this new resolution (08-09) will cover ORDC and allow the project to move forward without the CDBG portion in place in the event the county is unable to secure the additional funds.

Commissioner Wolfe moved to approve Resolution 08-09 and Commissioner Sowers seconded the motion. Commissioner Jackson expressed his concern over the lack of the number of jobs created being due to this change. Director Dietrich agreed with Commissioner Jackson and indicated that ORDC is doing everything it can to assist this project as it is a good undertaking for the County but with this new resolution it will allow the County to move forward with a

project even though it may not be the project as originally intended. Director Dietrich reported that this meeting is the last meeting scheduled of the fiscal year and staff felt it necessary to make the commissioners completely aware of the possibility of this new development although it is not yet for certain.

Another motion was made by Commissioner McOwen to approve Resolution 08-09. Commissioner Sowers seconded the motion. Roll call was taken with eight votes in the affirmative.

APPROVED PROJECT BRIEFINGS

Appleton Papers Spur, West Carrollton

Mr. Jannazo indicated there are no representatives present for Appleton Papers Spur which is a \$50,000 grant to assist with the costs of a rail spur in West Carrollton, Montgomery County, Ohio. The briefing information for this project may be found on page 70 of the commission packet.

Hydrodec Spur, Canton

Mr. Jannazo reported Mr. Brian Clink, Environmental, Health, Safety and Quality Manager, Hydrodec, North America, LLC, was present to answer any questions regarding this project. Mr. Jannazo reported this project is an economic development project and the company will refine used oil into new oil. This project involves a \$75,000 grant to assist with the purchase of a track mobile (which assists the movement of cars on the track) rather than the company having to pay the W&LE for extra switching services and be held to their schedule on when the switching could be done. Mr. Jannazo reported this project will improve the efficiency of Hydrodec operations.

Commissioner McOwen inquired about the “logic used to determine the grant funding should go toward equipment (trackmobile) given the commission’s historic position of being leery of funding equipment.” Mr. Jannazo responded by indicating the company had already started construction on this project so discussions took place on applying for a grant to assist with equipment purchase which will streamline their operations.

Lancaster Port Authority Spur to Serve US Corrugated

Mr. Jannazo reported the Lancaster Port Authority requested a \$90,000 grant to assist with the construction of a 1,600 ft rail spur to serve a new US Corrugated plant located in Lancaster, Ohio. He reported this project is not far from completion and that this grant will assist with the development of an industrial park on 450 acres of land in Lancaster.

Mr. Michael Pettit, Economic Development Director and Director of the Port Authority, was present to answer questions from Commissioner McOwen who inquired how long the Port Authority had been in existence (December 2006) and whether they are an economic development authority (yes).

Prior to moving forward Chairwoman Molitoris offered Pat McCune, the Wheeling & Lake Erie representative, a chance to speak about the Hydrodec issue. Mr. McCune reported he appreciated the fact that the Carrollton company came forward with their inability to commit to the expansion and job creation. He echoed Mr. Jannazo’s comments that this project is a good project and should move forward.

PANHANDLE LONG TERM LEASE COMMITTEE REPORT

Commissioner McOwen (Chairman of the Panhandle Long Term Lease Committee) reported the Panhandle Committee is working toward a rent structure that pays off any outstanding debt and funds necessary improvements to the state-owned rail line. He stated the Committee will discuss lease language relating to possible future passenger rail operations on the Panhandle Line as well as the issue of rail liability. Commissioner McOwen reported three committee meetings have taken place since the last commission meeting of March 13th. He indicated the next scheduled Committee meeting will take place on May 28th at 11:00 a.m. at the ORDC offices.

3-C PASSENGER START-UP SERVICE

Director Matt Dietrich presented an update on the Amtrak service being proposed in the 2-C/3-C corridor (Cleveland-Columbus & Cleveland-Columbus-Cincinnati). Information can be found beginning on page 104 of the commission packet.

Director Dietrich spoke about the service parameters: service scenarios, train frequency, equipment, food service and train speeds. He identified the study process as well as other considerations for this effort. Amtrak will compile this information and report back to ORDC within a 12-18 month timeframe.

Chairwoman Molitoris expressed her concern about the timeframe Amtrak is quoting to complete the study. She asked that staff be in contact with Amtrak to ensure the project continues to move forward in a timely manner.

Commissioner Roberts commented if rehabilitated passenger cars are used in the proposed 3-C service then Ohio needs to get assurances that these cars don't go to other states and leave Ohio short of the necessary number of cars to make 3-C service work.

Commissioner Wood stated that ODOT is willing to bring in their traffic demand models into the process. He stated he has spoken with Lou Jannazo about the environmental process as well.

RAIL CORRIDORS & POTENTIAL ECONOMIC DEVELOPMENT

Commissioner McOwen reported on the rail infrastructure of the past and the loss of critical corridors over the years. He expressed the need of the commission to actively work with the railroads to develop new corridors that begin and end in Ohio. Ohio needs to be the leader in this initiative.

PUBLIC COMMENT

Art Arnold, President of Ohio Railroad Association, thanked the commission for its assistance with the legislature regarding the steel coil issue.

ADJOURNMENT

Chairwoman Molitoris called the meeting adjourned at 12:20 p.m.