

**MINUTES FROM THE OHIO RAIL DEVELOPMENT COMMISSION  
REGULAR BI-MONTHLY MEETING  
May 15, 2019**

**CALL TO ORDER**

The meeting of the Ohio Rail Development Commission was called to order by Chairman Policinski at 11:00 a.m. on Wednesday, May 15, 2019.

**MEMBERS PRESENT**

Chairman Mark Policinski, Commissioners Solomon Jackson, Mark Johnson, Pamela Vest-Boratyn, Bill Lozier, Rachel Near, Tony Reams, Eric Richter, Tom Zitter and Allen Biehl were in attendance. Representatives Sheehy and Hoops were present. Commissioner Hempfling was unable to attend. There were 10 voting members present, therefore a quorum was obtained.

**APPROVAL OF THE MINUTES OF THE MARCH MEETING**

Chairman Policinski asked for a motion to approve the minutes of the March 20, 2019 Commission meeting. Commissioner Reams moved to approve the minutes and Commissioner Johnson seconded the motion. The minutes were approved with nine votes in the affirmative. Commissioner Biehl abstained.

**EXECUTIVE DIRECTOR'S REPORT**

Executive Director Dietrich presented his report to the Commissioners, which can be found on page 8 of the packet. Executive Director Dietrich indicated a lot of recent activity has been centered around the budget. He thanked the new administration for their support in restoring ORDC's GRF funding level back to \$2 million annually. He reported that he testified before the House Finance Subcommittee for Transportation and the Senate General Government and Agency Review Committee. Executive Director Dietrich reported that good questions were asked at both testimonies and that he felt they went well.

Executive Director Dietrich spoke about property issues with regard to state assets. Specifically, he spoke about the Jackson Line, located in Ross, Vinton and Jackson Counties, and the request by the city to transfer ownership of the line to the state. Executive Director Dietrich reported that staff is working closely with our legal counsel on any potential property transfers. He indicated that he expects to bring the Jackson Line matter before the Commission for consideration at either the July or September meeting.

A variety of rail-related issues with several communities are keeping staff busy. These issues involve safety corridors like crossing closures, coordination of rail projects and even new rail service. Executive Director Dietrich reported that the City of Toledo is working with TMACOG and MDOT on passenger rail initiatives.

Commissioner Reams asked Executive Director Dietrich what ORDC's responsibility is with respect to the operator on a line when the state owns the right of way. Executive Director Dietrich responded that maintenance operations, operating rights and common carrier obligations fall to the operator. He indicated that it's like a triple net lease. Commissioner Reams asked what our responsibility is should the operator walk away. Does the state need to identify another

operator? Executive Director Dietrich indicated that yes, as the owner we would need to find another operator to provide service on that line, even in the interim.

Commissioner Lozier asked what the negotiations and lease provisions are with respect to the Jackson Line and if a committee similar to the committee created for the Panhandle lease is in place for this discussion. Executive Director Dietrich reported that the committee is no longer functioning, but the Panhandle lease is being used as a template to negotiate property transfers and that template has already been used several times. The City of Jackson used our template for the lease with the current operator to ease the state assumption of ownership and the lease assignment.

Commissioner Lozier asked about the GRF funding and what types of questions were being asked at the Committee hearings. Executive Director Dietrich reported that a lot of questions were with respect to ORDC's role, grade crossing safety and intermodal concerns.

#### FINANCE REPORT

Megan McClory, Secretary-Treasurer, presented the Finance Report to the Commissioners, which can be found on page 18 of the packet. Ms. McClory noted we are currently overcommitted with commitments going into FY '20. Ms. McClory indicated this will maximize the use of the funding for each fiscal year. She reported that one of our loans, Marion Industrial Center, has been fully repaid as of May 1, 2019. This loan was for \$1 million for a loop track at the company's storage and logistics facility and was issued in 2014.

The Mahoning Valley Economic Development Corporation (MVEDC) has an outstanding loan for rail engineering costs that the ORDC issued in 2016 with a provision for loan forgiveness if the company established operations in Warren. The company has since done that, so ORDC staff is currently working to convert the loan to a grant and will issue the funds to MVEDC as such.

Ms. McClory reported that Hydrodec North America has reimbursed the ORDC \$19,038.46 as a result of the company's inability to satisfy its job creation commitment from a grant issued to them in 2010. The company did agree to repay the funds and the final payment was received in early May.

There were no questions regarding the Finance Report.

Prior to the presentation of the items for approval and the project briefings, Commissioner Jackson announced to the Chairman that he must recuse himself and he left the room at 11:20 a.m.

#### RESOLUTION 19-05 – KNWA Hobson Yard Improvements, Middleport, Ohio

ORDC staff member Tim Brown presented Resolution 19-05 to the Commissioners. The briefing can be found on page 29 of the commission packet. Mr. Brown introduced Derrick Jackson, General Manager with the Kanawha River Railroad, who provided a brief history of the company. Mr. Jackson indicated the rehabilitation needs for the yard are great. They plan to

restore service to Track 2 and rehabilitate the other tracks. Mr. Jackson reported the project cost is approximately \$350,000. With the project improvements the railroad will be able to increase capacity at the yard.

Commissioner Zitter asked Mr. Jackson what the percentage of their business is coal. Mr. Jackson responded that approximately 74 percent of their traffic is coal, but they are working to diversify their traffic numbers. Restoring Track 2 will improve the railroad's transload capacity, as they are currently limited to loading 13 cars at a time.

Chairman Policinski asked for a motion to approve Resolution 19-05. Commissioner Zitter moved to approve the motion and Commission Richter seconded the motion. The motion was approved with nine votes in the affirmative; one recused.

#### RESOLUTION 19-06 – OmniTRAX, Inc., Cleveland Div. Rehabilitation, Cuyahoga County

ORDC Staff member Tim Brown presented Resolution 19-06 to the commissioners. The briefing can be found on page 34 of the packet. Mr. Brown reported this is a rehabilitation project and he introduced Matt Despos, Vice President of Operations for OmniTRAX to give the project update. Mr. Despos indicated this project will allow OmniTRAX, which is in contract to purchase the Cleveland Commercial Railroad, to improve the track to Class 1 condition and improve efficiency and safety. He reported the company intends to add 2000 carloads within the first 18 months of project completion. An increase in demand for scrap has necessitated these improvements. Mr. Despos reported OmniTRAX is the only shortline in the area with three class 1's and a regional connection.

Chairman Policinski asked if the commissioners had any questions. Hearing none the chairman asked for a motion to approve Resolution 19-06. Commissioner Reams moved to approve the motion and Commissioner Richter seconded the motion. The motion was approved with nine votes in the affirmative; one recused.

#### PROJECT BRIEFING – FeX Processing, Mingo Junction, Ohio

Tom Burns, ORDC's Project Development Manager, introduced Doug Schaefer, Vice President of FeX Processing, who was present to give the project update. Mr. Schaefer reported this is a \$3.4 million expansion in Mingo Junction will occur in three phases and will include a rail spur and result in the creation of 15 new jobs and the retention of 9 jobs at the project site. The company operates a recycling facility for scrap materials for reuse in steel mills. This project will directly impact the company's ability to support Ohio steel mills. Mr. Schaefer thanked the Appalachian Partnership for Economic Growth, a JobsOhio regional partner, for their assistance with a revitalization grant, and stated the approval of the \$50,000 grant from ORDC will further the company's ability to expand their operations.

Commissioner Zitter asked Mr. Schaefer if the only interchange will be with Norfolk Southern (NS) and if the Wheeling and Lake Erie is an option. Mr. Schaefer responded that NS is currently the only option they have but the company indicated an interest in working with the

Wheeling and Lake Erie. Mr. Schaefer went on to say the company is grateful to have NS as a partner.

No additional questions were asked.

#### PROJECT BRIEFING – Ashland Railway – Bridge and Culvert Repairs, Huron and Richland Counties

ORDC Staff Member Tim Brown presented the Ashland Railway Bridge and Culvert Repair project to the commissioners, which can be found on page 42 of the packet. Mr. Brown introduced Mike Mosley, General Manager of Ashland Railway, and Don Cleland who were both present to give the briefing. Mr. Cleland reported these projects are both high-priority due to their time-sensitive nature. The first issue is water is leaking from the floor of the culvert due to stone settling. The issue has steadily increased over a short period of time. The second issue is a large crack in the abutment supporting the bridge at milepost 84.1. The funds are needed to expedite repairs in order to prevent service disruption to their customers.

Chairman Policinski asked if any of the commissioners had questions. Commissioner Lozier asked Mr. Cleland how the repairs will be made to the culvert. Mr. Cleland stated the contractor will do a concrete overlay on the floor with injections to fill any voids. Commissioner Lozier asked if they believe they have lost a lot of fill as a result of this issue. Mr. Cleland stated they have been watching this issue very closely and believe they have minimal loss at this point.

There were no further questions.

For the benefit of our new commissioners, Chairman Policinski reminded everyone that the Project Briefings are included as a means of information for the commissioners but do not need approval from the commissioners as they fall within the signature authority of the ORDC's Executive Director.

#### PROJECT BRIEFING – Genesee & Wyoming Northeast Region Bridge Repairs

Tim Brown presented the Genesee & Wyoming Northeast Region Bridge Repairs project to the commissioners. The briefing can be found on page 45 of the commission packet. Mr. Brown recognized Tracy Clark, Engineering Manager Regional Coordination, Genesee & Wyoming, who was in attendance. He introduced Tim Slusser, General Manager, and Chad Boutet, Director of Structures, from Genesee & Wyoming. Mr. Slusser explained the Ohio Central Railroad is made up of three railroads with 80 customers and 120 employees. These bridge projects involve projects with all three of the railroads. Mr. Boutet explained this project will assist with repairs to 13 bridges. The repairs range from concrete repairs, tie replacements and steel bridge components.

Mr. Slusser reported that without this assistance from the commission the company would not be able to complete the repairs all at once. In doing so they will be able to minimize service disruption to their customers.

There were no questions.

Commissioner Jackson returned to the meeting at 11:53 a.m.

#### COMMITTEE REPORTS

Commissioner Jackson reported that the Administrative Committee met to discuss the ORDC's by-laws and the need to revise/modernize the by-laws. Commissioner Jackson asked Megan McClory to give a brief overview of why the committee felt it was necessary to review the by-laws in the first place. Ms. McClory stated that due to some Revised Code revisions, a change of address for the ORDC and some operations practices that are currently outdated, the Administrative Committee felt it was necessary to provide updates since the by-laws had not been revised since the early 1990s.

The Policy Committee did not meet.

#### OLD BUSINESS

Chairman Policinski reported that the commissioners needed to re-vote on previously approved Resolution 19-04 due to the expiration of Commissioner Maphet's term. Chairman Policinski asked for a motion to approve Resolution 19-04. Commissioner Lozier moved to approve the motion and Commissioner Reams seconded the motion. The motion was approved with 10 votes in the affirmative.

#### NEW BUSINESS

None.

#### PUBLIC COMMENT

Michael Conner presented a letter to the Commission in support of the Glass Rock Line ownership being transferred to the county. Mr. Connor believes freight customers could still be available on this line and he would like to see the county take over ownership so marketing efforts for freight customers can resume. For clarity, Commissioner Lozier asked Mr. Conner if he was advocating for the county taking over ownership or if he was proposing something different. Mr. Conner responded by saying he was hopeful that the county would be the new owner.

#### ADJOURN

Chairman Policinski adjourned the meeting at 12:00 p.m.