

**MINUTES
PORT OF PEND OREILLE
BOARD OF COMMISSIONERS MEETING
February 9, 2010**

Chairman Harkness called the regular meeting of the Port of Pend Oreille Board of Commissioners to order at 9:00 a.m. in the Port office located at 1981 Black Road, Usk, Washington. In attendance: Chairman Harkness, Vice Chairman Shanklin, Secretary Kiss and Port staff. Also attending, Richard Lange from Ponderay Newsprint Company.

For purposes of clarification, the minutes are presented as listed on the agenda, not necessarily in the order they were discussed.

MINUTES:

Commissioner Kiss moved to approve the minutes of December 8, 2009 as presented. Motion seconded by Commissioner Shanklin, so ordered by Chairman Harkness.

COMMENTS:

None at this time.

GUEST: RICHARD LANGE – PONDERAY NEWSPRINT UPDATE:

Mr. Lange gave a report on Ponderay's operations and current refinancing process. The Board thanked Mr. Lange for the update.

FUEL BIDS: OPENING OF FUEL BIDS:

A. DISCUSSION: Chairman Harkness opened the two sealed bids which were received by the Port. The first bid opened was from City Service Valcon, in the amount of .07 over rack. The second bid opened was from Eljay Oil Company in the amount of .075 over rack.

B. ACTION: Commissioner Shanklin moved to accept the bid from City Service Valcon at .07 over rack price. Motion seconded by Commissioner Kiss, so ordered by Chairman Harkness.

OLD BUSINESS:

1. TAX CREDIT:

A. DISCUSSION: Kelly reported that the possibility of selling tax credits did not happen for 2009. The company interested in providing this assistance could not provide legal reference to satisfy her or the attorneys on the legalities since the Port does not pay property tax.

2. OTHER OLD BUSINESS:

A. MENDENHALL PROPERTY:

1. DISCUSSION: Kelly recently worked with the City of Newport to assist with the process of annexing a strip of BNSF land approximately 450 feet long by 1 foot wide to the City for development purposes.

NEW BUSINESS:

1. JANUARY 12TH LEADERS MEETING - UPDATE:

A. DISCUSSION: The Board reported they toured the area of the dam with the new turbines. They also received a report from Ponderay Newsprint on power supply and costs to the mill. EDC director Jamie Wyrobek was at the meeting. The Commissioners gave a report on POVA operations

including car storage, new employee and shop work. The County Commissioners reported on their talks with Seattle City Light.

2. 2009 FRA ACCIDENT AND INCIDENT REPORT:

A. DISCUSSION: As required by the FRA Kelly gave the 2009 annual report on accidents and incidents. She reported 2009 was an injury free year; the first ever in her 24 years at the Port. She commended the employees for their safety efforts. Richard Lange congratulated the Commissioners and Staff.

B. ACTION: Based on Board direction Kelly will work on recognizing the employees at the March meeting.

3. INVESTMENT OF FUNDS LETTER:

A. DISCUSSION: The Pend Oreille County Treasurer's Office requested a letter from the Board regarding the investment of funds by Port personnel. Kelly presented a letter for Board review in which she and Susan would continue to be authorized to invest Port funds.

B. ACTION: Commissioner Kiss moved to approve the letter authorizing Kelly and Susan to invest Port funds through the Pend Oreille County Treasurer's office. Motion seconded by Commissioner Shanklin, so ordered by Chairman Harkness.

4. UPDATE 2010 BUDGET SALARY INFORMATION SHEET:

A. DISCUSSION: Kelly presented an updated salary schedule sheet due to the hiring of Tom Hardwick for Board approval.

B. ACTION: Commissioner Kiss moved to approve. Motion seconded by Commissioner Shanklin, so ordered by Chairman Harkness.

5. WATER AND SEWER LINE PUSH REQUEST:

A. DISCUSSION: Kelly informed the Board she and Cliff had been approached by a private individual who is considering development of property between Usk and Cusick located between SR 20 and the railroad tracks. If this development takes place sewer and water access will be required which will involve a push for each service under the railroad tracks. He also inquired about a public crossing. Kelly and Cliff relayed the information regarding the potential costs as well as informing him that a sewer and/or water crossing request would have to come from the Town of Cusick.

6. RESOLUTION 2010-01 PERSONAL SERVICES CONTRACTING:

A. DISCUSSION: Kelly presented the resolution to the Board regarding the Personal Services training the Board and staff recently received. Kelly will provide future training as necessary.

B. ACTION: Commissioner Shanklin moved to approve Resolution 2010-01 as presented. Motion seconded by Commissioner Kiss, so ordered by Commissioner Harkness.

7. REMOVAL OF BUILDING:

A. DISCUSSION: There was discussion regarding the removal of the building formerly occupied by Hometown Builders. Kelly will work on this matter for the March meeting.

B. ACTION: None necessary at this time.

8. TOWN OF METALINE FALLS LAND LEASE:

A. DISCUSSION: Kelly reported the signed lease has not yet been returned.

B. ACTION: Item tabled until March meeting.

9. ENDURIS INSURANCE APPLICATION/RESOLUTION 2010-02:

A. DISCUSSION: Kelly reported the cost of insurance through Enduris, for \$10 million in coverage compared to \$1 million is very similar to the current insurance price. Based on the increased coverage available she suggested the Port become a member of Enduris and transfer building, property and auto policies, as well as Director and Officer Coverage to them effective February 13th.

B. ACTION: Commissioner Kiss moved to approve Resolution 2010-02 and to authorize Kelly to sign additional documents as necessary with Enduris on the Port's behalf. Motion seconded by Commissioner Shanklin, so ordered by Chairman Harkness.

10. 2010 LIONS CLUB USE PERMIT AND RENTAL AGREEMENT:

A. DISCUSSION: The signed 2010 Use Permit and Rental Agreement were returned by the Lions Club. Kelly and Cliff will work with the employees to get an Engineer and Conductor for each ride.

B. ACTION: Commissioner Kiss moved to enter into the agreement with the Lions Club for the 2010 rides. Commissioner Shanklin, a Lions Club member, abstained. Motion so ordered by Chairman Harkness.

11. OTHER NEW BUSINESS:

A. TEDD RENEWAL/EDC PARTICIPATION:

1. DISCUSSION: There was discussion on the TEDD dues structure; Kelly will get more information for the March meeting. Jamie Wyrobek will be at the March meeting to discuss EDC objectives and goals.

STAFF REPORTS:

1. ROADMASTER:

- The new employee, Tom Hardwick, is working out very well. He is currently training as Conductor and also in car repairs.
- Cliff completed an inspection of the Blueslide Tunnel with Bob. He and his crew will be working on timbers, putting in longer ties to use for bracing and some 6 x 6 angle iron. Approximately 175 feet of the south end of the tunnel will eventually need repairs.
- The Sandpoint line has some movement at the holes but not bad compared to previous years.
- Alan is washing cars for WFE and completing some car repairs for the KFIR.

2. MANAGER:

- Cell tower – she is working with AT&T and their contractors for the potential location of a tower on Port property.
- She will be attending a LEPC meeting on the 10th.
- She attended a Hazardous Mitigation meeting regarding potential FEMA funding for future disasters. There will be more meetings to attend.
- Shipments from Laclede have resumed although slowly; and, Bell Pole at Oldtown has started shipping loads of poles.
- The ad for environmental engineering has been placed with bids being due on February 26th.

3. FINANCIAL OFFICER: Susan presented the financial information for the month of January 2010 as well as storage car revenue information.

4. CHIEF MECHANICAL OFFICER:

- Shop crews are doing some wheel work on a locomotive for WRIX.
- 8042 – Hotstart died and the dump valve did not work. The front radiator is clogged. He will park 8042 for now and fire up 8310.
- Big job is still here –major computer problems with incorrect software.
- Six locomotives torn down in different stages that he and his crews are working on.
- POVA has been to the Eastern Gateway Railroad about four (4) times already this year.

RECORDS FOR APPROVAL:

A. TIME AND EXPENSE SHEETS: Approved as submitted.

B. WARRANTS: 32877-33123 totaling \$235,819.60 approved as submitted.

EXECUTIVE SESSION:

At 11:35 a.m. Chairman Harkness recessed the regular session to meet in executive session to discuss an issue on job performance.

At 12:00 p.m. Chairman Harkness brought the regular meeting back to order stating no decisions were made in executive session.

As a result of the executive session Kelly presented a policy for Board review on the use of electronic devices by employee while on duty. Commissioner Shanklin moved to approve Port Policy 3003. Motion seconded by Commissioner Kiss, so ordered by Chairman Harkness.

ADJOURN: There being no further business Chairman Harkness adjourned the meeting at 12:03 p.m.

John W. Harkness III, Chairman

Kelly J. Driver, Manager

Date Approved