

**MINUTES
PORT OF PEND OREILLE
BOARD OF COMMISSIONERS MEETING
AUGUST 11, 2009**

Chairman Kiss 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 Kiss, Vice Chairman Harkness, Secretary Shanklin and Port staff.

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

MINUTES:

Tuesday, June 9, 2009: Motion made by Commissioner Harkness, so ordered by Chairman Kiss to approve the minutes of June 9th as presented.

Tuesday, July 14, 2009: Motion made by Commissioner Shanklin, seconded by Commissioner Harkness and so ordered by Chairman Kiss to approve the minutes of July 12th as presented.

COMMENTS:

None at this time.

OLD BUSINESS:

1. VARIANCE APPLICATION AND POLICY:

A. DISCUSSION: There was one change made to the variance policy.

B. ACTION: Commissioner Shanklin moved to approve the Policy 5003 and 5004 as amended. Motion seconded by Commissioner Harkness, so ordered by Chairman Kiss.

2. FACILITIES USE APPLICATION AND POLICY:

A. DISCUSSION: Form and policy met with Board approval.

B. ACTION: Commissioner Harkness moved to approve Policy 2002 and 2003 as presented. Motion seconded by Commissioner Shanklin, so ordered by Chairman Kiss.

3. CAR STORAGE UPDATE:

A. DISCUSSION: There are currently 675 cars on line in storage status. BNSF recently pulled 54 cars out of storage and another 15 of the bulkhead flats will be leaving at some point over the next month. CIT, another car owner storing cars on POVA, has filed for bankruptcy protection there may be delays in receiving payments.

4. OTHER OLD BUSINESS:

A. TEDD MEETING:

1. DISCUSSION: Steve attended the TEDD meeting in Colville in July. There was discussion about the County pulling out the EDC money portion. He also discussed the Rails to Trails meetings which were held; however, notification was not received by the Port in a timely manner as to allow participation.

NEW BUSINESS:

1. M-BAR-D OPERATIONS:

A. DISCUSSION: Kelly presented a request from M-Bar-D to suspend revenue sharing requirements through the end of the year to the Board. There was discussion on the matter.

B. ACTION: Commissioner Harkness moved to decline M-Bar-D's request for a limitation on payment of revenue sharing for the remainder of the year. Motion seconded by Commissioner Shanklin, so ordered by Chairman Kiss.

2. EMPLOYEE WAGE DISCUSSION:

A. DISCUSSION: Terry Miller met with the Board to discuss the possibility of returning the wage cut funds to the employees for the remainder of 2009 based on current financial information. There was discussion.

B. ACTION: The Board thanked Mr. Miller for taking the time to express his concerns and for expressing his opinions on the matter. However, the Board's general consensus is that the wages will be left as is at this time.

3. OTHER NEW BUSINESS:

A. REQUEST FOR POVA PARTICIPATION:

1. DISCUSSION: Commissioner Shanklin received a request for the Port to provide a locomotive and crew for tours for Heritage Days on September 12th. Commissioner Shanklin will find out more details regarding times needed.

2. ACTION: The Board gave their general consensus to allow this event. Cliff and Brad will have POVA 1745 in Newport for the tours.

STAFF REPORTS:

1. ROADMASTER: Cliff reported:

- Crews removed the Beaver Dam from Lost Creek.
- Crews worked on the Blueslide Tunnel.
- Approximately 120 feet of track in front of the shop was worked adding new ballast and tamping.
- Replaced plank at the Lehigh Hill crossing in Metaline Falls and also a private crossing near Jared.
- He will be attending training on bridge inspections and reports in Seattle August 16th – 18th.

2. MANAGER: Kelly reported:

- She and Susan attended a meeting at Stimson Lumber regarding demurrage. She is continuing to work with Stimson on various issues and dealing with BNSF on matters related thereto.
- Working on the Ponderay Newsprint contract. This includes several meetings with BNSF as well as an upcoming meeting with BNSF and PNC on the 19th of August.
- Fair booth is set up and ready to go.
- Preliminary budget work for 2010 has begun.
- Crossing in Priest River malfunctioned due to weather. Track work needs to be completed to assist with the repairs to this crossing.
- Vandals tore out the meter for the Wolfred Crossing signal. Due to FRA requirements on repairs of signals, two (2) contractors from the Small Works roster were contacted by phone and a choice was made based on timely availability to complete the work.
- Guard rail replacement at Lone damaged wiring to the North Lone signals. Contractor was exceptional to work with and damages were immediately repaired.
- Shippers are taking down time due to the economy. Ponderay recently had a week down and will have another the week of September 7th, possibly a third week before the end of the year. Stimson Lumber is closed this week and will be down the week of Labor Day.
- PUD denied a damage claim of approximately \$1100.00

3. FINANCIAL OFFICER: Susan presented the financial information for the month of July.

4. CHIEF MECHANICAL OFFICER: Brad reported:

- Switcher completed.
- He got the bid on one locomotive for the State of Virginia; there may be two (2) but they had a bridge go out so one locomotive is on hold for the time being.
- Western Rail has a de-turbo job on a GP 40 to complete.
- Continues to work for the Eastern Gateway Railroad in Davenport.

RECORDS FOR APPROVAL:

A. TIME AND EXPENSE SHEETS: Approved as submitted.

B. WARRANTS: 32380-32475 totaling \$101,832.15 approved as submitted.

EXECUTIVE SESSION:

No executive session.

ADJOURN: There being no further business Chairman Kiss adjourned the meeting at 12:15 p.m.

Stephen C. Kiss, Chairman

Kelly J. Driver, Manager

Date Approved