

**MINUTES
PORT OF PEND OREILLE
BOARD OF COMMISSIONERS MEETING
OCTOBER 9, 2007**

Chairman Harkness called the regular meeting of the Port of Pend Oreille Board of Commissioners to order at 1:00 p.m. in the Port office located at 1981 Black Road, Usk, Washington. In attendance: Chairman Harkness, Vice Chairman Shanklin, Secretary Kiss and Port staff.

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

NINE COMMISSIONERS MEETING: The Port, PUD and County Commissioners met at 9 a.m. in the County Courthouse to discuss the Industrial Park, current events, updates on projects and the County's Aquamog. In addition they viewed a presentation of the County's GIS system. There were no decisions made in this joint meeting. The next meeting will be held at the Port office on January 8, 2008 beginning at 9 a.m.

MINUTES: Commissioner Kiss moved to approve the minutes of September 11, 2007. Motion seconded by Commissioner Shanklin and so ordered by Chairman Harkness.

COMMENTS:

None at this time.

EXECUTIVE SESSION: Potential Litigation: The executive session was called by Chairman Harkness at 1:02 p.m. to discuss a potential litigation item. Chairman Harkness brought the regular session back to order at 1:15 p.m. and stated that no decisions were made in the executive session.

OLD BUSINESS:

1. SHOP ADDITION:

A. DISCUSSION: The proposed addition to the POVA shop would encroach upon Ponderay Newsprint Property. Due to the complexity of the ownership of PNC, purchasing property may be challenging. There was some discussion. Brad and Cliff will work together to come up with a plan and then meet with PNC mill manager Paul Machtolf.

2. WPPA SEMINAR:

A. DISCUSSION: Chairman Harkness will be attending the meeting in Bellevue in November.

B. ACTION: There was no action necessary at this time.

3. OTHER OLD BUSINESS:

A. STORAGE SHED: Brad reported that he is getting bids to put in a 400 amp electrical service; 200 amps will serve the new storage shed. Additionally, the electricians will be wiring a 200 amp service in Newport to plug the locomotives into for winter; this project is being completed through the Port's small works roster.

NEW BUSINESS:

1. PUD INSURANCE COVERAGE:

A. DISCUSSION: Kelly reported that an insurance matter has been taken care of and the contractor for the PUD's brush clearing has a railroad protective policy in place.

2. SAFETY DINNER:

A. DISCUSSION: The Port's annual safety dinner has been set for Sunday, December 9th from noon to 2 p.m. at the Golden Corral in Spokane.

3. PRIVATE CROSSING - TRANSFER:

A. DISCUSSION: Staff reported that due to a sale of property near Wolf Creek a new crossing agreement needed to be entered into. Board gave their general consensus to allow Kelly and Cliff to sign the agreement with the new owners.

4. TEMPORARY ROAD ACCESS:

A. DISCUSSION: Staff reported that due to a misunderstanding on the width of railroad right-of-way, a road has been constructed which encroaches on railroad property. The property owner has agreed to move the road but has asked that he be given until May 15, 2008 to get the work completed. The Board agreed to this request.

5. OTHER NEW BUSINESS:

A. PEND OREILLE COUNTY MAPPING:

1. DISCUSSION: The Board reported on the mapping efforts by Pend Oreille County which may in the future include railroad information. The Port may be asked to assist with the cost of this program in the future.

B. MARIA CANTWELL:

1. DISCUSSION: The Board reported that Senator Maria Cantwell will be in Newport on Friday, October 12th at 2:30 p.m. at the Baptist Church. Commissioner Shanklin will be representing the Port at this meeting.

STAFF REPORTS:

1. ROADMASTER: Cliff reported:

- Crews have been busy replacing ties on the Sandpoint line.
- Worked on the north end of the line for Lions Club rides.
- Brush cutting may take place later this fall and winter depending on weather conditions.

2. MANAGER: Kelly reported:

- The 2008 Preliminary budget is complete. Copies were distributed. The Preliminary Budget hearing will be at the November meeting.
- The insurance application for railroad insurance coverage has been completed.
- There have been additional changes made in freight operations.

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

4. SHOP FOREMAN: Brad reported:

- Crews did some weekend work for the Washington & Idaho Railroad.
- Finishing up one locomotive project in the shop
- Ordering a set of wheels.

RECORDS FOR APPROVAL:

A. TIME AND EXPENSE SHEETS: Approved as submitted.

B. WARRANTS: 29848-29960 totaling \$127,541.94 approved as submitted.

EXECUTIVE SESSION:

At 3:00 p.m.. Chairman Harkness recessed the regular meeting and called an executive session to discuss a personnel issue related to job performance. At 3:25 p.m. Chairman Harkness brought the regular meeting back to order stating no decisions were made in executive session.

ADJOURN: There being no further business; Chairman Harkness adjourned the meeting at 3:30 p.m.

John W. Harkness III, Chairman

Kelly J. Driver, Manager

Date Approved