

**COOS BAY RAIL LINE, INC.**  
**Coos Bay, Oregon**  
**SPECIAL BOARD OF DIRECTORS MEETING**  
**12:30 p.m., Monday, October 29, 2018**

Port Commission Chambers, 125 Central Avenue, Suite 230, Coos Bay, Oregon 97420

**ATTENDANCE**

**Board of Directors:**

David Kronsteiner, Chair; Eric Farm, Treasurer/Secretary; and John Burns, President.

**Port Staff:**

Lanelle Comstock, Director of Administrative Services; Patrick Kerr, Director of Rail Operations; Megan Richardson, Director of Finance; Krystal Moffett, Administrative Assistant; and Mike Stebbins, Port Legal Counsel.

**Media & Guests:**

Kathy Erickson for Congressman Peter DeFazio; and Richard Dybevik, Roseburg CBST.

**1. CALL MEETING TO ORDER**

Chair David Kronsteiner called the meeting to order at 12:31 p.m.

**2. INTRODUCTION OF GUESTS AND PORT STAFF**

**3. PUBLIC COMMENT**

**4. CONSENT ITEMS**

A. Approval of CBRL Startup Contracts and Agreements

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to approve the CBRL Startup Contracts and Agreements. **Motion Passed.**

**5. ACTION ITEMS/REPORTS**

**A. 2018Res01: Amend and Restate CBRL's Articles of Incorporation**

Resolution 2018Res01, a resolution of the member and directors, will amend and restate the articles of incorporation designating Coos Bay Rail Line, Inc. (CBRL) as a non-profit entity, adopt a conflict of interest policy, and give general authority to directors. Additional information was included in the meeting packet as exhibits to the resolution.

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to adopt 2018Res01, a resolution of the member and directors, amending and restating the articles of incorporation, adopting a conflict of interest policy, and giving general authority to directors. **Motion Passed.**

**B. 2018Res02: Ratification of Umpqua Bank Corporate Resolution for the Establishment of a Checking Account**

Coos Bay Rail Line, Inc. established community checking account #6912 with Umpqua Bank on October 16, 2018 via corporate authorization resolution which was provided by Umpqua Bank. This was used in lieu of a resolution approved by the Board of Directors of CBRL until such a time a Board of Directors meeting could be held.

CBRL seeks formal approval for the corporate authorization resolution which authorizes the establishment of bank account #6912 and authorizes the following signatories:

John Burns	President
Eric Farm	Treasurer/Secretary
Megan Richardson	Oregon International Port of Coos Bay, Director of Finance and Accounting

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to adopt 2018Res02 ratifying the Umpqua Bank Corporate Resolution establishing a community checking account for Coos Bay Rail Line, Inc. **Motion Passed.**

**C. 2018Res03: Ratification of Declaration of Emergency to Procure RailConnect Software from Railcar Management, LLC**

On September 14, 2018, Coos Bay Rail Link gave notice of intent to end operations effective October 31, 2018. With Coos Bay Rail Line, Inc. (CBRL) beginning operations November 1, it was imperative to find a rail software program where CBRL could be set up and functioning within the following month and a half.

Rail software databases are built with specific track, customer and operational information. As much time as possible was needed for software developers to accurately and efficiently build a database specific to the operations of CBRL, and to ensure that Port and Rail employees received proper training of the program prior to the start of operations.

On September 25, 2018, John Burns, President of CBRL, declared emergency circumstances pursuant to ORS 279B.075 and chose to sole source the procurement of RailConnect software from Railcar Management, LLC.

RailConnect is a robust software platform for railroad shippers to fully automate railroad operations. RailConnect:

- Builds railcar and train schedules and measures actual performance against plans;
- Generates work orders;
- Manages all aspects of waybill processing;
- Controls and facilitates interchange of rail traffic between multiple railways;

- Computes the amount of car hire the railroad owes to the owners of equipment used;
- Calculates time and miles traveled on Customer's railroad for each foreign car each month;
- Provides processing of reclaims and car hire transfers of liability;
- Helps identify missing receipts, deliveries, illogical moves and cars not registered in UMLER;
- Calculates voluntary adjustments based on changes to prior month's movement records;
- Submits car hire payment information to the AAR Data Exchange process; and
- Provides the ability to enter and electronically transmit bills of lading.

RailConnect is the most prevalently used railroad software, used by over 450 rail operations in North America, including Coos Bay Rail Link and Coos Bay rail line customers. It was believed that because the software already had the existing configuration of the rail line, this could expedite the database creation process by the software developers. And because the software was already being utilized by CBR, the existing rail staff would not need training or need to learn a new program.

ORS 279B.080 allows the head of a contracting agency or his designee to award emergency contracts. A Board of Directors Resolution may ratify the Declaration of Emergency at its next regularly scheduled meeting or as soon as practical.

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to adopt Resolution 2018Res03 ratifying the declaration of emergency to procure RailConnect software from Railcar Management, LLC. **Motion Passed.**

#### **D. 2018Res04: Adoption of CBRL Personnel Policy**

The Personnel Policy of Coos Bay Rail Line, Inc. (CBRL) is intended to set a general framework for effective personnel administration and is designed to inform CBRL employees an understanding of what is expected of them, and to ensure consistent, fair, and uniform treatment of CBRL employees.

The Board of Directors has the authority over all matters of personnel administration, application and interpretation of CBRL personnel policies and practices through adoption and implementation of the CBRL's budget, pay plans, collective bargaining agreements, ordinances and resolutions adopting and/or amending the personnel rules and regulations.

Only the President has the authority to make any changes (add to or delete from) to these policies. These changes must be made in writing and must be approved by the Board at the following regular meeting. The President may also vary or modify any CBRL personnel policy on a case-by-case basis if it is found that strict application of the policy is impractical, or if it would result in hardship. Exceptions granted in any instance will not be binding in the future. To be effective, an exception must be in writing and signed by the President.

The proposed Personnel Policy for CBRL is nearly an exact duplicate of the Oregon International Port of Coos Bay's Personnel Policy. Only minor modifications were made to reflect railroad best practices, safety rules, and laws.

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to adopt Resolution 2018Res04 approving and implementing Coos Bay Rail Line Inc.'s Personnel Policy. **Motion Passed.**

## **E. 2018Res05: Adoption of CBRL Freight Tariff**

Railroads publicly publish tariffs naming local rates, demurrage, switching and assessorial rules and charges, capital project surcharge fees, and fuel surcharges on local and proportional rates, which apply at and between stations of the Coos Bay Rail Line. The tariff applies on intrastate and interstate traffic, except where expressly provided to contrary in connection with particular rates and provisions contained within the tariff.

Freight Tariff CBR 8000, 8500, and 8501 will be effective November 1, 2018 and cancels all previous versions in its entirety:

- Freight Tariff CBR 8000 (Formerly Freight Tariff CBR 7000-B) establishing Local rates, Demurrage, Switching & Assessorial Rules and Charges
- Freight Tariff CBR 8500 (Formerly Freight Tariff CBR 9500-C) establishing Capital Projects Surcharge Fee
- Freight Tariff CBR 8501 (Formerly Freight Tariff CBR 9501) establishing Fuel Surcharges on Local and Proportional Rates

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to adopt Resolution 2018Res05 approving and implementing Coos Bay Rail Line, Inc.'s Freight Tariff CBR 8000, 8500, and 8501. **Motion Passed.**

## **F. Authority to Enter Into Agreements**

Staff is requesting authority to enter into the following agreements necessary for railroad operations:

- 1) Union Pacific Railroad Cooperative Marketing Agreement: establishes handling carrier rates, equipment usage and terms.
- 2) Union Pacific Railroad Interchange Agreement: establishes location and protocol for interchanging railroad equipment between CBRL and UPRR.
- 3) Portland and Western Railroad (PNWR) Local Rate Quote(s): establishes local rates for intra Oregon railroad traffic between PNWR and CBRL not destined for further movement or interchange with another railroad.
- 4) Union Pacific Railroad Limited Waiver Agreements: permission from UPRR to allow CBRL and PNWR carload movement over UPRR track for interchange in Eugene yard.
- 5) All Weather Wood Local Rate Quotes: establishes local rates for intra Oregon railroad traffic between PNWR and CBRL not destined for further movement or interchange with another railroad.
- 6) All Weather Wood Rate Quotes: establishes rates for railroad traffic between PNWR and CBRL destined for further movement via Burlington Northern Santa Fe Railroad (BNSF) to destination.
- 7) Lost Creek Rock Products Local Rate Quotes:

Upon a motion by Treasurer/Secretary Eric Farm (second by President John Burns), the Board of Directors voted to authorize CBRL President John Burns to negotiate and enter into agreements listed above for railroad operations. **Motion Passed.**

## **6. OTHER**

**7. BOARD OF DIRECTORS COMMENTS**

Eric Farm asked whether the Board of Directors would be expanded. John Burns confirmed there are two prospective members that Port staff will reach out to. At a later time, a motion will be brought to the Board of Directors to expand from three members to five.

Mr. Burns shared that as of Thursday, November 1 the Coos Bay Rail Line, Inc. will begin operations on behalf of the Oregon International Port of Coos Bay. There has been a tremendous amount of work and many hours by staff preparing for this event. While Port staff are novice at running a railroad, they do not lack in determination to make this happen. Mr. Burns announced that all existing CBR employees, with the exception of one, will be coming to work for the Port on November 1. The current number of employees will be expanded to include at least four additional and will continue to add staff as needed to ensure assets are managed appropriately and that customers have the most effective, safest, and efficient railroad operations possible.

**8. NEXT MEETING DATE – To Be Determined.**

**9. ADJOURN**

Chair Kronsteiner adjourned the meeting at 12:43 p.m. and entered into Executive Session to:

- (h) consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed;
- (j) carry on negotiations under ORS Chapter 293 with private persons or businesses regarding proposed acquisition, exchange or liquidation of public investments; and
- (n) discuss information about review or approval of programs relating to the security of a number of specified structures, activities and materials relevant to the operation of the state's infrastructure.