

COMMUNITY ADVISORY COUNCIL

TO FLINT HILLS RESOURCES PINE BEND REFINERY

**Approved
Community Advisory Council (CAC)
To Flint Hills Resources
October 13, 2008
Dakota County Technical Center
Rosemount, MN**

Present:

Mary Conroy	Michelle Kelly	Steve Orne/FHR
Ed Florez	Becky Kenow/FHR	Scott Parr/MPCA
Kristen Engelmann	Dave King	Shirley Pike
Margaret Flower	Ray Martin	Dennis Wippermann
Velita Frandrup	Vern Meier	
Dave Gugino	Fred Mitchell	

Not Present:

Jake Czapiewski	Scott Lindemann/FHR (excused)
Mike Griffith (excused)	Roger Tippett (excused)
Zac Lagen (excused)	

Guests:

Joe Allaben/FHR	Myron Napper, FHR neighbor
Don Kern/FHR	Mike Payette/Union Pacific Railroad (via phone)
Mark Maday/Union Pacific Railroad	Jake Reint/FHR

Meeting facilitated by: Mariann Johnson, M. T. Johnson & Associates
Documentation provided by: Jackie Smith

PUBLIC COMMENT

The Facilitator welcomed members and visitors. She introduced Joe Allaben, FHR Safety Manager, who will be representing Scott Lindemann for FHR this evening.

CAC MEETING BUSINESS

MEMBER UPDATES

Member comment:

There are many good things that FHR is involved with. Some may not know that FHR donated the land that is now a park in Hastings, near Lake Rebecca. It had been a tank farm and when they retired the farm, they gave the land to the City. The park preserves and enhances the natural habitat and is available for enjoyment right in the City.

Myron Napper comment:

I would like to add that I helped remove the railroad from that tank farm. It is now a beautiful park with good fishing.

Member comment:

Recently I visited an IGH apartment building that was built one or two years ago. The Apartment Manager told me that during their first year in operation, a woman moved in and later became pregnant. Her doctor advised her to move due to the close proximity of the refinery. I assured him that FHR follows regulatory practices and procedures to make sure the surrounding air quality is healthy and safe.

The Facilitator suggested that Dave invite that person to come to a CAC meeting. She also asked for comment from the Environmental Committee.

Vern Meier, Environmental Committee Co-Chair comment:

The environmental reports do not address odors emitted from the refinery. If it is an airborne toxicity and regulated by EPA or MPCA, it would be monitored.

Member comment:

Even though an odor may not be toxic, it can still disrupt quality of life. I noticed a strong odor when I passed by FHR today.

Member comment:

I noticed the odor today also.

Member question:

What direction on Highway 52 are you coming from? Is it possible that a neighboring industry could be adding to the odor problem?

Member response:

I'm coming from IGH south on Highway 52. The odor smells typical of the refinery, like oil or gas.

Myron Napper comment:

I have lived on the corner of the refinery for 52 years. The situation with odors, etc. has improved dramatically, thanks to Jeff Wilkes.

Joe Allaben/FHR comment:

Don Kern will call the refinery now and have an odor patrol go out to monitor if there is anything going on.

Member comment:

I would like to express my thanks to FHR for being notified that our neighborhood would be losing power when the new refinery drums were moved in. Excel Energy called us on Thursday to let us know that on Saturday evening we would be without power. I assume Excel called as a result of conversations with Flint Hills.

Member comment:

About two weeks ago, there was a conference in Bloomington with environmental engineers and activists from around the country. They were strategizing about the oil and energy industry. It was interesting that the conference was held here in MN.

Member question:

Is the new pipeline operational?

Joe Allaben/FHR response:

It is not operational yet. We are finalizing and getting ready for inspections.

AGENDA AND DRAFT MINUTES APPROVAL:

Action/Decision

The September minutes were approved with the following changes:

Page 6 – paragraph 6, correct meting to meeting.

Page 6 – paragraph 12, correct KOCH drum to coke drum.

The Facilitator expressed thanks to Don Kern, Facilities and Engineering Manager for FHR, for his assistance to arrange for UP representatives to present to the Council. Prior to the meeting, the Safety Committee prepared a list of questions that were given to the UP representatives. They are prepared and will deliver answers to those questions to all of the CAC members.

DECEMBER INVITATION UPDATE

The Facilitator presented a draft invitation for the community meeting/10th anniversary celebration of the CAC. The Outreach Committee will revise the draft during the committee work part of the meeting. It was suggested that each member invite 3 - 5 guests/neighbors to the December meeting to promote community awareness and Council activities.

OTHER CAC BUSINESS

The Facilitator commented that it may be necessary to add a statement to the CAC operating practices about member conflicts of interest and a possible need for disclosure due to actual or potential conflict of interests with their roles as members of the Council. There have been several incidents within the last few years where member conflict of interest questions have been raised.

Action/Decision

The Facilitator will draft language regarding the conflict of interest addition to the CAC Purpose, Function and General Operating Principles. Nancy Leland, Membership Selection Consultant, will be consulted. The Facilitator asked for CAC member

volunteers to assist with the review of the draft language. A recommendation may be available at next month's meeting.

CAC Member Conflict of Interest Volunteers:

Velita Frandrup
Dennis Wippermann
Shirley Pike

FHR UPDATE

Becky Kenow/FHR:

Becky introduced Jake Reint to the Council, FHR's Communication Manager. Jake is FHR's replacement for John Hofland. Jake previously worked for a public relations firm, Weber Shandwick. He comes with a wide range of experiences and is currently working on his master's degree in public affairs.

Jake Reint/FHR response:

I have also been involved with the state legislature and have done some work in Washington. I look forward to working with all of you and welcome your questions and concerns.

Facilitator comment:

Jake also provided assistance with the development of the new CAC brochure and magnet. The new CAC magnet was distributed to members.

Becky Kenow/FHR continuing with the FHR update:

We had our Project Green Fleet celebration on October 2nd. The Region 5 EPA spokesperson presented the award and a federal check in the amount of \$295,000. To date, 1000 Minnesota buses have been retrofitted. By the end of the project, 4000 buses will be completed. The project is led by funding from FHR. We appreciated seeing CAC members at the event.

Member comments from those attending the Project Green Fleet celebration:

- It was a very positive recognition for FHR.
- It was a great party and Scott Lindemann indicated there would be more events to celebrate future milestones.
- The celebration was very professional. There are a lot of partners getting involved.

Member question:

Is there a list of the school districts that have been retrofitted?

Becky Kenow/FHR response:

I know district 196 is complete. MEI has a list of all the school districts and they are working their way through it.

On October 11, FHR, Fox 9 news, and St. Jude sponsored the Girls in Science Expo. It was a very successful event with various exhibits for the girls to experience.

At the last CAC meeting, there was a question about listing FHR's upcoming events on the FHR website. Jake and I would like to inquire about providing FHR's list of the upcoming events/contact information to be included on the CAC website. Some of FHR's sponsored events are organized by other companies so our information may be limited. The list could provide necessary contact information for anyone interested.

Member comment:

We need to be careful about not using the CAC website to promote FHR.

Becky Kenow/FHR response:

Our suggestion was in response to a question from last month's meeting about listing upcoming events on the FHR website.

Facilitator comment:

The COC should review the issue when their committee meets later this evening as they have oversight of the website.

Becky distributed Minnesota Zoo passes, compliments of Flint Hills Resources, to interested CAC members.

Steve Orne/FHR:

We have been re-certified with MN Star status. The certification is now good for five years. It worked out well to focus on the recertification in June, rather than during our busy fall turnaround. I have the report with me if anyone would like to review it.

I am also coordinating the effort to have an OSHA representative from Duluth present at a future CAC meeting.

Member question:

Is the recertification report available on your website?

Joe Allaben/FHR response:

The report is an official OSHA document and is public record. It may be available on OSHA's website.

Jake Reint displayed pictures taken during the recent delivery of two FHR coke drums shipped from Japan. The drums are 32 feet wide by 140 feet long, and weigh over 1 million pounds each.

Member question:

Can't they produce the drum in the United States?

Don Kern/FHR response:

I don't think we have the manufacturing capability to produce them here. They were shipped on the same ship from Japan. Offloading and transport were very difficult due to their large size.

Member question:

Why do you have security posted at the new drum site?

Don Kern/FHR comment:

We do have security, predominantly for traffic reasons.

Member comment/question:

MinnCan has been working in the west suburbs. I have heard positive comments regarding their digging, etc. Do you know the completion date?

Joe Allaben/FHR comment:

I think they have two to six weeks until completion.

SAFETY COMMITTEE PRESENTATION: RAILROAD TRANSIT SAFETY

Ed Florez, Safety Committee member, reiterated that railroad safety was an initiative identified by the committee at the CAC retreat. We have focused on addressing the rail risk with assistance from Scott Lindemann and Don Kern from FHR. We submitted a list of pertinent questions to Union Pacific Railroad that we hoped they could address.

Don Kern introduced Mike Payette, from the Union Pacific Railroad Public Relations Department, joining the meeting via teleconference. Mark Maday, UP Regional Manager of Hazardous Materials, was present and also introduced. Don presented a map showing the railroad location in relationship to the refinery.

Mike Payette provided a brief overview on the UP railroad. It is one of the largest railroads in North America, serving 23 states. Its primary role is transporting freight, including chemicals, coal, food and food products, forest products, metals and minerals, etc. Union Pacific owns the two main rail corridors traversing the southern border of Minnesota. Their top three customers in the state are Northern States Power, Unimin, and traffic destined for Dairyland Power Cooperative in Wisconsin.

Following are the questions submitted by the Safety Committee and answers provided by the UP representatives.

Question #1 – How does the UP screen new employees?

Mike Payette/UP response:

There can be different qualifications for different jobs. For a complete description, see our web site www.up.com, click on General Public and then click on Employment Information.

You must be at least 18 years old. You must speak and read English because you'll be asked to follow posted bulletins, regulations, rule books, timetables, switch lists, etc. You must pass a reading comprehension test to be considered for an interview. You must be able to use a computer keyboard, and you must be able to count and compare numbers. (You might, for example, be asked to count the cars on a train during switching.) You must be able to solve problems quickly and react to changing conditions on the job.

You must have strong vision and hearing, including the ability to: see and read hand signals from near and far; distinguish between colors; visually judge the speed and distance of moving objects; see at night; and recognize changes in sounds.

You must also be physically strong: able to push, pull lift and carry up to 25 pounds frequently; up to 50 pounds occasionally; and up to 83 pounds infrequently. You'll need good balance to regularly step on and off equipment and work from ladders to perform various tasks. And you must be able to walk, sit, stand and stoop comfortably.

You'll be working outdoors in all weather conditions – including snow, ice, rain, cold and heat – and frequently at elevations more than 12 feet above the ground.

If you are offered a job, UP will conduct a thorough background investigation. This will include your Social Security number, criminal and drug history, past employment, education, professional licenses and certifications, military history, driving record, credit history and any other information relevant to the job.

You must complete a medical history questionnaire, a color vision exam, a physical ability test, a urine drug test and a medical screening to judge whether you are able to perform the essential tasks of the position.

You must also be able to prove that you are a U.S. citizen or that you are authorized to work in the United States.

Member question:

Is drug testing conducted throughout an employee's history with the railroad?

Mike Payette/UP response:

We do random drug testing regulated by the FRA (Federal Railroad Administration). Employees must be alcohol and drug free.

Question 2: Are employees rotated through the Pine Bend yard?

Mike Payette/UP response:

Train service and other crafts working at Pine Bend Yard are union employees. Thus, jobs are bid upon on a seniority basis. Once an employee bids on and is awarded the job, he/she will remain at Pine Bend until he/she bids upon another job (probably higher paying) at another location where he/she is qualified, and is within the seniority district. Therefore, UP does not “rotate” employees through Pine Bend Yard. They may change if employees want to make a change, and according to seniority rules.

Question #3 – How does UP mitigate the risk of long shifts? Are you regulated, how many hours in a row can an employees work?

Mike Payette/UP response:

The yard crews at Pine Bend have regular eight hour schedules, which can be extended if overtime is warranted, due to customer requirements. Rail workers cannot work more than 12 hours at one time.

The amount of time that rail employees can work is regulated by the federal Hours of Service laws. That law was recently amended by the Rail Safety Bill that Congress passed in late September 2008, and the President recently signed. Maximum monthly hours for over-the-road train crews was decreased from 400 hours to 276 hours per month.

Question #4 – What visual inspections are done on the rail car?

Mike Payette/UP response:

The cars are visually inspected by yard employees when they come into the yard. Also, technology is used. Every 20 miles or so the railroad has “hot box detectors.” These are technological devices installed on the railroad right-of-way that scan train wheels as the train passes by the detector. If for any reason, the detector finds a wheel above a certain temperature, it will alert the crew.

Mark Maday/UP response:

We do inspections when cars come into the yard, and again before they leave the yard.

Question #5 – Who does the UP call if there is an incident? Who should the public call if they notice an incident?

Mike Payette/UP response:

The railroad calls a number of federal agencies depending on the severity and type of incident. This includes the Federal Railroad Administration (FRA), which federally regulates and supervises rail safety. The federal EPA and others may also be notified depending on the incident. In Minnesota, the MN DOT is notified, as well as the Duty Officer at the Division of Emergency Management. The Duty Officer makes other local notifications as appropriate.

If the public notices or suspects an incident, they should notify Union Pacific, at our 24 hour/7 day per week emergency number, 1-888/877-7267.

Member question:

Does anyone notify the refinery?

Mark Maday/UP response:

If the shipment in question is going to or from the refinery, the answer is yes. It depends upon the nature of the incident. We get FHR involved as product specialists. If the public notices or suspects an incident, they should call 911.

Question #6 – Could you provide an overview of response plans, capabilities and procedures?

Mark Maday/UP response:

We utilize a lot of different people and agencies. They are developing smaller emergency teams that can be dispatched to sites much quicker.

Question #7 – Are there any limits on the volume of hazardous chemicals that can be stored in the rail yard?

Mike Payette/UP response:

No. There is the physical limit as to the number of cars that the Pine Bend Yard holds. However, practically speaking, the railroad delivers the number of cars requested by the customer located near the Pine Bend Yard. Those customers unload the cars and return the empty cars as quickly as they can. It is not in UP's or its customers best interest to have excess cars at this facility.

Mark Maday/UP response:

We have a time constraint for hazardous material cars. We cannot hold a hazardous car in the yard for more than 48 hours.

Question #8 – How do you know what cars are in the yard and what is in the cars?

Mike Payette/UP response:

Every car has a "bill of lading," which is entered into UP's computer system. Every time the car is moved, either from city-to-city or while in a yard, the computer system shows where it is, required by the process to move the car.

When it is in the Pine Bend facility, UP knows what track the car is on.

Mark Maday/UP response:

Every railcar has a transponder on it so we can track it. The cars are visible to us electronically.

Question #9 – If an incident occurs, how would the refinery be notified? What roles would you take? What roles would the refinery take?

Mark Maday/UP response:

FHR would be notified if the shipment is going to or from the refinery. Our roles are dictated by the level of the incident.

Question #10: Do you have plans to expand the railroad yard or utilization?

Mike Payette/UP response:

UP doesn't have current plans to expand the Pine Bend facility. We are always looking at better utilization because this helps the service to our customers.

If the customers that the Pine Bend yard support should significantly increase their rail traffic in the future, then UP would have to look at ways to expand the facility or significantly increase its utilization.

Question #11: How do you protect against terrorism?

Mike Payette/UP response:

Because enhanced security has become a long-term necessity, the Board of Directors of the Association of American Railroads (AAR) made up of the CEOs of North America's major freight railroads (including Union Pacific) – has established the mandate to ensure that the railroads would be more secure each day. Using CIA and national intelligence community best practices, five critical action teams – with the active involvement of some 150 railroad industry, security and intelligence personnel – were established to scrutinize different aspects of the railroad system:

- Hazardous material
- Operations
- Infrastructure
- Information technology and communications
- Military movements

Their analysis examined and prioritized all railroad assets, vulnerabilities and threats, and then identified countermeasures. Helping the industry was a team of former U.S. military and government security experts from EWA Information and Infrastructure Technologies. Throughout this process, the AAR continued to work with the federal government (including Homeland Security, TSA and FRA) and solidify links to law enforcement and security agencies.

Using national intelligence community "best practices," the Railroad Security Task Force developed a comprehensive risk analysis and security plan, which includes:

- A database of railroad critical assets
- Assessments of railroad vulnerabilities
- Analysis of the terrorism threat
- Calculations of risk
- Identifications of countermeasures to reduce risk
- Definition of alert levels
- Delineation of actions to be taken at each alert level
- Functions of the AAR operations center and railroad alert network

The plan establishes four alert levels and described progressive series of actions to thwart terrorist threats to railroad personnel and facilities. It also includes additional countermeasures that will be applied in the areas of operations; information technology and communication; and police.

- Level 1: New Normal day-to-day operations
- Level 2: Heightened Security Awareness
- Level 3: A Credible Threat of an attack on the United States or the railroad industry
- Level 4: A Confirmed Threat of attached against the railroad industry or actual attack in the United States (implemented up to 72 hours and reevaluated).

Actions taken by the railroads since September 11 include:

- Increased employee security awareness and training to ensure that over 200,000 railroad employees became the eyes and ears of the railroad industry's security;
- Compared employee records to FBI terrorist lists;
- Established a 24/7 AAR operations center to coordinate industry-wide rail freight security;
- Increased tracking and inspection of certain hazmat and munitions movements;
- Increased security of railroad physical assets;
- Increased random inspections;
- Conducted spot identification checks;
- Increased coordination with Military Transportation Management Command;
- Increased cyber security procedures;
- Implemented encryption technology for selected data communications.

The AAR freight railroads remain in constant communication with the U.S. Department of Transportation security personnel, the FBI, the National Security Council and state and local law enforcement officers. The industry also has in place plans to respond immediately to any threats to our transportation network.

The appropriate federal agencies communicate with state agencies, when appropriate, about railroad security issues.

The railroad industry is one of the few private sector industries to receive an "A" for its security efforts in an independent analysis by [The Washington Post](#).

Member question:

Have there been any specific threats to the railroad?

Mark Maday/UP response:

There have been threats to commuter trains. Regardless if it is commuter or freight, we execute our emergency plans.

Question #12: If you need to move cars, how fast can you respond?

Mike Payette/UP response:

UP can respond immediately. However, if a problem occurs, it is usually addressed at the location that it occurs. The car is rarely moved until the issue is addressed.

Member question:

If there is an event at FHR, couldn't it become much more serious with cars in your yard?

Mark Payette/UP response:

Incident command will decide what needs to be done and we will do our best to do it.

Question #13: Where is your dispatch facility?

Mike Payette/UP response:

Our dispatch facility is located in Omaha, Nebraska. However, the Service Unit operations offices are located in St. Paul, Minnesota.

Question #14 – What things should the refinery or the community be looking for?

Mike Payette/UP response:

In 2006 (the most recent year for which data is available), 99.996% of rail hazmat shipments reached their destination without a release caused by a train accident. Rail hazmat accident rates are down 88% since 1980 and down by 39% since 1990.

Railroads are constantly working to ensure the continued safety of hazmat transport. Among many other things:

- An industry committee has developed new standards for tank cars that carry highly hazardous materials. The new standards, which took effect on May 1, 2008, will sharply reduce the risk of a release.
- Railroads help communities develop and evaluate emergency response plans; train more than 20,000 emergency responders each year; and support Operation Respond, a nonprofit institute that develops technological tools and training for emergency response professionals.
- Upon request, railroads provide local emergency responders with, at a minimum, a list of the top 25 hazardous materials transported through their communities to help them prioritize emergency response plans. In the event of a hazmat incident, a list of train contents is readily available to emergency responders.
- Railroads have developed and implemented a comprehensive Terrorism Risk Analysis and Security Management Plan and are working with DHS to identify opportunities to reduce exposure to terrorism on rail property. Railroads are providing the Transportation Security Administration with movement data on TIH cars.
- Railroads offer basic hazmat awareness training to employees involved in hazmat transportation and in-depth training to employees responsible for emergency hazmat response.

Mark Maday/UP response:

From an outreach standpoint, we work with local agencies to provide training at our cost. We are glad to work with you. We are part of your community and you are part of ours.

Member question:

Has the railroad invited local fire and rescue from surrounding areas to participate in training in the event of an emergency? Many of these agencies consist of volunteers so it is very important that they get the appropriate training.

Mark Maday/UP response:

We have done training and we ask that our host invite mutual emergency responders to that training.

Additional questions from CAC members:

Member question:

There was a recent trail derailment in CA where the conductor was text messaging. Do you have rules against that?

Mike Payette/UP response:

Engineers cannot use cell phones and we have reaffirmed that rule since that accident.

Member question:

If a crew member is in violation, does management remove that person?

Mike Payette/UP response:

We have a discipline system. The violation determines whether they would be moved immediately or not. If it is serious enough they are terminated.

Member question:

Who monitors the yard on a day-to-day basis?

Mike Payette/UP response:

We have managers that oversee terminal operations. They visit the facilities to make sure employees are performing their duties and doing so safely.

Mark Maday/UP response:

We also have yard managers and operating practices managers who enforce the rules and field test employees randomly.

Don Kern/FHR question:

Do you have ongoing training for employees?

Mike Payette/UP response:

We have an extensive training, classroom and on the job.

Mark Maday/UP response:

New employees are in training for 6 months. The balance of the year is peer training and observation.

Member question:

What is the average seniority?

Mike Payette/UP response:

Seniority varies from location to location.

Member question:

Does UP consider safety as a high priority?

Mike Payette/UP response:

Safety is our number one priority. To provide good customer service we have to be safe. Unsafe actions lead to accidents which cause unnecessary injury or costs to be incurred. We are safer than the trucking industry because we have worked on safety for so many years. UP has a total safety culture. The entire company is focused on this effort.

Member question:

Is there a possibility that a toxic car from another location could get left in the FHR yard?

Mark Maday/UP response:

There would have to be very unusual circumstances for that to happen.

Member question:

Is the railroad doing well financially? How have rising fuel costs impacted your business?

Mike Payette/UP response:

In general, the railroad is doing well. We have had a lot of traffic return to the railroad. Consequently, we are spending a lot on our infrastructure. The rail recovers some of the fuel costs through surcharges to customers. We are more fuel efficient than trucks.

Member question:

What is your overall assessment of the varying degrees of train speeds and horn warnings in our local area? Also, is there a chance that a train coming from a local yard would stop at FHR?

Mark Maday/UP response:

I think the only reason that a train would stop at another local yard may be because they have discovered something wrong with a car. The varying degrees of warning horns could be attributed to the engineers personal experiences. They probably want to ensure that a close call or incident doesn't happen again.

Member question:

Does your terrorism risk management include refineries? Does a refinery send up a red flag for the rail industry?

Mark Maday/UP response:

The rail industry is focused more on commodity. However, if we see a trend/possible problem from a refinery, we would definitely start working with them.

Don Kern/FHR comment:

The refinery has an emergency plan which includes the railroad.

Member question:

Are there special precautions you would take as a result of the proximity to the refinery?

Mark Maday/UP response:

The refinery does not warrant any more scrutiny than any other customer.

At closure of the presentation, Don Kern thanked both UP representatives for their participation. Ed Florez, Safety Committee Member, also expressed thanks and was pleased to see FHR and UP sharing best practices. The Safety Committee and FHR will report back to the full CAC about further activities/conversations between the refinery and the railroad.

COMMITTEES AND PROJECT TEAMS MEET

The COC is working on the invitation for the December 8th community meeting/tenth anniversary celebration. They should have something ready for distribution to members at the next meeting.

MEETING WRAP UP AND CLOSURE

Joe Allaben/FHR comments:

Thank you to all CAC members for your hard work. It is very impressive to join you for a meeting and hear all the knowledge in the room. Your questions to the UP representatives were excellent. FHR employees appreciate your involvement and hard work.

NEXT MEETING

Date:	November 10, 2008
Location:	Dakota Room, DCTC 1300 145 th Street East County Road 42 Rosemount, MN 55068
Key Topics:	Environmental Report - Jeff Steven's presentation of the air monitoring data, ground water remediation, criteria pollutants

The meeting adjourned shortly after 9:00 pm.