

HarborWorks

Port Angeles Harbor-Works Development Authority
Board of Directors Regular Meeting
Vern Burton Conference Rooms, City Hall
July 6, 2009

MINUTES

1. Call to Order

The meeting was called to order by President Orville Campbell at 3:30 p.m.

2. Roll Call

Directors present: President Orville Campbell and Directors Howard Ruddell, Jerry Hendricks, Karen McCormick, and Bart Irwin

Staff present: Jeff Lincoln, Elizabeth Duan, Bill James, Karen Kilgore

Port Representatives
Present: David Hagiwara

City Representatives
Present: Kent Myers, Betsy Wharton, Cherie Kidd, Nathan West

Others Present: Paige Dickerson, Dick Goodman, Norma Turner, Darlene Schanfald

3. Approval of Minutes: June 1, 2009 Board of Directors Meeting

MOTION: Jerry Hendricks moved, seconded by Bart Irwin, to approve the minutes of the June 1, 2009 Board of Directors Meeting as presented. The motion carried unanimously.

4. Board Member Comments

Jerry Hendricks commented that he finds life is simpler since Jeff Lincoln arrived.

5. Finance – Voucher Review

President Campbell circulated a folder containing vouchers presented for approval. Executive Director Lincoln confirmed that he had reviewed all of the vouchers.

6. Executive Director Report

Jeff Lincoln reported on the following activities:

- Status of Discussions with Rayonier

Initial discussions have been conducted with Rayonier's corporate attorneys and other representatives, regarding the due diligence process. The discussions were productive. Gordon Thomas has prepared a draft document addressing three major points:

- 1) Access to the site for consultants for the purpose of testing and evaluation
- 2) Access to the document bank that Rayonier has assembled
- 3) Negotiations for purchase of the property.

Rayonier is expected to further modify the document. When it is in final form, it will be presented to the HarborWorks Board for approval and Rayonier will present to their executives for approval. We will then enter into a formal agreement.

- **Due Diligence Process – Request for Qualifications**

Notices were released on June 19 requesting statements of qualification from firms interested in helping with due diligence. The notice was posted on the HarborWorks web site and published in the Journal of Commerce and Peninsula Daily News. The notices have received much interest from consultants across the Northwest. Mr. Lincoln also has an extensive network of professional consultants with whom he has worked over the last 16 years.

We have received inquiries from several firms and Mr. Lincoln has spoken with everyone who has inquired. Responses to the Request for Qualifications are due by close of business on July 14, but as this was not a Request for Quotation, information received after that date can still be reviewed. Mr. Lincoln intends to request assistance from the City and the Port in reviewing all statements of qualification. These reviews will be followed by a day of interviews. A candidate or candidates will be selected to prepare complete proposals. Mr. Lincoln will then bring to the Board a recommendation to award a contract upon receipt of a specific proposal.

- **Personnel – Temporary Staffing**

Karen Kilgore has been acting as HarborWorks' Clerk/Administrator on a temporary basis and the position is now consuming more time than she can devote. It is important to have a permanent, full-time administrative employee. Mr. Lincoln has retained the services of Elizabeth Duan through Express Personnel Services, on an interim basis during the transition to a permanent administrative employee.

- **Ecology Grant**

Mr. Lincoln has applied for a grant in the range of \$200K from the Washington Department of Ecology, for planning. He has received feedback that the grant application has been favorably considered but the grant is not yet approved.

- **Support for NOAA**

Mr. Lincoln stated that he had asked President Campbell to sign a letter of support for the community effort to bring the NOAA home port to Port Angeles. He confirmed that all Board members had seen the letter.

7. Public Comment Period

Cherie Kidd of Pt Angeles thanked Karen Kilgore for doing a good job for HarborWorks.

8. Action Agenda

- Budget presentation, discussion and approval

Mr. Lincoln explained that he is moving quickly to engage the organization on all fronts. He is now 37 days into the effort, and the primary first-phase action is to gain control of the real estate formerly occupied by Rayonier. This necessitates activities supporting the due diligence, and he is looking for archeological and architectural consultants. He feels the most appropriate course of action is to work with the City to utilize their resources. The City has a qualified archeologist who has established a relationship with the Lower Elwha Klallam Tribe.

He highlighted the following points regarding the proposed budget:

- He has constrained the scope of the Legal Services Agreement to two primary elements: negotiations with Rayonier, and discussions with the Tribe. Legal services are a major element of the 2009 budget and are delineated separately, but in the 2010 budget they are included in Administrative costs.
- A cash reserve is needed because the services of consultants will be costly, and although some of the costs will be reimbursable by grants from Ecology, grant funds can take up to 90 days to be received, and the consultants will likely need to be paid before grant funding is available.
- The budget is fairly clear up through August of 2010, which is the target date for acquisition of the property. After that time, however, it is difficult to project costs.
- The proposed budget is an estimate only. He will manage the tasks to fit the budget, and if there is not a good fit, then the budget will have to be altered.
- The budget includes \$300K for environmental/engineering/archeology, and \$150K for marketing. Some market analysis has already been completed so it is possible that not all of the \$150K will have to be used.
- The goal is to balance spending versus risk reduction. After a certain point, the amount of risk reduced is not worth the additional incremental spending.
- In budgeting for cleanup costs, there are several methods of cleanup, depending on the intended use of property, and the range can be huge. Cleanup costs can change the value of the property and thus influence negotiations with Rayonier.

During questioning from the Board, Mr. Lincoln further clarified that ten percent of the budgeted funds for marketing studies would be used to fill data gaps. For example, he noted based on his past experience that it does not really matter what the level of dioxin is, the clean up would be the same, so it does not ultimately change what will be done for the cleanup. He believes that enough studies have already been done.

