

Port Angeles HarborWorks Development Authority
Board of Directors Special Meeting
Vern Burton Meeting Room, City Hall
August 31, 2009

MINUTES

Call to Order

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

Roll Call

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

Staff present: Jeff Lincoln, Elizabeth Duan, Rob Tulloch

Port Representatives

Present: Jeff Robb, John Calhoun

City Representatives

Present: Kent Myers, Betsy Wharton, Cherie Kidd

Others Present: Larry Dunn

1. Approval of Agenda

Orville Campbell added the issue of the date for the September meeting to the agenda for discussion due to the Labor Day holiday being the day normally scheduled for a board meeting.

2. Approval of Minutes: August 3, 2009 Regular Board of Directors Meeting

Jeff Lincoln added the following changes to the minutes:

- Page 2, Paragraph 7, 1st Bullet, 1st Sentence – Director of Lacey changed to “Ecology staff”
- Page 2, Paragraph 7, 3rd Bullet, 3rd Sentence – Rayoniers Mill changed to “Rayonier’s Mill”
- Page 2, Paragraph 7, 4th Bullet, 2nd Sentence – established HarborWorks changed to “established. HarborWorks”
- Page 2, Paragraph 7, 6th Bullet, 5th Sentence – Jeffrey Lincoln changed to “Jeff Lincoln”
- Page 2, Paragraph 7, 6th Bullet, 5th Sentence – Hagiwara guide changed to “Hagiwara to guide”

- Page 3, Paragraph 8, 1st Bullet, 3rd Sentence – Jeff & Jeff was changed to “Jeff Lincoln & he”
- Page 3, Paragraph 9, Authorization for Executive Director to Purchase Supplies and Equipment, 1st Bullet, 4th Sentence – Jeff changed to “Jeff Lincoln”
- Page 3, Paragraph 9, Approval of Accounting Policies and Procedures, 2nd Bullet, 1st Sentence – hd had drafted changed to “he had drafted”
- Page 4, Paragraph 9, Approval of Accounting Policies and Procedures, 7th Bullet, 1st Sentence – Orville changed to “Orville Campbell”
- Page 4, Paragraph 9, Approval of Accounting Policies and Procedures, 7th Bullet, 2nd Sentence –thousand. Bill did not changed to “dollars. Billings did not”
- Page 4, Paragraph 9, Authorization to Establish Petty Cash Fund, 2nd Bullet, 5th Sentence – Jerry changed to “Jerry Hendricks”
- Page 4, Paragraph 9, Authorization to Establish Petty Cash Fund, Motion, 1st Sentence – Motion to Adopt changed to “Motion: Bart Irwin moved to establish a petty cash fund.”
- Page 4, Paragraph 9, Authorization to Establish Petty Cash Fund, Motion, 2nd Sentence – Motions carry unanimously changed to “Motion carried unanimously”
- Page 5, Paragraph 10, Authorization for Payroll Direct Deposit, 2nd Bullet – Jerry changed to “Jerry Hendricks”
- Page 5, Paragraph 10, Authorization for Payroll Direct Deposit, Motion, 1st Sentence – Motion changed to “Motion: Jerry Hendricks moved that HarborWorks seek further information from Kitsap Bank on direct deposit process”
- Page 5, Paragraph 10, Authorization for Payroll Direct Deposit, Amended Motion – Amended Motion changed to “Amended Motion: Bart Irwin moved to so seek further information from Kitsap Bank on direct deposit process and to require that a paper trail is established when direct deposit process begins”

Board Member Comments

No board member comments were made.

3. Finance – Voucher Review

4. Executive Director Report

No comments made by Jeff Lincoln.

5. Public Comment Period

Betsy Wharton: On the occasion of the announcement of Karen McCormick’s resignation from the HarborWorks board, Director McCormick was acknowledged formally by Betsy Wharton on behalf of the City of Port Angeles for providing good service to the community.

Cherie Kidd: Karen McCormick was acknowledged by Cherie Kidd for her excellent service and contributions. Cherie Kidd also mentioned she is grateful for everything Karen McCormick has done and hopes her retirement is a very happy time in her life.

6. Executive Session.

Orville Campbell moved the meeting into Executive Session under the authority of RCW 42.30.110(1)(b) at 3:41 p.m.

7. Return to Open Session

Orville Campbell moved the meeting into open session at 4:24 p.m.

8. Action Agenda

Consider Due Diligence Agreement with Rayonier, Inc.

Jeff Lincoln reported that the proposed Access, Exclusive Dealing & Non-Disclosure Agreement is a working agreement with Rayonier to allow HarborWorks to conduct due diligence of the Rayonier Mill site. HarborWorks needs a complete description and assessment of the property in order to establish risk and values; Jeff Lincoln noted the proposed agreement requires obtaining substantial information as well as access to all studies, access to the site and assurance that Rayonier will not sell the property to anyone else during the 13 month term of the agreement. Jeff Lincoln recommended that HarborWorks enter into the agreement. The text of the document, if approved, would be added to the website and made available to the public. Jerry Hendricks expressed concern over the absence of financial terms in the agreement. Jeff Lincoln mentioned that the agreement can be terminated with proper notice if problems arise with the agreement. Brad Jones (attending by telephone from the Gordon Thomas law firm for the discussion of this topic) stated that 'going forward' in the agreement contemplates another agreement that would include terms including warranties and financial terms. This initial agreement opens the door for the negotiations that could lead to the acquisition of the property. If HarborWorks decides to move forward, HarborWorks and Rayonier will negotiate a second agreement that will address financial terms, warranties and other details of the transaction that would protect the public interest.

Jeff Lincoln noted that there are multiple ways to transfer the title and we will be developing options so as to reduce HarborWorks potential liability. All alternatives will be carefully assessed. He also noted that there are baseline documents which are in the public domain and that there were two remedial investigations submitted by Rayonier to Ecology in late 2006 or early 2007. The Department of Ecology's two additional studies to determine the level of contamination in sediments ("Port Angeles Harbor Sediments Study") and aerial deposition (the "Off Property Study") have not been released. Those marine area and upland studies will provide more data, and it is likely that DOE will require Rayonier to provide even more data from additional testing to fill data gaps. This agreement will allow HarborWorks until the end of September 2010 to do the due diligence investigation. It is highly unlikely that the Department of Ecology will have completed all its work by September 2010. Completion of the cleanup action plan will probably take several more years, in addition to the time necessary for the Department of Ecology to determine the extent of contamination that is off the property. Rayonier's liability issue will be a major part of discussions with HarborWorks attorneys to be certain that Rayonier remains liable for contamination off of the parcels. The Department of Ecology defines the site to the extent that contamination from the mill operations can be

