

PORT COMMISSION SPECIAL MEETING – March 4, 2010

SPECIAL meeting of the Port of Port Townsend Commission in the Commission Chambers at 375 Hudson Street, Port Townsend, WA 98368

Present: Commissioners – Collins, Thompson, Erickson
Executive Director – Crockett
Deputy Director – Pivarnik
Auditor – Taylor
Senior Accountant/Recorder – Hawley (excused at 2:00 PM)

Excused: Goodstein Law Group

I. CALL TO ORDER/PLEDGE OF ALLEGIANCE:

The meeting was called to order at 1:00 PM

II. APPROVAL OF AGENDA:

Commissioner Collins reminded that this was a special meeting in which to discuss whether to move forward with both projects – the A/B Dock Renovation and the Travelift Pier and to then discuss various bond-financing options.

Commissioner Collins moved to approve the Agenda.

Motion carried by unanimous vote.

III. PUBLIC COMMENTS (not related to Agenda)

None

IV. BOND FINANCING:

Mr. Crockett stated that Alan Dashen of DashenMusselman, Inc was present to answer questions and to provide information regarding the bond issue options.

Mr. Pivarnik began the discussion by reminding that staff was looking at one bond issue for both the travelift pier and the A/B dock and asked if a decision had been reached by the Commission regarding moving forward with both proposed projects.

Mr. Crockett informed the latest report by PND Engineering Firm had cited their opinion that the lift pier should be replaced now, not to wait or to try to make temporary repairs, as, in their opinion, a failure of the entire structure was possible should one piling fail, resulting in a collapse of the travelift. Mr. Crockett advised that, in his opinion, the travelift pier posed more liability not just from an equipment failure standpoint, but also from a safety of life standpoint.

Commissioner Erickson stated that he was convinced of the viability of replacing both the travelift pier and the A/B dock at the same time. He reminded that the A/B dock project had been in process for some time. He reminded that the possibilities of repairing the travelift had been explored as well as not relocating in the same location. After taking all those things into consideration, in his opinion, the lift pier needed to be replaced wholesale, using the existing pier until the new one was completed in the new location so that there would be no interruption of service.

Concerning the A/B Dock project, he advised that he had recently toured those docks with Maintenance Manager, Larry Aase and was convinced the Port should move forward with that project also. He stated that, in his opinion, it was just a matter of time before the existing docks failed and then the Port would be facing a liability situation.

Commissioner Thompson advised that he was ready to go ahead with both projects.

Commissioner Collins informed that he was convinced that the Port should proceed with both projects stating that it made sense to him to do them together and that it would be the least expensive way to proceed.

Commissioner Collins moved to consider the two proposals together for the bond issue.

Motion carried by unanimous vote.

Mr. Taylor reviewed the Port's cash position as of December 31, 2009 stating that his recommendation was to use cash to pay off the two balloon payments. He reminded that one loan was to Washington State, Department of Fish and Wildlife in the amount of \$235K, due November 2010 and the other one was due to Frontier Bank for the Sperry Building Loan of \$585,888, due January 2011.

Alan Dashen presented three possible scenarios for the Commission to consider regarding how to structure the approximate \$5.1M bond issue, which would be necessary to finance the A/B dock and Travelift projects. Each option presented various ways to structure

principal and interest payments, combined with current Port debt, and the approximate total costs of the funds for each option.

A very thorough, detailed, discussion followed between Mr. Dashen, staff and the Commission regarding the various scenarios presented.

Commissioner Collins moved to proceed to pay off with cash the two outstanding balloon payments due to Fish and Wildlife and Frontier Bank when they are due and to direct Mr. Dashen to proceed with the preparation of the bond issue documents.

Motion carried by unanimous vote.

V. NEXT MEETING: Wednesday, March 10, 2010 at 3:30 PM, Special Meeting following on the Strategic Plan at 6:30 PM in the Port Commission Chambers, 375 Hudson Street, Port Townsend, WA.

VI. ADJOURNMENT:

The Special Meeting adjourned at 2:18 PM there being no further business to come before the Commission.

Attest:

John N. Collins, President

Leif W. Erickson, Secretary

David H. Thompson, Vice President