

PORT DISTRICT OF SOUTH WHIDBEY ISLAND

Minutes of the Special Meeting

November 13, 2006

Freeland, Washington

Present at the meeting were:

Commissioner Rolf Seitle, Langley
Commissioner Lynae Slinden, Clinton
Commissioner Geoff Tapert, Freeland
Ed Field, Port Manager

Phil Pearl, Open Space Resources
Matt Nichols, Nichols Bros. Boat Builders

Absent: None

1. MEETING CALL TO ORDER:

The Special Meeting of the Port District of South Whidbey Island's Board of Commissioners was convened November 13, 2006, in the conference room at the Port office at 5492 S. Harbor Avenue in Freeland, WA. Commissioner Slinden, President, called the meeting to order at 1:30 pm. As announced, the purpose of the Special Meeting was for discussion of Port property acquisition possibilities. Commissioner Slinden announced that Special Meeting would be conducted in Executive Session for 1.5 hours, after which the Commissioners would address any engineering or property acquisition consulting needs which might result from the Executive Session discussions.

2. EXECUTIVE SESSION:

The Commission went into Executive Session at 1:33 am to discuss property acquisition, and then came out of Executive Session at 3:00 pm.

3. PROJECT ACTION ISSUES:

A. Langley:

1. **Port of Bremerton Breakwater Float:** Commissioner Seitle recommended that the Port expedite a selection process for a marine engineering consultant in order to be ready to relocate and utilize the 400' breakwater float in Langley which the Port has agreed to purchase from the Port of Bremerton. Port Manager Ed Field said that, earlier in the week, Commissioner Seitle had provided an excellent draft Request For Proposal (RFP) for solicitation of a marine engineering consultant, which Ed had revised slightly to indicate that the final installation location is still to be determined (EXHIBIT A). There was discussion as to whether the RFP should designate a specific location and/or configuration for breakwater float utilization, and the Commissioners decided that the RFP should reflect that final re-use location and design are still under consideration. Commissioner Seitle also recommended that, in order for the RFP to provide a complete package of information, available maps and engineering details should be included with the RFP. Ed indicated that it would be difficult to assemble and distribute a large

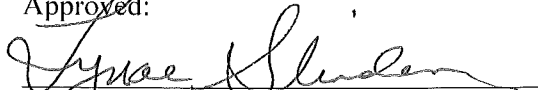
offering package prior to the impending Thanksgiving holiday, and so he recommended issuance of a less-comprehensive Request for Letters of Interest, with the expectation that a shorter process would allow for basic letters of interest with firm qualifications to be submitted in time for consideration at the regular December 13 meeting. The Commissioners took no exception to this recommendation, and Ed said he would get the Requests issued before Thanksgiving to the following marine engineering firms: PND, Layton & Sell, Reid-Middleton, Art Anderson Assoc (original designers of the breakwater). He noted that he would also check with his colleague Don Laford at URS for other possibilities. The Commissioners concurred.

2. Property Acquisition Considerations: Based on his invaluable assistance during the property acquisition phase of the Clinton Beach project, the Commissioners had invited property acquisition consultant Phil Pearl to join the meeting. With respect to the upcoming negotiations with the City of Langley, the Commissioners asked Phil about his opinion on a valuation process. He said it would seem relatively straightforward for such a functioning operation, with the net value = net operating income less annualized maintenance costs (both regular and deferred). Commissioner Seitle briefly reviewed the City's accounting process for the marina, and Phil responded that the residual value of the marina could therefore be zero, especially in consideration of liabilities and maintenance obligations. Commissioner Seitle said that his intent in the negotiations was to address common goals and objectives before actual costs. He also noted that an appraisal may be required for a "sale" between two public agencies, but that other pertinent issues must also be addressed, including Port and City interactions. Phil recommended that, from the outset, Port and City negotiations should be focused on the future. Commissioner Tapert stated the need for better financial information, as Phil might be able to impart. Ed noted that Phil's assistance had been critical during the Clinton Beach process, and he recommended that Phil be requested to submit a proposal for his services for overall financial review. Commissioner Seitle expressed his concern about raising cost issues too early, and Commissioner Slinden responded that Phil could provide improved financial information upon which to base discussions, possibly including data from the City which he would be best suited to obtain. Based on his experience, Phil said that he would expect to be able to gather, collate and distribute pertinent information efficiently before the first Port/City meeting. The Commissioners agreed that it would be helpful to be better prepared and informed, and directed Phil to submit an agreement for on-call consulting services for up to 40 hours to assist the Port in financial analysis and negotiations. They agreed his proposal would be signed based on today's authorization, and directed him to meet initially with Commissioner Seitle to "download" his extensive background information. Phil was then encouraged to meet with City Administrator Blackford to complete the picture. Phil was directed to prepare a brief summary report for Port use in advance of the December 4 Port/City meeting.

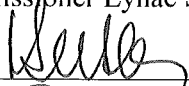
3. ADJOURNMENT:

The meeting was adjourned at 3:55 pm.

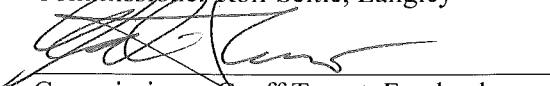
Approved:



Commissioner Lynae Slinden, Clinton



Commissioner Rolf Seitle, Langley



Commissioner Geoff Tapert, Freeland

Minutes prepared by:



Edwin S. Field, Port Manager

Exhibit A: Request For Proposal for marine engineering services, draft