

**Harbor-Works Board votes to dissolve Public Development Authority
Rayonier turns down Harbor-Works' best and final offer**

Port Angeles, Wash. — Harbor-Works Board of Directors voted today to request the City of Port Angeles to dissolve the Port Angeles Harbor-Works Development Authority. The unanimous vote on a resolution to dissolve effectively ends the organization's two and a half year mission to acquire, remediate and redevelop the former mill site owned by Rayonier.

"Although Harbor-Works' did not achieve all its goals, our accomplishments have resulted in a renewed local interest for a thorough and expeditious cleanup," Board Chair Orville Campbell said in a statement after the vote. "We are optimistic our efforts will aid in eventual local ownership and control of this incredibly valuable asset," he added.

Harbor-Works' board had anticipated the possibility of making a decision about purchasing the Rayonier property after the state Department of Ecology last week committed to setting aside state funds for environmental cleanup actions if Harbor-Works became a potential liable party. But Harbor-Works' request to present its best and final offer to Rayonier last Friday was refused in a letter response from Michael Hermann, Rayonier's Vice President and General Counsel, who referred to "fundamental issues with the [Harbor-Works'] proposed transaction that cannot be overcome under current conditions."

In his statement, Campbell said he and the entire Board of Directors were proud of their efforts and were looking to other stakeholders to pick up where they left off to bring economic development and jobs to the community.

"Harbor-Works has established a base of valuable information and facilitated a community consensus that can serve as the foundation for those who may wish to pursue the community's vision," said Campbell. "We are energized by the enthusiasm the Jamestown S'Klallam Tribe's proposal has generated and trust the momentum surrounding the project will carry forward," he added.

The Board scheduled a final meeting for September 20th to settle any remaining business matters including finalizing contracts and terminating leases and other services. The issue of dissolution is now referred to the City Council for action based on the same authority under which Harbor-Works was created in 2008.

[See attached statement by Board President Orville Campbell]

Harbor-Works is a public development authority created by the City of Port Angeles in cooperation with the Port of Port Angeles working to cleanup and redevelop the former Rayonier Mill Site in Port Angeles with the goal of contributing jobs and creating economic activity for the benefit of the entire community.

STATEMENT FROM ORVILLE CAMPBELL, PRESIDENT HARBOR-WORKS BOARD OF DIRECTORS

September 2, 2010

The vote we have just taken to dissolve the Harbor-Works Development Authority marks the end of this chapter of the Port Angeles community's longstanding endeavor to ensure the former Rayonier mill site is adequately cleaned up, restored, and developed in a manner consistent with the community's vision. Although Harbor-Works' did not achieve all its goals, our accomplishments have resulted in a renewed local interest for a thorough and expeditious cleanup, and we are optimistic our efforts will aid in eventual local ownership and control of this incredibly valuable asset.

During the last year, a tremendous amount of effort has been put forward on behalf of this community. Harbor-Works first began negotiations with Rayonier in June 2009. Shortly thereafter, Harbor-Works contracted with consultants to perform due diligence and marketing studies that were necessary to identify and define the critical issues that would be associated with any possible purchase of the Rayonier site. Each of my fellow Board members and I, together with our staff and consultants, have had dozens of public meetings with local organizations, governments, interest groups and citizens. We engaged with each of the local tribes to ask for their advice and opinions and we actively sought the views of our fellow citizens to make certain Harbor-Works' focus and course of action were consistent with our community's needs and desires.

Through these efforts, a clear and explicit community wide consensus emerged. The community is collectively disappointed with the slow pace of cleanup activities and wants to see the site cleaned up more quickly. The community wants cleanup standards that are protective of our treasured environment. The community wants to see Ennis Creek restored, and soon. The long abandoned and dilapidated pier and jetty are causing considerable environmental damage, and the community wants those removed promptly as well. And the community wants to see a thoughtful and environmentally sensitive redevelopment of the site that respects both its Native American heritage and its highly sensitive cultural and archeological characteristics.

We at Harbor-Works take great pride in having facilitated the community wide discussion and opportunities to provide input about the future of this site. And I strongly believe that the consensus that developed is the best possible outcome that our community could achieve.

During the last year we have made every effort possible to put together a reasonable and appropriate proposed transaction with Rayonier that would achieve the community's vision, while also protecting the community from costs it should not bear. At the center of our negotiations with Rayonier was a single guiding principle—namely that the contamination existing at the site is Rayonier's responsibility and Rayonier must pay the full costs of cleanup. To stay true to that principle and to ensure the community's desire for a speedier cleanup would be met, our proposals consistently required Rayonier to pay more upfront than it is currently obligated to under its current course of action with the Department of Ecology. In other words, Rayonier would have had to pay now for costs it might otherwise not incur for five years or more.

In the end, the offer we put together with the assistance of the State was too risky for Rayonier. Rayonier has concluded that agreeing to a transaction before the extent of the cleanup is defined and its financial obligation determined is not in its best interest. As a long-time resident of this community, I take great pride in the work that our Board, our Executive Director Jeff Lincoln, and our consultants have performed. There is no doubt that Harbor-Works, and the greater community at large, gave this our best effort. Speaking for myself and my fellow board members, we will leave here today knowing that we did everything in our power to achieve prompt remediation and restoration of the Rayonier site and redevelopment based on the collective vision of our citizens.

Furthermore, we leave here today knowing the work we have performed has provided significant value to the community. For more than ten years, this community has wondered aloud about what opportunities the Rayonier site may present and what they would cost. The due diligence and marketing studies Harbor-Works commissioned, at a cost of approximately \$500,000, have answered those questions and provided reliable and valuable information about the environmental conditions at the site, the cleanup remedies that are most appropriate, and the cost of those remedies.

And, I believe Harbor-Works' most important contribution was engaging the community and its many stakeholders in a discussion about the possibilities for redevelopment. Through numerous public meetings, presentations, and consultations with community leaders and community members, we initiated conversations and encouraged input of opinions and ideas about various development options at the site and about our community's future. Our extensive outreach resulted in the consensus vision of the community, which inspired the Jamestown S'Klallam Tribe to propose an exceptional implementation of that vision. We are energized by the enthusiasm the tribe's new proposal has generated and trust the momentum surrounding the project will carry forward.

In closing, I firmly believe this is not the end of the story about the Rayonier site, but merely the closing of one chapter. Like any good book, each chapter builds upon the chapters that precede it. And I am confident that Harbor-Works has established a base of valuable information and facilitated a community consensus that can serve as the foundation for those who may wish to pursue the community's vision in the next chapter.