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Reply to: Seattle Office

September 13, 2012

Fort Worden Public Development Authority
250 Madison Street
Second Floor
Port Townsend, WA 98368

Re: Potential Conflict of Interest

To Whom It May Concern:

I am writing on behalf of Ted Shoulberg, Harvey Windle, Jim Buckley, and David Goldman to inquire about a potential conflict that may impact several members of your Board of Directors.

My understanding is that several members of your Board of Directors are also employees or directors of organizations that are tenants at Fort Worden. My understanding is that FWPDA board member Ann Murphy is the Executive Director of tenant Port Townsend Marine Science Center; that board member Cindy Hill Finnie is a director of your tenant Centrum; and that FWPDA board member Gee Heckscher is a director of your tenant Port Townsend School of Woodworking.

If my understanding of the facts is correct and if the PDA assumes management control of the park, then the PDA would be serving as a landlord to these tenant organizations, while the individuals identified above are serving both in the capacity of a director of the landlord organization and an employee or director of the tenant organization. These individuals cannot adequately discharge their duties to the PDA (effectively, the landlord) if they also have obligations to serve the interests of the tenant.

While there are a multitude of obvious different activities, relationships, contract decisions, and policy decisions that will be affected by this situation, the working draft of the Fort Worden State Park Business and Management Plan (Sep. 23, 2012) provides a stark example of specific circumstances wherein the professional judgment of these PDA board members will be unduly influenced by their interests as directors of the tenant organizations. Among other conditions, the Business and Management Plan recommends that facility lease agreements be structured to provide flexible pricing for longer term leases, when capital investments are made by the tenant, and when programs are provided by the tenant that generate overnight stays in the park. As a

PDA Board member reviews and negotiates a lease with a tenant organization, these goals and recommendations of the PDA's business plan must drive his or her negotiations. Meanwhile, the director of a tenant organization will have contrary motives and interests as he or she attempts to obtain or negotiate a lease on behalf of his or her organization.

The members of the PDA board are expected to put service to the public and their constituents ahead of the tenant organizations' interests. Directors of tenant organizations are required to act in the interests of their tenant organization, not in the interest of the public. The PDA should take action to prevent these officials from making decisions in circumstances that could reasonably be perceived as violating their duties. The Management Plan should either be amended so that the PDA has no control of tenant facilities or the composition of the PDA Board should be changed so that no director of tenant organizations may sit on the Board.

In addition, RCW 35.21.759 provides that public development authorities are subject to the general laws regarding local governments and local government officials, including the Code of Ethics for municipal officers, ch. 42.23 RCW. That law, in turn, provides, in part:

(3) No municipal officer may accept employment or engage in business or professional activity that the officer might reasonably expect would require or induce him or her by reason of his or her official position to disclose confidential information acquired by reason of his or her official position.

(4) No municipal officer may disclose confidential information gained by reason of the officer's position, nor may the officer otherwise use such information for his or her personal gain or benefit.

It seems likely that the Board members identified above would have confidential information regarding the PDA's (landlord's) interests that the PDA, as landlord, would not want to have disclosed to a tenant. Yet these same individuals, in their capacity with the tenant organizations, would have a duty to share with that tenant organization all information they have received from the PDA that would potentially impact the tenant organization. This seems to create a conflict of interest that would require that the above-identified individuals terminate their relationship with either the landlord or the tenant.

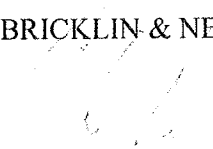
I would be interested in your views regarding the above issues. Thank you for your attention to

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this matter.

Very truly yours,

BRICKLIN & NEWMAN, LLP



David A. Bricklin

DAB:psc

cc: Clients