



THE PORT VALDEZ COMPANY, INC.
VALDEZ, ALASKA

August 29, 2009

BOARD OF DIRECTORS

JOHN H. CLARK IV
PRESIDENT

PHILIP W. CLARK
VICE PRESIDENT

SHARON K. BLACK
SECRETARY / TREASURER

LIEF M. HAZELET

MICHAEL J. KROCHINA

JON TRBOVICH

ELIZABETH H. VRANICH

PROPERTY MANAGEMENT

PATRICK J. KROCHINA
GENERAL MANAGER

ADMINISTRATIVE OFFICE

SHARON K. BLACK
SECRETARY / TREASURER

2690 FORSYTHIA COURT
ERIE, CO 80516

303.442.5592 DIRECT

303.442.2754 FAX

303.588.8275 CELL

SHARON@PORTVALDEZCO.COM

888.809.0220 TOLL-FREE

WWW.PORTVALDEZCO.COM

Dear PVC Board and Shareholders:

In May 2009, the PVC Officers: John Clark, President; Philip Clark, Vice President; and Sharon Black, Secretary/Treasurer, traveled to Seattle, WA and Valdez, AK. The purpose of the trip was to lay the groundwork for aggressively marketing the PVC's property and to position the company to work more closely with the City of Valdez on the use of our land in their economic development plans.

In Seattle, the officers stayed two evenings at the home of John and Anne Schlueter. John is the PVC's Accountant (CPA). On Friday afternoon and Saturday morning, we were able to go over the PVC's finances, accounting procedures and business operations, meet with our bank, update signatures, etc. This was extremely helpful for the PVC officers because neither John Clark, after 12 years on the Board, nor Philip, after 3 years on the Board, had ever met John Schlueter face to face. Both had only communicated with him via phone conversations, email and postal mail. On Saturday evening, May 23, we also met with six shareholders over dinner at the Schlueter's to talk about plans, concerns, marketing and other items concerning the company. The six were: Lief and Monica Hazelet, Esther Hazelet, Mary Moffat, Don Wilson, and Kate McSwain. All other shareholders in Washington State were invited but could not make it.

We then traveled to Anchorage, AK and stayed one night at the home of Pat and Janet Krochina. Pat is a shareholder and the PVC's General Manager. We met on Sunday, May 24, 2009 with shareholder Ron Black, and on Monday, May 25, 2009 (Memorial Day) with Pat Krochina in his office to review property maps and contracts. That afternoon, we traveled by car (lent to us for the week by Ron Black) to Valdez for three nights. Ron drove over with us, but then flew home (at his own expense) on Tuesday. Pat Krochina flew over on Tuesday evening to join us.

While in Valdez, we: 1) met with numerous City officials and businesspersons, 2) inspected all of the PVC properties with Ron Black, Pat Krochina, and Bill Harris (shareholder and previous Board member), and 3) met with the Harris and Whalen families, PVC shareholders in Valdez, over dinner. If you recall at our last shareholders meeting, many of the members of the Board and various shareholders expressed concern that the PVC has not been very aggressive about marketing our property in recent years. That was especially apparent when we met with the City of Valdez leadership (see attached). One of the statements made by John Hozey, City Manager, was "no one has ever asked our opinion as to what could be done with PVC property." This is no criticism—just a statement of the times. We think that our traveling to Valdez as a group and our efforts to meet and talk with so



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many persons convinced them that we are aggressively looking for sales and income-generating opportunities. We believe the future success of the PVC depends on being more proactive in the community of Valdez and to be visible as the town plans for economic development in Valdez. An interesting web site that John Clark shared with them is www.newcities.org. Check it out if you are interested in “small town” marketing.

We also felt that it was important to understand how other cities, similar to Valdez, thrive in Alaska and what is important to those cities in the way of economic development. In particular, we wanted to compare Valdez to its “sister cities” in the Prince William Sound—Cordova and Whittier – and to learn what those cities are doing to create economic growth, how they plan, and perhaps even develop a relationship with other entrepreneurial souls in those cities to explore what could be done to develop more interest in the area. As the economy improves we want opportunity to knock on our door first! Thus we traveled back to Anchorage via the ferry to Cordova and Whittier and then by car from Whittier to Anchorage.

An interesting observation is that it is evident in some ways that both Cordova and Whittier may be better positioned to grow than Valdez, despite the fact that one can only get to Cordova by air or sea (no roads!) and to Whittier by sea, road or railway. Cordova seems to be a somewhat more entrepreneurial and tourist-friendly city than Valdez. They have good maps, historical information, and numerous small businesses that focus on meeting the needs and interests of tourists. Although the Valdez Museum is far superior, including the museum at Prince William Sound Community College. Cordova’s harbor is about three times the size of Valdez’s harbor, and thus the fishing industry is larger. Whittier is a unique, historically “one-building” town, but cruise ships stop there to connect tourists with the Alaskan Railroad for inland tours. People don’t stay long in Whittier, but a new hotel, multiple restaurants, art galleries, coffee shops, and tourist stops provide numerous options for them to leave money. There is significant “competition” between the three cities, but perhaps this is good since they can certainly take on the old Avis Rental Car advertising slogan of “We try harder.” The PVC’s land offers true assets to Valdez and the Board is committed to finding ways to stimulate interest in our property as this economy improves. Hopefully the City of Valdez will see the Port Valdez Company as an ally, and perhaps more importantly, a partner in future economic development of the area.

Once back in Anchorage, we spent the time before our flight home to meet with Joe Moran, the PVC’s attorney, to review recent legal issues including the end of our contract with Jack Roe and Associates regarding their proposed project on Meals Hill. Our flight left just before midnight for an overnight flight back to our home ports.

Since this type of trip is made only once a decade or so, it is important for us to make excellent use of the information and contacts gathered. It was a very busy, exhausting and productive trip, one in which



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we compressed a lot of business activity into a very short period of time. As Board members, we are not paid for our time spent on behalf of the PVC, and as the three of us are self-employed, we took time from our businesses because we felt that moving the PVC forward is enormously important. The attached memo lists some of the “To Dos” that the Board will be working on over the next several years.

Most of you also know by now that we have launched a web site that should prove to be helpful not only for people looking for property in Alaska but a good communication tool for shareholders to get up to date information on PVC activity. The Shareholders Tab on the web site is a secure area for “Shareholders Only”. We will post Board of Director meeting minutes and reports of interest for all stockholders to review. We welcome your comments and questions.

If you have not registered for your personal password to gain entry to the “Shareholders Only” area of the web site please go to the web site www.portvaldezco.com and click on the “Shareholders Only” tab. Then after entering that web page go to the bottom and click on “Register” and fill out the form and click “Register”. Sharon Black, PVC Secretary/Treasurer, will email your personal PVC password to use. You then will be able to enter the “Shareholders Only” area and review the minutes of Board and shareholder meetings, news clippings and other reports. This process could take a few days.

If your email address is not familiar to us or is not listed on the official company “Shareholders Roster” it could take a few days to research and match your email up with company records. Please email any of us that made this trip if you have questions.

Our contact information is in this memorandum and on the web site at www.portvaldezco.com.

Sincerely,

John H. Clark, IV, PVC President
Philip W. Clark, PVC Vice President
Sharon K. Black, PVC Secretary/Treasurer

PS: Also note that this memorandum and photographs of the trip will be posted on the web site within the next few weeks.



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Attachment to Report to PVC Board of Directors and Shareholders

PVC Officer Group Trip to Valdez May 21 to May 31, 2009 Agenda & Outcomes

The Travelers:

1. John Clark, PVC President;
2. Philip Clark, Vice President, and
3. Sharon Black, Secretary/Treasurer

Itinerary:

1. May 21, 2009 – John Clark traveled to meet others in Denver
2. Fri/Sat. May 22--23, 2009 – Denver-Seattle, WA
3. Sun., May 24, 2009 - Anchorage
4. Mon., May 25, 2009 – Anchorage and drove to Valdez
5. Tues/Thursday, May 26-28, 2009 – Valdez
6. Fri, May 29, 2009 – Cordova
7. Sat., May 30, 2009 – Whittier and Anchorage
8. Sun., May 31, 2009 – travel home

Primary Agenda:

1. To review company business procedures and current issues with company accountant and attorney
2. Review company property in Valdez Alaska for sales and marketing
3. Confirm and assess PVC boundaries, status, and needs
4. Meet with the City of Valdez officials regarding land sales, planning and development options
5. Meet with city leaders other than City elected officials
6. Host reception for business leaders to introduce selves and gather information for marketing and selling property
7. Ask local leaders what their opinion is on the “best use” of our properties
8. Meet with PVC General Manager to discuss current issues
9. Review new offices of PVC in Anchorage
10. Meet with Valdez and Cordova Museum officials to review Hazelet and Meals historic materials
11. Meet with PVC shareholders in Washington State (Hazelet, McSwain, Moffat, Wilson, others invited but unable to meet) and answer questions
12. Meet with PVC shareholders in Alaska (Black, Harris, Krochina, Whalen)



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Joined/Met en route by the following person related to the PVC:

1. John and Anne Schlueter, PVC Accountant & wife, hosts for two nights
2. Lief and Monica Hazelet, PVC Shareholder and Board Member
3. Esther Hazelet, PVC Shareholder
4. Mary Moffat, PVC Shareholder
5. Don Wilson, PVC Shareholder
6. Kate McSwain, PVC Shareholder
7. Ronald Black, PVC Shareholder
8. Pat Krochina, PVC Shareholder and General Manager
9. Bill Harris, PVC Shareholder, previous Board Member, and current Valdez contact.
10. Carol Harris, wife of Bill and Board Member of Valdez Museum
11. Theresa and Patrick Harris, daughter and son of Bill and Carol
12. Edna Whalen
13. James and Jan Whalen, PVC Shareholder
14. LeAnne (Whalen) Christenson, PVC Shareholder
15. Bailey Christenson, LeAnne's daughter
16. Dennis and Mary Ellen (Whalen) Murphy, PVC Shareholders
17. Genevieve and Colleen Murphy, daughters of Dennis and Mary Ellen
18. Joe Moran, PVC Attorney

Contacts and new relationships developed on the trip:

1. City of Valdez

John Hozey, City Manager
Eric Phillips, Assistant City Manager
Bert Cottle, Mayor (also Office Manger of North Pacific Fuel)
Lisa Von Bargaen, Director of Community Relations & Economic Development
Carol Smith, Economic Development
Mary Robinson, Parks & Recreation
Diane Kinney, Ports & Harbor Director
Jack McCay, Director Capital Facilities
Larry Weaver, Director of Public Works
Dick Meyer, Facilities Manager of Anchorage Airport, ret.
Dorothy Moore, City Council Member
Randy Ridderbush, City Council Member
Connie Stephens, City Council Member



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2. Valdez Museum

Kathryn Hurlley, Director
Andrew Goldstein, Curator
Gloria McCallister, Researcher
Carol Harris, Board member
Gary Minish, Board member & area photographer

3. Other

Pam Lunt, Facility Manager, Valdez Civic Center
Doug Desorcie, President, Prince William Sound Community College
Dan Anderson, Manager, North Pacific Fuel (past City Council member)
Donn Ketner, Architect, CCS (Project Manager, Anchorage Airport, Professor at the University of Alaska Anchorage, & outdoorsman/hunter/fisherman

4. Cordova

Dan Scott, entrepreneur and land owner (Alaska Fisherman's Camp)
R. J. Kopchak, Director, Prince William Sound Science Center and poet

5. Cordova Museum

Francis Mallory, Researcher
Sharon Emold, Assistant Director. Also owner of Serendipity (retail store)

6. Other

Diane Ujoka, (Jeff Holly) current owner of G. C. Hazelet's house in Cordova
Dennis Keoh, local artist and carpenter.

Action items to be addressed by PVC Board of Directors:

1. Verify that no liens exist on properties
2. Send letter to Jack Roe regarding terminated contract due to lack of performance
3. Place barriers on properties to stop dumping, trespassing, and encroachments
4. Address newly discovered encroachments
5. Update property maps
6. Update land ownership documents (Peterson, MCLC, etc.)
7. Place "For Sale" signs on each lot
8. Create "View For Sale" cards for hotels, restaurants, etc.



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9. Work with City officials on planning and developing hiking trails to enhance and market properties or make areas more attractive to tourists
10. Continue to track oil and gas pipeline issues
 - a. Oil stops flowing in 2015 if no new “drills”
 - b. Gas pipeline build, route??
11. Prepare land sales materials
12. Museum – prepare family histories, donation to support and protect Hazelet/Meals legacy
13. Establish website, update land sales information
14. Provide shareholder access to PVC information
15. Mayor Bert Cottle’s inquiry to purchase property site for personal home (Galena/Hazelet Lot BK-35)
16. Review and update web site information and effectiveness.
17. Follow up with City leadership.

Accomplished to date:

Since our return on May 31, 2009, we have accomplished several of these and are working on the others. The items completed in the past month include:

1. Verified with the State of Alaska that no liens exist on our properties – specifically concerning the activities of Jack Roe.
2. Sent letter to Jack Roe noting termination of contract.
3. Updated property maps
4. Updated Peterson property documents
5. Paid 2009 Property taxes
6. Are ready to open shareholder access via passwords.

If you have questions, comments or concerns, please contact us or any of the other Board members at:

John Clark : John@portvaldezco.com or 502-693-1506
Philip Clark: Phil@portvaldezco.com, or 505-264-6042
Sharon Black: Sharon@portvaldezco.com or 303-588-8275
Lief Hazelet: Lief@portvaldezco.com or 360-333-9039
Michael Krochina: Mike@portvaldezco.com or 808-990-5505
Jon Trbovich: Jon@portvaldezco.com or 303-956-8147
Lisa Vranich: Lisa@portvaldezco.com or 404-861-7916