

# Soundings

Safe ♦ Responsible ♦ Reliable ♦ Efficient

MAY 2007

## HARLEY MARINE FLEET CONTINUES TO GROW

Since it's incorporation, Harley Marine Services has continued to enter new markets with top of the line equipment and staff. The month of April proved to be yet another remarkable month of growth for the Harley Marine Services fleet. Five pieces of equipment were purchased last month to supplement the operations along the East and West Coast of the United States.

The Stoddard Sea is a newly built 308 foot double hull barge with a 30,000 bbl. capacity. The Stoddard Sea was built by Trinity Marine in Ashland City, Tennessee, a suburb of Nashville. She will join the Olympic Tug & Barge fleet of double hulled barges and will be providing safe bunker deliveries within Puget Sound.

The Olympic Scout is a twin screw tug that will be re-powered and fitted with state of the art control and safety systems prior to entering service in the Pacific Northwest. After her re-power the Olympic Scout will be operating at 3,000 HP.

A 1,650 horsepower tug, yet to be named, was also purchased to shift Westoil Marine barges within the Los Angeles and Long Beach Harbors. The tug is fitted with a high pilot house, which will allow for great visibility while maneuvering the barges safely through the harbor.

The HMS Liberty is a 2,400 HP class tug and is the first Harley Marine NY tug to enter the harbor. Her purpose is to efficiently and safely move the Chemoil barges that Harley Marine NY operates.

Another tug yet to be named will also enter the Harley Marine Fleet once she arrives from Singapore. She will be making the 40 day voyage within the next two weeks via Japan and Dutch Harbor, AK. She will be used for towing coastwise barges along the U.S. West Coast.

Harley Marine Services is steadily growing and will continue to do so with their strong market presence on the West and now East Coasts. For more information, please visit Harley Marine on the web, at [www.harleymarine.com](http://www.harleymarine.com).

## MAY

### HOLIDAYS:

**5TH—CINCO DE MAYO**

**13TH—MOTHERS DAY**

**28TH—MEMORIAL DAY (HMS OBSERVED HOLIDAY, OFFICES WILL BE CLOSED)**

### THUMBS UP

- *Thumbs up to Deka Sheikh for her work with Chemoil and collections – in fact thumbs up to the whole collection team for their efforts*

To the personnel at Olympic Tug and Barge,

I would like to thank everyone at Olympic for making my time off for surgery in January stress free. It was nice knowing the only thing I had to worry about was getting back on my feet. Words can not express the gratitude that I feel, thank you very much!



Sincerely,  
Captain Max Jahn

### Personnel Changes aboard the Gyrfalcon

We welcome Travis McGrath into his new position as the Chief Mate aboard the Gyrfalcon. Travis has been employed by PCM since July 7, 2003. Travis' most recent assignment has been the Deckhand/Engineer aboard the vessel. He started out as a deckhand and progressed through his AB endorsement to his Mate's license.

Paul Cagle will be promoted from his Cook/Deckhand position to the Deckhand/Engineer position, assuming Travis' former duties.

Paul has been employed by PCM since February 13, 2005. Paul will be completing this AB endorsement during his upcoming time off.

Congratulations to both of these individuals. Their promotions are well deserved.

We welcome aboard Dennis Pinfeld who will assume Paul's former duties as Cook/Deckhand. He knows that he has some big shoes to fill and is looking forward to the challenge of working with the crew of the Gyrfalcon.



### LIFE IN DUTCH HARBOR

The vessel pictured to the left is the aftermath of a true Alaskan storm. The vessel encountered 4° temperatures, 70-80 mph winds, 25-30 foot seas and lots of sea smoke. The ice took 1.5 days to accumulate on the vessel and two weeks to melt away!

**May Birthdays**  
**Birthstone: Emerald**  
**Flower: Lily of the Valley & Hawthorn**

**Harley Marine Services**

Greg Nelsen—May 3rd

**Millennium Maritime**

Rob Handing—May 19th

Mario Meyers—May 23rd

**Olympic Tug & Barge**

Bart Sappington—May 1st

Brian Bamer—May 3rd

Ron Winterfeld—May 8th

John Edwards—May 10th

Wojciech Satlawa—May 19th

Kirk Bonnin—May 27th

**Pacific Terminal Services**

Tracy Wild—May 5th

**Public Service Marine**

Keith McCormick—May 26th

Trent Newlon—May 29th

**Starlight Marine Services**

Chris Swan—May 9th

Jordan May—May 21st

David Prouty—May 23rd

Kevin Caldwell—May 28th

Justin Rodgers—May 28th

**Westoil Marine Services**

Marvin Munoz—May 2nd

Carlton Fromhold—May 4th

Brian Janson—May 4th

Jason Gates—May 11th

Kevin Cassady—May 13th

Boris Klarin—May 19th

Bradley Casey—May 22nd

Matthew Drake—May 22nd

Scott Raynor—May 23rd

John Skow—May 26th

Kenneth Sutton—May 30th

**Cooking with the Captain**  
**Captain Chris Starkenburg, Tug Gyrfalcon**  
**Baked Brie in Puff Pastry**

**Ingredients:**

1 Box of Frozen Puff Pastry

1 small wheel of Brie Cheese

1 can of almond pie filling or paste

2 egg whites (beaten with 2 tablespoons of water)

**Directions:**

- Thaw the puff pastry in the refrigerator.
- Preheat oven to 350-375° F and lightly grease a baking sheet.
- Carefully flatten out the puff pastry on your counter.
- Scrape some of the white paper covering from the wheel of Brie Cheese. Lightly coat the Brie with the almond filling.
- Place the Brie in the center of the puff pastry and fold the puff pastry over the cheese. The idea is to seal the cheese inside the puff Pastry. Use the egg white mixture and a pastry brush to help seal the dough, you can remove extra dough if necessary. You can save some of the scraps for decorating the top of the pastry, the egg mixture can be used to help secure.
- Place on your baking sheet, and lightly brush entire puff pastry with egg white mixture.
- *(If you are preparing early, at this point you can put this in the freezer for future use. Just thaw in your refrigerator for 6 hours before you place in the oven.)*
- Place in preheated oven and bake for 15-20 minutes or until golden brown. Remove and let stand for 5 minutes before slicing. Serve with your favorite fruit.





*Captain Ben Lussier and Baby Sophia during her first visit to HMS.*



Pictured above is Tug Royal Melbourne during dry dock at Bay Ship & Yacht Co. During the dry docking of the Royal Melbourne, Bay Ship & Yacht launched the Schooner C.A. Thayer, a 2 1/2 year project for the Maritime Museum in San Francisco and commissioned their newly built Synchronlift, which lifted the Royal Melbourne out of the water.



***Olympic Spirit Arrives in Seattle, WA.***

***April 4, 2007***—Since her arrival to the West Coast, the *Olympic Spirit* has been working around the clock. She has made one roundtrip to California and one to Portland, Oregon; she will continue making coastal moves while chartered to Tesoro. The *Olympic Spirit* is the largest double hulled barge in the Harley Marine Fleet and is equipped with EMS gauging, an electronic radar tank gauging system.

## May Anniversaries

### Harley Marine Services

Rod Gullickson—16 years  
Alexis Hoch—1 year  
Maria Nguyen—1 year

### Millennium Maritime

David Cadiz—16 years  
Bo Jun—7 years  
Neal Salamunovich—7 years

### Olympic Tug & Barge

Steve Springman—17 years  
Brett Nelson—10 years  
Rosario Castro—5 years  
Byron Peterson—5 years  
Allen Hall—4 years  
Robert Harmeling—3 years  
Chad Boulay—2 years  
Eric Chisman—1 year

### Pacific Coast Maritime

Chris Starkenburg—17 years

### Starlight Marine Services

Ryan Tom—1 year

### Westoil Marine Services

Paul Kuhn—17 years  
Stephen Silkotch—7 years  
Todd Bonsky—7 years  
Steven Erickson-Meyers—7 years  
Tony Danelo—6 years  
Timothy Corbin—5 years  
Adam Dalton—3 years  
Louis Randazzo—3 years  
Jeffrey Salcido Sr.—3 years  
David Spanjol—3 years  
Joshua Bobic—1 year  
Nunzio D'Orio—1 year  
Robert Dolliver—1 year  
Gigi Frampton—1 year  
Raymond Medeiros—1 year  
Ryan Voci—1 year

## Promotions and New Hires

### Captain Jonathan Mendes, Starlight Marine Services

Captain Jonathan Mendes has recently been promoted to Port Captain for Starlight Marine Services. Captain Mendes has been working at Starlight as a Captain on the Royal Melbourne. Congratulations Jonathan on your new promotion, you will be a valuable asset to Starlight Marine Services!

### Mario Meyers, Harley Marine Services

Mario Meyers has been hired as the Purchasing Manager and eMaint Administrator for California. Mario has an extensive background of purchasing management in the marine industry. He will be based in the Wilmington office, and will report to Deborah Franco. Mario will certainly be an asset to the HMS team and we are delighted to have him with us. Welcome aboard!

### Captain Jim Caspers, Harley Marine Services

Captain Jim Caspers has joined HMS as the Director of Quality Systems. He will report to Deborah Franco. Prior to joining HMS, he was the Senior Port Captain and ISM Designated Person for Washington State Ferries for 31 years and an instructor with Pacific Maritime Institute and MITAGS. He has developed courses for other tug and barge companies. In addition to heading up the ISO/ISM programs, Jim will be a great asset in the development and training for HMS's continuous commitment to Safety. Welcome aboard!



### Congratulations Jenny & Vince Arce!

Join me in welcoming Brandon Vicente Arce to the Harley Marine Family.

Birthdate: March 10, 2007

Weight: 7lbs. 14oz.

Length: 20 inches

# FINANCIAL RESEARCH

February 12, 2007

Harley Marine Services, Inc.  
PO Box 24005  
Seattle, WA 98124

Per our review for the period ending December 31, 2006, all investment alternatives currently offered to participants in the Harley Marine Services, Inc. 401(k) Retirement Savings Plan & Trust are meeting performance standards as described in the plan's Investment Policy Statement. An updated fund performance report, which may be distributed to plan participants, is enclosed. Additional comments are as follows:

- 1) 2006 provided an excellent demonstration of why we encourage plan sponsors to offer funds with different investment styles in each stock fund category. Last year, the average Large Cap Value stock fund had a 2006 return of 18.2%; this compares to the Large Cap Growth category's return of just 7.0%. By offering exposure to different investment styles, participants are able to have a higher level of diversification in their 401(k) accounts.
- 2) All mutual funds currently held continue to meet the plan's peer-based performance standards. Out of fourteen actively-managed funds held, nine funds have three-year returns in the top 35% of their respective fund categories, for the period ending December 31.
- 3) Due to "investment-style drift" in the last few years, Morningstar, Inc. recently moved Managers Special Equity from the Small Growth category to the Small Blend category. Since growth stocks have significantly lagged value stocks in recent years, the fund's category change has resulted in a significant decline in the fund's return rankings, putting it in the bottom 11% of its new fund category for the 3-year period ending December 31, 2006. The fund's annualized 3-year return of 10.3% is in line with its former Small Growth category's return of 10.4%, but is well below the Small Blend category's return of 15.1% per year. Due to the fund's relatively low volatility and its multi-advisor approach, it is recommended that Managers Special Equity be retained in the plan, but that future peer rankings and style drift be closely monitored.

Please call me if you'd like additional information or have any questions on the enclosed materials.

Sincerely,



Jay H. Cowles, CFP  
Financial Research, Inc.

Enclosures

Harley Marine Services, Inc.  
**Investment Performance Overview**

As of December 31, 2006

	3-Month Return	Year To-Date	1-Year Return	3-Year Return	5-Year Return
<b>Small-Cap Stock</b>					
Managers Special Equity M	8.6	12.1	12.1	10.3	8.4
Royce Total Return	7.2	14.5	14.5	13.4	13.3
<b>Mid-Cap Stock</b>					
Rainier Small/Mid Cap Equity	8.2	14.7	14.7	16.5	13.1
First Eagle Fund of America Y	7.1	15.8	15.8	12.7	10.2
<b>Large-Cap Stock</b>					
Growth Fund of America R5	6.5	11.2	11.2	12.7	8.3
Masters Select Equity	8.8	9.3	9.3	9.2	6.8
T. Rowe Price Equity Income	7.4	19.1	19.1	12.6	9.4
<b>International Stock</b>					
Masters Select International	10.6	23.6	23.6	20.5	15.8
Julius Baer International Equity A	13.4	31.8	31.8	23.9	20.0
<b>Asset Allocation</b>					
Fidelity Freedom Income	2.5	6.4	6.4	4.7	4.2
Fidelity Freedom 2010	4.6	9.5	9.5	7.5	6.3
Fidelity Freedom 2020	5.8	11.6	11.6	9.6	7.3
Fidelity Freedom 2030	6.6	12.9	12.9	10.7	7.6
<b>Fixed Income</b>					
PIMCO Low Duration Institutional	0.8	3.8	3.8	2.6	3.6
PIMCO Total Return Institutional	0.9	4.0	4.0	4.0	5.5
<b>Markets Indexes</b>					
Dow Jones Industrials	7.4	19.1	19.1	8.4	6.8
S&P 500	6.7	15.8	15.8	10.4	6.2
Nasdaq Composite	7.0	9.5	9.5	6.4	4.4
Russell 2000	8.9	8.4	18.4	13.6	11.4
EAFE (in \$)	10.4	26.3	26.3	19.9	15.0
Lehman Govt/Credit Bond	1.0	3.8	3.8	3.4	5.2
3-Month Treasury Bills	1.3	5.1	5.1	3.3	2.5

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## May Employee of the Month

### **Pete Sotelo, Olympic Tug & Barge**

Pete recently came to OTB from Duwamish shipyard where he worked as a shift supervisor, he is currently working as a deckhand on the Catherine Quigg. Over the course of the last month Pete has put his skills as a welder to work and made many improvements on the Catherine Quigg. Pete has also come in on his time off to help the shore crew get the Hannah 2801 back in service. Thank you for all of your hard work last month Pete!

### **Mark Abercrombie, Public Service Marine**

Mark is a great team player, and this last month he has proven his versatility in the workplace. He has proven that he can throw, catch and hit when the team needs it; and lately he has played a lot of extra innings without any complaints. Mark takes great care of the equipment and is always smiling when I see him. His pride and great attitude have awarded him employee of the month. Thank you Mark for all of your hard work and dedication.

### **Mike Limon, Starlight Marine Services**

Mike Limon is an engineer on the Royal Melbourne, but assists in projects on other boats, barges and on shore. Mike contributed immensely on the work that needed to be done on the St Andrews before the boat left San Francisco and has helped the Royal Melbourne maintain the high HMS standards expected of our Company. Mike has great work ethics and is considered a great shipmate by all.

### **Randy Atwood, Westoil Marine Services**

Randy has been an engineer in LA harbor for over 20 years starting his career with Wrigley Transportation Company, and joined with Millennium when they entered the LA market. Randy is our most knowledgeable engineer in Southern California and has done a great job of teaching our newer Engineers the ropes. Thank you Randy for all you do for us.

**Thank you all and Congratulations!!**

***“There are no great men, only great challenges that ordinary men are forced by circumstances to meet.”***

***-Admiral William F. Halsey (1882-1959)***

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