

**Correspondence
&
Other Information**



SITKA ECONOMIC DEVELOPMENT ASSOCIATION

329 Harbor Drive, Suite 212 - Sitka, Alaska 99835 · (907) 747-2660 · fax (907) 747-7688 · www.sitka.net

Thursday, May 29, 2008

Dick Kearns, President
True Alaska Bottling Company
765 Harmony Street
Lebanon, Oregon 97355

RE: Purchase and Sale Contract between the City and Borough of Sitka and True Alaska Bottling Company

Dear Dick,

It was nice to speak with you on the telephone this morning. I am pleased to hear that your discussions with a potential, third party investor are ongoing.

As you know the Purchase and Sale Contract for the bottling building and 3.0 acres of land at Sawmill Cove Industrial Park contains three conditions of reversion under which the property could again become owned by CBS.

The First Condition of Reversion contains a number of substantial, physical improvements that must be made to the property within 18 months of the Closing Date. It is our understanding that the milestone date for the First Condition is June 7, 2008. We also note that the physical improvements detailed in the Contract have not been made.

The Sawmill Cove Board of Directors discussed this matter briefly at their meeting on May 27, 2008. The Board has requested a meeting with you to discuss the situation prior to the City taking action under the Contract.

Please contact Jim Dinley, Sitka Borough Administrator, at 907-747-1808 to schedule a meeting with the Sawmill Cove Board and the City Administration as soon as possible.

Thank you for your attention to this important matter.

Sincerely,

Hugh R. Bevan
Sitka Economic Development Association

C: Grant Miller, Chair SCIP Board
Jim Dinley, Sitka Administrator