



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
August 26, 2008 – 4:00 PM  
SEDA Office  
329 Harbor Drive, Suite 212**

**A. CALL TO ORDER**

The Chair called the meeting to order at 4:00 pm.

**B. ROLL CALL**

**Board Members Present:** Grant Miller Trevor Harang  
Charles Horan Chris Fondell Lowell Frank (arr. 4:18)

**Board Members Absent:** NONE

**City Staff:** Jim Dinley Theresa Hillhouse Scott Brylinsky

**Others Present:** Garry White Linda Wilson  
Dorrie Farrell Verne Culp Craig Giammona (Sentinel)

**C. REVIEW OF MINUTES – August 04, 2008**

**MOTION:** M/S Horan/Harang moved to approve the minutes of August 04, 2008 as amended to reflect the attendance of John Sherrod and to correct the typographical error on page 3 in the last paragraph, changing the word “divers” to “diverse”.

**ACTION:** Motion PASSED unanimously (4/0) on a voice vote.

**D. CORRESPONDENCE AND OTHER INFORMATION (NONE)**

**E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA**

**Item G.2. – SCIP Strategic Plan – moved to the end of the agenda.**

**F. REPORTS (NONE)**

**G. UNFINISHED BUSINESS**

**1. Tongass Biofuels Lease**

Mr. White reported that an appropriate space in the Stores Building had been selected for the Tongass Biofuels lease and that this space measures 40 feet x 40 feet, 100 square feet more than the 1,500 square feet previously requested.

**MOTION:** M/S Horan/Fondell moved to change the Tongass Biofuels lease to a total area of 1,600 square feet, at the rate of \$0.25 per month for two months.

**ACTION:** Motion PASSED unanimously (4/0) on a voice vote.

**2. Sawmill Cove Strategic Plan (Moved to end of agenda)**

## **H. NEW BUSINESS**

### **1. Lisa Lane Lease**

Mr. White advised the Board that Lisa Lane has requested to lease a small building, measuring approximately 20 feet x 25 feet (500 square feet) and that she would also like permission to conduct carriage rides through SCIP. Ms. Lane believes that it will take \$2,000 to make repairs to the building and bring it to useable condition, therefore she requests that she be granted a 24 month lease with \$0.00 rent during that period. Mr. White reported that the costs to the City for the management of each lease should be considered. For example it costs the City approximately \$7.00 to send a bill.

Mr. Miller emphasized that SCIP cannot continue to provide \$0.00 revenue leases.

Mr. Fondell suggested that the Fortress of the Bear take over the building, adding it to their lease area and then sublease this to Lisa Lane.

Mr. White advised that, from statements recorded in the minutes of a previous SCIP Board meeting, Lisa Lane is already paying Fortress of the Bear \$100 per month for use of part of their lease area for her horses and carriage.

Mr. Miller stated that Lisa Lane should not be doing business at SCIP without being covered under a lease and without providing proof of insurance.

Mr. Fondell requested that this issue be rescheduled for another meeting and that Lisa Lane be present at that time.

Mr. Horan stated that no action can be taken until the status of the property in question is confirmed and boundaries are established. He added that this would have to be a short term, month-to-month lease, with no long-term commitment from SCIP. We do not want to discourage short-term use of vacant space, however, we cannot make long-term commitments for such small leases.

Ms. Hillhouse advised the Board regarding the request for access to SCIP for carriage rides, stating that, due to liability issues, the City does not allow access to SCIP without proper tenant status.

Ms. Hillhouse also stated that the Fortress of the Bear lease does have a sublease provision, but that any sublease must be approved by the SCIP Board prior to initiation.

Mr. Horan stated that any sublease rent should be paid directly to the City and not to Fortress of the Bear, as the Fortress of the Bear is already receiving special financial consideration and paying only \$50 per month in rent until May of 2009.

The SCIP Board directed Mr. White to write a letter to Lisa Lane explaining the situation as discussed at this meeting.

### **2. TAB Property – Cove Partners LLC**

At 4:27 pm Mr. Dick Kearns (TAB) and Mr. Kent Sullivan (Attorney for Cove Partners LLC) were brought into the meeting via telephone.

Mr. Miller referred to a letter dated August 13, 2008 from Baxter, Bruce, & Sullivan P.C. to Garry White re. Cove Partners' interest in property at SCIP.

The letter recognizes that a “forty-five day written notice to cure default related to Reversionary Interest” was sent to True Alaska Bottling Company President, C.R. Kearns on or about July 15, 2008.” The letter makes a formal request for “an additional three weeks beyond the deadline currently set to expire on August 29, 2008.” This three week extension allows time to review documentation and prepare a response on behalf of Cove Partners LLC and their financial interest in this property.

Mr. Kearns stated that he supports the request of Cove Partners LLC for the three week extension and that within that time he can submit new contracts for bulk water sales with near term delivery.

Mr. Miller stated that while the Board would like to see TAB continue bottling water and provide a market for bulk water, Mr. Kearns had not taken any action to cure the six items listed in the 45 notice letter, despite his indication during a conference call on July 10<sup>th</sup>, 2008 that these items would be worked on during the 45 day period.

Mr. Kearns stated that he had worked with Max Langenberg for several years and recently switched to new sources, making tremendous progress in the past four days and that substantial water contracts will be finalized by the end of next week.

Ms. Hillhouse referred to a copy of the letter giving TAB 45 day notice to cure and read the list of six tasks that were to be completed per the reverter clause in the lease contract between TAB and the City. She emphasized that as of this date, (August 26, 2008) no progress has been made by TAB to complete these tasks.

Mr. Horan asked if it is intended that TAB will work on completing these cures during the additional three weeks if this extension is granted. He stated that it does not appear possible that all of these items could be completed during that time.

Mr. Kearns stated that only the clearance of rubble and the expansion could be completed.

Mr. Miller emphasized again that the last time the SCIP Board talked with Mr. Kearns that the Board had been assured that all reverters would be addressed during the 45 day notice period.

Mr. Miller asked Mr. Sullivan what Cove Partners intends to do if and when the City takes back the property, either at the end of the original 45 days or at the end of the additional three weeks.

Mr. Sullivan responded that he is not in a position to address this issue regarding the reverters at this time, but given the additional three weeks, he believes this could be worked out through negotiation. Cove Partners is currently concerned with the legal aspects of whether or not the City has the right to take back the property under the current conditions. He stated that if a three week extension is not granted, then Cove Partners will be forced to seek a court injunction in order to protect their legal rights regarding their interest in the property. With a three week extension, Cove Partners intends to work with the City and TAB to consider other solutions.

Mr. Sullivan stated that the letter with the 45 day notice to cure was never sent to Cove Partners LLC, but only to Dick Kearns, despite Cove Partners being the owner of record.

Ms. Hillhouse stated that the City’s first notice that the TAB property had been sold to Cove Partners is from their letter dated 8/13/08 sent to Mr. Garry White. Otherwise, the city would have sent the notice to cure to Cove Partners as well.

Mr. Sullivan stated that the deed for the sale of property by TAB to Cove Partners was properly recorded and therefore provided constructive notice to the City of the sale. Cove Partners understands that the City has been caught off guard and they will send a letter immediately regarding the legal issues related to Cove Partners’ interest in the property and invite the City to provide feedback and begin a dialog to resolve the issue.

Mr. Miller requested that Cove Partners provide information on their long-term plans for the property so this can be taken into consideration. The Board's goal for SCIP is to create jobs and revenue for the City. What is the Board's incentive to grant a three-week extension?

Ms. Hillhouse suggested the Board grant the three-week extension, but only on the condition that Cove Partners acknowledge their letter dated August 13, 2008 is confirmation that they have received the 45 day notice to cure as of that date and that the 45 days begin from that date and end on September 19<sup>th</sup>, 2008. The City needs assurance that Cove Partners will not allow September 19<sup>th</sup>, 2008 to pass and then claim they did not receive notice.

Mr. Sullivan stated that, yes, you have that commitment, but there will be no waiver of rights regarding the legality of the reverters.

Mr. Miller suggested that a cash bond could be provided as a sign of good faith in lieu of completing the six cure items listed under the reverter clause.

Mr. Kearns responded that a cash bond is an option and that he would make himself available after Labor Day (September 1, 2008) for further negotiation.

**MOTION:** **M/S Horan/Fondell** moved to approve the 21 day extension to the 45 day cure letter and to inform the City and Assembly; and that this motion is based on TAB and Cove Partners acknowledgement that the 45 day cure letter runs against Cove Partners as of August 13, 2008, the date of Cove Partners Attorney's letter to the Sawmill Cove Board of Directors.

Discussion: Mr. Horan stated that he expects to negotiate a bond from TAB in lieu of action on the reverters.

**ACTION:** **Motion PASSED** unanimously (5/0) on a voice vote.

## **G.2. Sawmill Cove Strategic Plan (Moved to end of agenda)**

The Board reviewed and discussed each item of the SCIP Strategic Plan and Draft Land Use Plan and provided edits and instructions for Mr. White to draft the final version for presentation to the Assembly.

**MOTION:** **M/S Horan/Fondell** moved to approve the August 26, 2008 version of the Sawmill Cove Strategic Plan as amended.

**ACTION:** **Motion PASSED** unanimously (5/0) on a voice vote.

## **I. OTHER BUSINESS (NONE)**

## **J. ADJOURNMENT**

**MOTION:** **M/S Fondell/ Harang**

**ACTION:** Motion **PASSED** unanimously

The meeting adjourned at 6:50 pm.