

Thursday, November 20, 2008

## MEMORANDUM

To: Sawmill Cove Board of Directors

From: Garry White, Director

Subject: TAB Purchase Agreement for Raw Water in Bulk For Export

### **Background**

On 11/04/2008 a letter was sent to True Alaska Bottling Company President Dick Kearns informing him that the firms Purchase Agreement for Raw Water in Bulk for Export was about to expire under section 3.1 of the agreement. Please see attached letter.

### **Action Items**

Does the SCIP Board elect to give notice to TAB by certified mail that TAB has breached or failed to comply with one or more of the conditions or requirements of the agreement if TAB fails to meet their benchmark to export 20 million gallons by December 8<sup>th</sup>, 2008?



I N D U S T R I A L P A R K

329 Harbor Dr. Suite 212, Sitka, AK 99835

907-747-2660

Tuesday, November 04, 2008  
*Sent Certified and Regular Mail*

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

RE: Purchase Agreement for Raw Water in Bulk For Export

Dear Mr. Kearns,

This letter is a reminder that the bulk water contract between the City and Borough of Sitka, Alaska and True Alaska Bottling Company (TAB) will expire on December 8, 2008.

As per 3.1 of the Purchase Agreement For Raw Water In Bulk For Export, "If TAB does not take delivery of and export at least 20 million gallons of water from Sitka pursuant to this Agreement in the first 24 months after the effective date of this Agreement, this Agreement shall, at Sitka's election, terminate and expire without further action by Sitka on the forty-fifth (45<sup>th</sup>) day after Sitka gives notice to TAB by certified mail that TAB has breached or failed to comply with one or more of the conditions or requirements of this Agreement, unless within said 45-day period, TAB cures the specified default or defaults to Sitka's satisfaction, as determined by Sitka in its sole discretion."

As of this date, November 4, 2008, TAB has not fulfilled the requirement of the Agreement to take delivery of and export at least 20 million gallons of water from Sitka.

The Sawmill Cove Board of Directors has discussed this matter. 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,

Garry White  
Director  
Sawmill Cove Industrial Park

C: Grant Miller, Chair SCIP Board  
Jim Dinley, CBS Administrator  
Theresa Hillhouse, CBS Attorney