

Thursday, November 20, 2008

## MEMORANDUM

To: Sawmill Cove Board of Directors

From: Garry White, Director

Subject: TAB Building and Cove Partners LLC Negotiations

### **Background**

Cove Partners LLC are in the process of developing a business plan to present to the SCIP Board. CBS attorney and Cove's attorney are working on the terms of a Confidentiality Agreement that both parties can agree upon. SEDA has been in contact with Harry Govind, Cove Partners' proposed operating agent of the water bottling plant, to answer questions about water quality issues, contacts for services related to operating a business, and other general questions. Cove is hoping to be able to provide a business plan for operation soon.

SEDA has suggested that Cove Partners consider providing the following information in the business plan for the SCIP Board consideration:

- Buy/Sell agreement between TAB and Cove
- Buy/Sell agreement between Cove and Starwest
- Articles of organization and bylaws of both Cove and Starwest
- Detailed list of Capital Improvements planned for building
- Business plan to operate water bottling plant to include:
  - Who is operating agent – past performance of similar venture
  - Proforma financials
  - Detailed information how this venture will succeed when others have failed
    - Freight issues
    - Cash Flow
    - How will they increase volume

### **Action Items**

There are currently no action items until the attorneys can come to an agreement and the SCIP Board can view the business plan or some variation of it.