



**Sawmill Cove Industrial Park
Board of Directors Meeting
November 24, 2008 – 3:00 PM
SEDA Office
329 Harbor Drive, Suite 212**

A. CALL TO ORDER

The Chair called the meeting to order at 3:07 pm.

B. ROLL CALL

Board Members Present: Grant Miller Trevor Harang Charles Horan Chris Fondell
Board Members Absent: Lowell Frank

City Representatives: Jim Dinley Scott Brylinsky

Others Present: Garry White Linda Wilson

C. REVIEW OF MINUTES – October 30, 2008

MOTION: **M/S Horan/Harang** moved to approve the minutes of the October 30, 2008 SCIP Board meeting.

ACTION: **Passed 4/0** on a voice vote

D. CORRESPONDENCE AND OTHER INFORMATION

Mr. White reported that he has been contacting the companies building the gas pipeline and let them know that SCIP has space for storage of equipment and materials.

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA (NONE)

F. REPORTS (NONE)

G. PERSONS TO BE HEARD (NONE)

H. UNFINISHED BUSINESS

1. TAB Property – Cove Partners LLC

Mr. White provided an update on the status of Cove Partners LLC plans for the bottling plant.

- A business plan is being developed
- A confidentiality agreement was received from Cove Partners, however the City Attorney believes it leaves the City open to too much liability. Negotiations between the City Attorney and Cove Partners LLC attorneys are underway to create a confidentiality agreement that works for both parties
- One option is for Dave Wolff to have exclusive access to the business plan and provide his recommendation to the SCIP Board and Assembly after review of the plan

- \$600-\$700k in liens remain on the property from the time of purchase by Dick Kearns. TAB was to have paid all liens before closing. The title company neglected to take care of this as was their duty. Cove Partners LLC discovered the liens during the process of selling interest in the property to Starwest Holdings LLC. The Assembly will vote on whether or not to transfer the City's right to sue the title company to Cove Partners LLC so they can sue the title company and clear the liens.
- Mr. White provided a list of items that Cove Partners needs to include in their business plan for SCIP consideration (included in packet). Additionally, Mr. White suggested that an escrow account might be set up to hold one to two million in Cove Partners' investment funds that could be used for direct payment to contractors as they progress in fixing up the property.

Mr. Dinley stated that the City needs to see the books for Cove Partners and Starwest to confirm business status and suggested the option of a performance bond.

I. NEW BUSINESS

1. TAB Bulk Water Agreement Deadline

Mr. White reported that a letter was sent to Dick Kearns on November 4, 2008 informing him of the December 08, 2008 expiration date of TAB's Purchase agreement for bulk water. No response has been received from Mr. Kearns.

MOTION: M/S Harang/Fondell moved to recommend that the City send the forty-five (45) day notice to cure letter to True Alaska Bottling Company as of December 9, 2008, if TAB has not fulfilled its contract obligations to export 20 million gallons of bulk water.

ACTION: Passed 4/0 on a voice vote

2. Elisa Lane Lease Request

Mr. White advised that Elisa Lane would like to lease space at SCIP to build a barn for her horses and storage.

Mr. Miller stated that this does not fit the ideal use of SCIP, but as there is not current demand for space at SCIP the Board might consider a month-to-month lease.

After board discussion the following parameters were set for Mr. White in negotiating a lease with Ms. Lane:

- The lease location must be outside the SCIP core and not conflict with any current tenants – possibly a site within Block 4, Lot 1
- The lessee must provide insurance to indemnify the City
- A bond must be provided for any cleanup that might be required after the tenant vacates the site
- A site plan must be provided that shows size and location of any structures, fencing, etc...
- Lease rates will be market rates

Mr. Brylinsky brought up the issue of potential water quality discharge concerns that would arise if Ms. Lane moved her horses off the current Fortress of the Bear lease area.

The Board provided consensus to direct Mr. White to pursue a lease with Ms. Lane under the parameters discussed.

3. Stores Building Condition and Rough Repair Estimate

Mr. Brylinsky reviewed the report (provided in the packet) and Board discussion raised the following points for consideration:

- The roof will need to be repaired/replaced: cost to replace with like materials (low end roofing) is approximately \$500K+
- The roof is covered with a 2-3" layer of moss and plant growth
- Repairing/replacing the rain leaders might reduce some of the leaks
- Closing in the North wall will reduce water coming into the building
- Re. the sprinkler system and fire code - as long as tenant use remains below 12,000 square feet the City of Sitka may grant waivers for use – any use over 12,000 square feet must meet State Fire Code requirements
- Selling the building before investing in these repairs might be the best option
- Jim Corak will be completing a valuation report on SCIP properties at the end of the year

MOTION: M/S Horan/ Harang moved to request that the Assembly reallocate priorities for repair to the Stores Building to include enclosing the North wall, fixing the rain leaders and other measures to keep the building dry.

ACTION: Passed 4/0 on a voice vote

4. NOAA MOC Relocation

Mr. White reported that the Solicitation for Offers package was received today and that item 1.7 of the SFO limits the area of site selection to a point not farther north than Bellingham, Washington.

Mr. Dinley suggested this may be an issue to work with legislators on.

5. SCIP Assembly/Public Presentation (DRAFT)

Mr. White reviewed a draft PowerPoint document that will be used for presentations at the Chamber of Commerce on December 17th and to the Assembly at a work session some time early next year.

6. Schedule for Assembly Work Session

Mr. White reported that the earliest available time to schedule a work session with the Assembly is in January or February of next year. The Board expressed preference for a date in early to mid January.

J. ADJOURNMENT

MOTION: M/S Fondell/Harang moved to adjourn the meeting.

ACTION: Motion PASSED unanimously 4/0

The Meeting Adjourned at 5:05 pm.