

**Sawmill Cove Industrial Park  
Board of Directors Meeting  
December 17, 2008 – 3:00 PM  
SEDA Office  
329 Harbor Drive, Suite 212**

**\*\* Amended January 22, 2009**

**A. CALL TO ORDER**

The Chair called the meeting to order at 3:05 pm.

**B. ROLL CALL**

**Board Members Present:** Grant Miller    Trevor Harang  
   Charles Horan (arv 3:08)    Chris Fondell    Lowell Frank

**Board Members Absent: NONE**

**City Representatives:** Jim Dinley    Scott Brylinsky    Theresa Hillhouse    Michael Harmon

**Others Present:** Garry White    Linda Wilson    Brent England    Jack Ozment

**C. REVIEW OF MINUTES – November 24, 2008**

**MOTION:**    **M/S Horan/Frank** moved to approve the minutes of the November 24, 2008 SCIP Board meeting.

**ACTION:**    **Passed 4/0** on a voice vote (Mr. Horan arrived after the vote)

**D. CORRESPONDENCE AND OTHER INFORMATION**

Mr. White referenced an Alaska Journal of Commerce article regarding construction of expanded port facilities in Anchorage, specifically noting the \$700 million projected cost of the project, indicating there may be a few million dollars available out there for development of a port in Sitka.

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

**F. REPORTS**

**1. Public Works – SCIP Update**

Mr. Harmon reported that the design contract for the FTA paving project is scheduled to go before the Assembly on December 23<sup>rd</sup> for their approval. Minor changes may be made to accommodate SCIP site needs, however the State Department of Transportation requires that access points be at ninety degrees, which will pose some challenges.

Mr. Miller reported that the 90 day Fire Code waiver granted to Tongass Biofuels will soon be expiring and they will need to apply for another waiver or shut down. Tongass Biofuels is aware of this and is currently assessing the need for continuing a lease of space in the Stores Building.

Mr. England reported that a technician is due, within the next week, to complete connections for the cell phone repeater in the Administration Building.

**G. PERSONS TO BE HEARD (NONE)**

**H. UNFINISHED BUSINESS**

**1. TAB Property – Cove Partners LLC**

Mr. White stated that Cove Partners LLC sold the bottling plant to Starwest. The owners of Cove Partners are also owners of Starwest along with some additional investors. The sale was made for tax advantages and to acquire an additional \$500k in investment capital from the new partners that will be put into repair and upgrades to the building to meet the fire code. Cove Partners estimates it will take \$800k to bring the bottling plant back into basic/legal operating condition. The \$500k will allow Cove Partners/Starwest to begin making repairs and upgrades as soon as possible after the reverters on the property are removed. Cove/Starwest now owns all of TAB's bottling equipment. The equipment is being kept from deterioration by a single person doing minimum upkeep.

Ms. Hillhouse reported that a confidentiality agreement was sent to Cove Partners from the City and they are currently reviewing it, and will then submit their revised version for City review. A confidentiality agreement must be approved by both parties before Cove/Starwest will submit their business plan.

Mr. White emphasized that any Cove/Starwest plan must illustrate how this new business venture will succeed where TAB failed. Representatives of Cove/Starwest have stated that placing funds into an escrow account is not acceptable. However, they want to move forward as soon as possible with their proposal and are willing to come to a meeting in Sitka if needed.

\*\* Ms. Hillhouse advised the Board that the Assembly authorized ~~to become~~ Cove/Starwest to become the beneficiary in any legal action against the title company to clear the liens that were in place at the time of property transfer from TAB to Cove Partners LLC. Currently Cove/Starwest owns the bottling plant, ~~and the rights to 1.1 MGD of water.~~ The bulk water agreement with TAB is a totally separate issue and TAB has no right to sell or assign its bulk water rights without Assembly approval.

Several members of the Board requested that Mr. White ask Cove/Starwest representatives what their specific objections are to placing the dedicated repair/upgrade funds into an escrow account as a sign of good faith.

Mr. White stated that he has expressed, repeatedly, that the SCIP Board needs a reason to remove the reverters such as a sign of good faith like placing significant funds in an escrow account. Despite their reluctance to do this, Cove Partners/Starwest is current on all payments due the City (property taxes, utilities, etc....). TAB owes the City but not Cove/Starwest.

**I. NEW BUSINESS**

**1. Sitka Trail Works Material Storage**

Mr. White reported that efforts are being made to clean up SCIP property. A pile of lumber was identified as belonging to Sitka Trail Works and it was determined that as per agreement, this lumber was due to be removed from the site on or before December 31<sup>st</sup>, 2005. No rent has been charged for storage throughout this time. A representative of Sitka Trail Works has stated that this lumber will be used in the spring of 2009 for construction of a trail to Beaver Lake. The SCIP Board is asked to consider the matter and decide whether or not there needs to be a lease written and rent paid for the few remaining months before the lumber is removed.

Mr. Horan recused himself from participation and voting on this issue due to his position as a Sitka Trail Works Board member.

The SCIP Chairman, Grant Miller, acknowledged that Mr. Horan does have a conflict of interest for this agenda item and therefore he may recuse himself.

On the advice of the City Attorney, the remaining board members agreed to postpone discussion of this item to the January 2009 meeting at which time another representative of Sitka Trail Works may be present to represent their interests.

## **2. TAB Bulk Water Agreement**

Mr. White reported that the 45 day cure letter was sent to Mr. Kearns on December 9, 2008. Mr. Kearns has requested a one-year extension of TAB's bulk water contract with \$50k being given to the City for this consideration if TAB fails meet the new contract deadline. The Board needs to consider this request and make its recommendation to the Assembly. Mr. White reminded the Board that the City "may" terminate the contract after the 45 day cure period based on the decision of the Assembly.

Considerable discussion took place to craft the following motion with particular consideration being made to the timeline required to meet the schedule of the City Assembly and the impending end date of the 45-day cure period.

**MOTION:** M/S Horan/Harang moved to direct the SCIP Director to negotiate a one-year contract extension for bulk water with True Alaska Bottling Company, under the following conditions:

1. That all outstanding balances be paid to the city of Sitka by January 6, 2009; and
2. That the first delivery date requirement be extended for one year from the date in the contract; and
3. That a one-hundred thousand dollar (\$100,000) non-refundable payment be made to the City of Sitka; and
4. That section 5.2 of the agreement be modified to include timelines for progress reporting and a definition of a start date for referrals.

**ACTION:** Motion PASSED unanimously 5/0

## **3. Marine Services RFP (Draft)**

Mr. White presented copies of a draft RFP for a marine services business to be developed at SCIP. Research on potential market demand and identification of businesses that may be interested in making a proposal has been a priority over the past month with the results taken into consideration in drafting the RFP.

Mr. Horan suggested the Public Works Director and City Attorney both review the RFP before it is sent out.

Mr. White advised that any RFP will also need Assembly approval before it is advertised.

Mr. White was instructed to move forward with the draft RFP and suggested edits will be forthcoming from the Board.

## **4. Marine Passenger Fee Fund**

Mr. White reported that his research has determined that SCIP has no current project that could be considered for funding from the Marine Passenger Fee Fund held by the City of Sitka. However, there is a larger pot of money held by the State to be distributed through the legislature. This resource that could provide SCIP project funding as-soon-as FY2011 and should be considered when making the FY2011 legislative priorities list. Both funds will require that the project be tourism related and currently SCIP has no tourist activities at the site. The Fortress of the Bear, for example, is an independent entity that would need to apply for funding on its own. It has been advised that any future requests for funding from this source be capped at two million dollars per fiscal year. A project costing more than two million dollars should be developed in phases to stay under the two million dollar cap. Any request over two million dollars is unlikely to be supported.

Mr. Horan suggested acquiring a copy of a 2007 McDowell study on the benefits of a dock for Ketchikan.

**J. ADJOURNMENT**

**MOTION: M/S Horan/Harang**

**ACTION: Motion PASSED unanimously 5/0**

The Meeting Adjourned at 5:25 pm.