

Thursday, July 16, 2009

MEMORANDUM

To: Sawmill Cove Industrial Park Board of Directors (SCIP Board)

From: Garry White, Director

Subject: Starwest Alaska LLC/Cove Partners LLC – Lot 5 SCIP

Background

Lot 5 otherwise known as the TAB building was sold to True Alaska Bottling Company (TAB) on 12/06/06 for \$722,720.00. The purchase agreement for the sale of the property contained a “reversionary interest” clause requiring the purchaser (TAB) to complete certain items within the 18 months of the purchase. TAB failed to complete the items outlined per the contract. As such the CBS sent TAB a 45 cure letter to remedy the situation on July 15, 2008.

On August 13, 2008, CBS received notice from Baxter Bruce & Sullivan P.C., attorney’s retained by Cove Partners LLC (Cove) that Cove was the current property owners. Unknown to the CBS, TAB has sold the property to Cove on 12/06/06. Cove requested to extend the cure period until 09/19/08.

On September 25, 2008 the SCIP Board met in executive session with Cove’s attorneys and CBS attorneys to discuss the legality of the reverters.

On September 26, 2008, TAB shuts down water bottling operations.

On October 30, 2008 the SCIP Board met with the principal owners of Cove to discuss their plans for the building.

On 11/12/09 Cove deeded Lot 5 to Starwest Holdings LLC.

On 11/21/08 Cove terminates its lease with TAB for operations on Lot 5.

In the fall of 2008, the CBS and Starwest worked to establish a confidentiality agreement to share their business plans.

On 02/04/09 Starwest Holdings LLC deeded Lot 5 to Starwest Alaska LLC.

On 02/25/09 Starwest is scheduled to meet with the SCIP Board to discuss their business plan, but cancel to develop business plan in greater detail.

Starwest addresses the SCIP Board during persons to be heard section of the 06/08/09 meeting to share some of their business plan and informs the Board that water is being bottled at the location.

Action

Starwest Alaska LLC wishes to present further information on their plans for Lot 5 and its operation as a water bottling plant.