

Monday, January 11, 2010

MEMORANDUM

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

From: Garry White, Director

Subject: True Alaska Bottling Co. Update and Request

**Background**

True Alaska Bottling Co ("TAB") has failed to take delivery of and export at least 20 million gallons of water in the past 36 months as per Subsection 3.1 of its Amended Purchase Agreement for Raw Water in Bulk for Export between the City and Borough of Sitka and True Alaska Bottling Co. A forty-five day cure letter was sent on 12/09/2009.

TAB requested that CBS extend its contract for a 90 day period to finish negotiations with a pending contract at the 12/17/09 SCIP meeting. Through further discussion with TAB, they request to extend their contract for an additional 12 months.

**Discussion Points between TAB and CBS.**

The Director has addressed a number of points with TAB officials for consideration of the SCIP Board for recommendations to the CBS Assembly for the approval of a 12 month extension of TAB's bulk water contract.

1. TAB brings all past due payments due the CBS by 01/26/10.
2. TAB must pay \$100,000 to the CBS by 03/01/2010 or their contact will expire on that date.
3. The bulk water contract will be amended as presented in a separate agenda item of this meeting. Highlights include:
  - a. Minimum water to be exported in the 12 month period is increased to 50 million gallons.
  - b. Section 5.2, which deals with exclusivity be removed from the contract.
4. It is understood that CBS intends to control the water based distribution portion of the water pipeline.

### **Additional Information**

TAB owes \$58,839.74 to CBS in lease payments that were due to the CBS on 12/1/09 per the Amended contract that have not been received.

### **Action Item**

1. Extension of TAB contract for 12 months?
2. Adjustments to contract?