



**BOARD OF DIRECTOR'S MEETING**

**MONDAY, NOVEMBER 30, 2020 - AGENDA  
3:00 PM**

**Room 5 Harrigan Centennial Hall/Zoom Meeting**

**Regular Meeting**

**3:00 PM**

<b><u>Item</u></b>	<b><u>Action</u></b>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
<b>OCTOBER 29TH, 2020</b>	
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
F. Reports	
G. Persons To Be Heard	
H. Unfinished Business	
A. New Business	
1. Eckert Fine Beverages Water Agreement Extension	Discussion/Recommendation
2. Northline Seafoods Sublease Request	Discussion/Recommendation
3. GPIP Budget FY22	Discussion/Recommendation
4. GPIP Port Tariff Adjustments	Discussion/Recommendation
B. Adjournment	

EXECUTIVE SESSION – Not expected

**The Mission**

**It is the mission of the Gary Paxton Industrial Park Board and management, by direction of the Sitka Assembly, to strategically develop the park in a fiscally responsible manner that maximizes its economic benefit to the community through creation of meaningful jobs in conformance with established community plans and policies.**

Zoom Link: <https://us02web.zoom.us/j/88109200210?pwd=QzVkMGNKThyM0hSdzBkMzhXeURVZz09>

**Gary Paxton Industrial Park – Board of Directors Meeting  
October 29, 2020 3:00pm – Harrigan Centennial Hall**

**DRAFT Meeting Minutes**

**A. CALL TO ORDER:** The Chair, Scott Wagner, called the meeting to order at 3:02 pm

**B. ROLL CALL**

**Members Present:** Scott Wagner, Vaughn Morrison, Mike Johnson, Jamal Floate, Chris Ystad

**Members Absent:** None

**Staff Present:** Garry White, Makena Hardwick

**City Representatives:** Thor Christianson (Assembly Liaison), John Leach (Administrator), Brian Hanson (City Legal), Michael Harmon (CBS PW)

**Others Present:** Dr. Wein, Kai Olney-Miller Malicoat, Jeremy Serka, Jeff Farvour, Robert Woolsey via Zoom, and Fred Paley and Chuck Cartier on teleconference

**C. Review of Minutes – September 17th, 2020**

**Motion:** M/S Morrison/Floate to approve the minutes of September 17th, 2020

**Action:** Motion Passed 5/0 on a voice vote

**D. Correspondence & Other Information-** NSRAA wishes to move forward with their lease on lot 3. So long as notice has been given the city they can move forward with the lease extension.

**E. Changes/Additions/ Deletions to Agenda-** None

**F. Reports –**

Garry White reported on the recent GPIIP usage.

Mr. White: The dock saw a tremendous amount of use this summer. I've been contacted by Cruise Line Industry for 6-8 port calls for a 300' vessel next summer. This will require a port security plan, logistics of moving passengers, and an updated fender system will also need to be put in place. Stan Eliason and Mr. White will meet with Cruise Line Agency on Monday. The Old Sitka Dock has scheduling conflicts, so expansion to GPIIP is being looked at to accommodate increases in cruise ship traffic.

Currently working on a user yard agreement, fashioned after the Wrangell agreement. As well as a haul out agreement. And establishing a fee schedule going forward for use of the ramp.

Will be hearing from a gentleman who wishes to obtain a bulk water contract with the city of Sitka. Another group, who is utilizing an underwater submarine to transport water, for a much cheaper fee than previous estimates is also interested in Sitka's bulk water export potential.

**G. Persons to Be Heard- None**

**H. New Business**

**1. Artic Blue Waters Alaska Inc. Bulk Water Proposal**

Conference call begun with Mr. Paley and Mr. Cartier. A request for a water purchase agreement with Artic Blue Waters. Most recent contracts with the group were in 2016. The City has 9.5 billion gallons available to export each year. Mr. White then explained briefly the process of how the water would be obtained and transported.

After a brief pause to reconnect Mr. Paley with a clearer connection Fred began a prepared statement to the board. Mr. Paley provided a brief history of their dealings with bulk water in Sitka. Mr. Paley cited previous projects that brought income to the City of Sitka.

Mr. White outlined the terms of the agreement proposed. A 20-year contract with the option to extend so long as performance benchmarks are met regularly. They are asking for 2 billion gallons of water in Phase 1 of the agreement. Arctic will pay the CBS \$10,000 for phase 1. Arctic would have a first right of refusal to another 6.8 billion gallons of water if they choose to implement a Phase 2 of the agreement. Arctic will pay the CBS \$350,000 for Phase 2. This would leave the city with 700-750 million gallons of water available for a local bottling operation, considering the 100 million gallons allocated to Eckert Water. In the past, charges have been \$0.01 per gallon. It has been suggested that the price per gallon be cut in half due to water being sourced from the CBS powerhouse after bay versus the CBS penstock. A few other terms, the municipality retains its rights for the City's use of the water as a priority. Brian Hanson, the municipal Attorney, has reviewed the contract. They will also be required to establish their own water loading process and pay for the costs to transport the bulk water.

Mr. Paley clarified that after 5 years there will be a price review, with the potential for a price increase by maximum 3%.

Mr. White: There are stages in the contract that suggest that if you use more water you get more water, and vice a versa.

**Motion:** M/S Morrison/Floate to move the contract forward as is to the Assembly for approval with terms as presented.

**Action:** Passed (5/0) on voice vote

Mr. Wagner opened the floor to public comment.

Dr. Wein: I would like to know more about the world market of bulk water. I would like to know what Artic Blue knows and insure that we are not accepting a price that is lower than the standard market.

Jeremy Serka: Will traffic in the sound be interrupted by the loading process?

Mr. White: In response to the traffic in the sound due to the loading process there is a limit put in place by the City that says only 33.6 million gallons may be collected per day. The CBS owns the tidelands and the water purchase agreement addresses that the CBS will approve any water loading plan. Loading should take place away from the dock due to water depth needs. In response to Dr. Wein, Mr. White indicated that the research he has done shows that the price that Sitka has for their bulk water if anything is high. The world market for bulk water export is so limited that Sitka is one of the few players currently participating and therefore can set the precedent.

## **2. Kai Olney-Miller Malicoat Proposal**

Mr. White gave a brief background by explaining that Mr. Malicoat is interested in leasing property at the mill site to haul his vessel out and have work done there over the winter. Mr. White would like to give Mr. Malicoat an opportunity to haul his vessel using the existing GPIIP infrastructure.

A piece of property has been mapped out for possible use.

Mr. Malicoat came forward to present his proposal to the board. He stated that the plan was formed out of necessity and more financially feasibility for himself. He would also like to see a haul out at the GPIIP site, and a way to show the town what is possible out there. Once more infrastructure is put in place at the site it will be a wonderful resource for the community.

Mr. Floate inquired about the how long the project would take.

Mr. Malicoat responded that he would like to place the vessel at GPIIP soon, but wouldn't start working on vessel until next fall.

Mr. Christianson inquired on how the vessel would be removed from the water.

Mr. Malicoat responded that he was looking into different options using local labor to remove the vessel.

Further Board discussion revolved around insurance and potential liability and environmental risk to the CBS. The Board discussed merits of leasing property while the CBS is planning to release another RFP for private sector development of a haul out.

Mr. White responded that he will bring a GPIP Facility User Agreement forward to the Board at its next meeting to address insurance requirements and liability issues. Mr. White is recommending a short term, month to month lease that allows the CBS to terminate the lease with 30 day notice.

Mr. White stated that the GPIP typically asks for a 9% return on investment for lease rates. The proposed rate from Mr. Malicoat was \$105 per month. A 9% ROI would be \$136 per month.

The Board discussed the low rate for vessel work as compared to other yards and the potential for more requests for vessel storage versus using the property for a vessel haul out.

Mr. White suggested that this project was more of a proof of vessel haul out concept and rates could be adjusted moving forward.

The Board discussed issues of protecting the CBS in the event the vessel was abandoned at the park and the potential for environment issues. It was suggested that some form of surety bond be required to cover costs to the CBS for both issues.

Mr. Wagner opened the floor to public comment.  
No public comment was received

**Motion:** **M/S Floate/Morrison** moved to move forward with the proposal at .04 a sf for a month to month lease with the stipulation that some legal protection, such as a surety bond be put into place to protect the city.

**Action:** **Passed (5/0)** on a voice vote

## **I. Unfinished Business**

### **1. Gary Paxton Industrial Park (GPIP) Waterfront Development/Haul Out Proposals**

Mr. White gave a summary of past efforts to develop a haul out at the GPIP. Past efforts have not been successful due to either the CBS not having the funding to build the haul out or the CBS' not wishing to give you control of the site to a private entity.

The City does not have the funding for a public development of the infrastructure needed for the haul out. The private sector has not stepped forward to fund the haul out without an ownership component.

The most recent RFP process heard concerns from tradespeople that control was being given over to a third party and the local tradespeople could be elbowed out. Research of other haul out facility suggests that profits are not made in hauling vessels, but in providing marine trades. Mr. White suggested that there needs to be a profit incentive to a private entity to offset the expense to develop the haul out infrastructure.

Mr. White provided the Board a draft RFP. The current draft allows for potential sale of GPIIP properties to an entity that can demonstrate a successful history of haul out experience. Questions the board must address: Does the board approve of private sector investment and giving up control of the land? Does the board approve of a developer controlling the land and leasing to operators?

Mr. Christianson stated that the results from this decision will not go to the assembly after this GPIIP meeting. It will go back to the workgroup and will be made available to the public as well. Then it will come back to GPIIP before finally going to the assembly. You don't make money hauling boats. At some point, concessions will have to be made unless we wait around for another grant, which will likely not be available for another 15-20 years. When we do get proposals, they may not look exactly like we want them to.

Mr. Wagner opened the floor to public comment.

Public Comment:

Jeremy Serka suggested that haul out is important to the local fishing fleet. He suggested starting small with the ramp and something that can be affordable. The City needs to be careful to not cork itself with something that cannot be improved further with growth. He wondered about the City going after a bond.

Jeff Farvour suggested the CBS needs a mission statement for the development could help guide it. Might need to start entertaining a fully private yard.

Mr. Wagner brought the discussion back to board.

Mr. Wagner asked if the city has the ability to put covenants on the real estate.

Mr. Hanson said that enforcement of those covenants in a sale is nearly impossible. Conditions could be put into a lease however.

The Board discussed the draft RFP. The Board liked that it casts a broad net to determine what different entities are out there. The City has an option to refuse any bid that doesn't fit with the community's goals. The Board would like to see a local group of tradespeople, fishermen, and processors work together to bid on the project. Mr. Christianson suggests that city would be willing to work with a local co-op.

Mr. Leach discussed the low potential for the CBS to obtain a revenue bond for the project and discussed other critical infrastructure financial needs to the CBS.

**Motion:** **M/S Floate/Morrison** moved to move the RFP forward to the workgroup with terms as listed in the presented RFP.

**Action:** **Passed (5/0)** on a voice vote

**J. Adjournment:** The Chair, Scott Wagner, adjourned the meeting at 4:27pm

DRAFT

**GPIP Dockings Calendar Year 2020**

- January-05
- February-05
- March-09
- April-07
- May -16
- June-40
- July-30
- August-74
- September-59
- October-14
- November-02

**Total 261 calls. The same vessel used the dock one or more times.**



<u>Moorage</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>Total</u>
July		<b>-\$283</b>	\$5,066	\$2,995	
August		\$906	\$5,909	\$6,493	
September		\$2,913	\$2,460	\$5,390	
October		\$25	\$636	\$5,242 (\$4k - Salmon Shares)	
November		\$0	\$989		
December		\$0	\$75		
January		\$705	\$1,308		
February		\$878	\$582		
March		\$0	\$438		
April	\$86	\$0	\$190		
May		\$3,434	\$1,076		
June	\$603	\$1,886	\$3,744		
<b>Total</b>	<b>\$689</b>	<b>\$10,464</b>	<b>\$22,473</b>	<b>\$20,120</b>	<b>\$53,746</b>

<u>Tariff</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	
July			\$636	\$933	
August			\$622	\$2,260	
September			\$1,675	\$2,813	
October			\$223	\$891	
November			\$260		
December			\$37		
January			\$1,481		
February			\$157		
March			\$473		
April			\$236		
May		\$2,943	\$436		
June		\$993	\$2,520		
<b>Total</b>	<b>\$0</b>	<b>\$3,936</b>	<b>\$8,757</b>	<b>\$6,897</b>	<b>\$19,590</b>

<u>Storage</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>
July				
August				
September				
October				
November			\$256	
December				
January				
February			\$29	
March			\$372	

April			\$272		
May		\$75	\$144		
June		\$27	\$145		
<b>Total</b>	<b>\$0</b>	<b>\$102</b>	<b>\$1,218</b>	<b>\$0</b>	<b>\$1,320</b>

<u>Fuel</u>	<u>FY2018</u>	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	
July				\$417	
August				\$1,730	
September			\$431	\$2,958	
October				\$417	
November				\$417	
December				\$0	
January					
February			\$2,917		
March					
April			\$833		
May		\$243			
June			\$833		
<b>Total</b>	<b>\$0</b>	<b>\$243</b>	<b>\$5,014</b>	<b>\$5,938</b>	<b>\$11,195</b>
<b>TOTAL</b>	<b>\$689</b>	<b>\$14,643</b>	<b>\$37,462</b>	<b>\$26,058</b>	<b>\$78,852</b>

Tuesday, November 25th, 2020

MEMORANDUM

TO: GPIIP Board of Directors  
FROM: Garry White, Director  
SUBJECT: Gary Paxton Industrial Park (GPIP) Management Report

**1. GPIIP Dock**

The GPIIP Dock is open for business. The dock had a lot of traffic during the spring of 2019. Most use was related to the commercial fishing fleet with vessel moving nets and other fishing gear across the dock.

Security cameras were installed in April, which allows for better management and tracking of use.

Next steps are to continue to monitor uses and adjust the Port Tariff to accommodate users of the facility. Additionally, prepayment or pay for use electric meters are being investigating to allow for better management of electric use. **(05/06/2019)**

The GPIIP Dock continues to see a lot of use this summer. **(09/15/2020)**

The GPIIP Director has received a request from the cruise ship industry for 7-8 port of calls for a 300 foot cruise ship at the GPIIP Dock in 2021 and the potential for additional port of calls for the 2022 season. The cruise ship would be turning passengers while in port in Sitka. The GPIIP Director and CBS Harbor Master are working cruise line officials to determine infrastructure needs, develop a Facility Security Plan, and work out logistics to accommodate cruise passengers. **(10/27/2020)**

GPIP Dock Revenues have increased each fiscal year. FY18 - \$689, FY19 - \$14,643, FY20 - \$37,462, FY21 YTD - \$26,058. **(11/25/2020)**

**2. Marine Services Industries at the GPIIP.**

The CBS received a proposal from the owners of Halibut Point Marina (HPM) stating that it will be reducing service within the next two years. HPM additionally submitted a proposal to the CBS to construct marine haul out infrastructure to include; haul out piers, an EPA approved wash down pad with a water treatment facility, and a 100 ton lift. HPM is requesting a trade of other CBS property to offset the cost of construction. The

GPIP Board has been unable to secure funding for the construction of haul out infrastructure to date.

The GPIP Board held a meeting on December 4<sup>th</sup> to discuss the proposed haul out infrastructure. Discussion from the public and board focused on travel lift capacity, pier width, upland improvements needed, access, and future management. The Board recommended the Assembly move forward with negotiations with HPM for a facility that has a new 100 tons lift, piers that are 26' apart, infrastructure to include a float to help vessel navigate into the lift, a larger or additional wash down pad be included, and that infrastructure is added to allow people to exit vessels before being lifted.  
**(12/9/2019)**

Halibut Point Marina has withdrew with its proposal to construct a vessel haul out at the GPIP in exchange for other CBS property due the CBS general code that requires CBS property to be disposed of via competitive bid. The CBS Assembly and GPIP Board held a joint work session on January 30<sup>th</sup> to discuss next steps. The CBS Assembly directed the CBS Administrator to prepare and release a RFP for private sector development of vessel haul out at the GPIP. **(02/10/2020)**

The GPIP Board met on Feb. 28<sup>th</sup> and approved a draft RFP for CBS Administration approval to be release to the public for private sector development of a vessel haul out at the GPIP. **(03/09/2020)**

The CBS received two proposals for development of a vessel haul out at the GPIP. The GPIP Board met via Zoom on April 27<sup>th</sup> and vetted the proposals as part of a selection committee, containing the 5 members of the Board, the CBS Administrator and Public Works Director. The Selection Committee scored a proposal from WC Enterprises as the best proposal. The RFP Scoring results were presented to the Assembly on May 12<sup>th</sup>. The Assembly gave direction to the CBS Administrator to work with WC Enterprises to develop a detailed agreement to move forward with the development of the haul out. The CBS Administrator, Public Works Director, and the GPIP Director have been meeting twice a week with WC Enterprises on the agreement. **(06/01/2020)**

The CBS Assembly rejected the proposal by WC Enterprises due to substantial changes to WC request for financial support. The CBS is working on conceptual plans and design for a haul out at the GPIP. **(09/15/2020)**

The CBS was unsuccessful in obtaining grant funds for the development of a CBS owned marine haul out facility. The GPIP Board met in September and provided direction that another RFP be developed for private sector development of the haul out. The CBS Assembly met in October and gave direction that they wished to see a partial private sector development of a haul out with the CBS retaining ownership of its property.  
**(10/27/2020)**

The GPIP Board met at its October 29<sup>th</sup> meeting and approved another RFP for private sector development of a haul out. The draft RFP was presented and approved by the CBS Ports and Harbors Commission at its November 23<sup>rd</sup> meeting. The CBS Haul Out Working Group will now discuss the RFP before it goes to the Assembly for approval and release. **(11/25/2020)**

### **3. Bulk Water**

The Director continues to work with entities interested in the export of Sitka's water. (05/06/2019)

The CBS Assembly met on April 30<sup>th</sup> to discuss needed repairs to the Raw Water delivery infrastructure. No funding or repair plan was determined. The CBS's ability to delivery water will need to be fixed before the bulk water export venture can move forward. The Assembly directed the GPIIP Director to continue to work with potential investors and exports to find a funding solution to repair the system. The CBS does not believe that the infrastructure can be repaired until the penstock is shut down and dewatered. Estimate timeframe for penstock shut down is estimated to be the fall of 2021. (06/03/2019)

The Director continues to receive inquiries from entities wishes to export Sitka's water. (09/15/2020)

The GPIIP Board recommended approval of a new water purchase agreement between the CBS and Arctic Blue Waters Alaska Inc. at its October 29<sup>th</sup> meeting. The Agreement will go to the CBS Assembly for approval in December. (11/25/2020)

### **4. Bottled Water**

The Director continues to receive inquires for bottled water. The Director has recently had conversations with entities from China, Costa Rica, and South Korea. (11/12/2019)

### **5. Blue Lake Dam Expansion Project**

The Assembly has approved a MOA between the GPIIP and Electric Department to allow the GPIIP to charge for use of Lots 16b and 20. Rock has been stored on these lots since the Blue Lake Dam Expansion project. (06/03/2019)

### **6. GPIIP Dock Fuel Sales**

Delta Western has received its build permit to establish a fueling operation on the GPIIP Dock. The fuel tanks will be relocated from the dock itself to the uplands above the dock. (07/03/2019)

Delta Western has completed its fuel delivery infrastructure on the GPIIP dock. (11/12/2019)

**PURCHASE AGREEMENT  
FOR RAW WATER FOR EXPORT**

**BETWEEN:** City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

**AND:** Biokare Inc. dba Eckert Fine Beverages  
28871 El Apajo  
Laguna Niguel, CA 92677

**1. Term and Documents Comprising this Agreement.**

1.1 The initial term of this Agreement shall commence on the effective date and shall end 240 months after effective date. The City and Borough of Sitka (hereinafter referred to as Sitka) hereby grants to Biokare Inc. dba Eckert Fine Beverages (hereinafter referred to as ECKERT), the right to purchase raw water in a container size less than a 40' a container van, to be delivered to it by Sitka from the Blue Lake reservoir, a water source within Sitka, on the terms and conditions set forth herein.

1.2 At the conclusion of the initial term of this Agreement, each of four (4) additional term of five (5) years each for extension of this Agreement may be exercised upon the consent of both parties. ECKERT must notify the Administrator in writing no earlier than one (1) year and no later than four (4) months before the end of the initial Agreement period of its desire to add an additional five-year term, and shall thereafter notify the Administrator no earlier than one (1) year and no later than four (4) months prior to the expiration of each exercised additional term of its desire to exercise the next five-year time period. If ECKERT does not timely notify the Administrator in writing, this Agreement shall terminate at the expiration of the then-current contract term. Sitka's raw water price is subject to re-negotiation before the commencement of each additional term. Said re-negotiated price not to exceed an increase of 3%. If said re-negotiated price is not agreed upon, the Agreement shall terminate at the expiration of the then-current contract term. Either party may decide to not implement any additional term for any reason, in its sole discretion.

1.3 The Agreement consists of the 23 sections in this Agreement plus Appendix A (a map) and Appendix B (the "Prospective Purchaser Agreement Between the State of Alaska and the City-Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property" dated April 28, 1999, including all attachments, which specifically includes "Memorandum of Understanding between the State of Alaska and the City and Borough of Sitka [:] Management Plan for Sawmill Cove Property (Former APC Property).").

## 2. Definitions.

In this Agreement, the following terms shall have the definitions stated:

- a) "annually" means 12 consecutive months.
- b) "beneficial use" means the application of water, purchased by ECKERT for export or for use at the point of delivery, to a useful purpose, including domestic, commercial, agricultural, wildlife, and recreational uses.
- c) "bulk water" means untreated non-potable water sold by Sitka to ECKERT under this Agreement, and delivered by Sitka to ECKERT in the measured quantities specified in this Agreement.
- d) "deliver" or "to deliver" or "delivered" means Sitka making a specific quantity of water available to ECKERT at the point of delivery.
- e) "export" means the transportation by ECKERT of raw water to a destination outside the hydrological unit of the Blue Lake drainage.
- f) "gallon" means one US gallon or 3.785 liters.
- g) "loading" means transporting the raw water which is the subject of this Agreement from Blue Lake through pipelines and other conveyances into the ECKERT.
- h) "MGD" means millions of gallons per consecutive 24-hour period.
- i) "per day" means calendar day starting at midnight.
- j) "per week" means during a period of seven (7) consecutive days.
- k) "per year" means during a period of 12 consecutive months.
- l) "point of delivery" means that physical location at which the Sitka-owned physical facilities and equipment, employed in the transportation of Sitka's bulk water for delivery to ECKERT, terminates.
- m) "raw water" means untreated non-potable water delivered by Sitka to the point of delivery from Blue Lake via the Blue Lake penstock, a conduit which transports water from Blue Lake to the Blue Lake Powerhouse as shown on Exhibit A.
- n) "rule curve" means the relationship between the elevation of the water surface of Blue Lake and the volume of water contained in Blue Lake, which regulates the reservation of water for fish, wildlife, and habitat protection.
- o) "unforeseen" means an exceptional event, not contemplated by the parties in negotiating this Agreement. Performance made more difficult or expensive than expected

is not “unforeseen.” The burden of proving that an event is unforeseen is on the party that advances it as a reason for non-performance.

p) “water rights” means those rights to the beneficial use of water which are held by Sitka under certificates of appropriation issued by the State of Alaska pursuant to Alaska law.

### **3. Water Volumes Contracted by ECKERT from Sitka.**

3.1 Sitka will make available to ECKERT annually a total of 100 million gallons of raw water for export in a container size less than a 40-foot container van for a period of 36 months immediately after the effective date of this Agreement (the “36-month period”). At the point when ECKERT exports 75 million gallons of raw water in an annual period during the 36-month period, Sitka will make available to ECKERT an additional 50 million gallons of raw water for export for that annual period. At the conclusion of the 36-month period, ECKERT's allocation of raw water will be governed by subsection 3.2 below, provided that ECKERT has met the minimum export volumes set out in this section. During the 36-month period, ECKERT must take delivery of and export at least 75 thousand gallons of raw water. If ECKERT does not take delivery of and export at least 75 thousand gallons of raw water from Sitka during the 36-month period, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45<sup>th</sup>) day after Sitka’s sending of the Administrator’s notice to ECKERT, in accordance with section 23 below, that ECKERT has failed to comply with this subpart, unless within said 45-day period ECKERT cures its failure to take delivery of and export at least 75 thousand gallons of raw water from Sitka.

3.2 Notwithstanding any other provision of this Agreement, if raw water delivered by Sitka to ECKERT and exported by ECKERT falls below 50 thousand gallons in any annual period of 12 consecutive months starting immediately after 60 months after the effective date of this Agreement, this Agreement shall, at Sitka’s election, terminate and expire without further action by Sitka on the forty-fifth (45<sup>th</sup>) day after sending of the Administrator’s notice to ECKERT, in accordance with section 23 below, that ECKERT has failed to comply with this subpart, unless within said 45-day period ECKERT cures its failure to annually take delivery of and export at least 50 thousand gallons of water from Sitka.

3.3 ECKERT may not take delivery of raw water at a rate greater than 33.6 MGD.

### **4. The Parties’ Rights and Obligations Regarding Water Delivered for Export.**

4.1. Sitka is entering into this Agreement to sell raw water pursuant to Sitka’s water export authority contained in Water Appropriation Certificates LAS 19669 and ADL 43826. Sitka’s obligation to deliver water to ECKERT in the quantities specified in this Agreement is subject to these conditions and limitations:

a) Notwithstanding any other provision of this Agreement, Sitka shall retain first right and priority to water required for its municipal drinking water supply system and its

*Purchase Agreement for Raw Water in Bulk Between the City and Borough of Sitka and Eckert Fine 3 Beverages LLC.*



municipal hydroelectric system, and it may suspend or limit raw water deliveries to ECKERT to meet the requirements of its municipal drinking water and hydroelectric systems. Whether there is a sufficient volume of raw water available for these purposes shall be decided in the sole discretion of the Administrator.

b) Sitka will abide by the 1992 Blue Lake Watershed Control Plan as approved by the U.S. Environmental Protection Agency and described in City and Borough of Sitka Ordinance No. 92-1091.

c) The Administrator may temporarily suspend raw water deliveries in order to perform routine maintenance on its municipal drinking water, hydroelectric and/or water delivery systems, provided that the Administrator shall give not less than 60 days prior written notice to ECKERT of any such planned suspension.

d) Sitka shall be relieved of its obligation to deliver raw water to ECKERT in the event of an interruption in water supply due to circumstances that require repair to or reconstruction of the municipal drinking water, hydroelectric systems, water delivery system, or other of Sitka's facilities. Delivery of raw water to ECKERT may be reduced to the extent necessary to make such repair(s) or reconstruction, and for so long as the Administrator in his/her sole discretion determined is required to make such repairs or reconstruction.

e) The volumes of Sitka's raw water deliveries to ECKERT for export are subject to Sitka's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable requirements and the means used to achieve compliance with such requirements shall be in the Administrator's sole discretion.

f) In the event Sitka is relieved of its obligation to make agreed quantities of water available to ECKERT for reasons noted in this section or due to Force Majeure or due to unforeseen circumstances, then ECKERT's obligation to take delivery of and to export water shall be reduced to the volumes actually delivered by Sitka during that period of time and the time within which ECKERT is authorized to receive raw water shall be extended for a period equal to the period of time that Sitka has been so relieved of its obligation.

4.2 ECKERT agrees and warrants that the raw water delivered to it by Sitka for export shall be put to one or more beneficial uses by it or by its water purchasers. Breach of this warranty shall be a material breach of this Agreement.

5. **[This section deliberately left blank.]**

6. **No Warranty by Sitka of Water Quality or Fitness for a Particular Purpose.**

6.1 THE WATER CONTRACTED FOR DELIVERY, AND/OR ACTUALLY  
*Purchase Agreement for Raw Water in Bulk Between the City and Borough of Sitka and Eckert Fine 4  
Beverages LLC.*

DELIVERED, TO ECKERT UNDER THIS AGREEMENT IS NON-POTABLE. SITKA DOES NOT WARRANT THE QUALITY OR FITNESS FOR A PARTICULAR PURPOSE OF ANY WATER CONTRACTED FOR DELIVERY, AND/OR ACTUALLY DELIVERED, TO ECKERT UNDER THIS AGREEMENT. ECKERT ACKNOWLEDGES AND AGREES THAT BEFORE ENTERING INTO THIS AGREEMENT, IT HAS EXAMINED SITKA'S WATER SOURCE, SITKA'S METHODS OF DIVERSION, AND SITKA'S MEANS OF DELIVERY TO ECKERT OF THE QUANTITIES OF WATER WHICH ARE CONTRACTED FOR UNDER THIS AGREEMENT, AND THAT IT HAS FOUND ALL SUCH ITEMS ADEQUATE AND SATISFACTORY FOR ECKERT'S PURPOSES.

6.2 ECKERT acknowledges and agrees that Sitka's routine alterations in its hydroelectric operations may produce temporary changes in water quality due to turbidity, and that the occurrence of such events shall not alter or affect ECKERT's obligations under this Agreement.

6.3 ECKERT acknowledges and agrees that the quality of raw water contracted by Sitka to be delivered to ECKERT for export may vary due to natural events over which Sitka has no control, which include, without limitation, rainfall, drought, snowfall, avalanches and landslides, and that the occurrence of such events shall not alter or affect ECKERT's contractual obligations under this Agreement, except that the quantity of water ECKERT is obligated to take delivery of and to export shall be reduced to the quantity Sitka can and does make available for delivery to ECKERT, as a consequence of an occurrence of any of such natural events.

6.4 ECKERT SHALL BE SOLELY RESPONSIBLE AND LIABLE FOR THE QUALITY AND USEFULNESS FOR ANY PARTICULAR PURPOSE, INCLUDING HUMAN CONSUMPTION, OF ALL RAW WATER DELIVERED TO, EXPORTED BY, TRANSPORTED BY, USED BY, SOLD BY, OR DELIVERED BY ECKERT.

**7. Purchase Price for Raw Water.**

7.1 ECKERT shall pay Sitka One Cent (\$0.01) per gallon for raw water for export from Sitka.

7.2 ECKERT shall pay Sitka a non-refundable annual fee of Fifty Dollars (\$50.00), payable on the effective date of this Agreement and, thereafter, on or before the annual anniversary date of the effective date of this Agreement.

7.3 ECKERT shall pay Sitka a non-refundable monthly fee of One Hundred Dollars (\$100.00), starting on the first of the month immediately following the effective date of this Agreement and on the first of each month thereafter. In lieu of making a payment each month, ECKERT may pay the aggregate of monthly payments on or before, but no later than, the annual anniversary date of the effective date of this Agreement. ECKERT shall receive raw water credits for these payments.

7.4 ECKERT shall pay for each volume of water loaded no later than twenty-five (25) days after the presentation of an invoice by the Administrator to ECKERT for such water. Failure by ECKERT to make timely payment shall be a material breach of this Agreement and be cause for the Administrator to suspend water delivery to ECKERT until payment is made or other action is taken under this Agreement.

7.5 Beginning July 1, 2028 and every calendar year thereafter, the prices charged by Sitka for raw water delivered to ECKERT under this Agreement shall be adjusted by the Administrator based on the "All Items" figure for Seattle, Washington as published in the "Consumer Price Index for All Urban Consumers" (CPI) published most immediately before January 1 of the calendar year for which prices are being calculated. Notwithstanding the previous sentence, in no event will the CPI adjustment described in the previous sentence exceed + 3.0% nor the adjustment be made if the result of such adjustment would be a decrease in any price charged under this Agreement.

7.6 ECKERT shall pay Sitka for the volume of water delivered to ECKERT as measured by flow meters, purchased and installed by ECKERT, and owned and tested by Sitka at or near the point of delivery.

7.7 The cost of infrastructure improvements made by ECKERT to facility raw water loading and metering in section 10.1 will be credited toward export of water payments for the first 60 months of this Agreement.

## **8. Conditions for Maintaining ECKERT's Purchase Right and Obligation; Termination.**

8.1 Notwithstanding any other provision of this Agreement, this Agreement shall, at Sitka's Administrator's election, terminate and expire without further action by Sitka on the forty-fifth (45th) day after the Administrator sends notice to ECKERT, as required by section 23 below, that ECKERT has breached or failed to comply with one or more of the conditions or requirements of this Agreement, or become insolvent, or abandoned the project, unless within said 45-day period ECKERT cures the specified default or defaults to Sitka's satisfaction, as determined by Sitka in its sole discretion.

8.2 Upon termination, all legal rights and obligations as between Sitka and ECKERT under this Agreement shall cease, except that ECKERT's obligations to Sitka under Sections 13, 14, 15, 16, and 17 of this Agreement shall survive termination.

## **9. Sitka's Permitting Actions.**

The Administrator shall take any and all actions which he/she determines, in the exercise of his/her sole discretion, to be reasonable, necessary, and economically feasible to maintain in good standing any permit, license, certificate, allocation, appropriation or other authorization required for Sitka to fulfill its obligations under this Agreement.

## **10. Delivery, Loading, and Transportation of Water in Bulk.**

10.1 The parties agree that ECKERT shall be solely responsible for the costs of acquisition, construction, and installation of any structure or facility downstream of the point of delivery, which it determines to be required or convenient for the loading and transportation of raw water delivered to it by Sitka, and for initiating and completing such acquisition, construction and installation. Any structure or facility must include a metering device to measure flow of raw

*Purchase Agreement for Raw Water in Bulk Between the City and Borough of Sitka and Eckert Fine 6 Beverages LLC.*

water. All structures and facilities must comply with all federal, state, and local laws, regulations, and requirements, including zoning.

10.2 Any structure or facility acquired, constructed, and installed pursuant to subpart 10.1 above, shall upon acquisition, construction, and installation become the property of Sitka and shall remain on-site upon termination of this Agreement. ECKERT shall be responsible for maintaining and repairing said structures and facilities, at its own cost, during the term (including any extensions) of this Agreement.

10.3 ECKERT shall be solely responsible for arranging for the transportation of and transporting all raw water delivered to it by Sitka for export.

### **11. Washout Water Discharges.**

ECKERT shall comply with all applicable federal, state and local laws, regulations, and requirements regarding the use and disposal of any raw water or other water delivered to ECKERT by Sitka for the purposes of washout, or any other non-export application.

### **12. Water Loading.**

12.1 Before ECKERT loads any raw water delivered to it by Sitka, ECKERT shall submit to the Administrator a written Water Loading Plan. This Plan shall be deemed approved by the Administrator unless no later than fourteen (14) days after its submission the Administrator, in his or her sole discretion, rejects, or requires ECKERT to resubmit, any portion of the Plan. Such action by the Administrator shall be in a writing to ECKERT that states the deficiency. Sitka shall deliver no raw water to ECKERT and ECKERT shall not load any raw water delivered to it by Sitka as long as any portion of the Plan has been rejected and not approved after re-submittal. ECKERT shall submit a separate Water Loading Plan at least twenty one (21) days before initial loading of raw water under this Agreement.

12.2 APPROVAL BY SITKA'S ADMINISTRATOR OF ANY WATER LOADING PLAN SHALL NOT IMPOSE UPON SITKA THE STATUS OF GUARANTOR OF THE FEASIBILITY, PROPRIETY, OR SAFETY OF ANY ASPECT OF AN APPROVED WATER LOADING PLAN, NOR SHALL SUCH APPROVAL CREATE OR CONFER BENEFITS ON ANY THIRD PARTY.

### **13. Indemnification of Sitka.**

13.1 Notwithstanding anything to the contrary in this Agreement, ECKERT shall defend, indemnify, and hold Sitka harmless from any liability, claim, demand, action, obligation, or proceeding of any kind or nature, based upon, arising out of, or related to:

- a. any defect or flaw in the quality of raw water supplied under this Agreement;
- b. any delays on the part of Sitka in the delivery of raw water under this Agreement as the result of the mechanical or physical breakdown of equipment or facilities owned or operated by Sitka or other unforeseen event;

- c. claims arising from the transportation or shipment of raw water after such water has left Sitka's water delivery system and the point of delivery;
- d. injuries to employees of ECKERT or any of its contractors or their employees;
- e. damages resulting from accidents involving cargo loading operations, including but not limited to claims for death, personal injury, property damage, and pollution;
- f. violations and claims of violations related to the water loading plan described in section 12.2;
- g. harm, including illness and death, to persons who consume the raw water caused by the failure of ECKERT to comply with section 6.3 of this Agreement.

13.2 ECKERT shall at all times during this Agreement maintain insurance policies providing umbrella coverage against matters including but not limited to those covered by this Agreement in an amount not less than U.S. \$1,000,000, with Sitka named as an additional insured, and with a waiver of subrogation against Sitka. ECKERT shall provide a copy of the certificate insurance ECKERT to Sitka within sixty (60) days after the effective date of this Agreement.

13.3 ECKERT shall be responsible for ensuring that each of its contractors is qualified to do business in Alaska and refrains from activities for which insurance cannot be obtained. ECKERT shall assure that any contractor for ECKERT which is to perform any task or work within the territorial jurisdiction of Sitka has insurance appropriate to any task to be performed by that contractor, and ECKERT shall deliver a certificate of such insurance to the Administrator within 30 days of such hiring.

#### **14. Assignment.**

This Agreement, which is in the nature of a personal services contract, may not be assigned by either party without the prior written consent of the other party, which shall have full discretion to grant or withhold such approval, in its sole and absolute discretion except as provided below.

Should Sitka form a Port Authority, or similar entity, this Agreement shall be completely transferable to said Port Authority. A transfer of the Agreement to any such entity shall not create any restrictions upon ECKERT to purchase water other than those restrictions set out in this Agreement.

#### **15. Waiver and Integration.**

This Agreement integrates the entire Agreement between the parties regarding the sale and purchase of raw water. This Agreement supersedes all previous agreements, discussions, and negotiations, whether written or oral. Each party specifically acknowledges and represents that it has had ample opportunity to consult with legal counsel regarding this Agreement, and that any rule that an agreement should be construed against its drafter shall not apply to this Agreement.

**16. Force Majeure.**

Neither party shall be in breach of this Agreement as the result of any failure or delay in performing any of the obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by storm, flood, avalanche, landslide, earthquake, tsunami, act of the public enemy, war, rebellion, insurrection, sabotage, epidemic, quarantine restriction, or act of God. Sitka shall not be in breach of this Agreement as the result of any failure or delay in performing any of its obligations in this Agreement if such failure to perform or delay in performing is directly and proximately caused by any order of any United States court of competent jurisdiction, or by any act, rule, regulation, order or directive of any superior governmental unit or any agency thereof, or by any termination, modification, suspension, or revocation of any permit, license, allocation, appropriation, or certificate held by Sitka. In the event Sitka or ECKERT is relieved of an obligation under this Agreement due to Force Majeure, time periods under this Agreement shall be adjusted accordingly. The party asserting a Force Majeure event must demonstrate by clear and convincing evidence that the failure or delay in performance is directly and proximately caused by a Force Majeure event.

**17. Applicable Law.**

ECKERT shall comply with all provisions of law applicable to its obligations under this Agreement. This Agreement shall be construed in accordance with the laws and procedures of the State of Alaska.

**18. Dispute Resolution.**

18.1 Good Faith Efforts of the Parties. Upon notice by either party to the other party of any dispute or claim arising out of or related to this Agreement, the parties shall first make a good-faith endeavor to resolve the dispute or claim by meeting informally "face-to-face" within 15 days of such notice to mediate the dispute or claim in good faith without a third-party mediator.

18.2 Jurisdiction and Venue. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, such an action shall be brought in the Superior Court for the State of Alaska. Venue for any such action or lawsuit shall lie exclusively in Sitka, Alaska. The parties specifically agree not to remove jurisdiction to federal courts on the grounds of diversity of citizenship.

18.3 Attorney's Fees and Legal Expenses. Should any party hereto institute any action or proceeding to enforce any provision hereof or for damages by reason of any alleged breach of any section of this Agreement or for any other remedy, the party that is successful in such action shall be entitled to receive from the losing party all of its reasonable legal costs and expenses, including without limitation, reasonable attorneys' fees and all arbitration costs.

**19. Effective Date.**

This Agreement is effective as of the last date signed below, which shall be deemed the "effective date" for the purpose of any time period which incorporates that term in this Agreement.

**20. Authority.**

The parties represent and warrant to each other that they have the full, complete, and absolute authority to enter into this Agreement; that this Agreement has been duly authorized by the governing body of each party; that the person executing this Agreement on its behalf has the full power and authority to do so; and that this Agreement is binding and enforceable against it in accordance with its terms. ECKERT acknowledges that this Agreement is only effective against Sitka if the City and Borough of Sitka Assembly votes to authorize the Administrator to execute this Agreement on behalf of Sitka. By affixing his signature to this Agreement the Administrator represents and warrants that the Assembly has so voted.

**21. Amendment and Severability.**

This Agreement may not be amended except by written agreement of both parties. If any provision of this Agreement or any application thereof to any person, entity, or circumstance is held invalid, the remainder of this Agreement and application thereof to any person, entity, or circumstances shall not be affected thereby.

**22. Time of Essence.**

Time is of the essence in this Agreement.

**23. Notices.**

Any notices required or authorized to be given by this Agreement shall be in writing and shall be sent by **email and** by either **commercial courier, facsimile, or by certified U.S. mail**, postage prepaid and return receipt requested, addressed to the proper party at the address stated below or such address as the party shall have designated to the other parties in accordance with this section. Such notice shall be effective three (3) days after sending through the mails or after receipt by courier or facsimile by the addressee party, except that any facsimiles received after 5:00 p.m. of the addressee's local time shall be deemed delivered the next day.

If to ECKERT:

Michael Eckert – CEO  
Biokare Inc. dba Eckert Fine Beverages  
28871 El Apajo  
Laguna Niguel, CA 92677

If to Sitka:

Administrator  
City and Borough of Sitka  
100 Lincoln St  
Sitka, Alaska, 99835

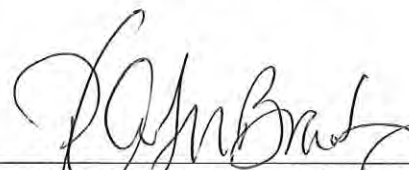
IN WITNESS THEREOF, the parties have executed this Agreement as of the dates shown below.

**BIOKARE INC.  
DBA ECKERT FINE BEVERAGES**

 9/22/17 DATE  
MICHAEL ECKERT, CEO  
ECKERT FINE BEVERAGES

*See attached Acknowledgment*

**THE CITY AND BOROUGH OF SITKA**

 DATE 10/11/17  
KEITH BRADY, ADMINISTRATOR  
THE CITY AND BOROUGH OF SITKA

**ATTEST:**

 DATE 10-11-17  
SARA PETERSON CMC  
Municipal Clerk  
THE CITY AND BOROUGH OF SITKA

STATE OF ALASKA )

FIRST JUDICIAL DISTRICT )

) ss. **ACKNOWLEDGMENT**  
)

THIS CERTIFIES that on this \_\_\_\_\_ day of \_\_\_\_\_, 2017, before me, a Notary Public in and for the State of Alaska personally appeared **MICHAEL ECKERT** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR RAW IN BULK FOR EXPORT** and after being first duly sworn according to law, he stated to me under oath that he is the **CEO of BOKARE INC. DBA ECKERT FINE BEVERAGES**, that he has been authorized by said company to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

\_\_\_\_\_  
Notary Public  
My Commission Expires:



STATE OF ALASKA

)

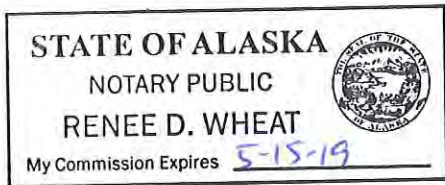
) ss. **MUNICIPAL ACKNOWLEDGMENT**

FIRST JUDICIAL DISTRICT

)

THIS CERTIFIES that on this 11<sup>th</sup> day of October, 2016 before me, a Notary Public in and for the State of Alaska, personally appeared **KEITH BRADY** to me known and known to me to be the person whose name is subscribed to the foregoing **PURCHASE AGREEMENT FOR RAW IN BULK FOR EXPORT**, and after being first duly sworn according to law, he stated to me under oath that he is the **ADMINISTRATOR** of the City and Borough of Sitka, Alaska, a municipality organized under the laws of the State of Alaska, that he has been authorized by said municipality to execute the foregoing **PURCHASE AGREEMENT FOR BLUE LAKE RAW BULK WATER** on its behalf and he executed the same freely and voluntarily as the free act and deed of said corporation.

WITNESS my hand and official seal the day and year in this certificate first above written.



Renee D. Wheat  
Notary Public for Alaska  
My Commission Expires: 5-15-19  
Residing at Sitka, Alaska

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

**CIVIL CODE § 1189**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California )  
County of Orange )  
On September 22, 2017 before me, Patricia Olea, Notary Public  
Date Here Insert Name and Title of the Officer  
personally appeared Michael Eckert  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature Patricia Olea  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

**Description of Attached Document**

Title or Type of Document: Purchase Agreement For Raw Water For Export  
Document Date: September 22, 2017 Number of Pages: 13  
Signer(s) Other Than Named Above: no other signers

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: Michael Eckert  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_  
 Corporate Officer — Title(s): \_\_\_\_\_  
 Partner —  Limited  General  
 Individual  Attorney in Fact  
 Trustee  Guardian or Conservator  
 Other: \_\_\_\_\_  
Signer Is Representing: \_\_\_\_\_



# BioKare, Inc.

*dba Eckert Fine Beverages*

BioKare, Inc.  
Dba Eckert Fine Beverages  
28871 El Apajo  
Laguna Niguel, Ca 92677

November 3, 2020

Administration City and Borough of Sitka  
100 Lincoln Street, Sitka, AK 99835

Dear Sirs,

Three years ago when my son Brian and I visited Sitka we had plans to produce a restaurant quality bottled water. We were happy and thankful for the allocation granted us for that project. However, in the ensuing months we came to the conclusion that due to the freight cost and our small start-up economics, we would never be able to survive as a bottled water business. Convinced that the Blue Lake water quality should be shared in some way, we spent several months thinking about how we could stay involved with the Sitka community. Eventually we decided that we would use the water to create a new vodka brand, which we did. Our brand is made from your rain water and organic sugar cane alcohol. We named it Raincane Alaskan Vodka. The small amount of water that we have imported so far has been filtered and then blended with distillate for the Vodka. Of course this change to vodka has taken time. About a year after we started selling Raincane vodka we received an opposition to the Raincane trademark from a very large vodka manufacture. This forced us to start a rebranding process with a name change to our new name, Reigncane. That has taken all of 2020. In fact our new custom bottles have still not arrived yet from China. We hope to see them here by the end of the year.

In anticipation of the new bottles and our new Reigncane name, we have hired Margle Media as our new marketing agency. Part of our new 2021 marketing plans are to use a local Sitka photographer (Brit Galanin) for social media and advertising shots/video content as well as cross promotions with The Fortress of the Bears and possibly the Raptor Center.

Because we have had to basically restart our project during the worst year in history for bars and restaurant closures, I am respectfully submitting a request for a five (5) year extension of our water export requirements as stated in subsection 3.1 of the Raw Water For Export Purchase Agreement dated October, 11, 2017.

Thank you,  
Michael Eckert  
CEO BioKare  
Dba Eckert Fine Beverages

28871 El Apajo, Laguna Niguel, CA 92677 U.S.A.  
Ofc: (949) 831-0211



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Monday, November 23, 2020

## MEMORANDUM

To: Gary Paxton industrial Park Board of Directors (GPIP Board)

From: Garry White, Director

Subject: Eckert Fine Beverages Water Agreement Extension

### **Introduction**

Biokare Inc. dba Eckert Fine Beverages (Eckert) is request to extend its water purchase agreement with the CBS for an additional 5 years. Please see the attached letter of request.

The Eckerts entered into a water purchase agreement with the CBS in the fall of 2017. The agreement required the Eckerts to take delivery of and export a minimum of 75,000 gallons of water within the first 36 months of the agreement. The Eckert's failed to meet the agreement requirement and the CBS has sent Eckert's a 45-day cure letter. Per Section 3.1 of the agreement, Sitka can terminate the water purchase agreement.

### **Background**

Michael and Brian Eckert are the principal owners of a family run business located in California. The Eckerts approached the GPIP Board in the spring of 2017 about purchasing Sitka's water for a high end water bottling operation. The Eckert's proposal was to export water in small volumes for bottling in the lower 48. The Eckert's proposed to construct a low volume flow water delivery system at the GPIP to fill container sizes of a 40' van container or smaller. The Eckerts exported roughly 900 gallons of water in the past 3 years via small 300 gallon totes.

The Eckerts have pivoted from high end bottled water to an alcohol based product, specifically Reigncane Vodka. The Eckert are in the process of moving this business venture forward.

### **Bulk Raw Water Export Background**

The CBS has permits to export 29,235 Acre-feet (~9.5 billion gallons) of raw water annually.

The CBS has entered into multiple water purchase agreements with multiple entities for bulk export since 1996.

Most recently, the GPIIP Board has recommended approval of a water purchase contract with Arctic Blue Water Alaska Inc. (ABWAI) for an initial 2 billion gallon allocation with the first right of refusal for an additional 6.8 billion gallons.

<u>Permit</u>	<u>Acre Feet</u>	<u>Gallons</u>
LAS 19669	14,000	4,561,914,000
<u>ADL 43826</u>	<u>15,235</u>	<u>4,964,339,985</u>
<b>Total Available</b>	<b>29,235</b>	<b>9,526,253,985</b>
<u>Eckert Agreement</u>	<u>0.31</u>	<u>100,000,000</u>
<u>Phase 1 Arctic Proposal</u>	<u>6,138</u>	<u>2,000,073,438</u>
<u>Phase 2 Arctic Proposal</u>	<u>20,869</u>	<u>6,800,257,957</u>
Available for water bottling Contracts	2,227.69	725,895,0142

*Note: The GPIIP Director recommends the CBS retain between 700-750 million gallons of annual water allocation to accommodate a potential future bottling operation and other low volume uses.*

### **Existing Water Purchase Agreement Terms**

#### Term

- 20-Year term with four 5-year extension with consent of both parties.

#### Water Volume

- 100 million gallons annually for a period of 36 months. ***Current request is to extend this an additional 60 month for a total of 96 from contract execution on October 11, 2017.***
  - Eckert must purchase and export a total of 75,000 gallons within the 36-month (***proposed to extend to 96 month***) period or Sitka can terminate agreement.
  - Eckert must purchase and export 50,000 gallons annually after 60 months of agreement execution or Sitka can terminate agreement. (***Current request is to extend the 60 months to 96 months***).
- Eckert will be allocated an addition 50 million gallon at the point when 75 million gallons are purchased and export within a 12-month consecutive period.

#### Additional water loading infrastructure

- Eckert will be responsible for design and construction of new water loading infrastructure for loading of 20' containers and IBC totes with CBS review and approval (Estimate cost \$5-\$15k).
- CBS will be responsible for maintenance and repair of infrastructure.

- Infrastructure will remain property of the CBS.
- Documented funds for design and construction by Eckert will be applied toward water export payments during duration of contract.

#### Water pricing

- Price will be \$0.01/gallon.
- After 10 years, CPI adjustment added to price based off “All items” figure for Seattle, Washington.
- Eckert is required to make a \$50 annual payment to keep the agreement in good standing.
- Eckert is required to make a \$100 monthly payment to keep the agreement in good standing.

\*Other Standard language of bulk raw water purchase agreements will be used.

***Please note that the point of delivery for this agreement is from CBS water pipelines and not the CBS Power house after bay.***

#### **Action**

- GPIP Board recommendation on Water Purchase Agreement modifications.



November 19, 2020

### **Sublease Term Sheet**

This term sheet, which is nonbinding on the parties, sets forth the general terms and conditions comprising the proposal by Northline Seafoods LLC, an Alaska limited liability company (“NL”) to sublease a portion of property leased by NL commonly referred to as Lot 4 and 8 of the Gary Paxton Industrial Park (“GPIP”) to Sitka Salmon Alaska Holdings, LLC, an Alaska limited liability company and wholly owned subsidiary of Sitka Salmon LLC, an Alaska limited liability company (“SSAH”).

NL currently leases Lots 4 and 8 of the GPIP (the “Property”) from the City and Borough of Sitka (the “City”) pursuant to two separate lease agreements (the “Leases”). NL leases Lot 4 from the City pursuant to a Lease Agreement effective July 15, 2017 for a term of 5 years (the “Lot 4 Lease”) and leases Lot 8 from the City pursuant to a Lease Agreement effective January 1, 2018 on a month-to-month term (the “Lot 8 Lease”). NL desires to sublease the Leased Property, as defined below, to SSS, on substantially the following terms:

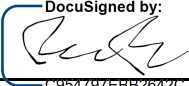
- **Leased Property.** NL will sublease a portion of the Property to SSAH, generally described as a warehouse office, a bathroom, approximately 50% of the warehouse space of the Property (together with garage door access), approximately ½ of an acre on Lot 8, and non-obstructive space surrounding the NL building on Lot 4 (the “Leased Property”). The Leased Property is generally depicted in the highlighted portions of attached survey.
- **Term.** The parties desire for the sublease to last for a 24 month period (until December 2022), however the parties acknowledge that the Lot 4 Lease is currently set to expire in July 2022 and the Lot 8 Lease is a month-to-month tenancy. Notwithstanding such expiration dates, NL has an option to purchase the Lot 4 Property pursuant to the Lot 4 Lease, and NL will agree to sublease to SSAH the Leased Property for as long as NL is authorized to do so, generally until the earlier of: (i) the expiration of the Lot 8 Lease; (ii) the expiration of the Lot 4 Lease if NL does not purchase the Lot 4 Property; and (iii) December 31, 2022. Both parties will have an option to renew the Sublease for such time as agreed upon by the parties.
- **Termination.** NL will only be able to terminate the Sublease if SSAH breaches or is in default under the Sublease. SSAH will have the option to terminate the Sublease for any reason with 90 days advanced written notice, provided SSS shall pay NL a 2-month early termination fee.
- **Payment/Utilities.**
  - **Lease Rate.** SSAH will lease from NL the Leased Property for \$5,990.00 per month, payable to NL on the first of each month.
  - **Security Deposit.** SSAH will not be required to provide a security deposit.

- City Utilities. SSAH will reimburse NL for all City utility costs, including electricity, sewage, garbage, water, and other similar utilities (the "City Utilities"). NL will pay all City Utilities costs directly and submit invoices, original utility invoices from the vendors, and allocation worksheet to SSAH for reimbursement.
- Heating. NL will pay all heating oil utility costs. SSAH is not responsible for any payment or reimbursement of such heating oil utility costs.
- Other Utilities. SSAH is responsible for all other utilities used by SSAH at SSAH's sole cost and expense, including internet, telephone, and other communications. ACS service is available on the Leased Property.
- No Personal Guarantees. SSAH will not be required to provide any personal guarantees on the Sublease.
- Permitted Use. SSAH will use the Leased Property for installing ice machines and making/distributing ice, and other uses as agreed upon by the parties. SSAH will be responsible for obtaining any/all permit and/or authorizations from the City, as well as for all costs and expenses associated with the construction, installation, application, and use thereof. Northline will grant access to the leased tidelands directly in front of Lot 4, Blk 4.
- Compliance with Leases. SSAH will agree to abide by any and all terms and conditions of the Leases as applicable to NL. Such terms and conditions will be incorporated by reference into the Sublease and copies of the Leases will be provided to SSAH.
- Insurance. SSAH will carry general liability insurance at a minimum of \$1 million, as well as any/all policies required of NL under the Leases. SSAH will name NL as an additional named insured on such policies.
- Indemnification. SSAH will agree to indemnify, defend, and hold harmless both NL and the City for actions arising out of SSAH's use of the Leased Property (and access to/from the Leased Property over the entire Property).

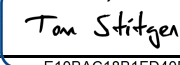
These terms are not all-encompassing and represent only the general terms by which the parties desire to sublease the Leased Property. The parties acknowledge that these terms, and the Sublease, are subject to and contingent on approval from the GPIIP Board of Directors to authorize NL to sublease the Leased Property to SSAH pursuant to the terms of the Leases.

Neither party owes any obligations to the other party unless and until approval has been granted by the GPIIP Board of Directors to enter into such sublease and the terms and conditions of the sublease are set forth in a definitive agreement that is executed by both parties.

NORTHLINE SEAFOODS LLC

DocuSigned by:  
  
 By: \_\_\_\_\_  
 C954797EBB2642C...  
 Ben Blakey, President  
 Date: 11/19/2020

SITKA SALMON, LLC

DocuSigned by:  
  
 By: \_\_\_\_\_  
 E10BAC18B1FD40E...  
 Tom Stitgen, CFO  
 Date: 11/19/2020



## POSSIBLE MOTION

### I MOVE TO:

1) approve, as recommended by the Gary Paxton Industrial Park Board, a lease agreement, with amended terms, between Northline Seafoods, LLC and the City and Borough of Sitka for Block 4, Lot 4 of the Gary Paxton Industrial Park, and,

2) approve, as recommended by the Gary Paxton Industrial Park Board, a lease agreement between Northline Seafoods, LLC and the City and Borough of Sitka for a portion of Block 4, Lot 9A of the Gary Paxton Industrial Park and authorize the Interim Municipal Administrator to execute these documents.

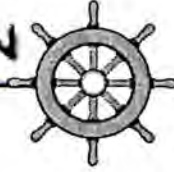
Approved - 7-11-17

Renee -

Please execute & provide copies to:

- Gene (Pat) Glaab
- Lindsey Vilandue
- Assessing
- Gary White

Also - you may want to check with Gary first to see if there's anything we need additional proof of insurance:



Thursday, June 15, 2017

MEMORANDUM

To: Phillip Messina – CBS Administrator  
From: Garry White, Director  
Subject: Northline Seafoods LLC Lease Requests

**Introduction**

Northline Seafoods LLC (Northline) is requesting to lease two separate parcels of property at the Gary Paxton Industrial Park (GPIP).

Northline requests to lease a 43,637 SF portion of Lot 9A. Northline wishes to modify the waterfront of the lot to allow its barge to be hauled out of the water to conduct marine repair on lot 9a.

G. Pat Glaab is a principal owner of both Northline and Alaska & Pacific Packing (APP), which currently leases property at the GPIP. APP is currently leasing Lot 4 at the GPIP. Mr. Glaab wishes to amend terms of the existing lease and change the leasing entity from APP to Northline.

The GPIP Board met on June 8<sup>th</sup>, 2017 and recommended both leases be approved by the Assembly as presented below.

**Background**

G. Pat Glaab, principal of both Northline and APP, is a commercial fisherman who is also involved in the seafood processing industry. Mr. Glaab has been involved in numerous seafood processing plant design and construction projects.

Currently Northline/APP employs 7 people at the GPIP, retrofitting a floating barge into a floating processing plant. Northline wishes to continue to complete its project at the GPIP. Northline plans to haul out its barge and needs additional space at the GPIP to complete the work.

APP is currently leasing the following parcels at the GPIP.

1. Lot 8 Lease – 29,421 SF of raw land:
  - a. 10 - year term with five (5) five-year renewal options;
  - b. Rent is \$1,147/month;
  - c. Executed November 10, 2015; and that
  - d. Within 24 months from the execution of the lease, APP must have constructed a 4,000 square foot building on the lot and have certified payroll for two full-time employees at \$36k per year or the CBS can terminate the lease; and that

- e. Within 48 months of execution of the lease, APP must have installed industrial freezing equipment or the CBS can terminate the lease.

*NOTE: Mr. Glaab has stated to the GPIIP Board that the lease between the CBS and Northline/APP on lot 4 has met his needs. The GPIIP Board will consider recommending termination of the Lot 8 lease in November 2017.*

2. A 20,000 SF portion of tidelands directly in front of Lot 2
  - a. At a rate of \$1,800 per year;
  - b. Terms concurrent with the lease of Lot 8; and that
  - c. Within 48 months from lease execution an access ramp and floating dock must be constructed and located in the tidelands following CBS building permit process or CBS can terminate the lease; and that
  
3. Guaranteed access to the waterfront and tidelands via the access and utility easement located between Lots 2 and 4;
  - a. Payment of an annual \$3,000 user fee; and that
  - b. The term of the access and utility easement agreement shall be concurrent with and incorporated into the Lot 8 lease; and that
  - c. Guaranteed access is non-exclusive, meaning that APP shall not prevent others from crossing the access and utility easement.
  
4. Lot 4 Lease - 26,031 SF waterfront parcel containing a 6,900 SF building located near the northern portion of the waterfront.
  - a. 12-month term;
  - b. Rent is \$4,155/month;
  - c. Executed 12/12/2016.

**New Proposed Lease**

Northline proposed and the GPIIP Board approved recommending the following lease terms for a 43,637 SF portion of lot 9a. Please see attached map.

Purpose: Lease area to conduct marine fabrication and repair of floating barges.

Terms of the lease are the following:

- Term of 24 month, starting 07/01/2017
- The CBS will be allowed to access the property to stage and conduct shoreline stabilization in the 30' access and utility easement between Lot 4 and the tidelands.
- Due to CBS use of the lease property and the start up nature of the use of lot 4, a ramped up rental schedule is being recommended.
 

○ Months 0-12 = \$0/month	\$0 total
○ Months 13-15 \$0.01/SF = \$436.37/month	\$1,309.11 total
○ Months 16-18 \$0.02/SF = \$872.74/month	\$2,618.22 total
○ Months 19-21 \$0.03/SF = \$1,309.11	\$3,927.33 total
○ Months 22-24 \$0.06/SF = \$2,618.22	\$7854.66 total
- Northline will be responsible for rock on the lot currently and will return property in a flat and level condition.
- Northline has CBS permission to modify waterfront topography to accommodate the haul out of the barge, including obtaining any required permits.

- All other standard lease terms will apply

The GPIIP Board approved the following motion:

**MOTION:** M/S Finkenbinder/Bevan moved to accept lease for Lot 9A as presented.

**ACTION:** Yeas: Jones, Horan, Wagner, Finkenbinder, Bevan

Nays:

**Motion Passed 5/0 on roll call vote**

**Lease Amendment**

Northline proposed and the GPIIP Board approved recommending the following terms for a lease between the CBS and Northline.

Purpose: Lease of a building for design and fabrication of various marine service industry projects. Mr. Glaab is requesting a purchase option of the building to allow for continued improvements to the building and property by Northline.

Lot 4 lease;

- a. Lessee name changed from APP to Northline;
- b. Term is for 5 years, starting 07/01/2017;
- c. \$10,000 employee lease credit for each employee making over \$36,000 annually at the GPIIP site;
  - i. Lease credits not to exceed \$20,000 annually;
  - ii. Lease credits expire after 3 years.
- d. After 5 years, Northline can purchase the property at today's value of \$554,000 (2014 appraised value for building and footprint of 26,031 SF), contingent on the following:
  - i. Northline has 4 FTE making over \$36,000 annually at the time of sale.
  - ii. CBS retains first right of refusal to purchase property in the event Northline wishes to sell the property.
- e. All other lease terms remain the same.

*Note: The CBS retains a 30' Access and Utility Easement between Lot 4 and the tidelands.*

The GPIIP Board approved the following motion:

**MOTION:** M/S Finkenbinder/Bevan Approve Lot 4 lease as stated (*above*):

**ACTION:** Yeas: Jones, Horan, Wagner, Finkenbinder, Bevan

Nays:

**Motion Passed 5/0 on roll call vote**

**Additional Information**

The GPIIP Board plans to address the Tidelands Lease and Guaranteed Access to the waterfront and tidelands via the access and utility easement located between Lots 2 and 4 that are tied to the Lot 8 lease at a future date.

**Action**

- Assembly approval of the GPIIP Board recommendation of a lease for 43,637 SF portion of Lot 9a.
- Assembly approval of the GPIIP Board recommendation of the amended terms of the Lot 4 lease.



# **LEASE AGREEMENT**

**BETWEEN**

**THE  
CITY AND BOROUGH OF SITKA**

**AND**

**NORTHLINE SEAFOODS, LLC  
Block 4, Lot 4, GPIIP**

**LEASE AGREEMENT BETWEEN  
CITY AND BOROUGH OF SITKA AND  
NORTHLINE SEAFOODS LLC**

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**LEASE AGREEMENT BETWEEN  
CITY AND BOROUGH OF SITKA AND  
NORTHLINE SEAFOODS LLC**

**PREAMBLE**

This Lease Agreement ("Lease Agreement") between City and Borough of Sitka and Northline Seafoods LLC is effective upon execution of the Lease Agreement by both Parties, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("Sitka" "or "Lessor" ) and Northline Seafoods LLC, 4690 Sawmill Creek Road, Sitka, Alaska 99835 ("Lessee"). This Lease Agreement consists of the Special Provisions, the General Provisions, and the attached Exhibits A and B. Exhibit A is a pictorial representation of the area leased, consisting of Block 4, Lot 4, including the building at 4690 Sawmill Creek Road, of the Gary Paxton Industrial Park ("GPIP"). Exhibit B is the "Management Requirements at GPIP, Sitka, Alaska," which summarizes the Prospective Purchasers Agreement, the Management Plan and the Conveyance Agreement regarding GPIP. The Parties agree that this Lease Agreement substitutes for and replaces the Lease Agreement between Sitka and Alaska & Pacific Packing dated December 12, 2016, which is null and void effective July 15, 2017. This Lease Agreement was recommended for approval by GPIP Board of Directors on June 8, 2017, and approved by the Assembly on July 11, 2017.

**SPECIAL PROVISIONS**

**ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE**

**Section 1.1 Conveyance of Estate in Lease**

Lessor, for and in consideration of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the "Subject Property" or "Premises" as shown on Exhibit A. The "Subject Property" is Block 4, Lot 4, of the GPIP, consisting of 26,031 square feet of land and a 6,900 square foot building. The "Term" is for 5 (five) years, effective July 15, 2017, or such modified date as the parties may agree in writing.

**Section 1.2 Option to Purchase**

Lessee is hereby granted an option to purchase the Subject Property at the end of the Term at the 2014 appraised value of \$554,000 so long as Lessee: (1) is not in continuing material default under this Lease, and (2) Lessee is employing 4 (four) positions at the Gary Paxton Industrial Park Facility for which gross wages are paid that are equal to or greater than \$36,000 per calendar year for each employee, as shown by Lessee's employment tax records.

Lessee shall exercise its purchase option by giving written notice to Lessor no later than four (4) months before the end of the Term. Within thirty (30) days of written notice being given by Lessee

of its intent to exercise its purchase option, the parties shall execute a purchase agreement and proceed to closing within sixty days of notice.

As part of Lessee's purchase of the Subject Property, Lessor shall grant a permanent, non-exclusive easement to the Lessor for access to the adjacent waterfront and tidelands. Lessee shall prepare said easement, at its expense, in standard form and deliver to Lessor before closing.

### **Section 1.3 Lessors Option to Repurchase**

In the event Lessee exercises its option to purchase the Subject Property and subsequently desires to sell or otherwise alienate the Subject Property the Lessor is hereby granted a first option to repurchase the Subject Property for fair market value at the time of repurchase, as determined by a qualified professional appraiser selected by Lessor. Lessee shall notify Lessor in writing of its intent to sell or alienate the Subject Property. Lessor shall have 120 days after receiving notice to obtain the appraisal, prepare and present closing documents to Lessee, all at Lessor's expense. Lessee shall cooperate in all respects with repurchase.

### **Section 1.4 Disposition of Improvements and Lessee's Personal Property Following Term of Lease Agreement.**

Lessee shall remove from the Subject Property any personal property or Improvements constructed, installed, or deposited on the Subject Property at the termination of this Lease Agreement, or any extension, unless Lessee makes a separate written agreement with Sitka to do otherwise. Any Improvements or personal property not removed after thirty (30) days have passed after termination of this Lease Agreement shall be deemed abandoned and at Lessor's option shall become the property of Lessor, and Lessee shall repay to Sitka any costs of removing such improvements or personal property from the Subject Property if Sitka does not exercise such option. Subject to Sitka's obligations under Subsection 3.1(a) below, Lessee agrees to leave Subject Property in a neat and clean condition at the end of the Term of the Lease Agreement.

### **Section 1.5 Covenants to Perform.**

This Lease Agreement is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

## **ARTICLE II: RENT AND OTHER OBLIGATIONS OF LESSEE**

### **Section 2.1 Calculation and Method of Payment of Rent.**

Notwithstanding any other provision of this Lease Agreement, on the Term start date set out in Article I, Lessee shall pay the full month rent payment owed under this Lease Agreement, which

shall be prorated if the date this Lease is executed is not the first day of the month. Subject to the provision in the previous sentence, Lessee shall pay the lease payments in advance for the Term of the Lease Agreement without the necessity of any billing by Lessor. Lessee will lease the space as shown in Exhibit A at the market rate of \$4,155/month (\$18,810/year for raw land and \$31,050/year for building). City and Borough of Sitka sales tax is to be paid in addition to the stated Rent.

### **Section 2.2 Property Tax Responsibility.**

Beginning on the Term start date, Lessee will be responsible to pay any property taxes to City and Borough of Sitka for its possessory interest in the building, land, and equipment to the extent taxable as determined by the Assessor, which is assessed as of January 1 of each calendar year.

### **Section 2.3 Rent Adjustment**

Lessor shall grant Lessee a \$10,000 credit against lease payments per calendar year for each Lessee employee position at the Gary Paxton Industrial Park Facility for which gross wages are paid that are equal to or greater than \$36,000 per calendar year as shown by Lessee's employment tax records. The total amount of employment credits claimed by Lessee shall not exceed \$20,000 per calendar year.

The employment credits shall not be transferable to future years. The employment credits shall cease to apply after calendar year 2019.

## **ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY**

### **Section 3.1 Lessee's Obligations as to Improvement, Construction, Maintenance, Repair and Safety.**

(a) Except as provided in this Lease Agreement, Lessee acknowledges the leasehold is in an "as is" condition. The Lessee shall not make any alterations, additions, or improvements to the Premise unless it first receives Lessor's written consent. Such consent shall not be unreasonably withheld. All such alterations, additions, and improvements consented to shall be made by qualified and licensed professionals in accordance with local, state, and federal laws and regulations.

Lessor reserves the right to expand or modify the Subject Property. In that event, Lessor and Lessee will work together to complete such expansion or modification in a manner that minimizes disruption to Lessee's use of the Subject Property. Some anticipated disruptions could be operational disturbances from noise, dust and other construction activities.

(b) Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license, or approval.

(c) Lessee shall also use the Subject Property and any Improvements placed thereon only for lawful uses.

(d) Lessee shall confine its operation on the Subject Property.

(e) Lessee shall not permit the accumulation of waste or refuse matter on the Subject Property, and Lessee shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Subject Property except as may be permitted by Lessor or other municipal authorities having jurisdiction. Lessee shall do all things necessary during the Term of this Lease Agreement to remove any dangerous condition from time to time existing on the Subject Property as the result of the use by Lessee.

(f) Lessee may erect outdoor signage, at its expense, with the written permission of the City and Borough of Sitka Building Official, the Planning Director, and the Public Works Director. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

### **Section 3.2 Rights of Access to Property.**

(a) Lessor reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. Lessor also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease Agreement. Sitka also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of Improvements; (2) showing Subject Property for exhibiting Subject Property in connection with renting or leasing Subject Property in a matter that will not unreasonably interfere with Lessee's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Lessee shall not charge for any of the access allowed in the situations described in this subsection.

(b) Lessee shall not construct any permanent Improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of Lessor and any applicable utility company.

(c) Lessee acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance of common areas as described on attached Exhibit A. Lessee agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

### **Section 3.3 Additional Conditions of Leasing.**

Lessee recognizes and shall cause all beneficiaries of Lessee and all permitted successors in interest in or to any part of the Subject Property to recognize that:

- (a) Lessee will cooperate with the City and Borough of Sitka Public Works Department and will notify this Department of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Lessee will be provided a 24 hour telephone number to notify Lessor of any event that requires immediate response by Lessor.
- (b) Lease payments will be made in monthly installments in advance in cash or by check, bank draft or money order made available to the City and Borough of Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, by or on the first day of each calendar month.
- (c) Lease payments shall become delinquent if not paid within ten (10) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% per annum.
- (d) The charges and fees paid by Lessee to Lessor must be separated according to the City and Borough of Sitka accounting standards.
- (e) Lessor will invoice if lease payments are delinquent. Lessor may also invoice if Lessee fails to make lease payment within 30 days of due date. Lessor at its option can terminate the Lease Agreement for Lessee's failure to make payment.
- (f) Lessee covenants and agrees that, as it relates to use of the Premises, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Federal or State laws or regulations promulgated thereunder, and Lessee further grants the Lessor the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal or State law or regulation.
- (g) Lessor may sell the Subject Property in the future and all agreements regarding the Subject Property, including this Lease Agreement, between Lessor and Lessee shall be completely transferable to the new owner. A transfer of the Subject Property to any such entity shall not create any restrictions upon use of the Subject Property in addition to those set forth in this Lease Agreement.
- (h) Lessor may, upon at least 10 days prior notice to Lessee, temporarily suspend the supply, if provided on the Subject Property, of water, wastewater service, electric power to perform routine maintenance and, in all events, subject to unavoidable delays. Such interruptions shall be of as short duration as necessary to perform such maintenance, and Lessor shall not be responsible for any such costs or expenses as a result of suspending such utilities.
- (i) Lessee will pay any applicable City and Borough of Sitka Fire Marshal fees and other building permit fees and property taxes and assessments when due.
- (j) Lessee is responsible for taking any measures that Lessee deems necessary to provide security for its property. Sitka is not responsible for theft or vandalism.

(k) City and Borough of Sitka sales tax will apply to lease payments. Sales taxes will also apply to any utility services and will be calculated into each monthly billing from the City and Borough of Sitka. Sales tax rates, limits, exemptions, and exclusions are subject to change by the Assembly of the City and Borough of Sitka.

(l) In accord with commercially reasonable standards and the Rules set forth in Exhibit B, Lessee shall not store hazardous or explosive materials on the Subject Property or on any property of GPIIP.

### **Section 3.4 Control of Rodents and Other Creatures on Subject Property.**

Lessee shall take reasonable affirmative measures to ensure that its operations do not attract to the Subject Property or any portion of the GPIIP property any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, or bears.

## **ARTICLE IV: POSSESSION AND CONSTRUCTION OF IMPROVEMENTS.**

### **Section 4.1 Lessee's Construction Obligations.**

At the sole cost and expense of Lessee and pursuant to building permits and in compliance with all legal requirements, Lessee shall purchase, construct and/or develop the appropriate improvements, personal property, fixtures or buildings, including but not limited to any structures referred to in Section 1.1 of this Lease Agreement, and other items on Subject Property in a first class manner, of good quality and all work shall be performed diligently. The items to be purchased, constructed and/or developed shall be those reasonably necessary to conduct Lessee's intended business operations on Subject Property.

(a) In addition to Section 3.1(b) of this Lease Agreement, Lessor, in its proprietary capacity only, agrees to cooperate reasonably with Lessee in its efforts to secure the requisite permits, licenses and approvals to allow the purchase, construction, and/or development of any project by Lessee. Notwithstanding the foregoing, Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license or approval (including a building permit) or to meet any other requirements for development of any project. Nothing in this Lease Agreement is intended or shall be construed to require that Lessor exercise its discretionary authority under its regulatory ordinances to further any project nor binds the Lessor to do so. The Lessor will process applications for permits, licenses and approvals as if such application were made without any Lessor participation in such project and shall act in good faith with respect thereto.

(b) Approval by Lessor of any item shall not constitute a representation or warranty by Lessor that such item complies with any legal requirements and Lessor assumes no liability. Lessor has no obligation or duty to design, supervise the design, construct or supervise the construction of the improvements. Lessor's approval of the construction plans, as provided below, is for the sole purpose of protecting its rights as the owner of the land on which the leasehold sits and shall not constitute any representation or warranty, express or implied, as to the adequacy of the design, or any obligation on Lessor to insure that work or materials are in compliance with the construction plans or any building requirements imposed by a governmental agency. Lessor is under no obligation or duty, and disclaims any responsibility, to pay for the cost of construction of the

improvements or any other items, the cost of which shall at all times remain the sole liability of Lessee.

(c) For all acts other than the acts of Lessor, its officers, agents, and employees, unless Lessee violates the prospective Purchaser Agreement, Management Agreement and related documents or otherwise exacerbates or aggravates existing conditions, Lessee covenants to indemnify, defend and hold harmless Lessor and its agents and employees from and against all claims and demands whatsoever for loss or damage including property damage, personal injury and wrongful death arising out of construction of the improvements, any development or repairs made at any time on the Subject Property, the performance of this Lease Agreement by Lessee, its agents, employees, contractors, subcontractors or invitees, any incident, fire or other casualty in respect of the Subject Property, any failure by Lessee to keep the Subject Property, or any improvements on it, in a safe condition, and all other activities occurring on or at the Subject Property.

## **ARTICLE V: UTILITY SERVICES & RATES**

### **Section 5.1 Provision of Utility Services**

Lessee shall pay the cost for use of any utility services on the Subject Property, with monthly payments due upon billing by the City and Borough of Sitka.

### **Section 5.2 Reserved.**

### **Section 5.3 Lessor Not Limited Liability and Non-Liability.**

Lessor shall not be liable for any failure of utility services, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, earthquake, hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of Subject Property, or leakage of sewer, or plumbing works therein, or from any other place. Lessor shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains through any force majeure.

### **Section 5.4. Requirement Regarding Potable Water Services.**

All potable water services will be metered and protected by approved backflow prevention in accordance with the Sitka General Code at Section 15.05.400.

## **ARTICLE VI: LIABILITY AND INDEMNIFICATION**

### **Section 6.1 Liability of Lessee and Indemnification of Lessor.**

Lessee agrees to indemnify, defend, and hold harmless Lessor against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of Lessor or pre-existing conditions, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and Improvements, including liability arising from products produced on the property. Lessee also agrees to indemnify, defend, and hold Lessor harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessor, during the Term of this Lease Agreement from: (a) any condition of the Subject Property or Improvements placed on it by lessee; (b) any breach or default on the part of Lessee regarding any act or duty to be performed by Lessee pursuant to the terms of this Lease Agreement; (c) any act or negligence of Lessee or any of its agents, contractors, servants, employees or licensees; and (d) any accident, injury, death or damage caused to any person occurring during the Term of this Lease Agreement in or on the Subject Property. Lessee agrees to indemnify, defend, and hold harmless Lessor from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessor, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease Agreement to indemnify Lessor. The agreements of indemnity by Lessee do not apply to any claims of damage arising out of the failure of Lessor to perform acts or render services in its municipal capacity.

### **Section 6.2 Liability of Lessor and Indemnification of Lessee.**

Except to the extent of liabilities arising from Lessee's acts or omissions, Lessor indemnifies, defends, and holds Lessee harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease Agreement or by reasons of Lessor's acts or omissions. Lessor also agrees to indemnify, defend, and hold Lessee harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessee, during the Term of this Lease Agreement from (a) any condition of the Subject Property or Improvements placed on it by Lessor; (b) any breach or default on the part of the Lessor regarding any act or duty to be performed by Lessor pursuant to the terms of the Lease Agreement; (c) any act of negligence of Lessor or any of its agents, contractors, servants, employees, or licensees; and (d) any accident, injury, death, or damage caused to any person occurring during the Term of this Lease Agreement in or on the Subject Property. Lessor agrees to indemnify, defend, and hold harmless Lessee from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessee, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease Agreement to indemnify Lessee.



### **Section 6.3 Reimbursement of Costs of Obtaining Possession.**

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease Agreement for all costs and charges, including but not limited to, full reasonable attorney and legal fees lawfully incurred in enforcing any provision of this Lease Agreement including obtaining possession of the Subject Property and establishing the Lessor's title free and clear of this Lease Agreement upon expiration or earlier termination of this Lease Agreement.

## **GENERAL PROVISIONS**

### **ARTICLE VII: DEFINITIONS**

#### **Section 7.1 Defined Terms.**

For the purposes of this Lease Agreement, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 15.1.
- (b) "Imposition" means all of the taxes, assessments, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property, any part thereof, any right or interest therein or any rent and income received therefrom as well as sales taxes on rent.
- (c) "Improvements" or "improvements" means all improvements of any nature now or hereafter located upon the Land, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including any construction fencing or signage, excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Lessee, Sublessees, or others, which can be removed without defacing or materially injuring the Improvements remaining on the Subject Property, from the Subject Property with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease Agreement. "Improvements" also includes fill, grading, asphalt, and other non-building land improvements.
- (d) "Personal Property" means tangible personal property owned or leased and used by the Lessee or any sublessee of the Lessee, in connection with and located upon the Subject Property.
- (e) "Premises" means the "Subject Property."
- (f) "Rent" means the lease rate, which is the amount Lessee periodically owes and is obligated to pay Lessor as lease payments under this Lease Agreement for the use of the demise.
- (g) "Subject Property" is the area leased as shown on Exhibit A or elsewhere in the document.

(h) "Sublessee" and "Sublease" -- any reference to "Sublessee" shall mean any subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through the Lessee; the term "Sublease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Subject Property made by any Person holding by or through the Lessee.

(i) "Term" means the period of time Lessee rents or leases the Subject Property from Lessor.

## **ARTICLE VIII: INSURANCE**

### **Section 8.1 Insurance.**

Lessee shall maintain property damage and comprehensive general liability insurance in the amount of One Million dollars (\$1,000,000), on the Subject Property including Improvements. Lessor shall be named as an additional insured.

### **Section 8.2 Notification of Claim, Loss, or Adjustment.**

Lessee shall advise Lessor of any claim, loss, adjustment, or negotiations and settlements involving any loss under all policies of the character described in Section 8.1.

### **Section 8.3 Waiver of Subrogation.**

The Party insured (or so required) releases the other Party from any liability the other Party may have on account of the loss, cost, damage or expense to the extent of any amount recoverable by reason of insurance whenever: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease Agreement, or anyone claiming under it in connection with the Subject Property or Improvements; and (ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease Agreement to be so insured.

In such coverage the Parties hold on or waives any right of subrogation which might otherwise exist in or accrue to any person on account of it, provided that the release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost. In the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect.

**ARTICLE IX: RESTRICTIONS REGARDING ASSIGNMENT, SUBLEASES, AND TRANSFERS OF SUBJECT PROPERTY**

**Section 9.1 Lessee Without Power to Assign Lease or Transfer or Encumber Subject Property.**

Lessee has no power under this Lease Agreement to assign the Lease Agreement or transfer the Subject Property, except with the approval of the GPIIP Board of Directors and the Sitka Assembly, which approval shall not be unreasonably withheld. Lessee has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan, mortgage, debt or liability.

**Section 9.2 Limitations on Subleases.**

Lessee shall not sublease the Subject Property or any portion of it except with the approval of the GPIIP Board of Directors and the Sitka Assembly, which approval shall not be unreasonably withheld. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this Lease Agreement, including Exhibits A and B. Lessor's consent to a sublease of the Subject Property shall not release Lessee from its obligations under the Lease Agreement. Lessor's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

**ARTICLE X: USE AND PROTECTION OF THE SUBJECT PROPERTY**

**Section 10.1 Property As Is - Repairs.**

Lessee acknowledges that it has examined the Subject Property and the present improvements including any public improvements presently located there and knows the condition of them and accepts them in their present condition and without any representations or warranties of any kind or nature whatsoever by Lessor as to their condition or as to the use or occupancy which may be made of them. Lessee assumes the sole responsibility for the condition of the Improvements located on the Subject Property. The foregoing shall not be deemed to relieve Lessor of its general municipal obligations, or of its obligations under Section 3.1.

Notwithstanding the foregoing, the Parties acknowledge that the Subject Property is currently covered with rock placed on the Subject Property during the recent Blue Lake hydroelectric project, which Lessor shall cause to be removed prior to the commencement of this Lease Agreement.

**Section 10.2 Compliance with Laws.**

Lessee shall throughout the Term of this Lease Agreement and any extension, at Lessee's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers (whether or not the same require structural repairs or alterations) and all other legal requirements that may be applicable to the use of the Subject Property. Nothing in the foregoing sentence shall be deemed to relieve Lessor of its general obligations in its municipal capacity.

**Section 10.3 Notification of City and Borough of Sitka's Public Works Director of Discovery of Contamination.**

Lessee shall promptly notify the Public Works Director of the City and Borough of Sitka within 24 hours if any contaminated soils or other media that require special handling are encountered on the Subject Property.

Lessee shall be responsible for all clean-up costs associated with contamination of soils, of the Subject Property, adjoining property, and/or buildings, caused by or attributed to Lessee through its operations on the Subject Property. In the event of Lessee's failure to clean-up to applicable regulatory standards or to the satisfaction of the Public Works Director, Lessor may perform clean-up or contract for clean-up and all charges for such work shall be paid by Lessee.

**Section 10.4 Permits and Approvals for Activities.**

Lessee shall be responsible for obtaining all necessary permits and approvals for its activities unless otherwise specifically allowed by Lessor. Contemporaneously with making any application for permits to any public entity other than the City and Borough of Sitka, Lessee shall provide copies of all permit applications and associated plans and specifications to the Director of Public Works of the City and Borough of Sitka to facilitate review by departments of the City and Borough of Sitka. The City and Borough of Sitka is not obligated to comment on the permit applications and plans, and the result of any review by the City and Borough of Sitka does not affect Lessee's obligation to comply with any applicable laws.

**ARTICLE XI: LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED**

**Section 11.1 Performance of Lessee's Covenants To Pay Money.**

Lessee covenants that if it shall at any time default or shall fail to make any other payment (other than rent) due and the failure shall continue for ten (10) days after written notice to Lessee, then Lessor may, but shall not be obligated so to do, and without further notice to or demand upon the Lessee and without releasing Lessee from any obligations of Lessee under this Lease Agreement, make any other payment in a manner and extent that Lessor may deem desirable.

### **Section 11.2 Lessor's Right To Cure Lessee's Default.**

If there is a default involving the failure of Lessee to keep the Subject Property in good condition in accordance with the provisions of this Lease Agreement, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease Agreement or to take any other action required by the terms of this Lease Agreement, then Lessor shall have the right, but shall not be required, to make good any default of Lessee. Lessor shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Lessee by reason of bringing materials, supplies and equipment on the Subject Property during the course of the work required to be done to make good such default, and the obligations of Lessee under this Lease Agreement shall remain unaffected by such work, provided that Lessor uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Lessee.

### **Section 11.3 Reimbursement of Lessor and Lessee.**

All sums advanced by Lessor pursuant to this Article and all necessary and incidental costs, expenses and attorney fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable by Lessee, in the respective amounts so advanced, to Lessor. This reimbursement shall be made on demand, or, at the option of Lessor, may be added to any rent then due or becoming due under this Lease Agreement and Lessee covenants to pay the sum or sums with interest, and Lessor shall have (in addition to any other right or remedy) the same rights and remedies in the event of the nonpayment by Lessee as in the case of default by Lessee in the payment of any installment of rent. Conversely, Lessee shall be entitled to receive from Lessor prompt payment or reimbursement on any sums due and owing from Lessor to Lessee, together with interest at the highest rate allowed by law. However, nothing contained in this Lease Agreement shall entitle Lessee to withhold any rent due to Lessor or to offset or credit any sums against rent, except with respect to unpaid rental due from Lessor to Lessee under any sublease of building space to Lessor.

## **Article XII: Damage Or Destruction**

### **Section 12.1 Repair and Replacement of Structures and Improvements Following Damage.**

(a) If the Premises, other than those improvements made by Lessee, shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy and such destruction or injury could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Lessee shall not be entitled to surrender possession of the Premises, nor shall Lessee's liability to pay rent under this Lease Agreement cease, without the mutual consent of the Parties; in case of any such destruction or injury, Lessor shall repair the same with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period Lessee shall be unable to use all or any portion of the Premises,

a proportionate allowance shall be made to Lessee from the Rent corresponding to the time during which and to the portion of the Premises of which Lessee shall be so deprived of the use.

(b) If such destruction or injury cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, Lessor shall notify Lessee within fifteen (15) days after the determination that restoration cannot be made in 90 days. If Lessor elects not to repair or rebuild, this Lease Agreement shall be terminated. If Lessor elects to repair or rebuild, Lessor shall specify the time within which such repairs or reconstruction will be complete, and Lessee shall have the option, to be exercised within thirty (30) days after the receipt of such notice, to elect either to terminate this Lease Agreement and further liability hereunder, or to extend the Term of this Lease Agreement by a period of time equivalent to the time from the happening of such destruction or injury until the Premises are restored to their former condition. In the event Lessee elects to extend the Term of this Lease Agreement, Lessor shall restore the Premises to their former condition within the time specified in the notice, and Lessee shall not be liable to pay Rent for the period from the time of such destruction or injury until the Premises are so restored to their former condition.

(c) The timeframes in this article may be modified by mutual agreement of the Parties.

#### **ARTICLE XIII: MECHANIC'S LIENS**

##### **Section 13.1 Discharge of Mechanics' Liens.**

Lessee shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against Lessee's interest in the property, nor against the Improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of Lessee. If any mechanics' lien shall be filed against the Subject Property, including the Improvements, Lessee shall cause it to be discharged of record within thirty (30) days after the date that Lessee has knowledge of its filing.

#### **ARTICLE XIV: LIEN FOR RENT AND OTHER CHARGES**

##### **Section 14.1 Lien for Rent.**

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, water rates, insurance premiums and other charges and impositions paid by Lessor under the provisions of this Lease Agreement, and all costs, attorney's fees and other expenses which may be incurred by Lessor in enforcing the provisions of this Lease Agreement or on account of any delinquency of Lessee in carrying out any of the provisions of this Lease Agreement, shall be and they are declared to constitute a valid and prior lien upon Lessee and Lessee's Improvements to the Subject Property, and upon Lessee's leasehold estate, and may be enforced by equitable remedies including the appointment of a receiver.

## **ARTICLE XV: DEFAULT PROVISIONS**

### **Section 15.1 Events of Default.**

Each of the following events is defined as an "Event of Default":

- (a) The failure of the Lessee to pay any installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from Lessor to Lessee.
- (b) The failure of Lessee to perform any of the other covenants, conditions and agreements of this Lease Agreement including payment of taxes on the part of Lessee to be performed, and the continuance of the failure for a period of thirty (30) days after notice in writing (which notice shall specify the respects in which Lessor contends that Lessee has failed to perform any of the covenants, conditions and agreements) from Lessor to Lessee unless, with respect to any default which cannot be cured within thirty (30) days, Lessee, or any person holding by, through or under Lessee, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional sixty (60) days.
- (c) The filing of an application by Lessee (the term, for this purpose, to include any approved transferee other than a sublessee of Lessee's interest in this Lease Agreement): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.
- (d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Lessee a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days, or if this Lease Agreement is taken under a writ of execution.

### **Section 15.2 Assumption or Assignment of Lease to Bankruptcy Trustee.**

In the event that this Lease Agreement is assumed by or assigned to a trustee pursuant to the provisions of the bankruptcy reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 *et seq.*), the trustee shall cure any default under this Lease Agreement and shall provide adequate assurances of future performance of this Lease Agreement as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by

the Bankruptcy Code, then this Lease Agreement shall be deemed rejected automatically and Lessor shall have the right immediately to possession of the Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease Agreement.

### **Section 15.3 Remedies in Event of Default.**

Lessor may treat any one or more of the Events of Default as a breach of this Lease Agreement and at its option, by serving written notice on Lessee and each Secured Party and Leasehold Mortgagee of whom Lessor has notice (such notice not to be effective unless served on each such person) of the Event of Default of which Lessor shall have received notice in writing, Lessor shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) Lessor may terminate this Lease Agreement and the Term created, in which event Lessor may repossess the entire Subject Property and Improvements, and be entitled to recover as damages a sum of money equal to the value, as of the date of termination of this Lease Agreement, of the Rent provided to be paid by Lessee for the balance of the stated term of this Lease Agreement less the fair rental value as of the date of termination of this Lease Agreement of the fee interest in the Subject Property and Improvements for the period, and any other sum of money and damages due under the terms of this Lease Agreement to Lessor and Lessee. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(b) Lessor may terminate Lessee's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to Lessee (except as above expressly provided for) and without terminating this Lease Agreement, in which event Lessor may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by Lessor (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated Term of this Lease Agreement and the right to relet the Subject Property as a part of a larger area and the right to change the use made of the Subject Property). For the purpose of reletting, Lessor may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in Lessor's judgment reasonably exercised; and if Lessor shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property is relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the rent above provided to be paid, then Lessee shall pay to Lessor as damages a sum equal to the amount of the Rent reserved in this Lease Agreement for the period or periods as and when payable pursuant to this Lease Agreement, or, if the Subject Property or any part of it has been relet, Lessee shall satisfy and pay any deficiency upon demand from time to time; and Lessee acknowledges that Lessor may file suit to recover any sums falling due under the terms of this Section from time to time and that any suit or recovery of any portion due Lessee shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.



(c) In the event of any breach or threatened breach by Lessee of any of the terms, covenants, agreements, provisions or conditions in this Lease Agreement, Lessor shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies were not provided for in this Lease Agreement.

(d) Upon the termination of this Lease Agreement and the Term created, or upon the termination of Lessee's right of possession, whether by lapse of time or at the option of Lessor, Lessee will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.4. If possession is not immediately surrendered, Lessor may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, if such can be done without using force. Lessor may at its option seek expedited consideration to obtain possession if Lessor determines that the Lease Agreement has terminated as described in the first sentence of this paragraph, and Lessee agrees not to oppose such expedited consideration.

(e) In the event that Lessee shall fail to make any payment required to be made provided for in this Lease Agreement or defaults in the performance of any other covenant or agreement which Lessee is required to perform under this Lease Agreement during the period when work provided for in this Lease Agreement shall be in process or shall be required by the terms of this Lease Agreement to commence, Lessor may treat the default as a breach of this Lease Agreement and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease Agreement, Lessor shall have the right to carry out or complete the work on behalf of Lessee without terminating this Lease Agreement.

#### **Section 15.4 Waivers and Surrenders To Be In Writing.**

No covenant or condition of this Lease Agreement shall be deemed to have been waived by Lessor unless the waiver be in writing, signed by Lessor or Lessor's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given and shall not relieve Lessee from the obligation, wherever required under this Lease Agreement, to obtain the consent of Lessor to any other act or matter.

#### **ARTICLE XVI: LESSOR'S TITLE AND LIEN**

##### **Section 16.1 Lessor's Title and Lien Paramount.**

Lessor has title to the Land, and Lessor's lien for Rent and other charges shall be paramount to all other liens.

**Section 16.2 Lessee Not To Encumber Lessor's Interest.**

Lessee shall have no right or power to and shall not in any way encumber the title of Lessor in and to the Subject Property. The fee-simple estate of Lessor in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Lessee, and any claim to the lien or otherwise upon the Subject Property arising from any act or omission of Lessee shall accrue only against the leasehold estate of Lessee in the Subject Property and Lessee's interest in the Improvements, and shall in all respects be subject to the paramount rights of Lessor in the Subject Property.

**ARTICLE XVII: REMEDIES CUMULATIVE**

**Section 17.1 Remedies Cumulative.**

No remedy conferred upon or reserved to Lessor shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or existing at law or in equity or by statute. Every power and remedy given by this Lease Agreement to Lessor may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by Lessor. No delay or omission of Lessor to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

**Section 17.2 Waiver of Remedies Not To Be Inferred.**

No waiver of any breach of any of the covenants or conditions of this Lease Agreement shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

**Section 17.3 Right to Terminate Not Waived.**

Neither the rights given to receive, sue for or distrain from any rent, moneys or other payments, or to enforce any of the terms of this Lease Agreement, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of Lessor to declare ended the Term granted and to terminate this Lease Agreement because of any event of default.

## **ARTICLE XVIII: SURRENDER AND HOLDING OVER**

### **Section 18.1 Surrender at End of Term.**

Lessee shall peaceably and quietly leave, surrender and deliver the entire Subject Property to Lessor at the termination of the Lease Agreement, subject to the provisions of Section 1.4, in good repair, order, and condition, environmentally clean and free of contaminants, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Lessee shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Lessee to Lessor. If the Subject Property is not so surrendered, Lessee shall repay Lessor for all expenses which Lessor shall incur by reason of it, and in addition, Lessee shall indemnify, defend and hold harmless Lessor from and against all claims made by any succeeding Lessee against Lessor, founded upon delay occasioned by the failure of Lessee to surrender the Subject Property.

### **Section 18.2 Rights Upon Holding Over.**

At the termination of this Lease Agreement, by lapse of time or otherwise, Lessee shall yield up immediately possession of the Land to Lessor and, failing to do so, agrees, at the option of Lessor, to pay to Lessor for the whole time such possession is withheld, a sum per day equal to one hundred and fifty percent (150%) times 1/30th of the aggregate of the Rent paid or payable to Lessor during the last month of the Term of the Lease Agreement the day before the termination of the Lease Agreement. The provisions of this Article shall not be held to be a waiver by Lessor of any right or reentry as set forth in this Lease Agreement, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Lease Agreement and the Term granted for the period still unexpired for any breach of Lessee under this Lease Agreement.

## **ARTICLE XIX: MODIFICATION**

### **Section 19.1 Modification.**

None of the covenants, terms or conditions of this Lease Agreement to be kept and performed by either Party to this Lease Agreement shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both Lessor and Lessee.

## **ARTICLE XX: INVALIDITY OF PARTICULAR PROVISIONS**

### **Section 20.1 Invalidity of Provisions.**

If any provision of this Lease Agreement or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease Agreement shall be valid and be enforced to the fullest extent permitted by law.

## **ARTICLE XXI: APPLICABLE LAW AND VENUE**

### **Section 21.1 Applicable Law.**

This Lease Agreement shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease Agreement shall be only in the Superior Court for the State of Alaska, First Judicial District, at Sitka, Alaska.

## **ARTICLE XXII: NOTICES**

### **Section 22.1 Manner of Mailing Notices.**

In every case where under any of the provisions of this Lease Agreement or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to Lessor or Lessee, it shall be sufficient if a copy of any declaration or notice is sent by United States Post Office registered or certified mail, postage prepaid, return receipt requested, addressed: If to Lessor at: Municipal Administrator, City and Borough of Sitka, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Lessee, at: the address set out in the Preamble. Each Party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven (7) days following the giving of notice.

### **Section 22.2 Notice to Leasehold Mortgagee and Secured Parties.**

Lessor shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from Lessor to Lessee relating to existing or potential default under, or other noncompliance with the terms of this Lease Agreement. All notices, demands or requests which may be required to be given by Lessor or Lessee to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States Post Office registered or certified mail or express mail, postage prepaid, return receipt requested, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to Lessor and Lessee.

Copies of all notices shall simultaneously be sent to the other of Lessor or Lessee, as the case may be.

**Section 22.3 Sufficiency of Service.**

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

**Section 22.4 When Notice Deemed Given or Received.**

Whenever a notice is required by this Lease Agreement to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article and shall be deemed received on the third business day thereafter and for all purposes under this Lease Agreement of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice and whether or not it is provided that a time period commences after notice is given or after notice is received.

**ARTICLE XXIII: MISCELLANEOUS PROVISIONS**

**Section 23.1 Captions.**

The captions of this Lease Agreement and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease Agreement, nor in any way affect this Lease Agreement.

**Section 23.2 Conditions and Covenants.**

All the provisions of this Lease Agreement shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

**Section 23.3 Entire Agreement.**

This Lease Agreement, together with the Tidelands Lease Agreement between the same Parties, contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

**Section 23.4 Time of Essence as to Covenants of Lease Agreement.**

Time is of the essence as to the covenants in this Lease Agreement.

**ARTICLE XXIV: COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY**

**Section 24.1 Covenants to Run with the Subject Property.**

All covenants, agreements, conditions and undertakings in this Lease Agreement shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the Parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. Wherever in this Lease Agreement reference is made to any of the Parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each Party, the same as if in each and every case so expressed.

**Section 24.2 Interest in Deposits Automatically Transferred.**

The sale, conveyance or assignment of the interest of Lessee (pursuant to the terms of this Lease Agreement) or of Lessor in and to this Lease Agreement shall act automatically as a transfer to the assignee of Lessor or of Lessee, as the case may be, of its respective interest in any funds on deposit with and held by any Construction Lender and Lessor, and every subsequent sale, conveyance or assignment by any assignee of Lessor or of Lessee also shall act automatically as a transfer of their respective rights to the deposits with such Construction Lender and Lessor to the subsequent assignee.

**ARTICLE XXV: ADDITIONAL GENERAL PROVISIONS**

**Section 25.1 Absence of Personal Liability.**

No member, official, or employee of Lessor shall be personally liable to Lessee, its successors and assigns, or anyone claiming by, through or under Lessee or any successor in interest to the Subject Property, in the event of any default or breach by Lessor or for any amount which may become due to Lessee, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease Agreement.

No member, official, or employee of Lessee shall be personally liable to Lessor, its successors and assigns, or anyone claiming by, through, or under Lessor or any successor in interest to the Subject Property, except as stated herein, in the event of any default or breach by Lessee or for any amount which become due to Lessor, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease Agreement.

**Section 25.2 Lease Agreement Only Effective As Against Lessor Upon Approval.**

This Lease Agreement is effective as against Lessor only upon the approval of this Lease Agreement by the GPIIP Board of Directors, in accordance with the Sitka General Code at Chapter 2.38, and the Sitka Assembly and signed by the Municipal Administrator.

**Section 25.3 Binding Effects and Attorney's Fees.**

This Lease Agreement shall be binding up and inure to the benefit of the respective successors and assigns of the Parties. In the event of litigation over this Lease Agreement, the Parties agree that the prevailing Party shall receive full reasonable attorneys' fees.

**Section 25.4 Duplicate Originals.**

This Lease Agreement may be executed in any number of copies, each of which shall constitute an original of this Lease Agreement. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

**Section 25.5 Declaration of Termination.**

With respect to Lessor's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of the Lessee in the Subject Property, Lessor shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Lessee in the Subject Property, and the revesting of any title in Lessor as specifically provided in this Lease Agreement.

**Section 25.6 Authority**

Lessor and Lessee represent to each other that each has, and has exercised, the required corporate power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease Agreement and perform its obligations. Both Parties also represent that this Lease Agreement has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

**NORTHLINE SEAFOODS LLC**

**CITY AND BOROUGH OF SITKA, ALASKA**



Gene Glaab, Member



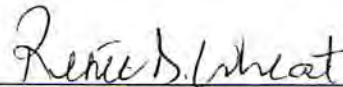
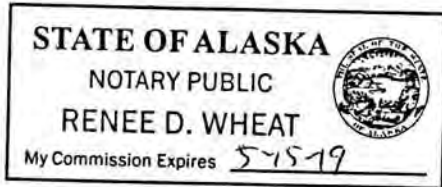
Phillip Messina, Interim Municipal Administrator

STATE OF ALASKA )

) ss.

FIRST JUDICIAL DISTRICT )

On this 28<sup>th</sup> day of July, 2017, Gene Glaab, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, signs this Lease Agreement on behalf of Northline Seafoods LLC, and affirms by signing this document to be authorized to sign on behalf of Northline Seafoods LLC, and does so freely and voluntarily.



Notary Public in and for the State of Alaska

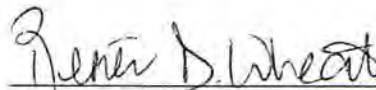
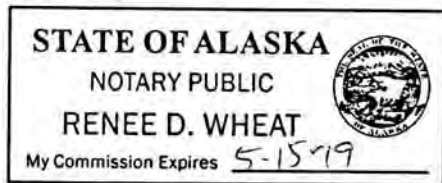
My commission expires: 5-15-19

STATE OF ALASKA )

) ss.

FIRST JUDICIAL DISTRICT )

On this 1<sup>st</sup> day of August, 2017, PHILLIP MESSINA, INTERIM MUNICIPAL ADMINISTRATOR of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, signs this Lease Agreement on its behalf, and affirms by signing this document to be authorized to sign on its behalf, and does so freely and voluntarily.



Notary Public in and for the State of Alaska

My commission expires: 5-15-19





- HPM Old High Pressure Water Main
- HPM Old Fire Suppression Main (Corroded)
- FW New Private Stocker's Primary Water Main
- SS New High Volume Sewer (Sanitary) Water Main
- SS New Private Stocker's Sanitary Sewer Line
- SS New Private Stocker's Sanitary Sewer Line
- SS Fire Hydrant on Fire Suppression System
- SS Fire Hydrant on Fire Suppression System
- SS Sewer service valve

**Utility Layout**  
Lots 3-4 & 6-8 Block 4  
Sawmill Cove Industrial Park

DRAWN: TAD	SCALE: 1"=100'
CHECKED: N/A	DATE: AUG 2008
DRAWING NAME: Utility Water Location 2003 & Saw Mill Ur	
SHEET NO. 1	5

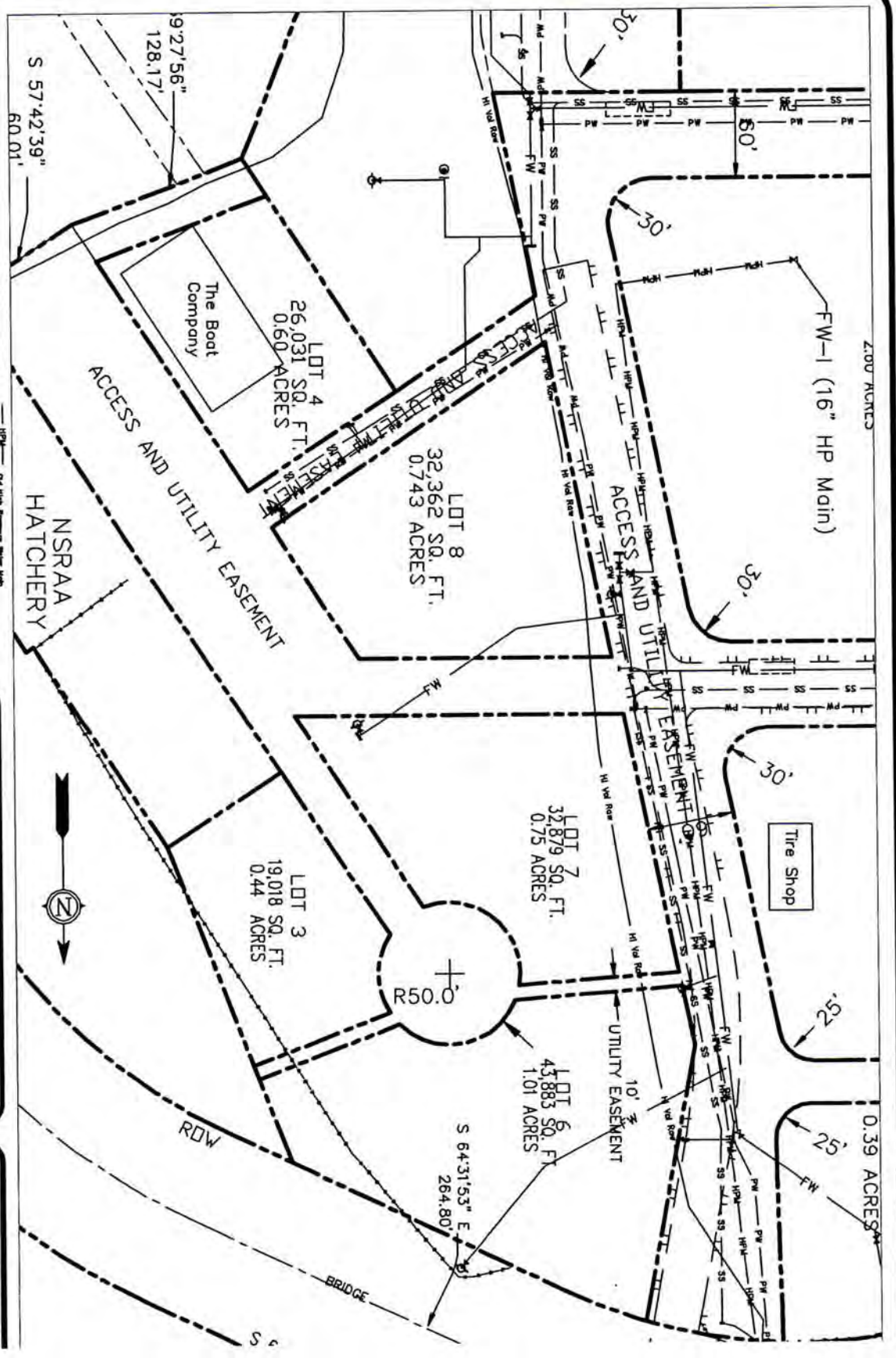


Exhibit A

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

### **Introduction**

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

### **Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media**

**Restrictive Covenants** – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

**Reporting** – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

**Sawmill Cove – Future Construction Activities and Vessel Management**

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (-60') contour interval; follows the minus sixty foot (-60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction - In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

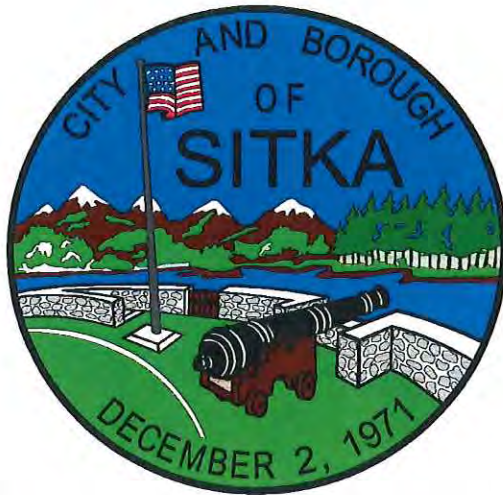
Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.

The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at [DEC.ICUNIT@alaska.gov](mailto:DEC.ICUNIT@alaska.gov) must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.



# **LEASE AGREEMENT**

**BETWEEN**

**THE  
CITY AND BOROUGH OF  
SITKA, ALASKA**

**AND**

**NORTHLINE SEAFOODS LLC  
BLOCK 4, LOT 8A, GPIIP**

**LEASE AGREEMENT  
BETWEEN  
CITY AND BOROUGH OF SITKA  
AND  
NORTHLINE SEAFOODS LLC**

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**EXHIBITS:**

- Exhibit A – Diagram of Subject property
- Exhibit B – Management Requirements at Gary Paxton Industrial Park, Sitka, Alaska



**LEASE AGREEMENT  
BETWEEN  
CITY AND BOROUGH OF SITKA  
AND  
NORTHLINE SEAFOODS LLC**

**PREAMBLE**

This Lease Agreement Between City And Borough of Sitka and Northline Seafoods LLC (“Lease Agreement”) is effective upon execution of the Lease Agreement by both Parties, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 (“Sitka” or “Lessor” ) and Northline Seafoods LLC, 4690 Sawmill Creek Road, Sitka, Alaska 99835 (“Lessee”). This Lease Agreement consists of the Special Provisions, the General Provisions, and the attached Exhibits A and B. Exhibit A is a pictorial representation of the area leased, consisting of Block 4, Lot 8a and guaranteed access to the waterfront via the adjacent access and utility easement, of the Gary Paxton Industrial Park (“GPIP”). Exhibit B is the “Management Requirements at GPIP, Sitka, Alaska,” which summarizes the Prospective Purchasers Agreement, the Management Plan and the Conveyance Agreement regarding GPIP. This Lease Agreement was approved by GPIP Board of Directors on December 13, 2017.

**SPECIAL PROVISIONS**

**ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE**

**Section 1.1 Conveyance of Estate in Lease.**

Lessor, for and in consideration of the covenants and agreements made by Lessee, does lease to Lessee, and Lessee leases from Lessor, the Subject Property or Premises as shown on Exhibit A. The subject property is Block 4, Lot 8a of the GPIP, consisting of approximately 29,421 square feet. The “Term” is month to month, effective January 1, 2018, being terminable at the will of Lessor by giving Lessee no more than thirty (30) days prior written notice of intent to terminate.

In addition, the Lessee is granted, non-exclusive, access and the ability to install utilities to the waterfront and tidelands via the access and utility easement located between Lots 2 and 4, Blok 4 GPIP.

**Section 1.2 Reserved**

**Section 1.3 Reserved**

**Section 1.4 Disposition of Improvements and Lessee's Personal Property Following Term of Lease Agreement.**

Lessee shall remove from the Subject Property any personal property or Improvements constructed, installed, or deposited on the Subject Property at the termination of this Lease Agreement or any extension unless Lessee makes a separate written agreement with Sitka to do otherwise. Any Improvements or personal property not removed after thirty (30) days have passed after termination of this Lease Agreement shall be deemed abandoned and at Lessor's option shall

become the property of Lessor, and Lessee shall repay to Sitka any costs of removing such improvements or personal property from the Subject Property if Sitka does not exercise such option. Subject to Sitka's obligations under Subsection 3.1(a) below, Lessee agrees to leave Subject Property in a neat and clean condition at the end of the Term of the Lease Agreement.

### **Section 1.5 Covenants to Perform.**

This Lease Agreement is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

## **ARTICLE II: RENT AND OTHER OBLIGATIONS OF LESSEE**

### **Section 2.1 Calculation & Method of Payment of Rent.**

Notwithstanding any other provision of this Lease Agreement, on the Term start date set out in Article I, Lessee shall pay the full month rent payment owed under this Lease Agreement, which shall be prorated if the date this Lease commences is not the first day of the month. Subject to the provision in the previous sentence, Lessee shall pay Rent each month in advance for the Term of the Lease Agreement without the necessity of any billing by Lessor. Lessee will lease the subject Property for \$1,147/month payable at a rate of \$.039/SF/month. In addition, Lessee shall pay a User Access Fee of \$3,000 annually at a rate of \$250 per month for guaranteed access to the waterfront and tidelands via the access and utility easement located between Lots 2 and 4. Sales tax is to be paid in addition to the stated Rent and User Access Fee. Lessor hereby acknowledges the timely receipt of all Rents and User Access fees from January 1, 2018, through August 1, 2018.

### **Section 2.2 Guaranteed Access via Easement is Non-Exclusive**

Guaranteed access is non-exclusive, meaning that Lessee shall not prevent others from crossing the access and utility easement to conduct legitimate business at GPIIP.

### **Section 2.3 Property Tax Responsibility.**

Beginning on the effective date of the Lease Agreement, Lessee will be responsible to pay any property taxes to City and Borough of Sitka for its possessory interest in the Subject Property and any Improvements to the extent taxable as determined by the Assessor, which is assessed as of January 1 of each calendar year.

## **ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY DURING LEASE**

### **Section 3.1 Lessee's Obligations as to Construction, Maintenance, Repair and Safety.**

(a) Except as provided in this Lease Agreement, Lessee acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Lessee and in compliance with all legal requirements, Lessee may purchase, construct, develop, repair, and/or maintain any Improvements, using materials of good quality and matching existing finishes.

Lessor reserves the right to expand or modify the Subject Property. In that event, Lessor and Lessee will work together to complete such expansion or modification in a manner that minimizes disruption to Lessee's use of the Subject Property. Some anticipated disruptions could be operational disturbances from noise, dust and other construction activities.

(b) Lessee acknowledges that Lessor has made no representation or warranty with respect to Lessee's ability to obtain any permit, license, or approval.

(c) Lessee shall also use the Subject Property and any Improvements placed thereon only for lawful uses.

(d) Each party agrees that for purposes of this Lease Agreement and any subsequent sale, Lessor retains all utilities, both known and unknown, and retains a utility easement to access, protect, maintain and use said utilities. No buildings or structures shall be built over or within 10 feet of a utility. Each party understands that at GPIIP, the exact location of some underground utilities have not been identified or located. Lessee agrees to bear the sole cost of the removal or relocation of any utilities, both known or unknown, reasonably necessitated by Lessee's activities. Any property placed over a known utility without express written permission of Lessor, may be removed by Lessor, with Lessee to bear the sole cost of such removal.

(e) Lessee shall confine its operation on the Subject Property to activities related to the construction of a building, to activities related to the business of design and fabrication of equipment for the seafood processing industry and to any other lawful commercial activities.

(f) Lessee shall not permit the accumulation of waste or refuse matter on the Subject Property, and Lessee shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Subject Property except as may be permitted by Lessor or other municipal authorities having jurisdiction. Lessee shall do all things necessary during the Term of this Lease Agreement to remove any dangerous condition from time to time existing on the Subject Property as the result of the use by Lessee.

(g) Lessee may erect outdoor signage at its expense with the permission of the City and Borough of Sitka Building Official, the Planning Director, and the Public Works Director. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

### **Section 3.2 Rights of Access to Property.**

(a) Lessor reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. Lessor also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease Agreement. Sitka also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of Improvements; (2) showing Subject Property or exhibiting Subject Property in connection with

renting or leasing Subject Property in a matter that will not unreasonably interfere with Lessee's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Lessee shall not charge for any of the access allowed in the situations described in this subsection.

(b) Lessee shall not construct any permanent Improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of Lessor and any applicable utility company.

(c) Lessee acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance of common areas as described on attached Exhibit A. Lessee agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

### **Section 3.3 Additional Conditions of Leasing.**

Lessee recognizes and shall cause all beneficiaries of Lessee and all permitted successors in interest in or to any part of the Subject Property to recognize that:

(a) Lessee will cooperate with the City and Borough of Sitka Public Works Department and will notify this Department of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Lessee will be provided a 24 hour telephone number to notify Lessor of any event that requires immediate response by Lessor.

(b) Lease payments will be made in monthly installments in advance in cash or by check, bank draft or money order made payable to the City and Borough of Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, by or on the first day of each calendar month.

(c) Lease payments shall become delinquent if not paid within ten (10) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% per annum.

(d) The charges and fees paid by Lessee to Lessor must be separated according to the City and Borough of Sitka accounting standards.

(e) Lessor will only invoice if lease payments are delinquent. Lessor will only invoice if failure to make lease payment within 30 days of due date. Lessor at its option can terminate the Lease Agreement for Lessee's failure to make payment in accordance with Section 14.

(f) Lessee covenants and agrees that as it relates to use of the facility, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of person in any manner prohibited by Federal or State laws or regulations promulgated thereunder, and Lessee further grants the Lessor the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal or State law or regulation.

(g) Lessor may sell the Subject Property in the future and all agreements regarding the Subject Property, including this Lease Agreement, between Lessor and Lessee shall be completely transferable to the new owner. A transfer of the Subject Property to any such entity shall not create any restrictions upon use of the Subject Property in addition to those set forth in this Lease Agreement.

(h) Lessor may, upon at least 10 days prior notice to Lessee, temporarily suspend the supply, if provided on the Subject Property, of water, wastewater service, electric power to perform routine maintenance and, in all events, subject to unavoidable delays, as provided in Section 4.4. Such interruptions shall be of as short duration as necessary to perform such maintenance, and Sitka shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(i) Lessee will pay any applicable City and Borough of Sitka Fire Marshal fees and other building permit fees and property taxes and assessments when due.

(j) Lessee is responsible for taking any measures that Lessee deems necessary to provide security for their property. Sitka is not responsible for theft or vandalism.

(k) City and Borough of Sitka sales tax will apply to lease Rent and User Access Fee. Sales taxes will also apply to any utility services and will be calculated into each monthly billing from the City and Borough of Sitka. Sales tax rates, limits, exemptions, and exclusions are subject to change by the Assembly of the City and Borough of Sitka.

(l) In accord with commercially reasonable standards and the Rules set forth in Exhibit B, Lessee shall not store hazardous or explosive materials on the Subject Property or on any property of GPIIP.

**Section 3.4 Control of Rodents and Other Creatures on Subject Property.**

Lessee shall take reasonable affirmative measures to ensure that its operations do not attract to Subject Property or any portion of the GPIIP property any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, or bears.

**ARTICLE IV: UTILITY SERVICES & RATES**

**Section 4.1 Provision of Utility Services**

Currently, no known utility services are provided to the Subject Property. If and when utility services are provided, Lessee shall pay the cost of use of such utility services, to be paid monthly upon billing by the City and Borough of Sitka.

**Section 4.2 Reserved.**

**Section 4.3 Reserved.**

**Section 4.4 Lessor Not Limited Liability and Non-Liability.**

In the event utility services are provided, and except to the extent that any such failure, injury, or other casualty is due to Lessor's negligence or breach of any obligation under this Lease

Agreement, Lessor shall not be liable for any failure of utility services, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, earthquake, hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of Subject Property, or leakage of sewer, or plumbing works therein, or from any other place. Lessor shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains by an act of God, beyond Lessor's control, or caused by the elements, strikes, riots, or a terrorist or terrorists.

**Section 4.5. Requirement Regarding Potable Water Services.**

All potable water services will be metered and protected by approved backflow prevention in accordance with the Sitka General Code at Section 15.05.400.

**Section 4.6 Reserved.**

**ARTICLE V: LIABILITY AND INDEMNIFICATION**

**Section 5.1 Liability of Lessee and Indemnification of Lessor.**

Lessee agrees to indemnify, defend, and hold harmless Lessor against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of Lessor or pre-existing conditions, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and Improvements, including liability arising from products produced on the property. Lessee also agrees to indemnify, defend, and hold Lessor harmless against and from any and all claims and damages arising, other than due to acts or omissions of Lessor, during the Term of this Lease Agreement from: (a) any condition of the Subject Property or Improvements placed on it; (b) any breach or default on the part of the Lessee regarding any act or duty to be performed by Lessee pursuant to the terms of this Lease Agreement; (c) any act or negligence of Lessee or any of its agents, contractors, servants, employees or licensees; and (d) any accident, injury, death or damage caused to any person occurring during the Term of this Lease Agreement in or on the Subject Property. Lessee agrees to indemnify, defend, and hold harmless Lessor from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessor, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease Agreement to indemnify the Lessor. The agreements of indemnity by the Lessee do not apply to any claims of damage arising out of the failure of the Lessor to perform acts or render services in its municipal capacity.

**Section 5.2 Liability of Lessor and Indemnification of Lessee.**

Except to the extent of liabilities arising from Lessee's acts or omissions, Lessor indemnifies, defends, and holds Lessee harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease Agreement or by reasons of Lessor's acts or omissions. Lessor also agrees to indemnify, defend, and hold Lessee harmless

against and from any and all claims and damages arising, other than due to acts or omissions of Lessee, during the Term of this Lease Agreement from (a) any condition of the Subject Property or Improvements placed on it; (b) any breach or default on the part of the Lessor regarding any act or duty to be performed by Lessor pursuant to the terms of the Lease Agreement; (c) any act or negligence of Lessor or any of its agents, contractors, servants, employees, or licensees; and (d) any accident, injury, death, or damage caused to any person occurring during the Term of this Lease Agreement in or on the Subject Property. Lessor agrees to indemnify, defend, and hold harmless Lessee from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Lessee, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements of indemnity are in addition to and not by way of limitation of any other covenants in this Lease Agreement to indemnify the Lessee.

### **Section 5.3 Reimbursement of Costs of Obtaining Possession.**

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease Agreement for all costs and charges, including but not limited to, full reasonable attorney and legal fees lawfully incurred in enforcing any provision of this Lease Agreement including enforcement of the purchase option or obtaining possession of the Subject Property and establishing the Lessor's title free and clear of this Lease Agreement upon expiration or earlier termination of this Lease Agreement.

## **GENERAL PROVISIONS**

### **ARTICLE VI: DEFINITIONS**

#### **Section 6.1 Defined Terms.**

For the purposes of this Lease Agreement, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property, any part thereof, any right or interest therein or any rent and income received therefrom as well as sales taxes on rent.
- (c) "Improvements" or "improvements" means all improvements of any nature now or hereafter located upon the Land, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including any construction fencing or signage, excepting only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Lessee, Sublessees, or others, which can be removed without defacing or materially injuring the Improvements remaining on the Subject Property, from the Subject Property with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date

of this Lease Agreement. "Improvements" also includes fill, grading, asphalt, and other non-building land improvements.

(d) "Personal Property" means tangible personal property owned or leased and used by the Lessee or any sublessee of the Lessee, in connection with and located upon the Subject Property.

(e) "Premises" means the "Subject Property."

(f) "Rent" means the lease rate, which is the amount Lessee periodically owes and is obligated to pay Lessor as lease payments under this Lease Agreement for the use of the demise.

(g) "Subject Property" is the area leased as shown on Exhibit A or elsewhere in the document.

(h) "Sublessee" and "Sublease" -- any reference to "sublessee" shall mean any subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through the Lessee; the term "sublease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Subject Property made by any Person holding by or through the Lessee.

(i) "Term" means the period of time Lessee rents or leases the Subject Property from Lessor.

## **ARTICLE VII: INSURANCE**

### **Section 7.1 Insurance.**

Lessee shall carry and maintain, during the entire term of this agreement, at Lessee's sole cost and expense, a commercial general liability insurance policy with limits of not less than \$1,000,000 per occurrence, insuring against any and all liability of Lessee with respect to the Premises or arising out of the use or occupancy thereof. Lessee shall furnish Lessor with a certificate of insurance, showing that Lessor has been named as an additional insured on said policy. Lessee shall also carry first party property insurance covering all personal property on the premises including inventory, equipment and improvements. This shall be an all-risk type of property insurance. Lessor shall maintain first party property insurance covering the Premises.

### **Section 7.2 Notification of Claim, Loss, or Adjustment.**

Lessee shall advise Lessor of any claim, loss, adjustment, or negotiations and settlements involving any loss under all policies of the character described in Section 7.1.

### **Section 7.3 Waiver of Subrogation.**

The Party insured (or so required) releases the other Party from any liability the other Party may have on account of the loss, cost, damage or expense to the extent of any amount recoverable by reason of insurance whenever: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease Agreement, or anyone claiming under it in connection with the Subject Property or Improvements; and (ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease Agreement to be so insured.



In such coverage the Parties hold on or waives any right of subrogation which might otherwise exist in or accrue to any person on account of it, provided that the release of liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost. In the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect.

#### **ARTICLE VIII: RESTRICTIONS REGARDING ASSIGNMENT, SUBLEASES, AND TRANSFERS OF SUBJECT PROPERTY**

##### **Section 8.1 Lessee Without Power to Assign Lease or Transfer or Encumber Subject Property.**

Lessee has no power under this Lease Agreement to assign the Lease Agreement or transfer the Subject Property, except with the approval of the GPIIP Board of Directors, which approval shall not be unreasonably withheld. Lessee has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan, mortgage, debt or liability.

##### **Section 8.2 Limitations on Subleases.**

Lessee shall not sublease the Subject Property or any portion of it except with the approval of the GPIIP Board of Directors, which approval shall not be unreasonably withheld. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this Lease Agreement, including Exhibits A and B. Lessor's consent to a sublease of the Subject Property shall not release Lessee from its obligations under the Lease Agreement. Lessor's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

#### **ARTICLE IX: USE AND PROTECTION OF THE SUBJECT PROPERTY**

##### **Section 9.1 Property As Is - Repairs.**

Lessee acknowledges that it has examined the Subject Property and the present improvements including any public improvements presently located there and knows the condition of them and accepts them in their present condition and without any representations or warranties of any kind or nature whatsoever by Lessor as to their condition or as to the use or occupancy which may be made of them. Lessee assumes the sole responsibility for the condition of the improvements located on the Subject Property. The foregoing shall not be deemed to relieve Lessor of its general municipal obligations, or of its obligations under Section 3.1.

##### **Section 9.2 Compliance with Laws.**

Lessee shall throughout the Term of this Lease Agreement and any extension, at Lessee's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers (whether or not the same require structural repairs or alterations) and all other legal requirements that may be applicable to the use of the Subject Property. Nothing in the foregoing sentence shall be deemed to relieve Lessor of its general obligations in its municipal capacity.

**Section 9.3 Notification of City and Borough of Sitka's Public Works Director of Discovery of Contamination.**

Lessee shall promptly notify the Public Works Director of the City and Borough of Sitka within 24 hours if any contaminated soils or other media that require special handling are encountered on the Subject Property.

Lessee shall be responsible for all clean-up costs associated with contamination of soils of Subject Property, adjoining property, and/or buildings caused by or attributed to Lessee though its operations on the Subject Property. In the event of Lessee's failure to clean-up to applicable regulatory standards or to the satisfaction of the Public Works Director, the Lessor may perform clean-up or contract for clean-up and all charges for such work shall be payable by Lessee.

**Section 9.4 Use of Utility Lines.**

No utility services are currently provided. If Lessee desires utilities, Lessee and Lessor shall negotiate and enter an amendment to this Lease Agreement regarding which utility services to provide, the costs associated with such services, and the rate for such utility service.

If such utility services are requested and granted, Lessee shall connect or otherwise discharge to such utility lines, including electrical, water and/or wastewater lines, as are approved by the appropriate City and Borough of Sitka Department, which may include Department of Public Works and/or Electrical Department, and shall obtain any permits and comply with any conditions specified by the Director of Public Works and/or Electric Department for such connections.

**Section 9.5 Permits and Approvals for Activities.**

Lessee shall be responsible for obtaining all necessary permits and approvals for its activities unless otherwise specifically allowed by Lessor. Contemporaneously with making any application for permits to any public entity other than the City and Borough of Sitka, Lessee shall provide copies of all permit applications and associated plans and specifications to the Director of Public Works of the City and Borough of Sitka to facilitate review by departments of the City and Borough of Sitka. The City and Borough of Sitka is not obligated to comment on the permit applications and plans, and the result of any review by the City and Borough of Sitka does not affect Lessee's obligation to comply any applicable laws.

**Section 9.6 Lessor's Right to Move Utilities**

The Lessor ("CBS") reserves the right to move any utilities within the access and utility easement located between Lots 2 and 4 at Lessor's expense.

**ARTICLE X: LESSOR'S RIGHT TO PERFORM LESSEE'S COVENANTS; REIMBURSEMENT OF LESSOR FOR AMOUNTS SO EXPENDED**

**Section 10.1 Performance of Lessee's Covenants To Pay Money.**

Lessee covenants that if it shall at any time default or shall fail to make any other payment (other than rent) due and the failure shall continue for ten (10) days after written notice to the Lessee, then the Lessor may, but shall not be obligated so to do, and without further notice or demand upon the Lessee and without releasing the Lessee from any obligations of the Lessee under this

Lease Agreement, make any other payment in a manner and extent that the Lessor may deem desirable.

**Section 10.2 Lessor's Right To Cure Lessee's Default.**

If there is a default involving the failure of the Lessee to keep the Subject Property in good condition in accordance with the provisions of this Lease Agreement, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease Agreement or to take any other action required by the terms of this Lease Agreement, then the Lessor shall have the right, but shall not be required, to make good any default of the Lessee. The Lessor shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to the Lessee by reason of bringing materials, supplies and equipment on the Subject Property during the course of the work required to be done to make good such default, and the obligations of the Lessee under this Lease Agreement shall remain unaffected by such work, provided that the Lessor uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to the Lessee.

**Section 10.3 Reimbursement of Lessor and Lessee.**

All sums advanced by the Lessor pursuant to this Article and all necessary and incidental costs, expenses and attorney fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable by the Lessee, in the respective amounts so advanced, to the Lessor. This reimbursement shall be made on demand, or, at the option of the Lessor, may be added to any rent then due or becoming due under this Lease Agreement and the Lessee covenants to pay the sum or sums with interest, and the Lessor shall have (in addition to any other right or remedy) the same rights and remedies in the event of the nonpayment by the Lessee as in the case of default by the Lessee in the payment of any installment of rent. Conversely, the Lessee shall be entitled to receive from the Lessor prompt payment or reimbursement on any sums due and owing from the Lessor to the Lessee, together with interest at the highest rate allowed by law. However, nothing contained in this Lease Agreement shall entitle the Lessee to withhold any rent due to the Lessor or to offset or credit any sums against rent, except with respect to unpaid rental due from the Lessor to the Lessee under any sublease of building space to the Lessor.

**ARTICLE XI DAMAGE OR DESTRUCTION**

**Section 11.1 Repair and Replacement of Structures and Improvements Following Damage.**

(a) If the Premises shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy and such destruction or injury could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Lessee shall not be entitled to surrender possession of the Premises, nor shall Lessee's liability to pay rent under this Lease Agreement cease, without the mutual consent of the Parties; in case of any such destruction or injury, Lessor shall repair the same with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period Lessee shall be unable to use all or any portion of the Premises, a proportionate allowance shall be made to Lessee from the Rent corresponding to the time during which and to the portion of the Premises of which Lessee shall be so deprived of the use.

(b) If such destruction or injury cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, Lessor shall notify Lessee within fifteen (15) days after the determination that restoration cannot be made in 90 days. If Lessor elects not to repair or rebuild, this Lease Agreement shall be terminated. If Lessor elects to repair or rebuild, Lessor shall specify the time within which such repairs or reconstruction will be complete, and Lessee shall have the option, to be exercised within thirty (30) days after the receipt of such notice, to elect either to terminate this Lease Agreement and further liability hereunder, or to extend the Term of this Lease Agreement by a period of time equivalent to the time from the happening of such destruction or injury until the Premises are restored to their former condition. In the event Lessee elects to extend the Term of this Lease Agreement, Lessor shall restore the Premises to their former condition within the time specified in the notice, and Lessee shall not be liable to pay Rent for the period from the time of such destruction or injury until the Premises are so restored to their former condition.

(c) The timeframes in this article may be modified by mutual agreement of the Parties.

## **ARTICLE XII: MECHANIC'S LIENS**

### **Section 12.1 Discharge of Mechanics' Liens.**

The Lessee shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against the Lessee's interest in the property, nor against the Improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to the Lessee or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of the Lessee. If any mechanics' lien shall at the time be filed against the Subject Property including the Improvements, the Lessee shall cause it to be discharged of record within 30 days after the date that Lessee has knowledge of its filing.

## **ARTICLE XIII: LIEN FOR RENT AND OTHER CHARGES**

### **Section 13.1 Lien for Rent.**

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, water rates, insurance premiums and other charges and impositions paid by the Lessor under the provisions of this Lease Agreement, and all costs, attorney's fees and other expenses which may be incurred by the Lessor in enforcing the provisions of this Lease Agreement or on account of any delinquency of the Lessee in carrying out any of the provisions of this Lease Agreement, shall be and they are declared to constitute a valid and prior lien upon the Lessee and Lessee's Improvements to the Subject Property, and upon the Lessee's leasehold estate, and may be enforced by equitable remedies including the appointment of a receiver.

## **ARTICLE XIV: DEFAULT PROVISIONS**

### **Section 14.1 Events of Default.**

Each of the following events is defined as an "Event of Default":

(a) The failure of the Lessee to pay any installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from the Lessor to the Lessee.

(b) The failure of the Lessee to perform any of the other covenants, conditions and agreements of this Lease Agreement including payment of taxes on the part of the Lessee to be performed, and the continuance of the failure for a period of thirty (30) days after notice in writing (which notice shall specify the respects in which the Lessor contends that the Lessee has failed to perform any of the covenants, conditions and agreements) from the Lessor to the Lessee unless, with respect to any default which cannot be cured within thirty (30) days, the Lessee, or any person holding by, through or under the Lessee, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional sixty (60) days.

(c) The filing of an application by the Lessee (the term, for this purpose, to include any approved transferee other than a sublessee of the Lessee's interest in this Lease Agreement): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating the Lessee a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of sixty (60) consecutive days, or if this Lease Agreement is taken under a writ of execution.

#### **Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.**

In the event that this Lease Agreement is assumed by or assigned to a trustee pursuant to the provisions of the bankruptcy reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 *et seq.*), and the trustee shall cure any default under this Lease Agreement and shall provide adequate assurances of future performance of this Lease Agreement as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Lease Agreement shall be deemed rejected automatically and the Lessor shall have the right immediately to possession of the Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease Agreement.

#### **Section 14.3 Remedies in Event of Default.**

The Lessor may treat any one or more of the Events of Default as a breach of this Lease Agreement and at its option, by serving written notice on the Lessee and each Secured Party and Leasehold Mortgagee of whom Lessor has notice (such notice not to be effective unless served on each such person) of the Event of Default of which the Lessor shall have received notice in writing, the

Lessor shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) The Lessor may terminate this Lease Agreement and the Term created, in which event the Lessor may repossess the entire Subject Property and Improvements, and be entitled to recover as damages a sum of money equal to the value, as of the date of termination of this Lease Agreement, of the Rent provided to be paid by the Lessee for the balance of the stated term of this Lease Agreement less the fair rental value as of the date of termination of this Lease Agreement of the fee interest in the Subject Property and Improvements for the period, and any other sum of money and damages due under the terms of this Lease Agreement to the Lessor and the Lessee. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(b) The Lessor may terminate the Lessee's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or notice of any kind to the Lessee (except as above expressly provided for) and without terminating this Lease Agreement, in which event the Lessor may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by the Lessor (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated Term of this Lease Agreement and the right to relet the Subject Property as a part of a larger area and the right to change the use made of the Subject Property). For the purpose of reletting, the Lessor may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in the Lessor's judgment reasonably exercised; and if the Lessor shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property is relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the rent accruing from it, to satisfy the rent above provided to be paid, then the Lessee shall pay to the Lessor as damages a sum equal to the amount of the rent reserved in this Lease Agreement for the period or periods as and when payable pursuant to this Lease Agreement, or, if the Subject Property or any part of it has been relet, the Lessee shall satisfy and pay any deficiency upon demand from time to time; and the Lessee acknowledges that the Lessor may file suit to recover any sums falling due under the terms of this Section from time to time and that any suit or recovery of any portion due the Lessee shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of the Lessor. Any personal property not removed after such termination shall be addressed as provided for in Section 1.4 above.

(c) In the event of any breach or threatened breach by the Lessee of any of the terms, covenants, agreements, provisions or conditions in this Lease Agreement, the Lessor shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies were not provided for in this Lease Agreement.

(d) Upon the termination of this Lease Agreement and the Term created, or upon the termination of the Lessee's right of possession, whether by lapse of time or at the option of the Lessor, the Lessee will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.4. If possession is not immediately surrendered, the

Lessor may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, using force as may be necessary without being deemed guilty of any manner of trespass or forcible entry or detainer. Lessor may at its option seek expedited consideration to obtain possession if Lessor determines that the Lease Agreement has terminated as described in the first sentence of this paragraph, and Lessee agrees not to oppose such expedited consideration.

(e) In the event that the Lessee shall fail to make any payment required to be made provided for in this Lease Agreement or defaults in the performance of any other covenant or agreement which the Lessee is required to perform under this Lease Agreement during the period when work provided for in this Lease Agreement shall be in process or shall be required by the terms of this Lease Agreement to commence, the Lessor may treat the default as a breach of this Lease Agreement and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease Agreement, the Lessor shall have the right to carry out or complete the work on behalf of the Lessee without terminating this Lease Agreement.

#### **Section 14.4 Waivers and Surrenders To Be In Writing.**

No covenant or condition of this Lease Agreement shall be deemed to have been waived by the Lessor unless the waiver be in writing, signed by the Lessor or the Lessor's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given and shall not relieve the Lessee from the obligation, wherever required under this Lease Agreement, to obtain the consent of the Lessor to any other act or matter.

### **ARTICLE XV: LESSOR'S TITLE AND LIEN**

#### **Section 15.1 Lessor's Title and Lien Paramount.**

The Lessor has title to the Land, and the Lessor's lien for Rent and other charges shall be paramount to all other liens.

#### **Section 15.2 Lessee Not To Encumber Lessor's Interest.**

The Lessee shall have no right or power to and shall not in any way encumber the title of the Lessor in and to the Subject Property. The fee-simple estate of the Lessor in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by the Lessee, and any claim to the lien or otherwise upon the Subject Property arising from any act or omission of the Lessee shall accrue only against the leasehold estate of the Lessee in the Subject Property and the Lessee's interest in the Improvements, and shall in all respects be subject to the paramount rights of the Lessor in the Subject Property.

### **ARTICLE XVI: REMEDIES CUMULATIVE**

#### **Section 16.1 Remedies Cumulative.**

No remedy conferred upon or reserved to the Lessor shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease Agreement or existing at law or in equity or by statute. Every power and remedy given by

this Lease Agreement to the Lessor may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by the Lessor. No delay or omission of Lessor to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

**Section 16.2 Waiver of Remedies Not To Be Inferred.**

No waiver of any breach of any of the covenants or conditions of this Lease Agreement shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

**Section 16.3 Right to Terminate Not Waived.**

Neither the rights given to receive, sue for or distrain from any rent, moneys or other payments, or to enforce any of the terms of this Lease Agreement, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of the Lessor to declare ended the Term granted and to terminate this Lease Agreement because of any event of default.

**ARTICLE XVII: SURRENDER AND HOLDING OVER**

**Section 17.1 Surrender at End of Term.**

Lessee shall peaceably and quietly leave, surrender and deliver the entire Subject Property to the Lessor at the termination of the Lease Agreement, subject to the provisions of Section 1.4, in good repair, order, and condition, environmentally clean and free of contaminants, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, the Lessee shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from the Lessee to the Lessor. If the Subject Property is not so surrendered, the Lessee shall repay the Lessor for all expenses which the Lessor shall incur by reason of it, and in addition, the Lessee shall indemnify, defend and hold harmless the Lessor from and against all claims made by any succeeding Lessee against the Lessor, founded upon delay occasioned by the failure of the Lessee to surrender the Subject Property.

**Section 17.2 Rights Upon Holding Over.**

At the termination of this Lease Agreement, by lapse of time or otherwise, the Lessee shall yield up immediately possession of the Land to the Lessor and, failing to do so, agrees, at the option of the Lessor, to pay to the Lessor for the whole time such possession is withheld, a sum per day equal to one hundred and fifty percent (150%) times 1/30th of the aggregate of the Rent paid or payable to Lessor during the last month of the Term of the Lease Agreement the day before the termination of the Lease Agreement. The provisions of this Article shall not be held to be a waiver by the Lessor of any right or reentry as set forth in this Lease Agreement, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Lease Agreement and the Term granted for the period still unexpired for any breach of the Lessee under this Lease Agreement.



## **ARTICLE XVIII: MODIFICATION**

### **Section 18.1 Modification.**

None of the covenants, terms or conditions of this Lease Agreement to be kept and performed by either Party to this Lease Agreement shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both Lessor and Lessee.

## **ARTICLE XIX: INVALIDITY OF PARTICULAR PROVISIONS**

### **Section 19.1 Invalidity of Provisions.**

If any provision of this Lease Agreement or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease Agreement, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease Agreement shall be valid and be enforced to the fullest extent permitted by law.

## **ARTICLE XX: APPLICABLE LAW AND VENUE**

### **Section 20.1 Applicable Law.**

This Lease Agreement shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease Agreement shall be only in the Superior Court for the State of Alaska at Sitka, Alaska.

## **ARTICLE XXI: NOTICES**

### **Section 21.1 Manner of Mailing Notices.**

In every case where under any of the provisions of this Lease Agreement or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to the Lessor or the Lessee, it shall be sufficient if a copy of any declaration or notice is sent by United States mail, postage prepaid, return receipt requested, addressed: If to Lessor at: Municipal Administrator, City and Borough of Sitka, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Lessee, at: the address set out in the Preamble. Each Party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven days following the giving of notice.

### **Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.**

The Lessor shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from Lessor to Lessee relating to existing or potential default under, or other noncompliance with the terms of this Lease Agreement. All notices, demands or requests which may be required to be given by the Lessor or the Lessee to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States registered or certified mail or express mail, postage prepaid, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to the Lessor and Lessee. Copies of all notices shall simultaneously be sent to the other of the Lessor or the Lessee, as the case may be.

**Section 21.3 Sufficiency of Service.**

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

**Section 21.4 When Notice Deemed Given or Received.**

Whenever a notice is required by this Lease Agreement to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article and shall be deemed received on the third business day thereafter and for all purposes under this Lease Agreement of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice and whether or not it is provided that a time period commences after notice is given or after notice is received.

**ARTICLE XXII: MISCELLANEOUS PROVISIONS**

**Section 22.1 Captions.**

The captions of this Lease Agreement and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease Agreement, nor in any way affect this Lease Agreement.

**Section 22.2 Conditions and Covenants.**

All the provisions of this Lease Agreement shall be deemed and construed to be "conditions" as well as "covenants," as though the words specifically expressing or importing covenants and conditions were used in each separate provision.

**Section 22.3 Entire Agreement.**

This Lease Agreement, together with Tidelands Lease Agreement between same parties, contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

**Section 22.4 Time of Essence as to Covenants of Lease Agreement.**

Time is of the essence as to the covenants in this Lease Agreement.

**ARTICLE XXIII: COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY**

**Section 23.1 Covenants to Run with the Subject Property.**

All covenants, agreements, conditions and undertakings in this Lease Agreement shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the Parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. However, Lease covenants do not carry forward after purchase under Section 1.2, above. Wherever in this Lease Agreement reference is made to any of the Parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each Party, the same as if in each and every case so expressed.

**Section 23.2 Interest in Deposits Automatically Transferred.**

The sale, conveyance or assignment of the interest of the Lessee (pursuant to the terms of this Lease Agreement) or of the Lessor in and to this Lease Agreement shall act automatically as a transfer to the assignee of the Lessor or of the Lessee, as the case may be, of its respective interest in any funds on deposit with and held by any Construction Lender and the Lessor, and every subsequent sale, conveyance or assignment by any assignee of the Lessor or of the Lessee also shall act automatically as a transfer of their respective rights to the deposits with such Construction Lender and the Lessor to the subsequent assignee.

**ARTICLE XXIV: ADDITIONAL GENERAL PROVISIONS**

**Section 24.1 Absence of Personal Liability.**

No member, official, or employee of the Lessor shall be personally liable to the Lessee, its successors and assigns, or anyone claiming by, through or under the Lessee or any successor in interest to the Subject Property, in the event of any default or breach by the Lessor or for any amount which may become due to the Lessee, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease Agreement.

No member, official, or employee of the Lessee shall be personally liable to the Lessor, its successors and assigns, or anyone claiming by, through, or under the Lessor or any successor in interest to the Subject Property, in the event of any default or breach by the Lessee or for any amount which become due to the Lessor, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease Agreement.

**Section 24.2 Lease Agreement Only Effective As Against Lessor Upon Approval.**

This Lease Agreement is effective as against Lessor only upon the approval of this Lease Agreement by the Gary Paxton Industrial Park Board of Directors, in accordance with the Sitka General Code at Chapter 2.38, and signed by the Municipal Administrator.

**Section 24.3 Binding Effects and Attorneys Fees.**

This Lease Agreement shall be binding up and inure to the benefit of the respective successors and assigns of the Parties. In the event of litigation over this Lease Agreement, the Parties agree that the prevailing Party shall receive full reasonable attorneys' fees.

**Section 24.4 Duplicate Originals.**

This Lease Agreement may be executed in any number of copies, each of which shall constitute an original of this Lease Agreement. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

**Section 24.5 Declaration of Termination.**

With respect to Lessor's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of the Lessee in the Subject Property, the Lessor shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka

Recording District, a written declaration of the termination of all rights and title of Lessee in the Subject Property, and the re-vesting of any title in the Lessor as specifically provided in this Lease Agreement.

**Section 24.6 Authority.**

Lessor and Lessee represent to each other that each has, and has exercised, the required corporate power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease Agreement and perform its obligations. Both Parties also represent that this Lease Agreement has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

**Section 24.7 Recordation.**

The parties agree that the Lease will be not be recorded. At the request of either party, the parties shall execute a memorandum of the Lease for recording purposes in lieu of recording this Lease in such form as many be satisfactory to the parties or their respective attorneys. Each party shall bear their own related expenses, including attorney fees. Lessor shall pay for all recording fees.

**[SIGNATURES AND ACKNOWLEDGEMENTS ON NEXT PAGE]**

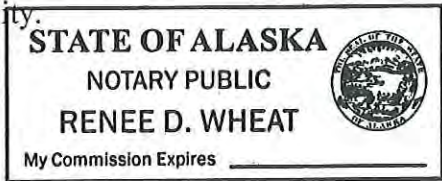
CITY AND BOROUGH OF SITKA, ALASKA

Date 8/30/18 <sup>PKB</sup>  
9/4/18

[Signature]  
By: P. Keith Brady  
Its: Municipal Administrator

STATE OF ALASKA )  
 ) ss.  
FIRST JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this 4<sup>th</sup> day of September, 2018, by P. Keith Brady, Municipal Administrator of the CITY AND BOROUGH OF SITKA, ALASKA, an Alaska home rule municipality, on behalf of the municipality.



[Signature]  
Notary Public in and for the State of Alaska  
My commission expires: 5-15-19

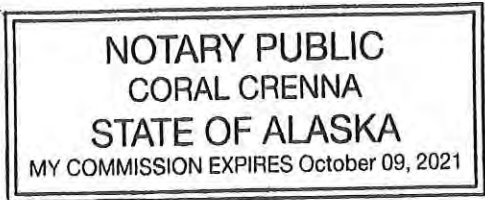
NORTHLINE SEAFOODS LLC

Date 8/30/18

[Signature]  
By: Gene Glaab  
Its: Member

STATE OF ALASKA )  
 ) ss.  
FIRST JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me this 30 day of August, 2018, by Gene Glaab, Member for the NORTHLINE SEAFOODS LLC, an Alaska limited liability company, on behalf of the company.



[Signature]  
Notary Public in and for the State of Alaska  
My commission expires: 10/09/21

**CERTIFICATE OF OWNERSHIP AND DEDICATION**

WE HEREBY CERTIFY THAT WE ARE THE OWNERS OF THE PROPERTY SHOWN AND DESCRIBED HEREIN AND THAT WE HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH OUR FREE CONSENT AND WITHOUT RESERVE. ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO BE DEDICATED TO PUBLIC OR PRIVATE USE AS NOTED.

DATE \_\_\_\_\_ OWNER (SIGNATURE) \_\_\_\_\_

DATE \_\_\_\_\_ OWNER (SIGNATURE) \_\_\_\_\_

**NOTARY'S ACKNOWLEDGMENT**

STATE OF ALASKA  
CITY & BOROUGH OF SITKA

THIS IS TO CERTIFY THAT ON THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_ BEFORE ME, \_\_\_\_\_ a Notary Public, duly commissioned and sworn, personally appeared \_\_\_\_\_

TO BE KNOWN TO BE THE IDENTICAL INDIVIDUALS MENTIONED AND WHO EXECUTED THE ABOVE PLAN AND ACKNOWLEDGED TO ME THAT THEY SIGNED THE SAME FREELY AND VOLUNTARILY FOR THE USES AND PURPOSES THEREIN SPECIFIED.

WITNESS MY HAND AND NOTARY SEAL THE DAY AND YEAR IN THIS CERTIFICATE FIRST HEREIN WRITTEN.

MY COMMISSION EXPIRES: \_\_\_\_\_

**CERTIFICATE OF PAYMENT OF TAXES**  
(STATE OF ALASKA)

NOTARY PUBLIC IN AND FOR THE STATE OF ALASKA

I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED, AND ASSESSOR FOR THE CITY & BOROUGH OF SITKA, HEREBY CERTIFY THAT ACCORDING TO THE RECORDS IN MY POSSESSION, THE FOLLOWING PROPERTY HAS BEEN ASSESSED AND IS CARRIED ON THE TAX RECORDS OF THE CITY & BOROUGH OF SITKA, IN THE NAME OF \_\_\_\_\_

AND THAT ACCORDING TO THE RECORDS IN MY POSSESSION, ALL TAXES ASSESSED AGAINST SAID LANDS AND IN FAVOR OF THE CITY & BOROUGH OF SITKA ARE PAID IN FULL THAT CURRENT DATE FOR THE YEAR 20\_\_\_\_ WILL BE DUE ON OR BEFORE AUGUST 31, 20\_\_\_\_ DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_

ASSESSOR, CITY AND BOROUGH OF SITKA \_\_\_\_\_

**CERTIFICATE OF APPROVAL BY THE BOARD**

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY & BOROUGH OF SITKA PLANNING BOARD, AND THAT SAID PLAT HAS BEEN APPROVED BY THE BOARD BY PLAT RESOLUTION NO. \_\_\_\_\_ DATED \_\_\_\_\_

HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT MAGISTRATE, EX OFFICIO RECORDER, SITKA, ALASKA.

DATE \_\_\_\_\_ CHAIRMAN, PLANNING BOARD \_\_\_\_\_

SECRETARY \_\_\_\_\_

**CERTIFICATE OF APPROVAL BY THE ASSEMBLY**

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS OF THE CITY & BOROUGH OF SITKA ASSEMBLY AS RECORDED IN MINUTE BOOK \_\_\_\_\_ PAGE \_\_\_\_\_ DATED \_\_\_\_\_ 20\_\_\_\_

AND THAT THE PLAT SHOWN HEREON HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE DISTRICT COURT, EX OFFICIO RECORDER, SITKA, ALASKA.

DATE \_\_\_\_\_ MAYOR \_\_\_\_\_

CITY AND BOROUGH CLERK \_\_\_\_\_

**CERTIFICATE OF PAYMENT OF LOCAL IMPROVEMENT DISTRICT**

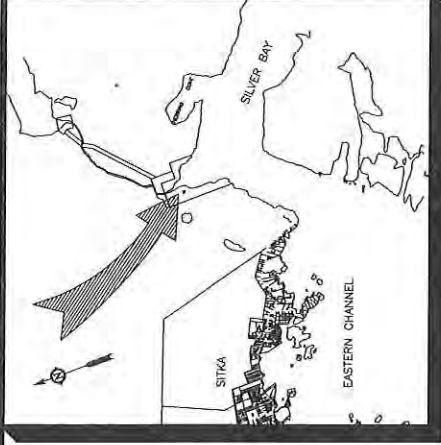
I, THE UNDERSIGNED, BEING DULY APPOINTED AND QUALIFIED, AND FINANCE DIRECTOR OF THE CITY & BOROUGH OF SITKA, DO HEREBY CERTIFY THAT, ACCORDING TO THE RECORDS OF THE CITY & BOROUGH OF SITKA, THE FOLLOWING RESORBED PROPERTY IS CARRIED ON THE RECORDS IN THE NAME OF \_\_\_\_\_

ALL LOTS ASSESSED AGAINST SAID LANDS AND IN FAVOR OF THE CITY & BOROUGH OF SITKA ARE PAID IN FULL.

DATED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_ 20\_\_\_\_

BY \_\_\_\_\_ AT SITKA, ALASKA.

FINANCE DIRECTOR  
CITY & BOROUGH OF SITKA



- LEGEND**
- PRIMARY CONTROL MONUMENT RECOVERED (BRASS CAP)
  - ⊕ BLK/GLD PRIMARY BRASS CAP RECOVERED
  - SECONDARY MONUMENT (SET)
  - SECONDARY MONUMENT (RECOVERED)
  - (R) RECORDED DATA
  - (C) COMPUTED DATA
  - (M) MEASURED DATA
- SPECIAL USE UTILITY EASEMENTS (SEE NOTE 2A)

**NOTES**

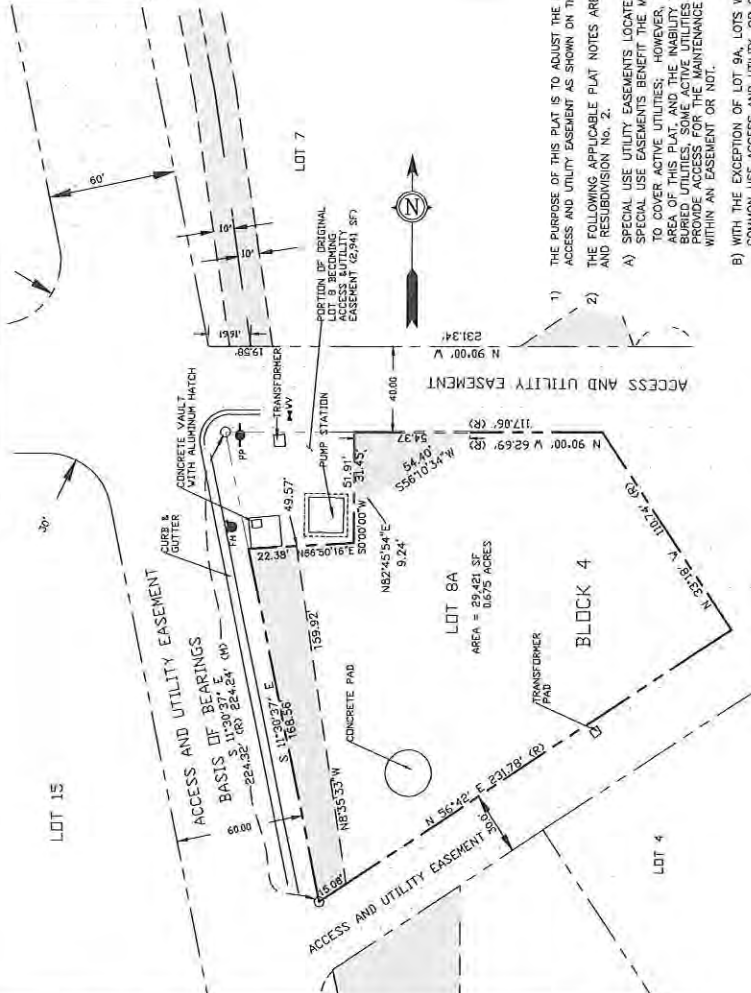
THE PURPOSE OF THIS PLAT IS TO ADJUST THE BOUNDARY LINES BETWEEN LOT 8 AND THE SURROUNDING ACCESS AND UTILITY EASEMENT AS SHOWN ON THIS DRAWING.

THE FOLLOWING APPLICABLE PLAT NOTES ARE COPIED FROM SAWMILL COVE INDUSTRIAL PARK RESUBDIVISION No. 1 AND RESUBDIVISION No. 2:

A) SPECIAL USE UTILITY EASEMENTS LOCATED WITHIN INDIVIDUAL PARCELS ARE SHOWN IN SHADED AREAS. THESE SPECIAL USE EASEMENTS BENEFIT THE MUNICIPALITY AND THE OWNERS WITHIN THE PARK. THEY ARE INTENDED TO COVER ACTIVE UTILITIES; HOWEVER, DUE TO THE COMPLEXITY OF EXISTING AND ABANDONED UTILITIES IN THE AREA, THE LOCATION OF SOME UTILITIES IS NOT KNOWN. THE CITY AND BOROUGH OF SITKA WILL BE RESPONSIBLE FOR THE MAINTENANCE AND REPLACEMENT OF ALL EXISTING ACTIVE UTILITIES WHETHER SHOWN OR NOT.

B) WITH THE EXCEPTION OF LOT 9A, LOTS WITHIN BLOCK 4 MAY BE SURROUNDED ON ONE OR SEVERAL SIDES BY COMMON USE UTILITY EASEMENTS AND THE OWNERS OF THESE EASEMENTS WILL BE REQUIRED BY THESE LOTS ARE INTENDED TO BE EXCLUSIVE OF THE EASEMENTS. EASEMENT OWNERSHIP WILL BE REVERSED BY THE CITY AND BOROUGH OF SITKA. THE MUNICIPALITY RESERVES THE RIGHT TO MODIFY LOT LINES AND/OR FURTHER RESUBDIVIDE THE PARCELS WITHIN THIS SUBDIVISION WITHOUT PRECONDITIONS FOLLOWING THE PROCEDURES IN SITKA GENERAL CODE TITLE 21, AS LONG AS ALL LOTS CONTINUE TO BE SERVED BY THE COMMON USE EASEMENTS.

C) THE COMMON USE EASEMENT CROSSING LOT 9A IS TO BE HELD IN FEE BY THE OWNERS OF LOT 9A. USE OF THAT EASEMENT WILL BE BY AGREEMENT WITH THE CITY AND BOROUGH OF SITKA.



**PRELIMINARY SURVEYOR'S CERTIFICATE**

DESIGNED BY: JENNIFER P. ENKELL  
DRAWN BY: JENNIFER P. ENKELL

CHECKED BY: \_\_\_\_\_  
DATE OF PLAT: 07/17/2008  
SCALE: 1" = 40'

DRAWING NUMBER: 0205  
PROJECT NUMBER: 30014-205

DATE: \_\_\_\_\_  
BY: \_\_\_\_\_  
REVISIONS: \_\_\_\_\_

RECORD OF REVISIONS

**RECORD OF REVISIONS**

NO.	DATE	REV.	DESCRIPTION OF CHANGE

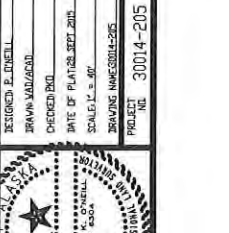
**SCIP LOT 8 LOT LINE ADJUSTMENT**

LOT 8, BLOCK 4  
SAWMILL COVE INDUSTRIAL PARK  
RESUBDIVISION No. 1 (PLAT 2008-27)

**PRELIMINARY SURVEYOR'S CERTIFICATE**

I HEREBY CERTIFY THAT I AM A REGISTERED SURVEYOR LICENSED IN THE STATE OF ALASKA AND THAT IN A SUPPORT OF THE CITY AND BOROUGH OF SITKA, HEREBY RECORDING UNDER MY DIRECT SUPERVISION AND THAT THIS PLAT IS A TRUE AND ACCURATE REPRESENTATION OF THE ACTUAL FIELD CONDITIONS AND THAT THE PLAT IS CORRECT ACCORDING TO SAID FIELD NOTES.

DATE: \_\_\_\_\_  
BY: \_\_\_\_\_  
PROJECT NUMBER: 30014-205



**RECORD OF REVISIONS**

NO.	DATE	REV.	DESCRIPTION OF CHANGE

**O'NEILL SURVEYING AND ENGINEERING**

BOX 18149 SITKA, ALASKA 99835  
PHONE: (907) 747-8700  
FAX: (907) 747-2580  
EMAIL: onellengr@aak.net

*REVISED* Memorandum of Understanding  
Between the State of Alaska and the City and Borough of Sitka  
Management Plan for Sawmill Cove Industrial Park  
(Former APC Mill Site)  
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

### **Introduction**

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

### **Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media**

**Restrictive Covenants** – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

**Reporting** – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

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May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

**Sawmill Cove – Future Construction Activities and Vessel Management**

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001.
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (–60') contour interval; follows the minus sixty foot (–60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.



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Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction – In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.

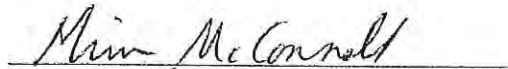
The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at [DEC.ICUNIT@alaska.gov](mailto:DEC.ICUNIT@alaska.gov) must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

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May 28, 2014



Larry Hartig, Commissioner  
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor  
City and Borough of Sitka

6/4/14  
Date



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Tuesday, November 24, 2020

## MEMORANDUM

To: Gary Paxton industrial Park Board of Directors (GPIP Board)  
From: Garry White, Director  
Subject: Northline Seafoods LLC Sublease request

### **Introduction**

Northline Seafoods LLC is requesting to sublease a portion of its lease area on Lot 4 and Lot 8 to Sitka Salmon Shares Alaska Holdings LLC.

Per section 9.2 of the Lot 4 lease agreement, the GPIP Board and Sitka Assembly needs to approve any sublease agreement.

### **Section 9.2 Limitations on Subleases.**

Lessee shall not sublease the Subject Property or any portion of it except with the approval of the GPIP Board of Directors and the Sitka Assembly, which approval shall not be unreasonably withheld.

Per Section 8.2 of the Lot 8 lease agreement, the GPIP Board needs to approve any sublease agreement.

### **Section 8.2 Limitations on Subleases.**

Lessee shall not sublease the Subject Property or any portion of it except with the approval of the GPIP Board of Directors and the Sitka Assembly, which approval shall not be unreasonably withheld.

### **Lot 4 Lease Terms**

Lot 4 lease – 26,031 SF Waterfront parcel containing a 6,900 SF building.

- Term is for 5 years, starting 09/01/2017;
- Rent is \$4,155/month;

- After 5 years, Northline can purchase the property at today's value of \$554,000 (2014 appraised value for building and footprint of 26,031 SF), contingent on the following:
  - Northline has 4 FTE making over \$36,000 annually at the time of sale.
  - CBS retains first right of refusal to purchase property in the event Northline wishes to sell the property.

*Northline is current on all lease terms and payments.*

### **Lot 8 Lease Terms**

Lot 8a Lease – 29,421 SF of raw land:

- Rent of \$1,147/month;
- Executed August 1st, 2017
- Term – month to month.

*Northline is current on all lease terms and payments.*

### **Action**

- GPIP Board approval and recommendation of the proposed sublease between Northline and Sitka Salmon Shares.



# Budget Performance Report

Fiscal Year to Date 11/24/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund <b>270 - Gary Paxton Industrial Park</b>										
REVENUE										
Division <b>300 - Revenue</b>										
Department <b>340 - Operating Revenue</b>										
<b>3442</b>										
3442.000	Moorage-Transient	30,000.00	.00	30,000.00	.00	.00	20,120.22	9,879.78	67	22,473.18
<b>3442 - Totals</b>		<b>\$30,000.00</b>	<b>\$0.00</b>	<b>\$30,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$20,120.22</b>	<b>\$9,879.78</b>	<b>67%</b>	<b>\$22,473.18</b>
<b>3473</b>										
3473.000	GPIP Dock Tariff Charges	7,000.00	.00	7,000.00	.00	.00	6,897.11	102.89	99	8,756.55
3473.001	Freight Storage	.00	.00	.00	.00	.00	.00	.00	+++	1,217.79
3473.005	Fuel Flowage	.00	.00	.00	833.34	.00	6,354.97	(6,354.97)	+++	5,014.37
<b>3473 - Totals</b>		<b>\$7,000.00</b>	<b>\$0.00</b>	<b>\$7,000.00</b>	<b>\$833.34</b>	<b>\$0.00</b>	<b>\$13,252.08</b>	<b>(\$6,252.08)</b>	<b>189%</b>	<b>\$14,988.71</b>
Department <b>340 - Operating Revenue Totals</b>		<b>\$37,000.00</b>	<b>\$0.00</b>	<b>\$37,000.00</b>	<b>\$833.34</b>	<b>\$0.00</b>	<b>\$33,372.30</b>	<b>\$3,627.70</b>	<b>90%</b>	<b>\$37,461.89</b>
Department <b>360 - Uses of Prop &amp; Investment</b>										
<b>3601</b>										
3601.000	Rent - Land	122,755.00	.00	122,755.00	984.68	.00	6,953.28	115,801.72	6	55,740.39
<b>3601 - Totals</b>		<b>\$122,755.00</b>	<b>\$0.00</b>	<b>\$122,755.00</b>	<b>\$984.68</b>	<b>\$0.00</b>	<b>\$6,953.28</b>	<b>\$115,801.72</b>	<b>6%</b>	<b>\$55,740.39</b>
<b>3602</b>										
3602.000	Rent - Building	.00	.00	.00	17,391.50	.00	51,342.18	(51,342.18)	+++	94,698.60
<b>3602 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$17,391.50</b>	<b>\$0.00</b>	<b>\$51,342.18</b>	<b>(\$51,342.18)</b>	<b>+++</b>	<b>\$94,698.60</b>
<b>3610</b>										
3610.000	Interest Income	12,000.00	.00	12,000.00	.00	.00	2,301.85	9,698.15	19	16,270.93
<b>3610 - Totals</b>		<b>\$12,000.00</b>	<b>\$0.00</b>	<b>\$12,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,301.85</b>	<b>\$9,698.15</b>	<b>19%</b>	<b>\$16,270.93</b>
<b>3612</b>										
3612.000	Change in FMV - Investmnt	.00	.00	.00	.00	.00	.00	.00	+++	16,833.00
<b>3612 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>+++</b>	<b>\$16,833.00</b>
Department <b>360 - Uses of Prop &amp; Investment Totals</b>		<b>\$134,755.00</b>	<b>\$0.00</b>	<b>\$134,755.00</b>	<b>\$18,376.18</b>	<b>\$0.00</b>	<b>\$60,597.31</b>	<b>\$74,157.69</b>	<b>45%</b>	<b>\$183,542.92</b>
Department <b>380 - Miscellaneous</b>										
<b>3807</b>										
3807.000	Miscellaneous	.00	.00	.00	.00	.00	5,134.69	(5,134.69)	+++	.00
<b>3807 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,134.69</b>	<b>(\$5,134.69)</b>	<b>+++</b>	<b>\$0.00</b>
Department <b>380 - Miscellaneous Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$5,134.69</b>	<b>(\$5,134.69)</b>	<b>+++</b>	<b>\$0.00</b>
Department <b>390 - Cash Basis Receipts</b>										
<b>3950</b>										
3950.173	Transfer In SCIP Conting	11,000.00	.00	11,000.00	.00	.00	1,797.99	9,202.01	16	11,811.79
3950.540	Transfer in from fund 540	30,000.00	.00	30,000.00	.00	.00	.00	30,000.00	0	30,000.00
3950.780	Transfer in GPIP Capital Project Fund	.00	.00	.00	.00	.00	.00	.00	+++	64,894.00
<b>3950 - Totals</b>		<b>\$41,000.00</b>	<b>\$0.00</b>	<b>\$41,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,797.99</b>	<b>\$39,202.01</b>	<b>4%</b>	<b>\$106,705.79</b>
Department <b>390 - Cash Basis Receipts Totals</b>		<b>\$41,000.00</b>	<b>\$0.00</b>	<b>\$41,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,797.99</b>	<b>\$39,202.01</b>	<b>4%</b>	<b>\$106,705.79</b>
Division <b>300 - Revenue Totals</b>		<b>\$212,755.00</b>	<b>\$0.00</b>	<b>\$212,755.00</b>	<b>\$19,209.52</b>	<b>\$0.00</b>	<b>\$100,902.29</b>	<b>\$111,852.71</b>	<b>47%</b>	<b>\$327,710.60</b>
<b>REVENUE TOTALS</b>		<b>\$212,755.00</b>	<b>\$0.00</b>	<b>\$212,755.00</b>	<b>\$19,209.52</b>	<b>\$0.00</b>	<b>\$100,902.29</b>	<b>\$111,852.71</b>	<b>47%</b>	<b>\$327,710.60</b>



# Budget Performance Report

Fiscal Year to Date 11/24/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund <b>270 - Gary Paxton Industrial Park</b>										
EXPENSE										
Division <b>600 - Operations</b>										
Department <b>630 - Operations</b>										
<b>5203</b>										
5203.001	Electric	20,000.00	.00	20,000.00	1,204.33	.00	6,792.87	13,207.13	34	16,089.23
5203.005	Heating Fuel	17,000.00	.00	17,000.00	.00	.00	.00	17,000.00	0	.00
<b>5203 - Totals</b>		<b>\$37,000.00</b>	<b>\$0.00</b>	<b>\$37,000.00</b>	<b>\$1,204.33</b>	<b>\$0.00</b>	<b>\$6,792.87</b>	<b>\$30,207.13</b>	<b>18%</b>	<b>\$16,089.23</b>
<b>5204</b>										
5204.000	Telephone	1,200.00	.00	1,200.00	219.67	.00	569.18	630.82	47	1,414.33
<b>5204 - Totals</b>		<b>\$1,200.00</b>	<b>\$0.00</b>	<b>\$1,200.00</b>	<b>\$219.67</b>	<b>\$0.00</b>	<b>\$569.18</b>	<b>\$630.82</b>	<b>47%</b>	<b>\$1,414.33</b>
<b>5205</b>										
5205.000	Insurance	22,505.00	.00	22,505.00	1,738.11	.00	8,690.55	13,814.45	39	22,059.09
<b>5205 - Totals</b>		<b>\$22,505.00</b>	<b>\$0.00</b>	<b>\$22,505.00</b>	<b>\$1,738.11</b>	<b>\$0.00</b>	<b>\$8,690.55</b>	<b>\$13,814.45</b>	<b>39%</b>	<b>\$22,059.09</b>
<b>5207</b>										
5207.000	Repairs & Maintenance	15,000.00	.00	15,000.00	.00	.00	.00	15,000.00	0	.00
<b>5207 - Totals</b>		<b>\$15,000.00</b>	<b>\$0.00</b>	<b>\$15,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$15,000.00</b>	<b>0%</b>	<b>\$0.00</b>
<b>5208</b>										
5208.000	Bldg Repair & Maint	.00	.00	.00	.00	.00	.00	.00	+++	469.98
<b>5208 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>+++</b>	<b>\$469.98</b>
<b>5212</b>										
5212.000	Contracted/Purchased Serv	112,725.00	.00	112,725.00	.00	.00	45,000.00	67,725.00	40	96,623.43
<b>5212 - Totals</b>		<b>\$112,725.00</b>	<b>\$0.00</b>	<b>\$112,725.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$45,000.00</b>	<b>\$67,725.00</b>	<b>40%</b>	<b>\$96,623.43</b>
<b>5214</b>										
5214.000	Interdepartment Services	64,944.00	.00	64,944.00	4,995.33	.00	24,976.65	39,967.35	38	70,121.76
<b>5214 - Totals</b>		<b>\$64,944.00</b>	<b>\$0.00</b>	<b>\$64,944.00</b>	<b>\$4,995.33</b>	<b>\$0.00</b>	<b>\$24,976.65</b>	<b>\$39,967.35</b>	<b>38%</b>	<b>\$70,121.76</b>
<b>5223</b>										
5223.000	Tools & Small Equipment	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0	.00
<b>5223 - Totals</b>		<b>\$1,000.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>0%</b>	<b>\$0.00</b>
<b>5225</b>										
5225.000	Legal Expenditures	.00	.00	.00	.00	.00	522.00	(522.00)	+++	30,208.40
<b>5225 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$522.00</b>	<b>(\$522.00)</b>	<b>+++</b>	<b>\$30,208.40</b>
<b>5226</b>										
5226.000	Advertising	2,500.00	.00	2,500.00	.00	.00	.00	2,500.00	0	.00
<b>5226 - Totals</b>		<b>\$2,500.00</b>	<b>\$0.00</b>	<b>\$2,500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$2,500.00</b>	<b>0%</b>	<b>\$0.00</b>
<b>5230</b>										
5230.000	Bad Debts	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0	2,146.97
<b>5230 - Totals</b>		<b>\$1,000.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>0%</b>	<b>\$2,146.97</b>
<b>5231</b>										
5231.000	Credit Card Expense	500.00	.00	500.00	.00	.00	308.82	191.18	62	1,072.47
<b>5231 - Totals</b>		<b>\$500.00</b>	<b>\$0.00</b>	<b>\$500.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$308.82</b>	<b>\$191.18</b>	<b>62%</b>	<b>\$1,072.47</b>



# Budget Performance Report

Fiscal Year to Date 11/24/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund <b>270 - Gary Paxton Industrial Park</b>										
EXPENSE										
Division <b>600 - Operations</b>										
Department <b>630 - Operations</b>										
<b>5290</b>										
5290.000	Other Expenses	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0	1,031.56
<b>5290 - Totals</b>		<b>\$1,000.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,000.00</b>	<b>0%</b>	<b>\$1,031.56</b>
Department <b>630 - Operations Totals</b>		<b>\$259,374.00</b>	<b>\$0.00</b>	<b>\$259,374.00</b>	<b>\$8,157.44</b>	<b>\$0.00</b>	<b>\$86,860.07</b>	<b>\$172,513.93</b>	<b>33%</b>	<b>\$241,237.22</b>
Division <b>600 - Operations Totals</b>		<b>\$259,374.00</b>	<b>\$0.00</b>	<b>\$259,374.00</b>	<b>\$8,157.44</b>	<b>\$0.00</b>	<b>\$86,860.07</b>	<b>\$172,513.93</b>	<b>33%</b>	<b>\$241,237.22</b>
Division <b>640 - Depreciation/Amortization</b>										
<b>6101</b>										
6101.000	Amortization	24,660.00	.00	24,660.00	.00	.00	8,220.08	16,439.92	33	24,660.24
<b>6101 - Totals</b>		<b>\$24,660.00</b>	<b>\$0.00</b>	<b>\$24,660.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$8,220.08</b>	<b>\$16,439.92</b>	<b>33%</b>	<b>\$24,660.24</b>
<b>6201</b>										
6201.000	Depreciation-Land Improve	144,725.00	.00	144,725.00	.00	.00	48,420.80	96,304.20	33	145,262.41
<b>6201 - Totals</b>		<b>\$144,725.00</b>	<b>\$0.00</b>	<b>\$144,725.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$48,420.80</b>	<b>\$96,304.20</b>	<b>33%</b>	<b>\$145,262.41</b>
<b>6202</b>										
6202.000	Depreciation-Plants	62,520.00	.00	62,520.00	.00	.00	20,840.04	41,679.96	33	62,520.24
<b>6202 - Totals</b>		<b>\$62,520.00</b>	<b>\$0.00</b>	<b>\$62,520.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$20,840.04</b>	<b>\$41,679.96</b>	<b>33%</b>	<b>\$62,520.24</b>
<b>6203</b>										
6203.000	Depreciation-Harbors	189,219.00	.00	189,219.00	.00	.00	63,343.68	125,875.32	33	190,031.33
<b>6203 - Totals</b>		<b>\$189,219.00</b>	<b>\$0.00</b>	<b>\$189,219.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$63,343.68</b>	<b>\$125,875.32</b>	<b>33%</b>	<b>\$190,031.33</b>
<b>6205</b>										
6205.000	Depreciation-Buildings	11,540.00	.00	11,540.00	.00	.00	3,846.84	7,693.16	33	11,540.64
<b>6205 - Totals</b>		<b>\$11,540.00</b>	<b>\$0.00</b>	<b>\$11,540.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$3,846.84</b>	<b>\$7,693.16</b>	<b>33%</b>	<b>\$11,540.64</b>
Division <b>640 - Depreciation/Amortization Totals</b>		<b>\$432,664.00</b>	<b>\$0.00</b>	<b>\$432,664.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$144,671.44</b>	<b>\$287,992.56</b>	<b>33%</b>	<b>\$434,014.86</b>
Division <b>650 - Debt Payments</b>										
<b>5295</b>										
5295.000	Interest Expense	1,618.00	.00	1,618.00	.00	.00	.00	1,618.00	0	3,235.84
<b>5295 - Totals</b>		<b>\$1,618.00</b>	<b>\$0.00</b>	<b>\$1,618.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$1,618.00</b>	<b>0%</b>	<b>\$3,235.84</b>
<b>7301</b>										
7301.000	Note Principal Payments	49,783.00	.00	49,783.00	.00	.00	.00	49,783.00	0	.00
<b>7301 - Totals</b>		<b>\$49,783.00</b>	<b>\$0.00</b>	<b>\$49,783.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$49,783.00</b>	<b>0%</b>	<b>\$0.00</b>
Division <b>650 - Debt Payments Totals</b>		<b>\$51,401.00</b>	<b>\$0.00</b>	<b>\$51,401.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$51,401.00</b>	<b>0%</b>	<b>\$3,235.84</b>
Division <b>680 - Transfers Between Funds</b>										
<b>7200</b>										
7200.000	Interfund Transfers Out	.00	.00	.00	.00	.00	10,060.11	(10,060.11)	+++	11,236.58
<b>7200 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,060.11</b>	<b>(\$10,060.11)</b>	<b>+++</b>	<b>\$11,236.58</b>
Division <b>680 - Transfers Between Funds Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$10,060.11</b>	<b>(\$10,060.11)</b>	<b>+++</b>	<b>\$11,236.58</b>
<b>EXPENSE TOTALS</b>		<b>\$743,439.00</b>	<b>\$0.00</b>	<b>\$743,439.00</b>	<b>\$8,157.44</b>	<b>\$0.00</b>	<b>\$241,591.62</b>	<b>\$501,847.38</b>	<b>32%</b>	<b>\$689,724.50</b>



# Budget Performance Report

Fiscal Year to Date 11/24/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd	Prior Year Total
Fund	<b>270 - Gary Paxton Industrial Park</b> Totals									
	REVENUE TOTALS	212,755.00	.00	212,755.00	19,209.52	.00	100,902.29	111,852.71	47%	327,710.60
	EXPENSE TOTALS	743,439.00	.00	743,439.00	8,157.44	.00	241,591.62	501,847.38	32%	689,724.50
Fund	<b>270 - Gary Paxton Industrial Park</b> Totals	(\$530,684.00)	\$0.00	(\$530,684.00)	\$11,052.08	\$0.00	(\$140,689.33)	(\$389,994.67)		(\$362,013.90)
	Grand Totals									
	REVENUE TOTALS	212,755.00	.00	212,755.00	19,209.52	.00	100,902.29	111,852.71	47%	327,710.60
	EXPENSE TOTALS	743,439.00	.00	743,439.00	8,157.44	.00	241,591.62	501,847.38	32%	689,724.50
	Grand Totals	(\$530,684.00)	\$0.00	(\$530,684.00)	\$11,052.08	\$0.00	(\$140,689.33)	(\$389,994.67)		(\$362,013.90)





# Budget Performance Report

Date Range 07/01/19 - 06/30/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
Fund <b>270 - Gary Paxton Industrial Park</b>									
REVENUE									
Division <b>300 - Revenue</b>									
Department <b>340 - Operating Revenue</b>									
<b>3442</b>									
3442.000	Moorage-Transient	10,000.00	.00	10,000.00	3,743.69	.00	22,473.18	(12,473.18)	225
<b>3442 - Totals</b>		<b>\$10,000.00</b>	<b>\$0.00</b>	<b>\$10,000.00</b>	<b>\$3,743.69</b>	<b>\$0.00</b>	<b>\$22,473.18</b>	<b>(\$12,473.18)</b>	<b>225%</b>
<b>3473</b>									
3473.000	GPIP Dock Tariff Charges	10,000.00	.00	10,000.00	2,520.16	.00	8,756.55	1,243.45	88
3473.001	Freight Storage	.00	.00	.00	144.75	.00	1,217.79	(1,217.79)	+++
3473.005	Fuel Flowage	.00	.00	.00	833.34	.00	5,014.37	(5,014.37)	+++
<b>3473 - Totals</b>		<b>\$10,000.00</b>	<b>\$0.00</b>	<b>\$10,000.00</b>	<b>\$3,498.25</b>	<b>\$0.00</b>	<b>\$14,988.71</b>	<b>(\$4,988.71)</b>	<b>150%</b>
Department <b>340 - Operating Revenue Totals</b>		<b>\$20,000.00</b>	<b>\$0.00</b>	<b>\$20,000.00</b>	<b>\$7,241.94</b>	<b>\$0.00</b>	<b>\$37,461.89</b>	<b>(\$17,461.89)</b>	<b>187%</b>
Department <b>360 - Uses of Prop &amp; Investment</b>									
<b>3601</b>									
3601.000	Rent - Land	151,450.00	.00	151,450.00	1,415.50	.00	55,740.39	95,709.61	37
<b>3601 - Totals</b>		<b>\$151,450.00</b>	<b>\$0.00</b>	<b>\$151,450.00</b>	<b>\$1,415.50</b>	<b>\$0.00</b>	<b>\$55,740.39</b>	<b>\$95,709.61</b>	<b>37%</b>
<b>3602</b>									
3602.000	Rent - Building	.00	.00	.00	16,975.34	.00	94,698.60	(94,698.60)	+++
<b>3602 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,975.34</b>	<b>\$0.00</b>	<b>\$94,698.60</b>	<b>(\$94,698.60)</b>	<b>+++</b>
<b>3610</b>									
3610.000	Interest Income	22,000.00	.00	22,000.00	1,150.23	.00	16,270.93	5,729.07	74
<b>3610 - Totals</b>		<b>\$22,000.00</b>	<b>\$0.00</b>	<b>\$22,000.00</b>	<b>\$1,150.23</b>	<b>\$0.00</b>	<b>\$16,270.93</b>	<b>\$5,729.07</b>	<b>74%</b>
<b>3612</b>									
3612.000	Change in FMV - Investmnt	.00	.00	.00	16,833.00	.00	16,833.00	(16,833.00)	+++
<b>3612 - Totals</b>		<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$16,833.00</b>	<b>\$0.00</b>	<b>\$16,833.00</b>	<b>(\$16,833.00)</b>	<b>+++</b>
Department <b>360 - Uses of Prop &amp; Investment Totals</b>		<b>\$173,450.00</b>	<b>\$0.00</b>	<b>\$173,450.00</b>	<b>\$36,374.07</b>	<b>\$0.00</b>	<b>\$183,542.92</b>	<b>(\$10,092.92)</b>	<b>106%</b>
Department <b>390 - Cash Basis Receipts</b>									
<b>3950</b>									
3950.173	Transfer In SCIP Conting	11,000.00	.00	11,000.00	869.66	.00	11,811.79	(811.79)	107
3950.540	Transfer in from fund 540	30,000.00	.00	30,000.00	.00	.00	30,000.00	.00	100
3950.780	Transfer in GPIP Capital Project Fund	.00	.00	.00	64,894.00	.00	64,894.00	(64,894.00)	+++
<b>3950 - Totals</b>		<b>\$41,000.00</b>	<b>\$0.00</b>	<b>\$41,000.00</b>	<b>\$65,763.66</b>	<b>\$0.00</b>	<b>\$106,705.79</b>	<b>(\$65,705.79)</b>	<b>260%</b>
Department <b>390 - Cash Basis Receipts Totals</b>		<b>\$41,000.00</b>	<b>\$0.00</b>	<b>\$41,000.00</b>	<b>\$65,763.66</b>	<b>\$0.00</b>	<b>\$106,705.79</b>	<b>(\$65,705.79)</b>	<b>260%</b>
Division <b>300 - Revenue Totals</b>		<b>\$234,450.00</b>	<b>\$0.00</b>	<b>\$234,450.00</b>	<b>\$109,379.67</b>	<b>\$0.00</b>	<b>\$327,710.60</b>	<b>(\$93,260.60)</b>	<b>140%</b>
<b>REVENUE TOTALS</b>		<b>\$234,450.00</b>	<b>\$0.00</b>	<b>\$234,450.00</b>	<b>\$109,379.67</b>	<b>\$0.00</b>	<b>\$327,710.60</b>	<b>(\$93,260.60)</b>	<b>140%</b>
EXPENSE									
Division <b>600 - Operations</b>									
Department <b>630 - Operations</b>									
<b>5203</b>									
5203.001	Electric	.00	34,000.00	34,000.00	2,199.57	.00	16,089.23	17,910.77	47



# Budget Performance Report

Date Range 07/01/19 - 06/30/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
Fund <b>270 - Gary Paxton Industrial Park</b>									
EXPENSE									
Division <b>600 - Operations</b>									
Department <b>630 - Operations</b>									
<b>5203 - Totals</b>		\$0.00	\$34,000.00	\$34,000.00	\$2,199.57	\$0.00	\$16,089.23	\$17,910.77	47%
<b>5204</b>									
5204.000	Telephone	1,200.00	.00	1,200.00	232.14	.00	1,414.33	(214.33)	118
<b>5204 - Totals</b>		\$1,200.00	\$0.00	\$1,200.00	\$232.14	\$0.00	\$1,414.33	(\$214.33)	118%
<b>5205</b>									
5205.000	Insurance	17,771.00	.00	17,771.00	1,875.39	.00	22,059.09	(4,288.09)	124
<b>5205 - Totals</b>		\$17,771.00	\$0.00	\$17,771.00	\$1,875.39	\$0.00	\$22,059.09	(\$4,288.09)	124%
<b>5207</b>									
5207.000	Repairs & Maintenance	15,000.00	.00	15,000.00	.00	.00	.00	15,000.00	0
<b>5207 - Totals</b>		\$15,000.00	\$0.00	\$15,000.00	\$0.00	\$0.00	\$0.00	\$15,000.00	0%
<b>5208</b>									
5208.000	Bldg Repair & Maint	5,000.00	.00	5,000.00	110.46	.00	469.98	4,530.02	9
<b>5208 - Totals</b>		\$5,000.00	\$0.00	\$5,000.00	\$110.46	\$0.00	\$469.98	\$4,530.02	9%
<b>5212</b>									
5212.000	Contracted/Purchased Serv	113,725.00	.00	113,725.00	50.00	.00	96,623.43	17,101.57	85
<b>5212 - Totals</b>		\$113,725.00	\$0.00	\$113,725.00	\$50.00	\$0.00	\$96,623.43	\$17,101.57	85%
<b>5214</b>									
5214.000	Interdepartment Services	67,738.00	.00	67,738.00	6,857.59	.00	70,121.76	(2,383.76)	104
<b>5214 - Totals</b>		\$67,738.00	\$0.00	\$67,738.00	\$6,857.59	\$0.00	\$70,121.76	(\$2,383.76)	104%
<b>5223</b>									
5223.000	Tools & Small Equipment	1,000.00	.00	1,000.00	.00	.00	.00	1,000.00	0
<b>5223 - Totals</b>		\$1,000.00	\$0.00	\$1,000.00	\$0.00	\$0.00	\$0.00	\$1,000.00	0%
<b>5225</b>									
5225.000	Legal Expenditures	.00	30,224.00	30,224.00	39.00	.00	30,208.40	15.60	100
<b>5225 - Totals</b>		\$0.00	\$30,224.00	\$30,224.00	\$39.00	\$0.00	\$30,208.40	\$15.60	100%
<b>5226</b>									
5226.000	Advertising	2,500.00	.00	2,500.00	.00	.00	.00	2,500.00	0
<b>5226 - Totals</b>		\$2,500.00	\$0.00	\$2,500.00	\$0.00	\$0.00	\$0.00	\$2,500.00	0%
<b>5230</b>									
5230.000	Bad Debts	.00	.00	.00	.00	.00	2,146.97	(2,146.97)	+++
<b>5230 - Totals</b>		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$2,146.97	(\$2,146.97)	+++
<b>5231</b>									
5231.000	Credit Card Expense	500.00	.00	500.00	117.58	.00	1,072.47	(572.47)	214
<b>5231 - Totals</b>		\$500.00	\$0.00	\$500.00	\$117.58	\$0.00	\$1,072.47	(\$572.47)	214%
<b>5290</b>									
5290.000	Other Expenses	1,000.00	.00	1,000.00	1,031.56	.00	1,031.56	(31.56)	103
<b>5290 - Totals</b>		\$1,000.00	\$0.00	\$1,000.00	\$1,031.56	\$0.00	\$1,031.56	(\$31.56)	103%



# Budget Performance Report

Date Range 07/01/19 - 06/30/20

Include Rollup Account and Rollup to Account

Account	Account Description	Adopted Budget	Budget Amendments	Amended Budget	Current Month Transactions	YTD Encumbrances	YTD Transactions	Budget - YTD Transactions	% Used/ Rec'd
Fund <b>270 - Gary Paxton Industrial Park</b>									
EXPENSE									
Division <b>600 - Operations</b>									
	Department <b>630 - Operations</b> Totals	\$225,434.00	\$64,224.00	\$289,658.00	\$12,513.29	\$0.00	\$241,237.22	\$48,420.78	83%
	Division <b>600 - Operations</b> Totals	\$225,434.00	\$64,224.00	\$289,658.00	\$12,513.29	\$0.00	\$241,237.22	\$48,420.78	83%
Division <b>640 - Depreciation/Amortization</b>									
<b>6101</b>									
6101.000	Amortization	24,660.00	.00	24,660.00	2,055.02	.00	24,660.24	(.24)	100
	<b>6101 - Totals</b>	\$24,660.00	\$0.00	\$24,660.00	\$2,055.02	\$0.00	\$24,660.24	(\$0.24)	100%
<b>6201</b>									
6201.000	Depreciation-Land Improve	140,466.00	.00	140,466.00	12,597.46	.00	145,262.41	(4,796.41)	103
	<b>6201 - Totals</b>	\$140,466.00	\$0.00	\$140,466.00	\$12,597.46	\$0.00	\$145,262.41	(\$4,796.41)	103%
<b>6202</b>									
6202.000	Depreciation-Plants	62,520.00	.00	62,520.00	5,210.02	.00	62,520.24	(.24)	100
	<b>6202 - Totals</b>	\$62,520.00	\$0.00	\$62,520.00	\$5,210.02	\$0.00	\$62,520.24	(\$0.24)	100%
<b>6203</b>									
6203.000	Depreciation-Harbors	94,610.00	94,610.00	189,220.00	16,579.59	.00	190,031.33	(811.33)	100
	<b>6203 - Totals</b>	\$94,610.00	\$94,610.00	\$189,220.00	\$16,579.59	\$0.00	\$190,031.33	(\$811.33)	100%
<b>6205</b>									
6205.000	Depreciation-Buildings	12.00	.00	12.00	961.72	.00	11,540.64	(11,528.64)	96172
	<b>6205 - Totals</b>	\$12.00	\$0.00	\$12.00	\$961.72	\$0.00	\$11,540.64	(\$11,528.64)	96172%
	Division <b>640 - Depreciation/Amortization</b> Totals	\$322,268.00	\$94,610.00	\$416,878.00	\$37,403.81	\$0.00	\$434,014.86	(\$17,136.86)	104%
Division <b>650 - Debt Payments</b>									
<b>5295</b>									
5295.000	Interest Expense	3,236.00	.00	3,236.00	3,235.84	.00	3,235.84	.16	100
	<b>5295 - Totals</b>	\$3,236.00	\$0.00	\$3,236.00	\$3,235.84	\$0.00	\$3,235.84	\$0.16	100%
<b>7301</b>									
7301.000	Note Principal Payments	49,783.00	.00	49,783.00	.00	.00	.00	49,783.00	0
	<b>7301 - Totals</b>	\$49,783.00	\$0.00	\$49,783.00	\$0.00	\$0.00	\$0.00	\$49,783.00	0%
	Division <b>650 - Debt Payments</b> Totals	\$53,019.00	\$0.00	\$53,019.00	\$3,235.84	\$0.00	\$3,235.84	\$49,783.16	6%
Division <b>680 - Transfers Between Funds</b>									
<b>7200</b>									
7200.000	Interfund Transfers Out	.00	.00	.00	1,871.84	.00	11,236.58	(11,236.58)	+++
	<b>7200 - Totals</b>	\$0.00	\$0.00	\$0.00	\$1,871.84	\$0.00	\$11,236.58	(\$11,236.58)	+++
	Division <b>680 - Transfers Between Funds</b> Totals	\$0.00	\$0.00	\$0.00	\$1,871.84	\$0.00	\$11,236.58	(\$11,236.58)	+++
	<b>EXPENSE TOTALS</b>	\$600,721.00	\$158,834.00	\$759,555.00	\$55,024.78	\$0.00	\$689,724.50	\$69,830.50	91%
Fund <b>270 - Gary Paxton Industrial Park</b> Totals									
	<b>REVENUE TOTALS</b>	234,450.00	.00	234,450.00	109,379.67	.00	327,710.60	(93,260.60)	140%
	<b>EXPENSE TOTALS</b>	600,721.00	158,834.00	759,555.00	55,024.78	.00	689,724.50	69,830.50	91%
	Fund <b>270 - Gary Paxton Industrial Park</b> Totals	(\$366,271.00)	(\$158,834.00)	(\$525,105.00)	\$54,354.89	\$0.00	(\$362,013.90)	(\$163,091.10)	



# Budget Performance Report

Date Range 07/01/19 - 06/30/20

Include Rollup Account and Rollup to Account

Grand Totals									
REVENUE TOTALS	234,450.00	.00	234,450.00	109,379.67	.00	327,710.60	(93,260.60)	140%	
EXPENSE TOTALS	600,721.00	158,834.00	759,555.00	55,024.78	.00	689,724.50	69,830.50	91%	
Grand Totals	(\$366,271.00)	(\$158,834.00)	(\$525,105.00)	\$54,354.89	\$0.00	(\$362,013.90)	(\$163,091.10)		




<b>Operating Budget</b>	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016
Category	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
Salaries & Benefits	\$26,496	\$36,906	\$12,043	\$0	\$0	\$92,902	\$64,237	
Travel and Training	\$0	\$0		\$0	\$0			
Utilities	\$14,205	\$16,672	\$21,987	\$23,901	\$18,356	\$33,478	\$24,449	\$26,784
Heating Fuel	\$21,933	\$16,655	\$30,772	\$22,414	\$25,718	\$24,208	\$21,020	\$18,277
Telephone	\$3,280	\$3,739	\$4,016	\$3,560	\$4,560	\$5,685	\$4,750	\$3,935
Insurance	\$86,562	\$63,932	\$51,682	\$34,812	\$18,697	\$20,307	\$20,766	\$5,915
Office Supplies	\$3,698	\$680	\$808	\$2,484	\$1,296	\$2,930	\$0	\$0
Wastewater lab supplies					\$0	\$0	\$0	\$0
Repair and maintenance	\$28	\$4,933	\$1,080	\$0	\$1,542	\$0	\$0	\$0
Building maintenance	\$9,537	\$4,106	\$15,260	\$13,236	\$31,425	\$20,865	\$21,210	\$12,558
MIS Fees	\$0	\$0	\$3,707	\$3,732	\$3,732	\$3,700	\$3,737	\$3,732
Contract services	\$97,218	\$85,932	\$86,415	\$231,606	\$86,438	\$94,178	\$124,599	\$138,857
landfill testing								
ADEC oversight								
SEDA contract								
road maintenance								
snow removal								
Janitorial								
electrician								
surveyor								
wastewater testing								
sprinkler/alarm								
stormwater testing								
audit fees								
dock management								
Interdepartmental services	\$96,007	\$86,366	\$81,673	\$78,082	\$72,224	\$58,268	\$48,009	\$38,973
Legal Fees								
Bad Debts								
Vehicles	\$4,553	\$3,912	\$3,913	\$3,914	\$670	\$0	\$0	\$0
Tools/small equipment	\$1,743	\$620	\$0	\$0	\$0	\$0	\$20	\$0
Advertising	\$1,002	\$492	\$0	\$4,501	\$3,114	\$773	\$4,000	\$2,176
Credit card expense	\$79	\$0	\$16	\$27	\$154	\$233	\$480	\$424
Interest Expense				\$13,085	\$14,561	\$12,943	\$11,325	\$9,708

Note Princial Payment								
Other Expense		\$17	\$7,840	\$0	-\$148,178	\$958	\$1,523	\$0
<b>Total Operating Budget</b>	<b>\$366,341</b>	<b>\$324,962</b>	<b>\$321,212</b>	<b>\$435,354</b>	<b>\$134,309</b>	<b>\$371,428</b>	<b>\$350,125</b>	<b>\$261,339</b>



FY2017	FY2018	FY2019	FY2020	F2021	FY20201	FY2022
Actual	Actual	Actual	Actual	Budget	YTD	Budget
\$0						
\$21,826	\$18,667	\$20,105	\$16,089	\$0	\$6,793	\$16,000
\$16,600	\$16,336	\$17,320	\$0	\$0		\$0
\$1,121	\$1,294	\$1,383	\$1,414	\$0	\$570	\$1,400
\$6,163	\$9,770	\$16,906	\$22,059	\$18,000	\$8,691	\$22,000
\$5,657	\$0	\$32	\$0	\$0		\$0
	\$0	\$0	\$0	\$0		\$0
\$0	\$0	\$0	\$0	\$15,000		\$15,000
\$9,883	\$6,125	\$4,061	\$470	\$0		\$1,000
\$0	\$0	\$0	\$0	\$0		\$0
\$146,074	\$97,171	\$95,445	\$96,623	\$111,225	\$45,000	\$112,725
				\$3,600		\$3,600
				\$1,500		\$1,500
				\$90,000		\$90,000
				\$3,000		\$3,000
				\$3,000		\$3,000
				\$0		\$0
				\$3,000		\$3,000
				\$5,000		\$5,000
				\$0		\$0
				\$0		\$0
				\$1,000		\$1,000
				\$2,625		\$2,625
				\$0		\$0
\$42,188	\$36,520	\$73,191	\$70,122	\$65,000	\$24,977	\$65,000
		\$5,276	\$30,208		\$522	\$2,500
		\$39,958	\$2,147			\$0
\$0	\$0	\$0	\$0	\$0		\$0
\$0	\$0	\$0	\$0	\$1,000		\$1,000
\$0	\$651	\$202	\$0	\$2,500		\$2,500
\$384	\$549	\$685	\$1,072	\$500	\$309	\$1,250
\$8,090	\$6,472	\$4,854	\$3,236	\$1,618		\$0

\$49,783	\$49,783	\$0	\$0	\$49,783		\$0
\$810	\$683	\$85	\$1,032	\$1,000		\$1,000
<b>\$308,579</b>	<b>\$244,021</b>	<b>\$279,503</b>	<b>\$244,472</b>	<b>\$265,626</b>	<b>\$86,862</b>	<b>\$241,375</b>



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Monday, November 23rd, 2020

MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors  
From: Garry White, Director  
Subject: FY2022 GPIP Enterprise Budget

**Introduction**

Section 2.38.150 of the Sitka General Code states the following:

**2.38.150 Preparation and submission of a budget.**

The director shall prepare the budget in accordance with approved city and borough procedure and format and shall submit it to the board of directors for approval and recommendation to the assembly. The board of directors shall modify the budget as it deems necessary and forward it to the municipal administrator for transmittal to the assembly. The board shall annually prepare and submit to the municipal administrator a proposed six-year capital improvements program for submittal to and consideration by the assembly. (Ord. 00-1568 § 4 (part), 2000.)

**Additional Information**

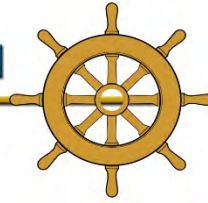
Attached is the following:

- Estimated revenues for FY2022 – dock and uplands
- Draft FY2022 budget

**Action**

- Board discussion and approval of FY2022 budget.

**GARY PAXTON**  
**INDUSTRIAL PARK**



Gary Paxton Industrial Park  
Marine Repair Facility

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# **Policies & Best Management Practices**

*Revised*  
*October 7, 2015*

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## FACILITY INTRODUCTION

The mission of the GPIP Port is to provide safe port facilities for the clients and the general public, to manage and maintain these facilities cost effectively, and to administer our Tariff and procedures fairly and equitably for all users.

The policies and best management practices detailed in this document are the backbone of GPIP's Marine Repair Facility, and apply to vessel owners, service providers, and vendors. We understand the value in being able to haul-out a vessel, and want to ensure it is done as efficient and productive as possible, while preventing/eliminating air, water and soil contamination. Please read this document carefully, since you will sign a document that states you will comply.

**Operational Structure:** The GPIP Marine Repair Facility is being managed as an "Open Yard" facility, meaning that the vessel owner is responsible for the actual work being performed on their vessel. The CBS and Borough (CBS) is simply facilitating the opportunity for haul-out and uplands use, and are not responsible for the finished product. This management structure gives the vessel owner the opportunity to manage their project from start-to-finish, contracting with vendors from the Approved Vendor List (provided by the CBS), or by using their own crew to make the repairs necessary for vessel maintenance.

### **Vessel owners are responsible for:**

- **All work** on their vessels, including haul-out, block, and launch activities
- **Hiring** only vendors that are on the CBS's list of "approved vendors"
- **Cleanliness** and safety of the immediate area surrounding their vessel
- **Security** of their vessel
- **Safety** of crew and vendors at their vessel's work site
- **Complying** with CBS policy contained herein including compliance of their vendors and crew

**Hours of Operation:** Vessel haul-outs shall be scheduled with the GPIP Port Director during normal business hours, Monday through Friday 9:00am - 5:00pm, unless extenuating circumstances dictate otherwise. During normal business hours, CBS staff can be reached at the Sitka Harbor Office and make regular inspections of the facility. During non-business hours, CBS staff will not be present except for random patrols of the boatyard.

As an "open yard", the Marine Repair Facility does not close; vessel owners are responsible for setting the working hours for their crews and contracted vendors. For safety purposes, the GPIP Port Director advises users of the facility to consider: A) the lack of daylight during winter months, B) providing adequate lighting, and C) that vendors are in agreement with the vessel owner on what hours are suitable. Timing of haul-out activities will be determined by the vessel owner, the haul-out service provider they choose, and tidal restrictions.

**Security:** Because the yard is an "open facility", vessel owners and vendors are responsible for their own security. When not actively working on a vessel, all tools, paints, and other materials must be secured to prevent theft, vandalism, and accidents. Harbor Officers will periodically patrol the yard during non-business hours and report obvious conditions that require owner attention.

**Concerns/Issues:** The GPIP Port Director encourage all questions, comments, and concerns pertaining to the Marine Repair Facility. Please contact the GPIP Port Director with these issues and we shall work with you.

## LEGAL NOTICES

**The CBS Agrees:** to provide dry dockage space to vessel owners under a User Agreement for the purpose of vessel repairs, maintenance, and inspections per a GPIP Port Director-approved work plan. Further, the CBS agrees to provide contractors, service providers, and vendors the opportunity to work in the Marine Repair Facility under a Vendor Agreement, of which will place vendors on the Approved Vendor List. The list shall be available on the CBS website and given to all vessel owners utilizing the facility.

**Responsibility:** The CBS does not accept the vessel, its tackle, fixtures, equipment, gear, or furnishings for storage or safekeeping belonging to either the owner or vendor. Nor does the CBS accept any responsibility for vendor supplies, their laborers/employees, equipment, and personnel that the vessel owner may organize or contract. The CBS shall not be responsible for lost fishing time, or any other lost time to the vessel, while it is hauled out or on the CBS-owned tidelands/beaches.

**Liability:** The CBS shall not be liable for death or injury to persons, or damage to property, upon the vessel, yard facilities or premises adjacent thereto arising from any cause other than the willful misconduct of the CBS. Vessel owners and vendors shall indemnify and hold the CBS and its officers and employees harmless from all claims for death or injury to persons, or damage to property, arising from their acts or omissions, their agents, service providers/vendors, crew, employees, or invitees.

**Policy Compliance:** Vessel owners, their agents, crew, service providers, and vendors agree to comply with the GPIP's Marine Repair Facility Policies and Best Management Practices, detailed in this document.

Every user's full cooperation will help the CBS maintain the facility with a minimal impact to the environment. The goal is to meet all regulatory requirements, prevent pollution, and provide a safe work environment for owner, crew, vendors, and CBS staff. Any user who observes another individual in violation is encouraged to report it to the GPIP Port Director as soon as possible. The identity of anyone reporting a violation will be kept confidential.

Owners, crewmen, and contractors performing work on boats shall comply with all applicable OSHA, Federal, State, and CBS regulations, policies, and procedures.

**Default in Compliance; CBS's Remedies:** Failure to adhere to the GPIP's policies and best management practices can result in unsafe actions and environmentally harmful activities. When violations are observed by CBS staff, intentional or otherwise, work will be stopped until corrective measures are taken. If vessel owners or vendors fail to properly follow and adhere to these practices/policies and/or their agreement with the CBS, or fail to pay fees or charges for more than thirty (30) days after the due date, the CBS may exercise any available remedy, including without limitation one or more of the following:

- a) Terminate the User/Vendor Agreement.
- b) Begin impoundment procedures per **SGC 13.14** to have the vessel removed until the violation has been cured, or disposed of.
- c) Place a lien on the vessel per **SGC 13.14** for towing, storage, costs of sale, attorney fees, any other charges incurred in connection with the impoundment, and charges for harbor services.

**Refusal of Service:** The CBS reserves the right to refuse service to vessels that: 1) do not have a current (within 3 years) marine survey, 2) have an inadequate work plan, 3) lack sufficient property and liability insurance, 4) fail to comply with the GPIP's Marine Repair Facility Policies and Best Management Practices, 5) are in poor condition, 6) are unsafe to haul-out, or 7) may be damaged by being hauled out. Such vessels may

be hauled out if the vessel owner signs a waiver and provides a performance bond in an amount equal to the dry docking fees plus the estimated cost to dispose of the vessel should removal become necessary.

**Refusal of Vendor Access:** The CBS reserves the right to refuse access to Vendors that: (a) do not have a current Alaska Business License, (b) fail to register for, collect, and remit sales tax, (c) lack sufficient insurance, (d) fail to comply with the GPIP's Marine Repair Facility Policies and Best Management Practices, or (e) fail to comply with safety practices.

**Disputes:** Disputes will be referred to a certified marine surveyor for a professional opinion of the vessel's fitness for hauling out. The vessel owner shall pay the cost of the surveyor. For all other disputes such as billing charges, stopping work orders, or missing work plan information, the CBS reserves the right to make the final decision.

**Notices:** Billings and notices will be mailed to the address given under the User or Vendor Agreement. Vessel owners and vendors shall notify the CBS in writing of an address change.

**Insurance:** Vessel owners must have a current marine insurance policy of a "named perils" or "all risks" type that fully insures the value of the vessel, plus accident and environmental liability. Vendors and service providers must have current insurance to cover all of the services to be provided, including proof of long-shore and harbor workers compensation insurance, or proof that such coverage is waived.

A Certificate of Insurance must be provided to the GPIP Port Director before any work may begin. The CBS must be included as additional insured and show coverage not less than the minimum required outlined below:

Minimum coverage	Vendors	Vessels
General Liability, Marine Artisan Liability, P & I	\$1,000,000	n/a
General Aggregate Limit	\$2,000,000	\$1,000,000
Products Hazard or Operations Hazard Aggregate Limit	\$1,000,000	n/a
Personal Injury	\$1,000,000	\$1,000,000
Damage to Premises	\$250,000	\$250,000
Medical Expense Limit	\$5,000	n/a
Pollution Liability	n/a	\$1,000,000
Hull and Machinery	n/a	*

\* Hull and machinery coverage shall be sufficient to dispose of the vessel if abandoned, burned, or otherwise left to the CBS.



## APPROVED VENDOR LIST REQUIREMENTS

### 1. GENERAL

Persons available for hire or contract labor is considered a "vendor", and must be on the CBS's Approved Vendor List before being allowed to work on any vessel in the GPIP Marine Repair Facility. This list is then given to vessel owners who wish to hire contractors/vendors to complete their vessel work.

Contracting for all services to the vessel while it is in the boatyard, and payment for those services, is the sole responsibility of the vessel owner.

### 2. REQUIRED DOCUMENTS

To become an approved vendor, the service provider is required to complete a GPIP Marine Repair Facility Vendor Agreement, include all necessary documents, and submit them to the GPIP Port Director along with the appropriate fee. The following documents are required before any work may proceed:

- Vendor Agreement
- Alaska Business License
- Borough Sales Tax Registration
- Proof of Insurance - Includes CBS as Additional Insured and Worker's Comp
- Certification, if applicable

### 3. ANNUAL FEE

To remain on the list, every year vendors must complete the Vendor Agreement with the CBS and pay an annual fee before providing services. Rates are published in the GPIP's Port Tariff.

### 4. ONE-TIME VENDOR FEE

In the circumstance that a vendor is being hired to provide services during a one-time job, but is not on the Approved Vendor List (such as an out-of-town business traveling to Sitka for a specific vessel project), the vendor is still required to complete the Vendor Agreement, provide the required documents, and pay the vendor fee. Rates are published in the GPIP's Port Tariff.

## PLANNING A HAUL-OUT

### 1. SCHEDULING

**Initial Planning Meeting:** A vessel haul-out begins with a meeting between the vessel owner, the selected haul-out service provider, and the GPIP Port Director. This meeting allows the vessel owner to provide the GPIP Port Director the primary logistics in regards to hauling out, work to be performed, service providers/vendors involved, and the timeframe/schedule. An estimation of all GPIP Port Tariff will be calculated (see "Appendix E" for a Haul-Out & Launch Estimate Worksheet).

**Timeline:** Vessel owners must plan to be in and out of the boatyard as scheduled, and vendors must plan to work within the vessel-owner's scheduled boatyard time. The CBS will not be responsible for lost time to the vessel, for any reason while it is in the boatyard. Every work plan should include a timeline of the work to be performed. This written plan will enable staff to understand your needs and schedule boatyard time appropriately. Advance planning is necessary to ensure sufficient time for your needed projects.

**Required Documents:** The vessel owner is required to complete a GPIP Marine Repair Facility User Agreement, include all necessary documents, and submit them to the GPIP Port Director. The following documents are required before hauling out may proceed:

- User Agreement
- Vessel Owner Registration - i.e. USCG documentation
- Proof of Insurance - Includes CBS as Additional Insured
- Work Plan - See #2 below for details of Work Plan
- Current Vessel Survey
- Bond and Waivers, if applicable

**Security Deposit & Cancellation:** A deposit of 50% of the estimated costs shall be made when the vessel owner makes arrangements with the GPIP Port Director to use boatyard facilities. The CBS may require the estimated payment in full at time of scheduling (dependent on account history). After the vessel has been launched, the deposit will be credited toward beach landing and dry dock fees. The deposit will be forfeited if: a) the vessel fails to adhere to the scheduled haul-out time, or b) the vessel owner fails to leave the facility clean after launching (see below #4 "Final Clean-up of Work Area"). A cancellation or schedule change must be communicated to the GPIP Port Director at least 24 hours in advance to avoid deposit forfeiture. Vessels missing their scheduled haul-out date will be accommodated on a "space available" basis.

### 2. WORKPLAN

Every haul-out must have a work plan, which includes a description of the work to be performed, materials required, timeline, etc. Once the GPIP Port Director approves the work plan, along with the agreement and other required documents, a deposit will be accepted and the vessel placed on the schedule. Vendors contracted to do any of the proposed work must be from the Approved Vendor List, which is provided by the GPIP Port Director. Content of the plan must include:

- A description of work to be performed: Be detailed in what you intend to do as it allows staff to schedule enough time for your haul-out; for instance:

- Hull Maintenance - sandblasting, painting, zincs, etc.
  - Mechanical - props, shafts, engines, etc.
  - Fabrication - fiberglass, welding, etc.
  - Inspection Purposes - USCG, insurance, etc.
- A list of who will be completing the work: Specify the persons that will be working on the vessel, including the vessel owner, crewmembers, or contracted vendors/service providers. Any crewmembers that are proposed to complete work on the vessel must have a crewman contract with the vessel; contracts should be available as proof for inspection by the GPIP Port Director. Vendors selected must be from the Approved Vendor List. Major structural modifications should be designed by a certified marine architect.
  - Information regarding the haul-out and launch: Commonly a vendor will be contracted to perform the haul-out and launch, but the owner may be able to provide their own haul-out equipment; details on who will be moving the vessel and the method/equipment used is required. Drawings/photos of the vessel's hull and the blocking plan should be included.
  - Plans for containment and disposal of waste: Unless a routine inspection is the only purpose for hauling out, vessel owners must be able to contain anything that may cause air, water or soil contamination. Include plans for:
    - Hazardous waste disposal
    - Containment structures and/or dustless systems for sanding, grinding, spray painting and scraping.
    - Ground cover tarps, which will be placed under the vessel prior to blocking and cover the ground under the entire vessel plus a 10 foot parameter; and welding mats to protect the ground cover tarps if any welding will be conducted.
    - Dumpsters provided by the vessel owner; use of CBS dumpsters is not permitted.
  - A timeline and proposed launching date: Breaking down the project into time increments allows staff to plan and coordinate your vessel haul-out into the schedule. It is imperative to the efficiency of the facility that all users adhere to the schedule; accurate timelines of projects/repairs are necessary as well as being finished when it is time to launch the vessel.
  - Additional information pertaining to the haul-out: Other details, such as Porta-Potties for workers, needed equipment, lighting, temporary structures, or storage requests should be included before the GPIP Port Director is able to approve a work plan. If it is applicable to your haul-out, include it.

A work plan example is provided in "Appendix D".

**Changes to the Work Plan:** Significant changes that alter the amount of time the vessel is hauled out, due to an emergency or vessel owner's preference, can potentially disrupt other scheduled haul-outs. Requests to change the work plan after the vessel has been hauled out must be approved by the GPIP Port Director before the work is conducted, and should be submitted to the GPIP Port Director with a revised work plan. Each request will be reviewed upon a case-by-case scenario by the GPIP Port Director, who reserves the right to make the final decision.

If upon inspection CBS staff finds that vessel work is being done outside the parameters of the approved work plan, the GPIP Port Director may take action as outlined under "Default in Compliance" (See Legal Notices).

### 3. MATERIALS, STRUCTURES & EQUIPMENT

Necessary materials should be on hand before each haul-out. For example: ground tarps, scaffolding and plastic for enclosures, welding mats, blasting medium, lights, coatings, zincs, etc. Arrangements for storage of materials must be coordinated with the GPIP Port Director.

Vessel owners and vendors may bring in vehicles, trailers, or set up temporary structures that fit within the dry storage site of their vessel. Unless otherwise approved, the structures must be removed after the vessel is launched. Mobile homes, travel trailers, or RVs will not be allowed without approval.

If the project requires more space for project lay-down, space will be provided as available and charges will reflect actual square foot usage.

#### 4. HAULING OUT & LAUNCHING

**Schedule:** The projected dates of hauling out and launching shall be scheduled at the time of the initial haul-out meeting, and is determined by the vessel owner's timeline, work plan, and the facility's schedule. Vessel haul-out/launch activities will be determined on the vessel owner, the haul-out service provider they choose, and tidal restrictions. Weather conditions must be considered as well since high winds, ice, or swell at the haul-out site pose hazards.

**Launching Walk-Thru Meeting:** Before the proposed launching date, a meeting between the vessel owner, their primary haul-out service provider, and the GPIP Port Director shall take place. This meeting will allow the GPIP Port Director to confirm that the vessel's dry dock location is clean of all debris (i.e. paint chips, metal, discarded equipment, engine blocks/part, refrigerators, stoves, lines, scaffolding, etc.), and that launching logistics are in order before the vessel is authorized to move.

**Responsibility:** The vessel owner and their primary haul-out service provider are responsible, and in charge, during the haul-out and launch; all haul-out/launching logistics must comply with the Marine Repair Facility Policies and Best Management Practices. The CBS accepts no responsibility for the vessel, crew, contractor or the contracted labor during these operations. However, the CBS does reserve the right to stop all work if the GPIP Port Director or their designee determines that there are unsafe conditions occurring at any time while the vessel is on CBS property. Work will cease until the safety issue is resolved to the GPIP Port Director's satisfaction.

**Final Clean-up of Work Area:** After the vessel has been launched, the vessel owner is required to clear all materials, structures, and equipment from the area. Any remaining items that require CBS expense to clean up will be subject to fees and/or deposit forfeiture. When cleaning up, be sure everything has been removed from the premises, including:

- Blocking
- Tarps
- Scaffolding
- Temporary Structures
- Dumpsters
- Equipment/Vehicles
- Vendor's Materials/Equipment
- Debris Not Cleared Before Launch

#### 5. COSTS, FEES, & BILLING

**Dry Dockage:** Due to limited space, the GPIP Marine Repair Facility will not be used as a long-term vessel storage site. Charges for dry dockage are payable from the time the vessel is hauled out until the vessel is removed from the boatyard. Payment of charges for dry dockage grants the vessel owner a

revocable license to use the dry dockage area that is designated for the vessel. Vendors are to work within the vessel's designated dry moorage area. Additional space may be rented from the CBS if available.

**Security Deposit:** A deposit of 50% of the estimated costs shall be made when the vessel owner makes arrangements with the GPIP Port Director to use boatyard facilities. The CBS may require the estimated payment in full at time of scheduling (dependent on account history). After the vessel has been launched, and the final work-area inspection by the GPIP Port Director has been completed and approved, the deposit will be credited toward beach landing and dry dock fees. The deposit will be forfeited if: a) the vessel fails to adhere to the scheduled haul-out time, or b) the vessel owner fails to leave the facility clean after launching.

**Charges:** Rates are published in the GPIP Port Tariff. All charges are billed out on a monthly basis and payable to the CBS. See the CBS Office for questions regarding bill payment options. See "Appendix E" for a Haul-Out & Launch Estimate Worksheet.

- **Dry Dockage.** Charges are calculated as square feet, and are based on the overall length and beam of the vessel, plus a ten foot (10') perimeter on all sides, including all appendages and additional space requested.
- **GPIP Access Ramp.** Prices for the use of the GPIP Access Ramp for landings are based on the overall length of the vessel. Time spent on the access ramp prior to and after a haul-out is charged per day and will be included in the overall cost of the haul-out.

## HULL CLEANING, BLOCKING, & VERTICAL ACCESS

### 1. HULL CLEANING

The GPIP Marine Repair Facility's Stormwater Pollution Prevention Plan (SWPPP) does not allow pressure washing.

Vessel owners who wish to remove marine growth from their vessel's hull must utilize alternative methods, such as manual removal by scraping. Ground covers must be used to collect debris and then shoveled into dumpsters, which the vessel owner provides.

### 2. GROUND COVERS/TARPS

Ground cover tarps must be placed under every vessel prior to blocking, and cover the ground under the entire vessel plus a 10 foot parameter. They must remain in place and shall be kept clean (daily) of all hazmat, paint chips, etc. Ground cover tarps will be protected during welding by placing protective welding mats in the affected areas. Good housekeeping practices will be implemented at all times while working in the CBS's facility.

### 3. BLOCKING

Vessel blocking is the responsibility of the vessel owner and their primary haul-out service provider. The CBS has the right to inspect vessel blocking and will, if necessary, require additional blocking if it is determined to be inadequate for the job. The CBS will not supply, store, or furnish ships blocking, nor supply the labor needed for blocking installation/removal.

### 4. SCAFFOLDING & LADDERS

Vessel owners and/or contracted Vendors will provide their own ladders and scaffolding. The vessel owner assumes all risk, including for their agents/crew members working on the vessel, when utilizing ladders and scaffolding. The CBS assumes no risk for persons utilizing such equipment in or on CBS facilities.

## **SANDBLASTING, GRINDING, SPRAY PAINTING & SANDING**

### **1. GENERAL**

Open air sanding, grinding and scraping are prohibited unless dustless systems are employed or the vessel is tented and properly vented/filtered. These precautions are to prevent escapement of airborne particulates from the vessel and soil contamination.

City staff will inspect enclosures, spray painting, and sanding practices. When violations occur, intentional or otherwise, work will be stopped until corrective measures are taken.

Owners, crewmen and contractors performing work on boats shall comply with all applicable OSHA, Federal, State, and City regulations, policies, and procedures. Personal protective clothing and respirators shall be used as appropriate.

### **2. SANDING & GRINDING**

When practical, vessel owners are required to utilize vacuum grinding and vacuum sanding (dustless systems). When not practical, a temporary structure must be constructed to fully enclose the area being worked on, including proper ventilation and filters.

### **3. SPRAY PAINTING**

Spray painting is permitted only when the vessel, or portion to be painted, is fully enclosed with proper ventilation and filters. Every possible effort must be made to prevent overspray from leaving the enclosure.

## HOUSEKEEPING & CLEANLINESS

### 1. AREA AROUND EACH VESSEL

The immediate area surrounding each vessel must be kept neat and clean at all times. No open containers of paint, oil, hazardous or other pollution-creating material shall be stored exposed. All containers must be closed and stored under covers.

### 2. INSPECTIONS

During normal business hours, the GPIP Port Director will make regular inspections of the facility. Harbor Officers will periodically patrol the yard during non-business hours and report obvious conditions that require owner attention.

Violations must be immediately cured to the satisfaction of the GPIP Port Director. The pre-launching walk-thru meeting will allow the GPIP Port Director to confirm that the vessel's dry storage location is clean of all debris before the vessel is authorized to move. Storage of any materials on site must be approved in advance by the GPIP Port Director.

### 3. DRUM STORAGE

All drums will be labeled with vessel name, date, and contents. Drums will be stored palletized and covered. Storage of any materials on site must be approved in advance by the GPIP Port Director. Space will be provided as available and charges will reflect actual square foot usage.

### 4. MACHINERY

Before removing machinery (i.e. engines, hydraulic motors and other equipment), all open fittings shall be sealed to prevent leakage of lubricating and cooling fluids. Through-hull fittings shall similarly be sealed to prevent leakage of contaminated bilge water.

### 5. DISPOSAL METHODS & RESTRICTIONS

**General:** Everything must be properly and promptly disposed of at the time materials/waste is generated. Nothing should be left lying about. Ask if you need guidance or assistance. Abandoned waste will be disposed of and billed to the vessel owner with applicable service fees. Empty cans, scraps of lumber, paper, or other debris must be placed in waste containers and the area cleaned on a daily basis and prior to departure.

**For LARGE amounts of waste oil, oily rags, used oil filters, antifreeze, and batteries:** [Contact National Response Corporation \(NRC\) Kenai Office for disposal logistics at 907-258-1558 or infoalaska@nrcc.com.](#)

**Liquid & Petroleum Waste:** Hazardous and non-hazardous wastes must be properly separated and properly stored and/or disposed. No liquid wastes may be drained onto the ground or into the harbor. Violations could result in substantial fines and the removal of such violators from working in the boatyard. No open containers of any liquids are to be left in the open where they could be filled with rain or tipped



over causing potential runoff into the ground and water. Common sense should dictate proper activities. Abandoning wastes without proper disposal is prohibited.

Flammable materials like paint thinners and gasoline must be segregated and properly disposed of at the [Sitka Landfill Bailing Facility](#). Please contact the Kenai Peninsula Borough regarding their Hazardous Waste Disposal Program. The use of liquid dispersants, like Joy soap, or mechanical means to dissipate slicks caused by fuel spills, is prohibited. Spills must be reported to staff.

**Solid Waste:** Dumpsters are to be provided by the vessel owner; use of CBS dumpsters is not permitted. Dumping of solid waste materials must be free of all liquids and the products must be inert. Heavy metal (engines, refers, etc. and/or large volumes of insulation, cardboard, etc.) trash and recyclable products should be hauled directly to the [Sitka Landfill Bailing Facility](#). Covers on dumpsters shall remain closed except during the process of actual trash disposal in order to minimize rainwater entry. No solid wastes may be disposed onto the ground. Any such violations will result in substantial fines and the removal of such violators from working in the boatyard. Abandoning wastes without proper disposal is prohibited.

**Contaminated Bilge Water:** Bilge water, contaminated with oil, antifreeze, solvents or similar materials shall not be pumped or emptied onto the ground of the boatyard or in harbor waters. [Contact National Response Corporation \(NRC\) Kenai Office for disposal logistics at 907-258-1558 or infoalaska@nrcc.com.](#)

**Sewage:** Direct discharge of sewage from vessel toilet facilities is prohibited. All applicable systems shall be tagged and locked out to prevent accidental discharge while in the yard. Overboard through hull ports may be plugged to prevent discharge. Vessel owners are responsible to make arrangements for Porta-Potties for their workers/vendors.

**Paint:** Paint waste, including anti-foulant, must be disposed of at the [Sitka Landfill Bailing Facility](#). Please contact the CBS regarding their Hazardous Waste Disposal Program. Hazardous waste includes liquid paint, thinners, solvents and similar materials. All containers must have lids that are capable of being sealed to prevent spillage during transport, and must be properly labeled with vessel's name, its contents, and date. Accidental spillage should be reported to staff for assistance and guidance for clean-up. Paints and solvents shall be stored in properly sealed containers. Drip pans, tarps or other devices shall be used during the transferring of solvents or paints and during paint mixing.

**Hazmat Storage:** Storage of oily rags, open paints, open solvents, open thinners, gasoline, or other flammable or explosive material is prohibited on or within the boatyard facility, except for gasoline stored aboard a vessel in U.L. or Coast Guard approved containers.

## SAFETY

1. **Vessel Owner Responsibility:** Owners are responsible for the safety of their crew and workers.
2. **Vendor Responsibility:** Vendors are responsible for the safety of their employees and shall follow OSHA approved standards.
3. **Welding/Hotworks:** Vendors contracted to weld must be certified, licensed, and insured. All persons, including vessel owners, crewmembers, and vendors must follow all standard welding practices per OSHA regulations. Fire guards and protective measures must be in place during all welding and cutting activities. There will be no open flames (other than welding or cutting torches) and no open burning. For every welder working, each must have a person on fire watch with fire extinguisher near them. Atmospheric testing for enclosed areas shall be done when appropriate. Arc shields shall be used as appropriate and required.
4. **PPE:** Owner and vendors shall insure that personal protective equipment and clothing will be provided and worn as appropriate to each task.
5. **Ladders/Scaffolding:** Vessel owners and vendors assume all risk when utilizing ladders and scaffolding.
6. **Storm Events:** Vessel owners and vendors are solely responsible to take emergency measures to secure the vessel, or anything that may become airborne during a windstorm event to prevent damage/injuries caused by airborne debris from their vessel and/or dry storage location.
7. **Alcohol/Drug-Use in Facility:** No alcohol or drugs shall be consumed/allowed in the boatyard or aboard vessels in the boatyard.
8. **Fires:** No open fires are permitted aboard vessels or in the boatyard.
9. **Children:** Children, under the age of 12, must be accompanied by an adult at all times.
10. **Pets:** All animals must be leashed and cleaned up after per CBS Code.
11. **Live-a-boards:** No one will live aboard a vessel in dry moorage without consent of the GPIP Port Director.

## SPILL PREVENTION

### 1. OIL OR HAZARDOUS MATERIAL SPILLS

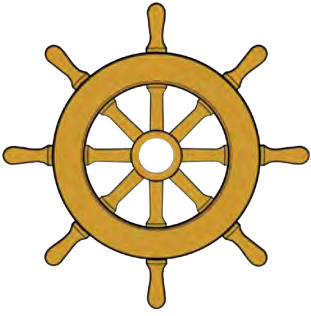
Owners, crewmen and contractors performing work on boats must immediately report any spills to the Harbor Office, NRC, DEC, and USCG MSD. Failure to report can result in fines. The vessel owner and vendor are responsible for the cleanliness of their dry moorage area. Fees will be assessed if City staff labor is utilized to clean a vessel's area.

- Harbor Office: 907-747-3439
- EPA's National Response Center: 800-424-8802
- Alaska Dept. of Environmental Conservation: 800-478-9300
- U.S. Coast Guard Marine Safety Detachment: 907-966-5454

### 2. IN CASE OF A SPILL USERS SHALL:

1. Immediately stop the source of the spill.
2. Shut of all ignition sources in the area.
3. Immediately cease all smoking or welding in the area.
4. Contain the spill by using absorbent pads and booms.
5. Recover the spill as quickly as possible.
6. Notify the Harbor Office, NRC, DEC, and U.S. Coast Guard MSD.





329 Harbor Dr., Ste. 212  
Sitka, AK 99835

GPIP PORT  
**REPAIR FACILITY  
VENDOR AGREEMENT**

Business Info

Name of Business: \_\_\_\_\_ Work Phone: \_\_\_\_\_

Billing Address: \_\_\_\_\_

Owner's Name: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Manager's Name: \_\_\_\_\_ Cell Phone: \_\_\_\_\_

General Nature of Services to be Provided: \_\_\_\_\_

Documents

Documents (*Required)	Date	Staff Initials	Comments
<input type="checkbox"/> Alaska Business License*	_____	_____	_____
<input type="checkbox"/> Borough Sales Tax Certificate*	_____	_____	_____
<input type="checkbox"/> Proof of Insurance*	_____	_____	_____
<input type="checkbox"/> City as Additional Insured*	_____	_____	_____
<input type="checkbox"/> Proof of Worker's Comp*	_____	_____	_____
<input type="checkbox"/> Certification (if required)	_____	_____	_____
<input type="checkbox"/> Certification (if required)	_____	_____	_____
<input type="checkbox"/> BMP Provided to Vendor*	_____	_____	_____
<input type="checkbox"/> Harbormaster's Approval*	_____	_____	_____

Acknowledgement & Approval

I accept and acknowledge that I have read and agree to the terms on page 2 and 3, and abide by the GPIP Port Facility User Agreement and Best Management Practices (BMP). I shall take precautions to prevent pollution to the air, ground and water. Should there be fees, fines, or cleanup required, I agree to pay such costs.

- ✓ I will abide by OSHA safety rules and regulations pertaining to my trade(s).
- ✓ I accept full responsibility for my activities in the boatyard and for the actions of my workers.
- ✓ I agree to have insurance covering my workmanship employees, as may be required by the terms and by the law.
- ✓ I understand that the name of my business will be available to boatyard users.

Vendor: \_\_\_\_\_ (Signature) \_\_\_\_\_ (Print) Date: \_\_\_\_\_

Harbormaster Approval: \_\_\_\_\_ Date: \_\_\_\_\_

## GPIP REPAIR FACILITY

### VENDOR TERMS & CONDITIONS

1. **The CBS agrees** to provide contractors, service providers, and vendors the opportunity to work in the GPIP Port under a Vendor agreement, of which will place vendors on the Approved Vendor List. The list shall be available on the CBS's website and given to all vessel owners utilizing the facility.
2. **Responsibility.** The CBS does not accept the vessel, its tackle, fixtures, equipment, gear, or furnishings for storage or safekeeping belonging to either the owner or vendor. Nor does the CBS accept any responsibility for vendor supplies, their laborers/employees, equipment, and personnel that the vessel owner may organize or contract. The CBS shall not be responsible for lost fishing time, or any other lost time to the vessel, while it is hauled out or on the CBS-owned tidelands/beaches.
3. **Policy Compliance:** Vendors agree to comply with the CBS's GPIP Port policies and Best Management Practices (BMPs). A copy shall be provided when services are scheduled.
4. **Operational Structure.** The GPIP Marine Repair Facility is being managed as an "Open Yard" facility, meaning that the vessel owner is responsible for the actual work being performed on their vessel. The CBS is simply facilitating the opportunity for haul-out and uplands use, and are not responsible for the finished product. This management structure gives the vessel owner the opportunity to manage their project from start-to-finish, contracting with vendors from the Approved Vendor List (provided by the CBS), or by using their own crew to make the repairs necessary for vessel maintenance.
5. **Vendors & Service Providers.** Contracting for all services to the vessel while it is in the boatyard, and payment for those services, is the sole responsibility of the vessel owner. Persons providing services to a vessel in the boatyard ("Vendors") must be on the CBS's approved vendor list. To qualify for the list, the following documents must be on file along with payment of fees: Certificate of Insurance, Alaska business license, registration for CBS sales tax, and professional certifications for the named trades. Vendors must abide by OSHA safety rules and regulations pertaining to their trade.
6. **Security:** Vendors and vessel owners are responsible for the security of their property. Other than random patrols of the boatyard, CBS staff will not be present during non-business hours.
7. **Insurance:** Vendors must have on-file with the CBS a current certificate of insurance to cover all of the services to be provided. All vendors must carry a minimum of \$1,000,000 per incident and \$2,000,000 in aggregate liability insurance and the CBS must be included as additional insured. Copies of the insurance policy must be on file with the CBS before work may begin. Vendors must provide proof of longshore and harbor worker, workman's compensation insurance, or proof that such coverage is waived.
8. **Scheduling:** Vendors must plan to work within the vessel-owner's scheduled boatyard time.
9. **Dry Dockage:** The CBS shall designate a dry moorage area within the boatyard for each vessel. Vendors may work within the vessel's designated dry moorage area. Additional space may be rented from the CBS if available. Rates are published in the GPIP Port Tariff.
10. **Charges:** To remain on the list, every year vendors must complete the Vendor Agreement with the CBS and pay an annual fee before providing services. In the circumstance that a vendor is being hired to provide services during a one-time job, but is not on the Approved Vendor List, the vendor must complete the Vendor Agreement, provide the required documents, and opt to pay the "one-time" vendor fee instead of the annual fee. Rates are published in the GPIP's Port Tariff. All charges are payable to the CBS.
11. **Tarps.** Ground cover tarps must be placed under every vessel prior to blocking, and cover the ground under the entire vessel plus a 10 foot parameter. They must remain in place and shall be kept clean (daily) of all hazmat, paint chips, etc. Ground cover tarps will be protected during welding by placing protective welding mats in the affected areas.
12. **Ladders/Scaffolding.** Vendors will provide their own ladders and scaffolding. Vendor and/or vessel owner assumes all risk when utilizing ladders and scaffolding.
13. **PPE:** Vendor and/or vessel owner shall insure that personal protective equipment and clothing will be provided and worn as appropriate to each task.
14. **Sanding, Grinding, & Scraping.** Open air sanding, grinding and scraping are prohibited unless dustless systems are employed or the vessel is tented and properly vented/filtered. These precautions are to prevent escapement of airborne particulates from the vessel and soil contamination.
15. **Pressure Washing:** The GPIP Marine Repair Facility does not allow pressure washing.
16. **Disposal of Waste & Hazmat.** See the GPIP Marine Repair Facility Policies and Best Management Practices (BMPs), and/or ask the GPIP Port Director for details for proper disposal methods and locations.
17. **Spills & Cleanup.** The Vendor/vessel owner must immediately report any spills to the Harbor Office, NRC, DEC, and U.S. Coast Guard MSD. Failure to report can result in fines.
18. **Welding/Hotworks:** Vendors contracted to weld must be certified, licensed, and insured. All persons, including the vessel owner, crewmembers, and vendors must follow all standard welding practices per OSHA regulations. Fire guards and protective measures must be in place during all welding and cutting activities. There will be no open flames (other than welding or cutting torches) and no open burning. For every welder working, each must have a person on fire watch with fire extinguisher near them. Atmospheric testing for enclosed areas shall be done when appropriate. Arc shields shall be used as appropriate and required.

19. **Storm Events:** The Vendor/vessel owner are solely responsible to take emergency measures to secure the vessel, or anything that may become airborne during a windstorm event to prevent damage/injuries caused by airborne debris from their vessel and/or dry storage location.
20. **Materials, Structures & Equipment.** Necessary materials should be on hand before each haul-out. Arrangements for storage of materials must be coordinated with the Harbormaster. Users and vendors may bring in vehicles, trailers, or set up temporary structures that fit within the dry storage site of their vessel. Unless otherwise approved, the structures must be removed after the vessel is launched. Mobile homes, travel trailers, or RVs will not be allowed without approval. If the project requires more space for project lay-down, space will be provided as available and charges will reflect actual square foot usage.
21. **Alcohol/Drug-Use in Facility:** No alcohol or drugs shall be consumed/allowed in the boatyard or aboard vessels in the boatyard.
22. **Fires:** No open fires are permitted aboard vessels or in the boatyard.
23. **Children:** Children, under the age of 12, must be accompanied by an adult at all times.
24. **Pets:** All animals must be leashed and cleaned up after per CBSCode.
25. **Live-a-boards:** No one will live aboard a vessel in dry moorage without consent of the GPIIP Port Director.
26. **Liability:** The CBS shall not be liable for death or injury to persons, or damage to property, upon the vessel, yard facilities or premises adjacent thereto arising from any cause other than the willful misconduct of the CBS. Vendors shall indemnify and hold the CBS and its officers and employees harmless from all claims for death or injury to persons, or damage to property, arising from their acts or omissions, their agents, service providers/vendors, crew, employees, or invitees.
27. **Refusal of Service/Access:** The CBS reserves the right to refuse access to Vendors that: (a) do not have a current Alaska Business License, (b) fail to register for, collect, and remit sales tax, (c) lack sufficient insurance, (d) fail to comply with the CBS's Marine Repair Facility policies and Best Management Practices (BMPs), or (e) fail to comply with safety practices.
28. **Default in Compliance; CBS's Remedies:** Failure to adhere to the GPIIP's policies and best management practices can result in unsafe actions and environmentally harmful activities. When violations are observed by CBS staff, intentional or otherwise, work will be stopped until corrective measures are taken. If Vendor fails to properly follow and adhere to these practices/policies and/or their agreement with the CBS, or fail to pay fees or charges for more than thirty (30) days after the due date, the CBS may exercise any available remedy, including without limitation to terminate their Vendor Agreement.
29. **No Waiver:** The failure of the CBS to insist upon strict performance of any provision of this agreement, or to exercise any right or remedy available on a breach thereof, or the acceptance by the CBS of full or partial payments during the continuance of any breach, shall not constitute a waiver of any provision of this agreement, and all provisions hereof shall continue in full force and effect. Nothing in this agreement shall constitute a waiver by the CBS of its right to arrest any vessel to enforce a maritime lien, or any other right or remedy.
30. **Notices.** Billings and notices will be mailed to User's address as set forth herein. User shall notify the CBS in writing of an address change.
31. **Interpretations; Amendment:** Alaska Law shall govern this agreement. The invalidity of any provision of this agreement shall not affect the validity of any other provision. This document, in concert with the GPIIP Marine Repair and Facility Best Management Practices and Policies constitutes the entire agreement of the parties. No amendment of this Agreement shall be valid unless in writing and signed by both parties.

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I accept and acknowledge that I have read and agree to the terms on page 2 and 3 and will abide by the GPIIP Marine Repair Facility Policies and Best Management Practices (BMP). I shall take precautions to prevent pollution to the air, ground and water. Should there be fees, fines, or cleanup required, I agree to pay such costs.

- I will abide by OSHA safety rules and regulations pertaining to my trade(s).
- I accept full responsibility for my activities in the boatyard and for the actions of my workers.
- I agree to have insurance covering my workmanship employees, as may be required by the terms and by the law.
- I understand that the name of my business will be available to boatyard users.

Vendor Initials: \_\_\_\_\_ Date: \_\_\_\_\_

# APPENDIX A

## User Agreement

### GPIP MARINE REPAIR FACILITY USER AGREEMENT

Acct# \_\_\_\_\_

Owner: \_\_\_\_\_ Phone: Home: \_\_\_\_\_

Cell Phone: \_\_\_\_\_ E-Mail Address: \_\_\_\_\_

Billing Address: \_\_\_\_\_ City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Haul-out Manager (if other than owner): \_\_\_\_\_ Phone: \_\_\_\_\_

Vessel Name: \_\_\_\_\_ Registration Number: \_\_\_\_\_

Length Overall: \_\_\_\_\_ Beam: \_\_\_\_\_ Draft: \_\_\_\_\_ Displacement Tonnage: \_\_\_\_\_

House is:  Forward  Aft Height from Keel to Uppermost: Forward (ft): \_\_\_\_\_ Aft (ft): \_\_\_\_\_

Hull Type: \_\_\_\_\_ Hull Material: \_\_\_\_\_

First-time Haul-out User?  Yes  No Haul-out Date: \_\_\_\_\_ Launch Date: \_\_\_\_\_

Damage below Waterline?  Yes  No If yes, explain: \_\_\_\_\_

Nature of Work:  Inspection Only  Paint  Zincs  Propeller  Shaft  Rudder

Other: \_\_\_\_\_

Vendors & Service Providers Contracted to Perform Work: \_\_\_\_\_

Documents (*Required)	Date	Staff Initials	Comments
<input checked="" type="checkbox"/> Owner Registration*	_____	_____	_____
<input checked="" type="checkbox"/> Proof of Insurance*	_____	_____	_____
<input checked="" type="checkbox"/> CBS as Additional Insured*	_____	_____	_____
<input checked="" type="checkbox"/> BMP Provided to User*	_____	_____	_____
<input checked="" type="checkbox"/> Vendor Compliance*	_____	_____	_____
<input checked="" type="checkbox"/> Bond Discussed*	_____	_____	_____
<input checked="" type="checkbox"/> Waivers, when Required	_____	_____	_____
<input checked="" type="checkbox"/> Harbormaster's Approval*	_____	_____	_____



## GPIP MARINE REPAIR FACILITY USER TERMS & CONDITIONS

1. **The CBS agrees** to provide dry dockage space to vessel owners under a User Agreement for the purpose of vessel repairs, maintenance, and inspections per a GPIP Director-approved work plan during the dates specified in this agreement.
2. **Responsibility.** The CBS does not accept the vessel, its tackle, fixtures, equipment, gear, or furnishings for storage or safekeeping belonging to either the owner or vendor. Nor does the CBS accept any responsibility for vendor supplies, their laborers/employees, equipment, and personnel that the vessel owner may organize or contract. The CBS shall not be responsible for lost fishing time, or any other lost time to the vessel, while it is hauled out or on the CBS-owned tidelands/beaches.
3. **Policy Compliance.** Vessel owners, their agents, crew, service providers/vendors (all referred herein as Users) agree to comply with the GPIP's Marine Repair Facility policies and Best Management Practices (BMPs). A copy shall be provided when services are scheduled.
4. **Operational Structure.** The GPIP Marine Repair Facility is being managed as an "Open Yard" facility, meaning that the User is responsible for the actual work being performed on their vessel. The CBS is simply facilitating the opportunity for haul-out and uplands use, and are not responsible for the finished product. This management structure gives the User the opportunity to manage their project from start-to-finish, contracting with vendors from the Approved Vendor List (provided by the CBS), or by using their own crew to make the repairs necessary for vessel maintenance.
5. **Vendors & Service Providers.** Contracting for all services to the vessel while it is in the boatyard, and payment for those services, is the sole responsibility of the User. Persons providing services to a vessel in the boatyard ("Vendors") must be on the CBS's approved vendor list. To qualify for the list, the following documents must be on file along with payment of fees: Certificate of Insurance, Alaska business license, registration for CBS sales tax, and professional certifications for the named trades. Vendors must abide by OSHA safety rules and regulations pertaining to their trade.
6. **Security.** Users are responsible for the security of their vessel, tools, and equipment. Other than random patrols of the boatyard, CBS staff will not be present during non-business hours.
7. **Insurance.** Users other than Vendors agree to have a current marine insurance policy of a "named perils" or "all risks" type that fully insures the value of the vessel, plus accident and environmental liability. A Certificate of Insurance shall be provided to the CBS showing coverage not less than the minimum required in the boatyard policy document. Hull and machinery coverage shall be sufficient to dispose of the vessel if abandoned, burned or otherwise left to the CBS.
8. **Dry Dockage.** The GPIP Port Director shall designate a dry storage area within the boatyard for the vessel. Charges for dry dockage are payable from the time the vessel is hauled out until the vessel is removed from the boatyard. Payment of charges for dry dockage grants a User a revocable license to use the dry dockage area that is designated for the vessel.
9. **Scheduling, Deposits, & Cancellations.** Users must plan to be in and out of the boatyard as scheduled. A deposit of 50% of the estimated costs shall be made when the User makes arrangements with the GPIP Port Director to use boatyard facilities. The CBS may require the estimated payment in full at time of scheduling. After the vessel has been launched, the deposit will be credited toward beach landing and dry dock fees. The deposit will be forfeited if: a) the vessel fails to adhere to the scheduled haul-out time, or b) the vessel owner fails to leave the facility clean after launching. A cancellation or schedule change must be communicated to the GPIP Port Director at least 24 hours in advance to avoid deposit forfeiture. Vessels missing their scheduled haul-out date will be accommodated on a "space available" basis.
10. **Charges:** Rates are published in the GPIP Port Tariff. All charges are billed out on a monthly basis and payable to the CBS. **Boatyard Moorage:** Charges are calculated as square feet, and are based on the overall length and beam of the vessel, plus a ten foot (10') perimeter on all sides, including all appendages. **GPIP Access Ramp:** Prices for the use of the GPIP Access Ramp for landing are based on the overall length of the vessel. Time spent on the access ramp prior to and after a haul-out is charged per day and will be included in the overall cost of the haul-out.
11. **Blocking.** Vessel blocking is the responsibility of the User and/or their contractors. The CBS has the right to inspect vessel blocking and will, if necessary, require additional blocking if it is determined to be inadequate for the job. The CBS will not supply, store, or furnish ships blocking, nor supply the labor needed for blocking installation/removal.
12. **Tarps.** Ground cover tarps must be placed under every vessel prior to blocking, and cover the ground under the entire vessel plus a 10 foot parameter. They must remain in place and shall be kept clean (daily) of all hazmat, paint chips, etc. Ground cover tarps will be protected during welding by placing protective welding mats in the affected areas.
13. **Ladders/Scaffolding.** User and/or Vendors will provide their own ladders and scaffolding. User assumes all risk when utilizing ladders and scaffolding.
14. **PPE:** User shall insure that personal protective equipment and clothing will be provided and worn as appropriate to each task.
15. **Sanding, Grinding, & Scraping.** Open air sanding, grinding and scraping are prohibited unless dustless systems are employed or the vessel is tented and properly vented/filtered. These precautions are to prevent escapement of airborne particulates from the vessel and soil contamination.
16. **Pressure Washing:** The GPIP Marine Repair Facility does not allow pressure washing. Users who wish to remove marine growth from their vessel's hull must utilize alternative methods, such as manual removal by scraping. Ground covers must be used to collect debris and then shoveled into dumpsters, which the vessel owner provides.

17. **Disposal of Waste & Hazmat.** See the GPIIP Marine Repair Facility policies and Best Management Practices (BMPs), and/or ask staff for details for proper disposal methods and locations.
18. **Spills & Cleanup.** User must immediately report any spills to the Harbor Office, NRC, DEC, and U.S. Coast Guard MSD. Failure to report can result in fines. User is responsible for the cleanliness of their dry moorage area. Fees will be assessed if CBS needs to clean a vessel's area.
19. **Welding/Hotworks:** Vendors contracted to weld must be certified, licensed, and insured. All persons, including the User, crewmembers, and vendors must follow all standard welding practices per OSHA regulations. Fire guards and protective measures must be in place during all welding and cutting activities. There will be no open flames (other than welding or cutting torches) and no open burning. For every welder working, each must have a person on fire watch with fire extinguisher near them. Atmospheric testing for enclosed areas shall be done when appropriate. Arc shields shall be used as appropriate and required.
20. **Storm Events:** The User/Vendors are solely responsible to take emergency measures to secure the vessel, or anything that may become airborne during a windstorm event to prevent damage/injuries caused by airborne debris from their vessel and/or dry storage location.
21. **Materials, Structures & Equipment.** Necessary materials should be on hand before each haul-out. Arrangements for storage of materials must be coordinated with the GPIIP Port Director. Users and vendors may bring in vehicles, trailers, or set up temporary structures that fit within the dry storage site of their vessel. Unless otherwise approved, the structures must be removed after the vessel is launched. Mobile homes, travel trailers, or RVs will not be allowed without approval. If the project requires more space for project lay-down, space will be provided as available and charges will reflect actual square foot usage.
22. **Alcohol/Drug-Use in Facility:** No alcohol or drugs shall be consumed/allowed in the boatyard or aboard vessels in the boatyard.
23. **Fires:** No open fires are permitted aboard vessels or in the boatyard.
24. **Children:** Children, under the age of 12, must be accompanied by an adult at all times.
25. **Pets:** All animals must be leashed and cleaned up after per CBS Code.
26. **Live-a-boards:** No one will live aboard a vessel in dry moorage without consent of the GPIIP Port Director.
27. **Liability.** The CBS shall not be liable for death or injury to persons, or damage to property, upon the vessel, yard facilities or premises adjacent thereto arising from any cause other than the willful misconduct of the CBS. The User shall indemnify and hold the CBS and its officers and employees harmless from all claims for death or injury to persons, or damage to property, arising from their acts or omissions, their agents, service providers/vendors, crew, employees, or invitees.
28. **Default; CBS's Remedies.** Failure to adhere to the GPIIP's policies and best management practices can result in unsafe actions and environmentally harmful activities. When violations are observed by CBS staff, intentional or otherwise, work will be stopped until corrective measures are taken. If User fail to properly follow and adhere to these practices/policies and/or their agreement with the CBS, or fail to pay fees or charges for more than thirty (30) days after the due date, the CBS may exercise any available remedy, including without limitation one or more of the following: a) Terminate their User Agreement; b) Begin impoundment procedures per **SGC 13.14** to have the vessel removed until the violation has been cured, or disposed of; c) Place a lien on the vessel per **SGC 13.14** for towing, storage, costs of sale, attorney fees, any other charges incurred in connection with the impoundment, and charges for harbor services.
29. **No Waiver.** The failure of the CBS to insist upon strict performance of any provision of this Agreement, or to exercise any right or remedy available on a breach thereof, or the acceptance by the CBS of full or partial payments during the continuance of any breach, shall not constitute a waiver of any provision of this Agreement, and all provisions hereof shall continue in full force and effect. Nothing in this Agreement shall constitute a waiver by the CBS of its right to arrest any vessel to enforce a maritime lien, or any other right or remedy.
30. **Notices.** Billings and notices will be mailed to User's address as set forth herein. User shall notify the CBS in writing of an address change.
31. **Interpretations; Amendment.** Alaska law shall govern this Agreement. The invalidity of any provision of this Agreement shall not affect the validity of any other provision. This document, in concert with the GPIIP Marine Repair and Facility Best Management Practices and Policies constitutes the entire agreement of the parties. No amendment of this Agreement shall be valid unless in writing and signed by both parties.

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- I accept full responsibility for my activities in the boatyard, and for the actions of my crew, workers, vendors and contractors.
  - I agree to have insurance covering the vessel, crew and persons working for me, as may be required by the terms and by the law.
  - I understand that there may be a security bond required in the amount estimated to dispose of the vessel should project failure or abandonment occur.
  - I accept and acknowledge that I have read and agree to the terms hereinabove and will abide by the GPIIP Marine Repair Facility Policies and Best Management Practices (BMP). I shall take precautions to prevent pollution to the air, ground and water. Should there be fees, fines, or cleanup required, I agree to pay such costs.

User: \_\_\_\_\_ Date: \_\_\_\_\_  
 (Signature) (Print)

Harbormaster Approval: \_\_\_\_\_ Date: \_\_\_\_\_



329 Harbor Drive, Suite 212  
Sitka, AK 99835  
Phone: 907-747-2660

Tuesday, November 17, 2020

## MEMORANDUM

To: Gary Paxton Industrial Park (GPIP) Board of Directors

From: Garry White, Director

Subject: GPIP Port Tariff Discussion and Adjustments

### **Introduction**

The GPIP Director is recommending a discussion and adjustments to the GPIP Port Tariff. The City and Borough of Sitka (CBS) has received a request to moor a small cruise ship at the GPIP Dock in the summer of 2021 and 2022. Additionally, the CBS has received requests for vessels to be haul out using the existing unimproved GPIP Access Ramp and to be placed in the park for repair and maintenance work.

### **GPIP Port Tariff**

A Port Tariff is a document that contains published charges, rules, and requirements of the port, including docks and associated uplands. The Port Tariff is an implied contract that allows for rapid arrangements without the need for complicated agreements for use of the facility.

The GPIP Port is a “landlord” Port, which means that the GPIP will charge users for real estate and dock use and are responsible for maintenance, management and upkeep. The GPIP Port Tariff covers all properties of the GPIP uplands and tidelands.

The entire GPIP Port Tariff can be found at the following link:

<http://www.cityofsitka.com/government/departments/harbor/documents/MasterTariffNo.39-4-2018DRAFT-3.pdf>

### **Background**

The GPIP Board recommended and the City and Borough of Sitka Assembly approved the first GPIP Port Tariff #1 in February 2018. The GPIP Port Tariff #1 was drafted, with input by the GPIP Director, GPIP Board, and by Parrish, Blessing, & Associates Inc. (PBA), a regulatory and economics consulting firm from Anchorage. PBA has experience in port tariff development, having worked with the Port of Alaska (formerly port of Anchorage) on its port tariff development and financial management.

The GPIP Board discussed the need to monitor the fee schedule and to adjust if need be over time when the tariff was established. The tariff (Port Tariff #2) was adjusted in July 2018 to accommodate incidental use of the facility and to lower wharfage rates to promote more use of

the facility. The tariff (Port Tariff #3) was adjusted again in September 2018 to accommodate the movement and storage of fishing gear over the dock and the GPIIP uplands.

Based off conversations with potential future users of the facility, the Director is proposing a discussion on following adjustments to the fee schedule.

**Proposed Adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #4)**

**Small Cruise Ship/Passenger Vessels**

- **Item 200 – Dockage**

Item 200 sets the definitions and schedule of charges for docking or mooring a vessel to the GPIIP Dock. The current tariff fee schedule for vessels is below.

(j) DOCKAGE RATES WILL BE ASSESSED AS FOLLOWS EXCEPT AS OTHERWISE PROVIDED.

Vessel Length (feet)	DOCKAGE RATE In Dollars					
	2018	2019	2020	2021	2022	2023
0 – 50 feet – rate per foot	\$0.80	\$0.84	\$0.89	\$0.94	\$1.00	\$1.06
51 – 149 feet – rate per foot	\$1.00	\$1.06	\$1.12	\$1.19	\$1.26	\$1.34
150 - 199	\$396	\$420	\$445	\$472	\$500	\$530
200 - 299	\$592	\$628	\$665	\$705	\$747	\$792
300-399	\$922	\$998	\$998	\$998	\$998	\$998
400	\$1,175	\$1,272	\$1,272	\$1,272	\$1,272	\$1,272

*Note: 400' is the largest vessel that can be accommodated at the GPIIP Dock.*

A. Fee Structure for Larger Vessels.

The current fee schedule for larger vessels is a flat fee for each range of vessel length.

- The CBS Harbor Department has a rate of \$3.49/ft for small passenger ships.
- The current fee at Old Sitka dock is \$3/ft for larger cruise ships.

Discussion: GPIIP Board’s recommend on flat fees for larger vessels or adjust to a per foot method.

Additional Information

- The GPIIP Dock will need to put in place a Facility Security Plan (FSP) to allow vessels that carry more than 150 passengers to use the dock. A FSP is also required for the following types of vessels:
  - Handle explosives, liquefied natural or hazardous gas, or other Certain Dangerous Cargoes (CDC)

- Transfer oil or hazardous materials (Delta Western currently has its own FSP to sell fuel)
- Handle vessels covered by Chapter XI of the International Convention for the Safety of Life at Sea (SOLAS)
- Handle cargo vessels greater than 100 gross registered tons
- Handle barges that carry cargoes regulated by 46 CFR, chapter I, subchapter D or O, or CDCs.

The GPIIP Director has contact Marine Exchange of Alaska regarding putting together a FSP for the GPIIP Dock. Please see attached quote. *Fees for user of facility that require a FSP are address below under Wharfage.*

The GPIIP Director is recommending that the FSP be set up to allow for maximum use of the dock, especially the small vessel float on the inside of the dock.

- The GPIIP Port Tariff sets Berthing (mooring) requirements. The maximum size vessel that can berth at the dock with the existing fender system is a 30' beam by 150' long vessel with a 440 US ton displacement. Vessels over 150' up to a 100' beam by 400' long with a displacement of 22,000 US tons can be accepted at the face of the dock with an approved fender system.

The GPIIP Director is recommending that the proposed small cruise ship provide its own fender system to berth its vessel. The fender system will be removed after each use. Per the GPIIP Port Tariff, the dock labor for mooring a vessel and handling fenders will be the responsibility of the vessel owner or agent. The GPIIP Director is recommending the CBS investigate acquiring its own larger fending system in the future after demonstrated use.

#### B. Fee for Incidental Use of Dock

The moorage rates were adjusted in 2018 to allow for an incidental use fee for vessels less than 200 feet in the attempt to increase use of the GPIIP Dock

- The current fee is \$25/hr for up 4 hours.

Discussion: GPIIP Board's recommend to continue with incidental use fees or not.

### **Terminal Operator Permit**

- **Item 215 – Terminal Operator Permit**

Item 215 allows the CBS to issue permits to business that wish to operate on the GPIIP Dock and GPIIP upland properties. Operators/Vendors would be considered agencies/entities performing petroleum transfer operations; general cargo operations; dry bulk cargo operations; offloading of cargo from first place of rest within Port transit areas; vessel servicing; fish handling operations; and, passenger operations.

Currently, the CBS harbor system does require operators/vendors to obtain a Marine Trades Permit in the general harbor, but does not charge a fee for the permit. Various other marine yards and harbors systems around the state do charge for a permit.

- Kodiak Vendor permit - \$500 annually
- Homer Vendor Permit - \$150 annually

Please see the attached DRAFT GPIIP Repair Facility Vendor Agreement

Discussion: GPIIP Board's recommendation on GPIIP Repair Facility Vendor Agreement. GPIIP Board's recommendation to charge for an annual permit.

### **Wharfage**

- **Item 250 – Wharfage**

Item 250 sets the definitions and schedule for any freight, cargo, or goods moved over the GPIIP Dock (Wharf) or GPIIP property.

The Commodity section of the wharfage section of the tariff addresses fees associated with port security measures as required by the Office of Homeland Security.

The current fee schedule contains a per person fee for passengers crossing the GPIIP Dock to cover port security expenses. The listed fee for 2021 is \$1.39 per passenger. The original per passenger fee schedule was established when the GPIIP Dock was considering expanding to accommodate a larger passenger vessels. The GPIIP Director is recommending that a flat fee of \$850 be charged for each passenger vessel to cover the cost of security personnel.

Discussion: GPIIP Board's recommendation on passenger security fee.

### **Charges for Miscellaneous Services**

- **Item 255 - CHARGES FOR MISCELLANEOUS SERVICES**

Item 255 is a new addition to the GPIIP Port Tariff to cover various miscellaneous services offered as the GPIIP Port expands.

A. Terminal Storage

The GPIIP Port Tariff was adjusted in the fall of 2018 to set a fee schedule for the storage of fishing gear on the GPIIP Dock and the uplands. Miscellaneous Service is the appropriate place for this fee schedule. This fee category will be moved from the Wharfage section.

B. Passenger Vessel Fee

Many ports in Southeast Alaska have established their own passenger vessel fee for passengers using their facilities. The fee is based on the number of passengers on the vessel. The GPIIP Director is recommending a \$4 per head fee for passenger vessels using the GPIIP Dock based off similar fees in the area.

Discussion: GPIIP Board's recommendation on a Passenger Vessel Fee.

### C. Access Ramp Fee

The GPIIP Board has recently heard requests to use the access ramp at the GPIIP. The access ramp has been used by tenants of the park in the past without a published fee structure. Below are fees from various yards around the state.

- CBS Harbor System - \$5 in, \$5 out.
- Petersburg - \$425/vessel round trip avg. (fee includes hydraulic trailer lift)
- Homer - \$1.50/ft/calendar day

The GPIIP Director recommends a fee of \$1.50/ft/calendar day. The rationale for this fee structure is that the GPIIP property more resembles the Homer Marine Repair center than a public boat ramp.

The GPIIP Director is also recommending that all entities that wish to utilize the GPIIP Access Ramp sign a GPIIP Repair Facility User Agreement. Please see the attached DRAFT GPIIP Repair Facility User Agreement. The agreement is to outline environment and liability concerns with this unimproved ramp.

Discussion: GPIIP Board's recommendations for an Access Ramp fee.

### D. Upland Vessel Dry Dock Fee

The GPIIP Board has recently heard request to use the uplands of the GPIIP properties for vessel work. Below are fees from various yards around the state,

- HPM - \$1.95/ft/day
- Kodiak - \$2.90/ft/day
- Wrangell - \$0.59/sf/month (vessel length x beam)
- Homer - \$0.20/sf/month (vessel length + 10' x beam + 10') Homer Harbor Vessels
  - \$0.25/sf/month (vessel length + 10' x beam + 10') Other Vessels

The GPIIP Director recommends a two tiered fee for different types of dry dock use.

- For short term projects
  - \$1.95/ft/day
- For longer term projects

- \$0.20/SF/month for vessels with a Sitka moorage account
- \$0.23/SF/Month for vessels without a Sitka moorage account
  - Upland Dry dockage footprint calculations – Charges are calculated as square feet and are based on the overall length and beam of vessel, plus a ten foot perimeter on all sides. If additional equipment is on site, it will be added to the total square footage.
  - \$50/month Dry Dock Administrative Fee
  - After 4 months the fee will double each month without GPIIP Port Director written approval to stay past 4 months.

The GPIIP Director is also recommending that all entities that wish to utilize the GPIIP Upland for vessel repair and maintenance work sign a GPIIP Repair Facility User Agreement. Please the attached DRAFT GPIIP Repair Facility User Agreement and the DRAFT GPIIP Policies and Best Management Practices manual. The agreement and manual are to outline liability and environmental concerns with vessel repairs on the uplands.

Discussion: GPIIP Board’s recommendations on GPIIP Repair Facility User Agreement and Policies and Best Management Practices Manual. GPIIP Board’s recommendations for Dry Dock fees.

**Additional Information**

- Weight limits in relation to above and underground infrastructure needs to be addressed before large vessel hauls outs can be achieved.
- The attached GPIIP Repair Facility User Agreement, Vender Agreement, and Polices and Best Management Practices Manual are all in DRAFT form and are for discussion purposes only. The documents will be updated to address hazardous waste handling and finalize appendixes.

**Action**

- GPIIP Board recommendations on the proposed adjustments to the GPIIP Port Tariff Fee Schedule (Port Tariff #4).