



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
January 15, 2007 – 3:00 PM  
SEDA Board Room  
329 Harbor Drive Suite 212, Sitka 99835**

**A. CALL TO ORDER**

Acting Chair Loiselle called the meeting to order at 3:00 pm.

**B. ROLL CALL**

Board Members Present:      Bob Loiselle                      Trevor Harang  
   Grant Miller                      Charles Horan

Absent and excused:              Nancy Davis

Others Present:                      Hugh Bevan                      Maria Finkenbinder  
   John Sherrod                      Nicchia Leamer  
   Theresa Hillhouse                      Mike Fitzsimons

**C. REVIEW OF MINUTES – December 14<sup>th</sup>, 2006**

**MOTION:**      **M/S Harang/Miller** moved to approve the minutes from the December 14<sup>th</sup>, 2006 meeting, as presented.

**ACTION:**      Motion **PASSED 3-0** on a voice vote. Horan came in after vote was taken.

**D. CORRESPONDENCE & OTHER INFORMATION**

Mr. Bevan told the Board about his correspondence with the Boat Company about the possibility of reacquiring their leasehold. He said that the Board can discuss it further during their planning session.

**E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA**

Mr. Bevan requested an opportunity to discuss the date and time for the planning session. The Chair added this item under Old Business.

The Chair proposed adding a discussion about the Sawmill Cove budget under Other Business.

Mr. Bevan mentioned that he will give a brief update on the pulp dock dialogue.

**F. UNFINISHED BUSINESS**

**1. Date and Time for Planning Session**

The members briefly discussed their respective schedules and availability for the next six weeks. No date was set as they could not find a common date when all members are in town. The Chair requested them to email Mr. Bevan the dates of their availability through March.

## *Planning Session Agenda*

Mr. Bevan recommended that the Board consider working on a new plat during their planning session that would identify right of ways and subdivide the big parcels into small lots. In particular, he pointed out the need to set aside marine access easement for the proposed boat haul-out and an access and utility corridor for the NSRAA leasehold. He explained that NSRAA is now preparing to start construction and they are asking road access to their site as well as easement for the water pipe from the bulk water pipeline.

Mr. Horan said he doesn't want the marine access easement to be a publicly dedicated right of way until a waterfront development plan is in place, adding that breaking down the big parcels will be premature. He recommended that NSRAA share the Boat Company's utility easement instead of having its own easement.

The Chair suggested an amendment to the NSRAA lease that would give them utility easement and road access.

**MOTION:** **M/S Horan/Miller** moved to direct Mr. Bevan to work with City Staff to determine the most effective utility easement and access route for NSRAA and make it as an amendment to the NSRAA lease.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

### **G. NEW BUSINESS**

#### **1. Baranof Frozen Foods (BFF) lease assignment**

Mr. Bevan told the Board that Section 8.1 of the BFF lease prohibits assignment of the lease agreement by the Lessee but an assignment is possible with Assembly approval. The proposed assignment will enable Alaska Pacific Bank to operate instead of BFF under the terms of the lease. He outlined the leasehold configuration within the pulp dock warehouse involving BFF, Omega Sea, and the City.

Ms. Hillhouse stated that assignment can be done but not with the existing documents presented by the bank, explaining that the bank's proposal gives them more rights than the present lessee. She also had some concerns about the bank's first rights to take possession of property left on site in case BFF defaults on the loan. She pointed out that there are provisions in the lease assignment that can get into a lot of litigation. She said she cannot recommend the lease assignment as written. It needs to be re-written and simplified.

Mr. Horan said that he understood the ability of BFF to capitalize but he wanted to make sure that the City is no worse off than it is as a current lessor. He also expressed concerns on certain provisions in the lease assignment.

Mr. Miller questioned Omega Sea's lease which he felt shouldn't have been renewed given the fact that Omega is a non-resident and not operating from the site and simply subletting its area to BFF. Mr. Horan explained that the Board recommended renewal of the Omega Sea lease because they didn't find any compelling reason or concern to get the lease back. He added that the Board has been diligent in protecting City's interest when they considered the Omega Sea lease.

**MOTION:** **M/S Horan/Harang** moved to approve in principle consent to assign the BFF leasehold as long as the provisions assure that the City is no worse off than the existing lease.

**DISCUSSION:** Ms. Leamer of Alaska Pacific Bank said that some of the language in the document is based on the Lending Law. She told the Board that she'll have the bank's lawyer work with Ms. Hillhouse to put together something that would be acceptable to all parties.

**ACTION:** Motion **PASSED 4-0** on a voice vote.

## **2. Site Clean Up, Tenant Surcharge**

Mr. Bevan noted an increase in litter and debris scattered at Sawmill Cove with some lease areas looking pretty junky. He also pointed out that there are piles of leftover items from various construction projects many of which originated on the site i.e. old fencing, broken concrete, etc. Since there is no budget to deal with this issue, he suggested imposing a cleanup surcharge on rents. The intent of this revenue stream is to pay a City hired contractor that will clean up the debris and rubble that is not specifically claimed by a particular tenant.

Mr. Horan acknowledged the need to make the site look good and increase its eye appeal especially in attracting new tenants.

On the Chair's query if the lease agreements have enough teeth to address the problem, Ms. Hillhouse said that all leases have a standard provision that gives the Board some authority to require tenants to clean up their areas but it is legally difficult to ask them to pay a surcharge. She suggested that the Board amend the Sawmill Cove Ordinance and impose a surcharge. The ordinance would authorize the City to cite the tenant and charge them.

By consensus, the members agreed to Mr. Harang's suggestion to write a letter to the tenants giving them enough time to clean up their areas, possibly up to the citywide annual spring cleanup. The Board will look into it again after that time and determine if they need to propose an amendment to the ordinance to impose a surcharge.

## **3. Bulk Water**

Mr. Bevan presented the breakdown of Sitka's 26.1 MDG allotment of Blue Lake water permitted by the State. With the termination of Global and Quest contracts, 17.0 MDG of unencumbered water is now available for export. He asked for the Board's input on how to market the unencumbered water.

He also told the Board that TAB's bulk water contract took effect on Dec. 7, 2006 and within the next 24 months, they have to move 20 million gallons of water. Another provision in the contract is to refer third party inquiries to TAB and if they are unable to conclude a deal within 90 days, that third party can deal directly with the City.

The Chair suggested that they request someone to write an article about the raw water pipeline and have it published on Alaska Business Monthly, get a reprint of the article, and make it available online.

Mr. Horan proposed advertising and direct marketing of the pipeline in a targeted manner when the pipeline construction is complete, adding that they need to be proactive in promoting it.

On the allocation of the proceeds from bulk water, Ms. Hillhouse said that they first have to make sure who is the successor of Alaska Pulp Corporation.

## **H. OTHER BUSINESS**

### **1. FY08 Sawmill Cove Budget**

The Chair said that the Board needs to get involved in the budget process for Sawmill Cove and suggested that the Board hold a work session with Dave Wolff. Upon learning that the Jan. 17, 2007 Assembly Work Session will focus on Mr. Wolff's financial projections for FY08, he suggested that the Board further discuss the Sawmill Cove Budget in the next meeting.

## **I. REPORTS**

### **1. Sawmill Cove Management Report**

Mr. Bevan gave the Board the heads up on what to expect in the next meeting: a new lease for Sitka Bike and Hike, and a proposal from a local welder who expressed interest in leasing the small building at the south end of the pulp dock.

He also told the Board about the teleconference meeting scheduled on Wednesday, Jan. 17<sup>th</sup> with PND Engineers and City Staff regarding the pulp dock; current uses to be allowed; what must be done for repair and safety, and what measures to take as a long term solution to stabilize it. He said he will send an electronic report to the Board on the outcome of the meeting.

## **J. ADJOURNMENT**

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

The meeting adjourned at 4:25 pm.