

**Gary Paxton Industrial Park - Board of Directors Meeting
June 8th, 2017 3pm at SEDA Conference Room**

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

B. ROLL CALL

Members Present: Scott Wager, Hugh Bevan, Sheila Finkenbinder, Dan Jones, Charles Horan

Members Absent: None

City Representatives: Michael Harmon, Mark Gorman, Dan Tadic, Bob Potrzuski

Others Present: Terry Trapp (Teleconference), Robert Woolsey, Roger Sudnickivich, Ken Sprague, Peter Williams, Bobbi Daniels

C. Review of Minutes- April 20th, 2017 & May 4th, 2017

MOTION: **M/S Jones/Bevan** moved to accept the minutes April 20th & May 4th 2017

ACTION: **Motion PASSED 5/0** on a voice vote

D. Correspondence & Other Information

Mr. White introduced the financial report from the City and stated that he would be discussing the working capital number with the City Finance Department and Mr. Jay Sweeney.

E. Changes/Additions/Deletions to Agenda

1. Move the Sawmill Farm discussion to after Item H-3
2. Move Strategic Planning to the end of the meeting

F. Reports

Mr. Tadic gave an update on the progress of the dock; stating that the concrete deck was being poured (photos) and that transfer bridge, dolphin caps and gangway were all complete. He stated the Army Corp permit is expected in September and by November 2017, substantial completion is expected.

Mr. White informed the board that there were three groups still interested in bulk water sales and three groups that expressed interest in bottled water sales. He also stated that:

- There was interest in rock removal at GPIIP for the Allen Marine ramp project.
- The shoreline stabilization project was moving forward.
- The City Assembly approve the Fortress of the Bear 99 year lease.
- The City Assembly accept the insurance settlement of the Administration Building; funds will be put into the GPIIP working capital fund.
- The RFP was ready for the Administration Building and discussed the covenants regarding religious entities.

G. Persons to Be Heard

1. Mr. Ken Sprague of Tongass Springs

Mr. Sprague introduced his business plan to the board. He is interested in starting up an employee owned water bottling business in Sitka, specializing in specialty and flavored water. He is interested in a possible location at the GPIIP. Mr. Sprague indicated that he was not concerned with exclusivity but rather to export what he believes to be a viable export and to help diversify Sitka's economy.

2. Mr. Peter William of Humpback Farms

Mr. Williams introduced his business plan for developing an indoor hydroponics farm for greens. He stated that he was interested in using LED lights for higher harvest yield (light would consumes approx. 10 homes worth of electricity). Mr. Williams felt that his business could possibly be a good fit for GPIIP; he is looking for a small warehouse (approx. 1-2,000 sq ft).

H. Unfinished Business

1. ABWI Equipment Purchase

Discussion:

- Mr. Trapp gave a brief synopsis via tele-conference of his June 5th, 2017 letter that stated he would like to sell the remaining bulk water equipment at GPIIP valued at \$700,000, offering for \$100,000 for the pipe, floats, couplers and miscellaneous parts and \$43,000 for two manifolds. If the City chose not to buy, Mr. Trapp requested an addition 90 day to remove the equipment from GPIIP.

MOTION: **M/S Finkenbinder/Jones** moved to give ABWI until August 31st, 2017 to remove equipment from GPIIP.

AMENDMENT: **M/S Jones/Finkenbinder** moved to add if equipment needed to be moved sooner, a 10-day notice would be given to ABWI.

ACTION: **Passed 5/0 on voice vote**

MOTION: **M/S Bevan/ Finkenbinder** moved to purchase all ASWI equipment for \$100,000.

Discussion:

- Mr. Horan introduced the idea of an option agreement, allowing Mr. Trapp to market the equipment and GPIIP to purchase equipment if a buyer came forward before Mr. Trapp sold the equipment. Mr. Horan mentioned concern for buying it out right, he was concerned that it would not be what a potential bulk water buyer would want or need.

ACTION: **Yeas: Finkenbinder, Bevan**
Nays: Jones, Horan, Wagner
Motion failed 3/2 on roll call vote

2. Eckert Sales and Marketing Proposal

Discussion:

- Mr. Brian Eckert and Mr. Michael Eckert joined the meeting via tele-conference and discussed the new terms from a May 30th 2017 letter. Eckert outlined terms as:
 1. 100,000,000 gal of raw water annually
 2. City would be responsible for construction and maintenance of water pipeline and filling structure.
 2. \$0.01 per gallon
 3. Global exclusivity with the exception of China (\$50,000 payment to City if exercised)
 4. Supply agreement would be 40 years with an option to renew for 60 additional years
- Board was concerned about tying up one hundred million gallons of water for very little money.
- Board questioned the City building the loading facility/structure.
- Board mentioned the exclusivity area had expanded, was only North America in past proposal.

MOTION: **M/S Jones/Finkenbinder** moved to accept Eckert Sales offer and bring to City of Sitka assembly for approval.

ACTION: **Yeas:**

Nays: Jones, Horan, Wagner, Finkenbinder, Bevan

Motion failed 5/0 on roll call vote

- It was mentioned that the terms presented could affect bulk water sales and the contract could be 'flipped' to a larger party.
- Board stated exclusivity was a deal breaker, in past meetings the board suggested \$200-\$500K for exclusivity.
- It was mentioned that it would be a better deal for the city if the bottling plant was located in Sitka, hiring locals and contributing to Sitka's tax base.

3. Sawmill Farm Lease Review

Discussion:

- Mrs. Daniels addressed the Board stating that she would no longer be operating the Sawmill Farm and that she would be clearing Lot 1, Block 4 of all animals and items associated with the Farm. She said the idea of a farm in Sitka is still worth pursuing, but she was no longer able to take on the project, she hoped that the board would not be averse to having another entity develop a farm at the park.
- Board requested a letter be drafted making the vacate date August 31st, 2017, Mrs. Daniels agreed with the date stating that she did not want to pay for the rent beyond that and she would have lot cleaned up.

I. New Business

1. Northline Seafoods Lease Request

Discussion:

- Mr. Pat Glaab gave a history of Northline Seafood and their business in Sitka. He requested leasing a portion of Lot 9A for his barge haul out.

- Board stated that the lease would still allow the City to move forward with the shoreline stabilization and Mr. Glaab to move forward with the haul out ramp.

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

- Mr. Glaab stated that he was also interested in extending the lease for Lot 4 for 5 years with the option to buy at 5 years (\$554,000 appraised value). He stated that he needed to make improvements to the building for his business but had concerns about not having for ownership when making an investment in the building.
- Mr. Glaab wanted to increase the terms from 1 year to 5 years.
- Employee credits of \$10,000 for up to two employees making over \$36,000/yr with a limit of two credits set to expire after 3 years were added to the lease terms.
- The board discussed sale versus a long-term lease.
- Mr. White advised the board that the CBS is retaining a 30-foot access and utility easement between lot 4 and the waterfront.

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

- Lessee name changed from APP to Northline;
- Term is for 5 years, starting 07/01/2017;
- \$10,000 employee lease credit for each employee making over \$36,000 annually at the GPIIP site;
 - Lease credits not to exceed \$20,000 annually;
 - Lease credits expire after 3 years.
- 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.
- All other lease terms remain the same.

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

Nays:

Motion Passed 5/0 on roll call vote

2. Administration Building RFP

Discussion:

- Board requested that the point system for the evaluation criteria and selection process be modified.

MOTION: **M/S Bevan/Finkenbinder** moved to increase the point system for the evaluation criteria and selection process of the RFP for the Administration Building to 25 points each for Qualifications & Experience on the Entity, Concept Plan, Purchase or Lease, 10 points for Startup Schedule and Hazard Mitigation Plan and 5 points for Confidence in Developer.

ACTION: Yeas: Jones, Horan, Wagner, Finkenbinder, Bevan
Nays:
Motion Passed 5/0 on roll call vote

J. Adjournment: Mr. Jones moved to adjourn the meeting at 5:07 pm