

**Gary Paxton Industrial Park - Board of Directors Meeting
July 31st, 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, Dan Tadic, Jay Sweeney, Brian Hansen

Others Present: Garry White, Shannon Haughland, Brian Eckert (teleconference), Fred Paley (teleconference)

C. Review of Minutes- June 8th 2017

MOTION: M/S Finkenbinder moved to accept the minutes June 8th 2017

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

D. Correspondence & Other Information- None

E. Changes/Additions/Deletions to Agenda

1. Move Strategic Planning to the end of the meeting

F. Reports

Dock

Mr. White stated that the dock was in dry dock in Ketchikan. Currently the contractors and staff are evaluating which material to ballast the internal compartments of the barge as it relates to corrosion control; a decision had not been made about the best ballast material. The contractor committed to a 50-year life & adjustable freeboard. Members of the board felt that water ballast was preferred over gravel ballast.

Marine Services

Pat Glaab is working on barge landing items at park. Tisher Construction purchased a majority of the remaining rock at the park and is working on removing it from the park.

Shoreline Stabilization

Mr. Tadic stated rock has been moved to lot 15 to be used in shoreline stabilization project.

Administration Building

The RFP has been released to public; the bid closes September 19, 2017.

Water Bottling Building

There has been interest in the water bottling building to be leased by a marijuana cultivating business. The issue is going to the City Planning & Zoning for review however, the Board can offer recommendations if they wish, Board members were not inclined to do so.

G. Persons to Be Heard- None

H. Unfinished Business

1. Eckert Fine Beverages LLC Water Purchase Proposal

Mr. White outlined proposed water purchase agreement for the board:

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.
 - Eckert must purchase and export a total of 75,000 gallons within the 36-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.
- 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.
- Infrastructure will become property of the CBS.
- CBS will be responsible for maintenance and repair of infrastructure.
- 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.

Discussion

- Mr. White mentioned if Eckert's were going to use water for human consumption, it would be prudent to have a water quality lab on site; otherwise, the lease would be for non-potable water. Board members agreed that the testing of water should be once it arrives at destination, noting that there too many opportunities for water to be tainted in route.
- Board agreed with discussion points 6.1 and 6.4 (water testing/ water quality)
- Board agreed to remove discussion point 13.3 and keep the last sentence of discussion point 4.3.

- It was suggested that the City should test their own water, thus by protecting the City and owning the proof of quality. It was mentioned that transparency of lab results would be crucial.
- Mr. Eckert agreed with the non-potable status of the water and had no issue with the City testing the water as long as it did not slow down production.
- Board asked what the 'infrastructure' was going to look like, it was stated that it would be a tap.
- The board noted that the lease agreement would not include wharfage fee or moorage, those would be separate costs.
- The board was concerned that the City would be getting very little for the complexity of the deal; the 'breakeven' for Eckert would equal \$1200/yr. for the City. The Board felt that the cost of administration would be at least \$100/mo.

MOTION: **M/S Jones/Bevan** moved recommend the Assembly for approval the proposed water purchase agreement as written with the exception that the funding spent by Eckert Fine Beverages LLC for design and construction be applied toward water export payments for first 60 months (5 years) and to include the wording "Non Potable" water as stated in discussion points 6.1 and 6.3.

AMENDMENT: **M/S Horan/Finkenbinder** moved to that an additional term of \$1200 per year, non-refundable that would be given as a credit toward future water purchases.

ACTION on Amendment:

Yeas: Wagner, Horan, Jones, Finkenbinder, Bevan

Nays: None

Amendment PASSED 5/0 on roll vote

AMENDMENT: **M/S Bevan/ Jones** moved to include in contract that Eckert Fine Beverages LLC pays the State of Alaska severance fees.

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

Nays: None

Amendment Passed 5/0 on roll call vote

MAIN MOTION AS AMENDED:

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

Nays: None

Motion Passed 5-0

I. New Business

1. Arctic Blue Waters (Alaska) Ltd. Water Purchase Request

Discussion:

- Mr. Paley gave a brief summary of Arctic Blue Waters company structure, he also expressed the desire to reach an agreement of 2 billion gallons of bulk water a year for 5 years, renewable, with a deposit of 10k upon approval and 120 days after pay the remaining 90k. Mr. Paley stated their market would be India and the Middle East.
- It was stated that Arctic Blue would be taking approximately 20% of the bulk water possible.

- Board members stated that they had no issues with the terms but would still like the “Non Potable’ water designation and water testing.
- Arctic Blue Waters Ltd. would like to remove the ½ cent per gallon for flushing tank and lines. The board discussed not removing the ½ cent, but rather making it a friendly amendment once it is known how much water the flushing would use.
- Arctic Blue Water stated that they would be testing the water on their own, several times during the process.
- The board stated that if Arctic Blue Water uses the dock, wharfage fees would be charged and the contract would need to be amended to reflect those charges.
- It was mentioned to cap the ‘free’ water (wash-down water) at 50k gallons and .005 cents per gallon thereafter.

MOTION: **M/S Bevan/Jones** moved to recommend to the Assembly to accept contract from Arctic Blue Water Ltd. for bulk water purchase and transport, adding GPIP dock tariffs, .005 cent per gallon after the first free 50k gallons for wash-down water and adjusting water testing to state non-potable water. All water use at GPIP will be at the sole discretion of the City of Sitka’s administrator.

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

Nays: None

Motion Passed 5/0 on roll call vote

H-2. Strategic Planning

Discussion:

- Board members gave some housekeeping edits of the Strategic Plan.
- Board also requested a map attached to the Strategic Plan.
- Board stated that developing a tariff is a priority; Haines may be a good resource.

MOTION: **M/S Finkenbinder/Jones** moved to accept changes made to GPIP Strategic Plan and recommend the Assembly adopt the GPIP Strategic Plan as amended.

ACTION: **Motion Passed 5-0 on a voice vote**

J. Adjournment: Mr. Jones moved to adjourn the meeting at 4:50 pm