



**BOARD OF DIRECTOR'S REGULAR MEETING
THURSDAY OCTOBER 11, 2007
AGENDA**

**3:00 PM
SEDA Board Room**

<u>Item</u>	<u>Action</u>
A. Call to Order	Acknowledge
B. Roll Call	Acknowledge
C. Review of Minutes	Motion to Approve
D. Correspondence & Other Information	Acknowledge/Questions
E. Changes/Additions/Deletions to Agenda	Change/Add/Delete
Unfinished Business	
1. Silver Bay Seafoods offer to purchase	Executive Session
G. New Business	
1.	
2.	
3.	
H. Other Business	
1.	
I. Reports	
1. Sawmill Cove Pulp Dock Use Guidelines Engineering Report – PND Engineers June 30, 2004	
J. Adjournment	

The Mission

It is the mission of the Sawmill Cove 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.

October 8, 2007

Sawmill Cove Industrial Park

Attn: Mr. Hugh Bevan and Board Members

Re: Recent offer by Silverbay Seafood's to purchase the pulp dock warehouse.

On behalf of Baranof Frozen Foods I would like to establish our opposition to the offer tendered by SBS to purchase the portion of the pulp dock warehouse that is directly leased as well as subleased by Baranof Frozen Foods.

Baranof Frozen Foods has made substantial investment in the Sawmill Cove facility based on a long-range plan of constant development that spans over 25 years. The basis of our investment involved being a tenant of the City of Sitka and working through the dock issues with the City.

The board needs to recognize that a substantial investment has been made in the facility infrastructure by Baranof Frozen Foods over the past four years and that Baranof Frozen Foods has a vested interest in the facilities that it leases from the City and Omega Sea. While Baranof Frozen Foods would prefer for things to remain as they are, we also need to protect the investment that we have made in the Sawmill Cove facility. In an effort to protect that investment Baranof Frozen Foods would like to propose that we have the opportunity to purchase the lease areas that we currently occupy including our portion of the dock.

By having ownership in the facility we can take some comfort that our investment is protected and that our long-range plan will stay on course in Sitka. I think that we have clearly demonstrated our level of commitment in the operation and the community with our investment, and look forward to continuing to develop our operation in Sitka far into the future.

Please feel free to contact me if you have any questions at 800-667-6605 or my cell phone at 360-220-5323.

Sincerely

Doug Jay
President
Baranof Frozen Foods

OmegaSea, Ltd.

October 8, 2007

Dear Hugh Bevan and Board Members,

Thank you for the opportunity to express my thoughts and suggestions for your review at the upcoming meeting to discuss the proposal by Silver Bay Seafoods.

First, and foremost I would like to propose that OmegaSea, Ltd. have the opportunity to purchase it's portion of the warehouse that it has leased since April of 2001. Here are a few points to consider as part of our proposal.

1. OmegaSea was the first tenant in the building and has invested over \$350,000 in infrastucture and improvements.
2. OmegaSea, Ltd. has always paid the market rate for it's lease, as opposed to considerable rent reduction for subsequent tenants.
3. OmegaSea, Ltd. Has never been late on a payment, utilities or any other financial obligation associated with it's lease.
4. The cumulative rent paid to the City and Borought of Sitka by OmegaSea, Ltd since it's lease started in 2001 has reached \$ 296,000.00.
5. OmegaSea Ltd's permanent presence at the warehouse is absolutely critical to it's success as a company.
6. OmegaSea, Ltd does not need any part of the dock or access to the dock, (although some access would be great, if possible). This would avoid any conflict with Silver Bay Seafoods in the dock area.
7. OmeagSea, Ltd's continued lease at the facility is not dependent on the sub-lease to Baranof. If the sub-lease to Baranof, for any reason, was terminated OmeagSea would continue it's operations of gathering and freezing fish and fish waste at the facility on a permanent basis.

While, the security of transferring the Lease, in whole, to a new owner of the warehouse is of some comfort, it does not replace the permanent security of ownership. I think that OmegaSea, Ltd. has earned the right of ownership for it's portion of the warehouse, if the sale of the warehouse is inevitable. An arrangement such as this is not uncommon.

Furthermore, our ability to take waste from the processors at the facility is only going to grow. Few could disagree that this is a valuable, environmental benefit for the facility, as well as for the City. Our permanent presence there, insured through ownership of our lease area would be a win for everyone.

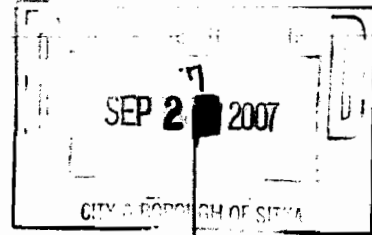
I want to thank each of you for considering our position in the matter. Please contact me with any questions at dcrews@omegasea.net or at the phone numbers below. I will look forward to your feedback

Sincerely,
Dennis Crews
President
OmegaSea, Ltd.
440-639-2372
cell 440-463-3732

**SILVER BAY SEAFOODS
OFFER TO PURCHASE**

SILVER BAY SEAFOODS, LLC

4400 Sawmill Creek Road, Suite B
Sitka, Alaska 99835



Thursday, September 27, 2007

Mr. John Stein, Administrator
City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

Subject: Lease dated November 2, 2007 between the City and Borough of Sitka ("CBS") and Stikine Holdings, LLC/assignee, Silver Bay Seafoods, LLC ("SBS")

Re: Purchase Option

Dear Mr. Stein:

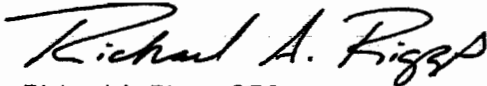
SBS seeks to purchase the leased premises and other land and structures, including the entire warehouse, dock structure parcel and housing parcels with such boundaries as generally set forth in the attached drawings. The purchase terms would provide the following:

1. SBS would pay CBS the sum of one million dollars (\$1,000,000) in cash at the time of closing.
2. The parties would equally share all closing costs, including title insurance. CBS shall pay all surveying, recording, and platting costs as work has already commenced on this scope as a subset of a larger project for CBS.
3. For a period of five (5) years from the closing date, CBS shall reimburse SBS for all capital improvements, maintenance and other expenditures relating to the repair or reconstruction of the dock, warehouse and/or sprinkler system. The CBS reimbursement obligation shall not exceed the \$1,000,000 purchase price plus accrued interest.
4. Any reimbursable expense incurred by SBS shall be solely related to stabilizing or improving the condition of the dock structure, warehouse, and/or sprinkler system; items which are currently the responsibility of CBS under the subject lease. Repairs to the warehouse may include, but not necessarily be limited to, those outlined in the 2007 BBFM Engineers Inc. report prepared for CBS.
5. Reimbursable expenses to be reimbursed by CBS include, but are not limited to, contracted labor and services, SBS labor and services, materials, and equipment. SBS labor shall be reimbursed at SBS published rates and materials shall be marked up at SBS published markup percentages.
6. CBS shall take no action under Sitka General Code Title 19.06 or otherwise limit or restrict SBS business activities within the parameters set forth in the PND engineering report, dated June 30, 2004, which was incorporated within the subject lease. Both parties recognize that future reconstruction or repairs to the dock will improve its general condition and likely allow increased load bearing capacity beyond that identified in the PND report dated June 30, 2004. Thus, CBS shall authorize SBS work to the extent that it is generally consistent with industry standards, including those repair standards initiated by the Alaska Pulp Corporation. CBS shall waive building permit and plan review fees associated with the subject work.
7. Subsequent to the purchase, SBS shall continue to have perpetual use of all CBS utilities, including the CBS seafood waste outfall pipeline.

8. CBS shall remain responsible for all requirements identified in the Prospective Purchaser Agreement between the State of Alaska and the City and Borough of Sitka for the Former Alaska Pulp Corporation Pulp Mill Property and the associated Memorandum of Understanding, including but not limited to Section 5, which describes the obligations of CBS for future monitoring.
9. Upon closing SBS shall assume all rights and liabilities with respect to the existing leases between CBS and Baranof Frozen Foods and Omega Sea.

We believe this proposal is of mutual benefit to both parties and we anticipate your response as we proceed with planning of our 2008 operations.

Sincerely,



Richard A. Riggs, CEO
Silver Bay Seafoods, LLC

907.747.7996 Office
907.738.7271 Cell

Cc: SCIP Board Thru Hugh Bevan, PE

SC CHORD -
S 10°55'19" W
9.51' 252.71'

CHD. = 44.91'
CHD. ERG. = N 4°10'42" E
51.50'

R = 315.97'
L = 8.54'
CHD = 8.54'
CHD. ERG. = N 4°24'11" W
25.00'

SC CHORD -
S 10°04'30" W
120.55'

10187.5 50 FT.
0.23 AC.

ACCESS & UTILITY CORRIDOR

TREATMENT PLANT
24" DITFALL
6" DITFALL
APPROX. 10' UP ST. BANK
7 PS

LOT 1
25,606 SQ. FT.
0.59 ACRES

LOT 12
6,839 SQ. FT.
(S&L)

VAN LOADING AREA

LOT 13
4,000 SQ. FT.
BIF COMPRESSORS

LOT 14
12,040 SQ. FT.
OMEGA SEA (REF. SUBLEASE)

LOT 15
17,088 SQ. FT.
BIF OPERATOR

LOT 16
48,182 SQ. FT.
WAREHOUSE

LOT 17
48,182 SQ. FT.
DOCK

LOT 18
31,109 SQ. FT.
STRIKING HOLDINGS, LLC (S&L)

LOT 19
3,774.731 SQ. FT.
1.19

LOT 20
3,997 SQ. FT.
S&L CORRIDOR

LOT 21
4,000 SQ. FT.
BIF COMPRESSORS

LOT 22
12,040 SQ. FT.
OMEGA SEA (REF. SUBLEASE)

LOT 23
17,088 SQ. FT.
BIF OPERATOR

LOT 24
48,182 SQ. FT.
WAREHOUSE

LOT 25
48,182 SQ. FT.
DOCK

LOT 26
48,182 SQ. FT.
DOCK

UCS&GS STA. "DOCK"

CONTROL LINE

BARBER OF FROZEN FOODS (BFF)

BUILDING

BUILDING

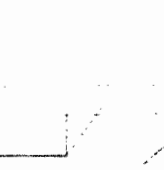
PROPOSED SBS PROPERTY BOUNDARY (202,000 SF)

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PROPOSED SBS PROPERTY BOUNDARY (202,000 SF)



Section 1.5 Lessee's Option to Purchase Subject Property.

Subject to approval by the Assembly of a subsequent negotiated Purchase and Sales Contract, Lessee shall have an option to purchase some or all of the Subject Property including potentially the land beneath the Subject Property. Approval of the Purchase and Sales Contract, including approval of each of the terms and conditions of the negotiated Purchase and Sales Contract and the determination as to which property will be sold, shall be at the sole discretion of the Assembly reviewing the negotiated Purchase and Sales Contract. Lessee understands that the Assembly may not approve the Purchase and Sale Agreement for any reason.

Further, the property subject to purchase shall not include any property upon which there is an encumbrance due to a grant and/or loan that would require the Lessor to have to pay back monies to the funding source related to the grant and/or loan if the property is sold. The Option to Purchase does not include the 15,000 square feet for Lessee employee housing shown on Exhibit A2.

The purchase price shall be based upon a fee simple "as was" appraisal at the time of the execution date of this Lease, except for improvements to the Subject Property which occur after the date of this Lease, which shall be based on an "as is" appraisal. The value of Lessee's leasehold interest in the Subject Property shall not be considered for the purchase price. The appraisal shall be paid for by Lessee at the time of purchase. Lessee option to purchase property shall expire on December 31, 2010 unless extended by mutual consent of the parties.

ARTICLE II: RENT

Section 2.1 Calculation & Method of Payment of Rent During the Initial Seven-Year Term of the Lease.

Lessee shall pay the lease payments for each month in advance upon the first day of each and every month for which Rent is due throughout the Term of the Lease Agreement without the necessity of any billing by Lessor. The following table shows the amount of lease payments due each month during the initial 6-year Term of the Lease Agreement.