



**Sawmill Cove Industrial Park  
Board of Directors Meeting  
August 27, 2009 – 3:00 PM  
SEDA Conference Room  
329 Harbor Drive – Suite 212**

**A. CALL TO ORDER**

The Chair called the meeting to order at 3:02 pm.

**B. ROLL CALL**

**Board Members Present:** Grant Miller Trevor Harang Chris Fondell Lowell Frank  
Charles Horan

**Board Members Absent: NONE**

**City Representatives:** Jim Dinley Theresa Hillhouse Dan Jones Chris Dearborn  
Jack Ozment

**Others Present:** Garry White Linda Wilson Reber Stein

**C. REVIEW OF MINUTES – July 20, 2009**

**MOTION:** M/S Harang/Fondell moved to approve the minutes of July 20, 2009.

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

**D. CORRESPONDENCE AND OTHER INFORMATION**

Mr. White referred to the SCIP advertisement for the Marine Service Industry RFP that appeared on the front page of the Daily Shipping News. The RFP closes on September 10<sup>th</sup>.

Mr. White noted the invitation to participate in an Economic Diversity Workshop with the Deputy Under Secretary for Natural Resources and the Environment and Deputy Under Secretary for Rural Development. The meeting is on Saturday, August 29<sup>th</sup>.

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

Dan Jones announced that he is taking over Scott Brylinsky's duties regarding SCIP and introduced the new SCIP site Manager, Chris Dearborn. Mr. Dearborn will be working on site from 8:00 am to Noon.

Dan Jones – 747-1805 (work)  
Chris Dearborn – 738-7321 (cell)

**F. REPORTS**

**1. SCIP Management Report (included in packet)**

Mr. White referred to the printed report provided in the packet and reported the following:

- At the last SCIP meeting, the Board voted to recommend to the Assembly that the reverters be dropped if Cove put \$170k into a City controlled escrow account with \$150k dedicated toward roof repairs and \$20k toward the sewers. The Assembly approved removal of the reverters on deposit of \$170k in a City controlled escrow account with that money being used for repairs to the roof, sewer and electrical system with flexibility given to Cove to prioritize the repairs.

- The SCIP Strategic Plan is scheduled to go before the Assembly on September 22<sup>nd</sup>.
- There is some new interest in bulk water and the potential for a bidding war over the next bulk water contract.
- The STA Tannery is now looking at Lot 15. Robi Craig has taken over from Pete Dirensis.
- Sale of Lot 22 (Stores Building) to Silver Bay Seafoods is pending. A final purchase agreement is being worked out between CBS and SBS. One area of concern is a 1.8 million dollar USDA grant that included \$156k in money attached to repairs to the Stores Building. Mr. White stated that he is trying to determine how this money was spent and has talked to a representative of the EDA to see if payback of this grant can be waived. EDA grants include a 50% payback (\$78k for Stores Building) if the property is sold unless a waiver is granted.
- Letters regarding the NPDES permit requirements were sent to SCIP tenants.

**G. PERSONS TO BE HEARD (NONE)**

**H. UNFINISHED BUSINESS**

**1. Stores Building Silver Bay Seafoods Purchase Agreement**

Mr. White reported that he is working to gather information that would support the City's request for a waiver on repayment of the \$78k grant money attached to the Stores Building. It is uncertain if EDA will support a waiver.

Ms. Hillhouse stated that the first Purchase and Sale Agreement sent to Silver Bay Seafoods was modeled on the previous sale of property to SBS. SBS sent this PSA back to the City with several amendments requested.

1. SBS wants CBS to provide title insurance. The title insurance CBS paid for on the pulp dock was very expensive, however, SBS has agreed to a simpler "owners form" of title insurance that should coast about \$1,000.
2. SBS also wants a requirement that CBS disclose all known issues related to the property. This is not realistic and SBS agreed to strike this request. This is an "as is" sale with no warranties except the title.
3. SBS also requests assurance that once the sprinklers are brought up to code the City will issue the permit.
4. Finally SBS was not agreeable to the provision on first right of refusal for the City to repurchase the property. CBS wants the first right to repurchase the property with a matching offer if SBS decides to sell the property. Or if SBS goes out of business, CBS gets to buy back the property based on an appraised value.

Mr. White stated that Rich Riggs wants a clear right to sell the property and that since SBS is already paying above market value for the property the first right to repurchase by CBS should not be required.

Mr. White noted that when issuing title insurance the EDA grant will likely pop up and this should be considered in drafting the agreement.

Mr. Miller and Mr. Horan stated that it was not their intention to include a repurchase option in the agreement.

Mr. Fondell requested assurance that all zoning and code regulations apply to the property after sale including the restrictions on retail trade at SCIP.

Mr. White stated that the RFP for Lot 22 included a statement that all City, State and Federal regulations and codes would apply to the property.

**MOTION:** **M/S Horan/Harang** moved to approve the Purchase and Sale Agreement as presented to the SCIP Board in modified form with the exception that item 7.2 on page 5 shall include the words "owner's policy of title insurance."

**ACTION: Motion PASSED** 5/0 on a roll call vote  
Grant Miller – Yes Trevor Harang – Yes Charles Horan - Yes  
Chris Fondell – Yes Lowell Frank – Yes

Mr. Horan stated that he would prefer to transfer the property without the EDA lien and that he does not want the City to repay the \$78k in grant funds if not needed. The intent is to sell the property with free and clear title.

Mr. White stated that the \$78k grant lien was not known when the RFP went out. EDA will expect repayment from the City. SBS wants to begin using the building right away for net storage and repair. It may take several months to get an answer regarding the waiver from EDA and waiting for this will hold up SBS in their ability to conduct business.

Ms. Hillhouse stated that procedurally, the EDA lien will come up on the title report and the Assembly should be aware this is not a clean deal.

Mr. White requested clarification that the SCIP Board agrees to sell the property even if the \$78,274.64 grant amount has to be repaid to EDA.

**MOTION: M/S Horan/Harang** moved that the Executive Director clarify the encumbrances on the property, have them removed if possible, and if not, then pay them off at closing.

**ACTION: Motion PASSED** 5/0 on a roll call vote  
Grant Miller – Yes Trevor Harang – Yes Charles Horan - Yes  
Chris Fondell – Yes Lowell Frank – Yes

## 2. Administration Building Lease Rates

Mr. White reported that analysis of lease rates for the Administration Building showed that rates for the basement could be lowered from \$0.75 per SF to \$0.65 per square foot. Some rooms are filled with utility equipment and not rentable. There room selected for use by Search and Rescue for storing equipment has serious mold problems due to flooding. There are some good clean rooms in rentable condition.

**MOTION: M/S Harang/Frank** moved to approve Administration Building lease area rates as presented.

**ACTION: Motion PASSED** 5/0 on a roll call vote  
Grant Miller – Yes Trevor Harang – Yes Charles Horan - Yes  
Chris Fondell – Yes Lowell Frank – Yes

## 3. Theobroma Lease

Mr. White stated that according to the City Finance Director, Theobroma Chocolate Company is still about \$8,000 past due. Mr. Iwamoto made two payments today and is requesting one more month to bring the account current.

Ms. Hillhouse advised the Board on the legal requirements regarding notice of eviction.

**MOTION: M/S Horan/Fondell** moved to extend the deadline in the July 1, 2009 letter to Theobroma Chocolate Company to September 30, 2009.

**ACTION: Motion PASSED** 5/0 on a roll call vote  
Grant Miller – Yes Charles Horan - Yes Trevor Harang – Yes  
Chris Fondell – Yes Lowell Frank – Yes

#### **4. Strategic Plan**

Mr. Miller advised that SCIP Board members should plan to attend the September 22, 2009 Assembly meeting to support the SCIP Strategic Plan.

Mr. Horan requested that a full color copy of Land Use Plan Map be provided to Assembly members in their packet.

The Board agreed that a meeting should be held in September, prior to the 22<sup>nd</sup>, to review the Strategic Plan and to review any Marine Service Industry RFP proposals (due on September 10<sup>th</sup>).

Mr. Horan suggested that the Board be prepared to speak about why SCIP needs a dock and how it would benefit the City.

Mr. White stated that based on Juneau docking rates with a single ship tied up at an SCIP dock during the summer months, the cash flow projections do not support feasibility.

Mr. Horan stated that options that might work should not be excluded and that capital costs are only hypothetical.

Mr. White responded that the feasibility numbers used were based on the City doing no bonding.

Mr. Fondell noted that the Westerdam was unable to visit Sitka today due to high winds that prevented it from anchoring and tendering passengers. The ship made it to Sitka but no one could get off. This would not have been the case if there were dock for the ship to tie up to.

Mr. Horan suggested creating a bullet point list of known information and to create a list of community objections to a dock and how these are or will be addressed.

Mr. Miller stated that it must be made clear to the public that their concerns are understood and will be considered and addressed in planning.

Mr. Miller appointed Chris Fondell and Charles Horan to form a subcommittee with Garry White on the multi-purpose dock issue.

Mr. Ozment suggested that the public might support a dock at SCIP if it is under City Management.

Mr. Stein stated that he believes a multi-use dock has support and that a dock at SCIP is not working on the same formula as elsewhere. A dock at SCIP would be very different from a dock in Juneau or Ketchikan that disembarks passengers directly onto the downtown shopping district. The pros and cons of using busses instead of lightering need to be made clear and don't set expectations too high.

### **I. NEW BUSINESS**

#### **1. Audio Workshop**

Mr. White stated that a request has been made for short-term lease of room #129 in the Administration Building. The initial term of the lease would be for two months as market rate. The space would be used record music and store audio equipment. Some use of the adjoining room, # 147 would be on a casual basis

for recording purposes. This room is currently unoccupied and is at the farthest location from other business in the building.

Mr. Stein stated that the lease be extended beyond two months based on the results and response. The space would remain secure with only Mr. Stein and Mr. Jay Bradley having access to the key and taking responsibility for the space.

Mr. Ozment asked if the electric load were adequate.

Mr. Stein stated that based on his tour of the space there is adequate electrical load in that part of the building.

**MOTION:** M/S Horan/Harang moved accept the proposal.

**ACTION:** Motion PASSED 5/0 on a roll call vote

Grant Miller – Yes

Trevor Harang – Yes

Charles Horan - Yes

Chris Fondell – Yes

Lowell Frank – Yes

## J. ADJOURN

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

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

The meeting adjourned at 4:35 pm.