

**Gary Paxton Industrial Park - Board of Directors Meeting
March 10, 2016 - 3:00 PM
Minutes**

A. CALL TO ORDER: The Chair called the meeting to order at 3:01 pm.

B. ROLL CALL

Members Present: Grant Miller, Dan Jones, Charles Horan, Scott Wagner (arr. 3:07pm)

Members Absent: Ptarmica McConnell

City Representatives: Mark Gorman, Michael Harmon, Dan Tadic

Others Present: Garry White, Linda Wilson

Tom Hesse (Sitka Sentinel), Trevor Harang, Rick Armstrong (Baranof Island Brewery), Terry Trapp (ABWI via teleconference), Srinu Subramaniam (via teleconference)

C. REVIEW OF MINUTES – February 16, 2016 (no meeting in January 2016)

MOTION: M/S Horan/Jones moved to accept the minutes of February 16, 2016.

ACTION: Motion PASSED 3/0 on a voice vote.

D. CORRESPONDENCE AND OTHER INFORMATION

Mr. White briefly reviewed a brochure on the value of the Alaska Marine Highway System that was produced by Southeast Conference.

Mr. White showed the Board a design for the GPIIP sign that had previously been approved. The estimated cost for the sign is \$13,244. When/if the Administration Building is sold an easement for the sign and access to electricity for the lights will be needed.

E. CHANGES/ADDITIONS/DELETIONS TO THE AGENDA

The Election of Board Officers was brought forward to become the next immediate agenda item. A request was made for a report on the status of the Dock RFP and permitting for the rock.

I. NEW BUSINESS (taken out of order)

1. GPIIP Officer Election

MOTION: M/S Horan/Jones moved to nominate Scott Wagner to the position of Board Chair.

ACTION: Motion PASSED 3/0 on a voice vote with Mr. Wagner abstaining.

MOTION: M/S Horan/Jones moved to nominate Dan Jones to the position of Vice Chair.

ACTION: Motion PASSED 3/0 on a voice vote with Mr. Jones abstaining.

1:15 – meeting continued with Mr. Wagner as the new Board Chair.

F. REPORTS

1. GPIIP Management Report

Mr. White reported:

- The RFP for the dock is now being reviewed by Public Works and outside Public Works legal consultant.

- Bottled Water still has people talking, but not activity.
- RFP for Lots 16B, 19 and 20 is closing on March 31st.
- Met with Public Works and the Electric Dept. regarding the rock stored on various lots. The CBS will move on both permitting the rock for placement along the shoreline to create more uplands and also work with local contractors on the economics of processing and moving the rock. The CBS has agreed to remove the rock from specific properties as they are sold or leased. The CBS Electric Department is making lease payments (transfer between enterprise funds) for rock storage.

Mr. Gorman added that the permitting process to put the rock into the tidelands will take about 18 months.

- Monarch Tannery will not be purchasing Lot 17. Nothing has been received in writing.

G. PERSONS TO BE HEARD - None

H. UNFINISHED BUSINESS

1. ABWI water purchase Agreement/Bulk Water RFP

Mr. Trapp (via teleconference) addressed the Board with the following:

- ABWI believed it had the \$1 million committed and would be able to pay before the deadline, however a Board member/funder pulled out and replacement funding was not secured in time.
- ABWI has already made a \$1 million+ investment in a loading station.
- ABWI has paid \$1,350,000 to the CBS to date.
- A contract has been in place for 10 years and a lot was learned during that time.
- Finally in the past year, ABWI has made significant progress toward making bulk water export viable, including the installation of loading infrastructure, yet now finds itself without a contract.
- ABWI requests the CBS to consider modifying the contract to remove exclusivity by reducing ABWI's guaranteed water volume to one (1) billion gallons per year. This would allow CBS to open an RFP for the remaining water volume. ABWI will bid on the RFP.
- ABWI does not want the loading station to be an obstacle but could make it an asset by developing an agreement to allow the infrastructure to be used by other potential water exporters with ABWI being paid for costs to use.
- ABWI also provided the \$43k worth of bathymetric studies to the CBS.

Mr. Srini Subramaniam (via teleconference) addressed the Board stating the following:

- He is ready, willing and able to purchase water.
- He has a buyer for the water with an off-loading facility in place.
- He would purchase all the water made available to him.
- He offers a \$2 million advance payment for pre-purchased water.
- He has transportation for the water arranged.
- He would need to know how to share ABWI loading infrastructure and the costs.

The Board and Municipal Administrator discussed whether an Executive Session was required to go into details regarding bulk water proposals. However, no executive session was called as it was decided to discuss the release of the RFP only.

Mr. White reviewed the criteria for judging proposals received from an RFP:

- Quantity of water desired under a contract.
- The offered prepaid water purchase amount
- The per gallon price to be paid.

- Experience of the company/individual supporting the likely success of such a venture.

Mr. White confirmed that multiple contracts could be considered with distribution of the available water between the various contracts.

MOTION: M/S Jones/Horan moved to have staff issue an RFP for bulk water export.

Discussion included:

- Mr. Gorman stated that as far as the City was concerned the contract with ABWI expired on February 22nd and therefore could not be amended, but would require a new contract. Mr. Gorman wanted to confirm with legal counsel.
- Questions need to be resolved regarding shared use of ABWI owned infrastructure.

MOTION: Miller/Horan moved to table the Motion and item. 4:08pm

ACTION: NONE Taken – original motion was tabled.

I. NEW BUSINESS

1. **GPIP Board Officer Election – (done earlier)**
2. **Baranof Island Brewing Company Lease/Purchase Request**

Mr. Armstrong advised the Board he is requesting a long-term lease of Lot 4 and the 4690 building for relocation of the brewery in order to expand production.

Mr. White reviewed the main points of the Baranof Island Brewing Company (BIBCO) request as per the memo dated March 8, 2016.

Discussion included:

- Whether a lease to BIBCO was the highest and best use of waterfront property and any competing interest in that property.
- The ability of BIBCO to move if necessary once the dock is in place should Lot 4 be needed.
- Timing of dock construction/installation related the term of a BIBCO lease.
- Qualification for employee credits.
- The need for market rate rent for that property.

MOTION: M/S Horan/Jones moved to recommend that the Assembly approve a five-year lease of Block 4, Lot 4 to the Baranof Island Brewing Company at market rate rent, with employee credits as proposed, using standard lease requirements and terms and giving BIBCO the ability to terminate the lease at any time upon providing sixty (60) day written notice to the City.

Terms of the lease shall include:

- Five-year lease with option for BIBCO to terminate lease upon sixty (60) day written notice.
- Market rate rent of \$4,155 per month
- Lease credit of \$7,500 for each employee added above the current five (5) full-time equivalent employees that earn over \$30,000 annually, not to exceed 50% of the annual lease payment

ACTION: Motion PASSED 4/0 on a roll call vote

Yeas: Dan Jones, Scott Wagner, Charles Horan, Grant Miller
Nays: none Absent: Ptarmica McConnell

3. Silver Bay Seafoods Lease Request

MOTION: **M/S Horan/Jones** moved to approve a short term lease of a 10k SF portion of Lot 9C to Silver Bay Seafoods under the same lease terms as the 2015 lease.

ACTION: **Motion PASSED 4/0 on a roll call vote**

Yeas: Charles Horan, Dan Jones, Scott Wagner, Grant Miller

Nays: none Absent: Ptarmica McConnell

Mr. Miller departed the meeting with three Board members remaining.

4. Hazard/Risk Analysis Proposal for GPIIP

Mr. Tadic reviewed the Hazard Analysis Proposal (included in Board packet):

- The area targeted for detailed risk analysis is the hillside along the highway from the Silver Bay Seafoods plant to the CBS Recycling Center.
- Analysis will include mitigation options.
- A phase II analysis could include design of mitigation measures.

Mr. Gorman stated that the City believes they are compelled to do this as a responsible property owner.

Mr. White advised the Board that the cost of the Hazard Analysis would be paid with working capital of the GPIIP fund with the possibility for reimbursement to the fund from the sale of any property (e.g. Administration Building).

Discussion included the following:

- The Alaska Department of Transportation should share the cost of the analysis as owners of the highway below the area of concern.
- Some Board members not convinced the Analysis is needed.
- Whether leases and/or property sales of lots not directly along the hillside could go forward.
- Mr. Gorman believes that the Municipal Attorney will recommend that leases/sales of property at the GPIIP be put on hold until after the Hazard Analysis is completed.

MOTION: **M/S Horan/Wagner** moved to recommend that the Hazard Analysis go forward as proposed with costs to be paid from the GPIIP Enterprise Fund.

ACTION: **Motion FAILED on a roll call vote.**

Yeas: Charles Horan, Scott Wagner

Nays: Dan Jones Absent: Grant Miller, Ptarmica McConnell

J. ADJOURNMENT: MOTION: M/S Jones/Horan moved to adjourn the meeting at 5:10pm