

Alaska Bulk Water Inc.

2211 Elliott Ave, Seattle, Washington Suite 200 98121

Mar.10, 2016

sent by email

Mr. Garry White/GPIP Board of Directors
Gary Paxton Industrial Park
329 Harbor Drive, Suite 212
Sitka, Alaska 99835

Dear Garry/Board Members

Alaska Bulk Water Inc. (ABWI) has been working diligently to meet the financial requirement that its promised to the City last fall to maintain its exclusive bulk water contract. Alare and Langenburg Technologies have recently signed an agreement for supplying power using its proprietary technology that is worth many hundreds of millions of dollars. Unfortunately, this money will not be available to Alare until the first of the month outside of tomorrow nights meeting. Hence, Alare cannot fund ABWI to make its payment to the City of Sitka in the necessary time frame.

ABWI is asking the GPIP Board to consider the following:

1. ABWI has made payments of \$1.35 million to the CBS for prepaid water purchases. This amounts to 135 million gallons of water. ABWI would like to be able to sell at least this amount of water immediately. To do so, will require a modified contract with ABWI which permits ABWI to be able to sell the water it has paid for and as much as 1 billion gallons per year for other customers. ABWI has constructed the loading station and has valid customers to begin shipping water. It would be to the City's benefit to allow ABWI to begin shipping water. ABWI would have a non exclusive contract and the city may issue other bulk water contracts, if it so desires.
2. Loading Station – ABWI constructed a loading station for bulk water at a cost of over 1 million dollars last year. ABWI agreed to the modifications requested by the City Administrator in January. ABWI further offered to assist the City in its plans for a general purpose dock that could also service bulk water. As a good faith gesture, ABWI also gave the CBS the bottom profiling in Silver Bay that ABWI paid \$43,000 in constructing the bulk water loading station. ABWI requests that the tidelands lease for the bulk water loading station stay in place. ABWI agrees to make the use of the loading station available for any other vessels which may wish to load bulk water. ABWI will charge a reasonable fee for loading any other vessels with bulk water. By allowing ABWI to maintain the loading station, any new users would not have to construct a new facility.

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ABWI has worked with the CBS for 10 years and has done all in its power to make the shipment of bulk water from Sitka a success. The Loading Station was constructed to fill bulk water ships. The plans are not in conflict with the City. ABWI has developed a shipping partner in Prisma Shipping to meet the shipping needs of bulk water. ABWI has also worked with its customers to develop infrastructure on the receiving customer's sides. Funding was recently approved with ABWI's customer in California to build tanks and a distribution system for bulk water. Similar plans have been developed in Mexico and with ABWI's other customers. In short, and ironically enough, ABWI now is ready to start shipping water but lacks a bulk water contract. It is unfortunate that the obligation of \$1 million that ABWI created could not be met within the contract time frames. ABWI is confident that it will receive funds soon to be able to complete a number of related projects that it contemplates in the GPIIP. We only hope there will be an opportunity to do so.

Yours truly,

Terry Trapp
CEO ABWI

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2211 Elliott Ave, Seattle, Washington Suite 200 98121

April 26 2016

sent by email

Mr. Garry White/GPIP Board of Directors
Garry Paxton Industrial Park
329 Harbor Drive, Suite212
Sitka, Alaska 99835

Dear Garry/Board Memembers:

As a follow up to the motion made at the last GPIP Board meeting of April 7, 2016 regarding ABWI's bulk water purchase agreement and tidelands lease, ABWI wishes to respond in a counter proposal. ABWI proposes that it have a bulk water contract for 1 Billion gallons annually with a term the same as its last agreement amendment no.6. In the contract ABWI would have 3 years to ship 50 million gallons of water in order to maintain its contract. ABWI would pay \$ 100,000 as a payment for bulk water at the price of \$.01 per gallon. The past amounts paid to the CBS of \$ 1.35 million would be also preserved as credits for water purchases. ABWI will also bid separately for more water per the RFP for bulk water.

Regarding the loading station that ABWI constructed to load bulk water, ABWI proposes that a tidesland lease be issued to ABWI either separately or in conjunction with a new bulk water contract. ABWI agrees that it will load any other vessels who are authorized by the CBS for bulk water sales. ABWI will perform the loading, subject to the specifications of its loading station, at a cost of \$.002 per gallon for water loading on board a vessel.

Terry Trapp

CEO- ABWI

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