



*'Taste the True Nature of Water'*

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April 29<sup>th</sup>, 2016

City and Borough of Sitka and  
Mr. Gary White / GPIIP Board  
329 Harbor Drive, Suite 212  
Sitka, Alaska 99835

Dear Gary / Board Members

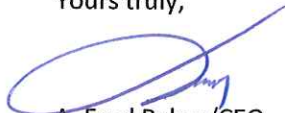
Please find enclosed six (6) copies of Arctic Blue Waters (Canada) Incorporated response to the RFP for bulk water sales. While this response is for Arctic Blue Waters an allocation of 6,800,257,957 gallons of water annually, the deposit pre-payment of US\$1.0 million being made by our firm for 100,000,000 gallons at US\$0.01 per gallon, is also intended to cover the 1.0 billion gallons annually requested by Alaska Bulk Water Inc.

ABWI is submitting their own response to the RFP. Arctic Blue Waters and AWBI are seeking separate bulk water contracts from the CBS and will operate independently of each other.

ABWI has agreed to use its loading station to load bulk water from Blue Lake into water tanker ships contracted by Arctic Blue Waters. Arctic Blue Waters have agreed to pay the loading fee of \$0.002 per gallon, charged by ABWI for this service.

We ask that the CBS award both Arctic Blue Waters (Canada) Incorporated and Alaska Bulk Water Inc., long-term bulk water contracts in consideration for the respective proposals and offered amounts.

Yours truly,



A. Fred Paley /CEO

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*The Time For Bulk Water Is Now*

Visit [www.arcticbluwaters.com](http://www.arcticbluwaters.com) or email [fred.paley@arcticbluwaters.com](mailto:fred.paley@arcticbluwaters.com)

**ARCTIC BLUE WATERS (CANADA) INCORPORATED**  
**PROPOSAL TO CITY & BOROUGH OF SITKA**  
**FOR BULK WATER**  
**APRIL 29, 2016**  
**PREPARED BY A. FRED PALEY**

**Company Description**

Overview/Background:

The Founder and Chief Executive Officer (A. Fred Paley) of Arctic Blue Waters (Canada) Incorporated started his career in the water business in 1985, as a consultant to Bourassa Canadian Ltd., located in Vancouver, British Columbia. This firm was transporting bulk glacier water by tug and tank barge from Toba Inlet to Vancouver, B.C. for bottling and distribution in Canada and USA.

In 1987 Paley and a partner incorporated Snowcap Waters Ltd., purchased land and built a bottling plant on Vancouver Island to package glacier water from Toba Inlet, a fjord on the mainland of B.C. This company joined with Sun Belt Water Inc. of Santa Barbara, CA in 1990, to design and respond to a serious water shortfall in the City of Santa Barbara and the surrounding area. In March 1991, this joint effort received the right to final contract (US\$105 million value) to transport bulk water in 200,000 plus DWT ships from British Columbia to the Goleta Water District, County of Santa Barbara. Four days later the BC government of the day placed a moratorium on Snowcap's bulk water permit, killing the project. Snowcap continued to operate as a bottling and distribution company. In 1995 Paley sold his shares to his partner and moved on to take advantage of his interest in bulk water.

Late 1995, after searching for bulk water sources in Alaska, Paley visited Sitka to discuss with City Administration the concept of exporting bulk water from Blue Lake. At this time Paley was the founder and CEO of Global Water Corporation (later changed to Global H2O Resources Inc.), a Vancouver, B.C. based company.

On April 4, 1996, Global engaged (Stragier Engineering Services, Inc.) a Sitka based engineering firm, together with Peratrovich, Nottingham and Drage, Inc. (PN&D) to complete a "Feasibility Report" for a Raw Water Export Facility at Silver Bay, Sitka, AK. This report, which was paid for by Global, was used by the City to obtain its bulk water export permit. For the next ten years Global continued to:

- market the bulk water from Blue Lake, traveling to several international countries;
- signing Letters of Intent with corporations in China and S. Korea;
- hiring a local engineer to oversee design and construction of a loading facility;
- paying for land and underwater surveys at Silver Bay for a designed loading facility to handle a 150,000 DWT tanker;
- purchasing two large barges and completing a preliminary retrofit on one;
- transporting 210,000 liters from Sitka to Vancouver, B.C. for bottling and distribution to the United Kingdom;
- paying for tidelands lease at Silver Bay, AK;
- paying the City treasury over US\$400,000;
- Total spending over Canadian \$6.0 million on the project.
- Global agreement with Sitka was cancelled by the City in 2006.

July 2010, Paley together with Andrew Argent and Ron Robertson was back in the bulk water business, reaching an agreement with Aleut Corporation, Anchorage, AK for the exclusive right to harvest and export bulk water from Adak Island. With the assistance of our firm, Aleut Corporation were able to obtain a bulk water export permit from the Alaska Department of Natural Resources, where bulk water would be supplied by two lakes on the island.

Under the offices of Arctic Blue Waters, management have developed a strong business relationship with Tudor Shipping, a company with over thirty years in shipping, many related to shipping food products in bulk. Management of Arctic have established business contacts in S. Korea, Taiwan, Hong Kong and several cities in China.

#### Key Personnel – Arctic Blue Waters

Arctic's founding management team have many years of experience as international entrepreneurs with significant business experience in world trade, export market development, international finance, and the harvesting, bottling, distribution transport and marketing of pure drinking water.

## **Andy Argent - Director & President**

### **Essex, United Kingdom**

Mr. Andrew Argent has founded six businesses in United Kingdom since 1984. Each has operated successfully since inception. Two have been sold. Mr. Argent is the Managing Director and maintains control of the following:

- The Lunch Box: – a highly successful catering company specializing in static on-site services with twenty-four operating branches.
- Spirit Homes: a half-way house for young adults working towards independence.
- North Weald Flying Club: - operates seven light aircraft.

Throughout his business career, Andy Argent has demonstrated an exemplary degree of successful performance in the management of business for profit.

## **Fred Paley - Director & Chief Executive Officer**

### **Quesnel, B.C.**

As the former Chairman and CEO of Global H<sub>2</sub>O Resources since its inception in 1995, Mr. Paley is one of the world's foremost experts in bulk water. He was founding chairman and CEO of Snowcap Waters Limited (1988 - 1994), this company was responsible for harvesting, delivery, packaging and marketing of bottled glacial water. Mr. Paley was responsible for the startup of Snowcap. From 1985 - 1987, he was president of Polar Consulting Services where he acted as a financial and marketing consultant to both Bourassa Canadian Water Corporation and Pacific Rim Water Resources Ltd. Mr. Paley spent several years in the oil & gas service industry, which included a posting of four years in Singapore where as a representative for Baker Oil Tools he covered seventeen countries in Asia.

## **Ronald W. Robertson, MBA Marketing Director**

### **Port Moody, B.C. Canada**

Mr. Robertson received his MBA degree from the University of British Columbia in 1972. Mr. Robertson held the position of Sales Manager for Krispee Foods Ltd., Vancouver, B.C., for three years. Ron then accepted the position as Sales Manager for Hostess Foods Ltd., Western Division and stayed in that position for four years. Ron was recruited by Fruit-O-Lay Ltd., Canada to introduce their product line to the Canadian market. In his position, as Vice-President Sales and Marketing, he was highly successful in completing this objective and held this position for eleven years. Ron is currently Sales Manager for MJM Furniture Ltd. This company has several retail outlets selling quality furniture to the B.C. market.

Throughout his career, Mr. Robertson has demonstrated strong leadership qualities, which resulted in significant achievements in the fields of Sales and Marketing.

### **Andy Pristol – Director**

#### **Sault Ste. Marie, Ontario**

Andy Pristol commenced his Industrial/Commercial/Investment Real Estate career with Re/Max in 1985. Investment strategies in property acquisitions, sales and management of large tracks of vacant land (ranging in size from 25,000 to 5.0 million acres) earned Andy top honours with Re/Max.

#### **Recognitions:**

- Andy was Re/Max North America's Top ICI Real Estate Agent for 3 years;
- Andy was recognized as Re/Max's International World Wide #2 ICI Agent in 2008;
- [www.remonline.com/remax-honours-top-ontarioatlantic-sales-professionals/](http://www.remonline.com/remax-honours-top-ontarioatlantic-sales-professionals/)

#### **Professional Accomplishments**

2005 – 2016 Andy Pristol partnered and was then appointed President, of Algoma Timberlakes Corporation Inc., by Carlo Fidani (<http://www.orlandocorp.com/>)

2011 Andy completed his first carbon offset program with TransCanada Energy. Appointed by 4 Front Capital 2015 to manage their carbon offset program. 4 Front Capital is a commodity trading company, which currently ships petroleum.

2013 Andy was appointed by the Forestland Group of Companies to manage Forestland acquisitions. The Forestland Group owns more than three million acres of forest lands.

Director for Canadian Resorts (1995 – 1999) and Partner/President for Algoma Timberlakes Corporation Inc. (2005 – 2014). Andy headed the management team for 250 Canadian Tourism Camps in Northern Manitoba, Quebec, Ontario and the Northwest Territories.

2001- 2014 Private Consultant. Operational Manager for a 147,000 acre estate commencing selective hardwood logging operations in Algoma, Ontario that peaked at 3,500 rail car loads on an annual basis.

#### **Additional Professional Experience**

- Initial start-up of the operation and daily management;
- Responsible for mirroring the requirements for pension fund investment;
- Ability to create business plans, assess viability and fund projects;
- Preparing and delivering multilevel presentations and contracts;

- Marketing and sales of all timber to regional and international markets;
- Planning and controlling budgets, preparing costing and financial forecasts;
- Forest inventory analysis;
- Mineral rights research and development;
- Negotiations and liaising with local authorities;

Andy is a pilot who has several thousand hours of flight time with his own aircrafts. Services ranging from aerial assignments to GPS strategic planning.

### **Operational Personnel**

Arctic Blue Waters will be working with Alaska Bulk Water Inc. (ABWI), who intend to hire local personnel in Sitka, for operating the bulk water loading facility.

### **Financial Capabilities**

Arctic Blue Waters is well funded with working capital of Six Million (\$6,000,000) Dollars and upon being the successful bidder of this project has the capability of providing the One Million (\$1,000,000) USD to the City and Borough of Sitka as outlined in the attached letter from its' legal counsel, sent by email to Mr. Gary White. The \$1.0 million USD is to be considered a pre-payment of bulk water at a rate of US\$0.01 per US gallon.

### **Business Plan Concept**

#### Overall Business Plan

Over the last 30 years, senior management of Arctic Blue Waters has developed both direct contacts both for the marketing of bulk water domestically and internationally. Several sales trips have been made to S. Korea, Taiwan and China, meeting with large beverage groups who had expressed interest in receiving bulk water from Alaska. Drinking water continues to be polluted and depleted in these countries as the population increases and industrial development continues to grow.

(The Economist January/February 2016 reports)

- China's population is so large, that it has quickly become the largest market for almost anything it consumes.
- Such is the case with bottled water! Chinese drink 40 billion liters of the stuff each year, up over 13-fold since 1998.
- Finding clean supplies is difficult; rivers, lakes and groundwater in China are often polluted or depleted.

Arctic Blue Waters have an arrangement with Alaska Bulk Water Inc., to use its loading station and personnel to supply bulk water to its customers, paying ABWI US\$0.002 per US gallon for these loading services.

### Market/Customers

Arctic Blue Waters is in final negotiations to secure a very large bulk water sale – this sale is subject to our firm being able to supply the volumes of bulk water requested by our client.

Arctic Blue Waters will continue to work with established contacts in Asia and the Middle East to secure additional bulk water sales. Our firm has been able to obtain a comprehensive sales and marketing plan for the United Arab Emirates, completed by a local firm in Dubai.

Arctic Blue Waters have held meetings with beverage groups in Asia, who entertained the concept of receiving pure Alaskan water in bulk for bottling and distribution in the local retail market. The development of the infrastructure and the financial commitment to provide the storage tanks at the sea port and truck loading stations has been lacking in the past. Senior management of Arctic Blue Waters have recently met with Osama Eissa, the Chairman of the Eissa Group. This very large shipping company have fifty-five (55) ocean going tankers and operate on a worldwide basis. Mr. Eissa has expressed an interest in transporting the bulk water by food-grade tankers and building the infrastructure for off-loading in the host country, where a client commits to a long-term bulk water purchase contract.

Arctic Blue Waters has a written procedure for handling bulk water from its source to the final customer. Strict attention must be given to avoid any contamination of the water while loading, by the vessel in transit or off-loading at its destination. Arctic Blue Waters will take water samples at the time each ship is loaded, results will be sent electronically to the ship's Captain during the voyage. Samples will be archived in a quality assurance lab in Sitka. Should it be necessary, the bulk water will be circulated through a UV System on board the ship during transit. At the time of discharge additional samples will be taken by a government recognized laboratory, testing results provided to the ship's Captain and the client. Once again samples will be archived in a quality assurance lab, contracted by Arctic Blue Waters.

### **Upland / Tidelands Required**

Arctic Blue Waters has an arrangement to work with Alaska Bulk Water Inc., to use their local personnel and facilities to load our bulk water tankers, at its location in Silver Bay. Arctic Blue Waters will assist ABWI in locating any additional equipment that may be required to load tankers.

## **Rates Bid**

Arctic Blue Waters proposes to purchase bulk water from CBS at the rate of US\$0.01 per US gallon. Arctic Blue Waters is joint bidding the bulk water in the following fashion. Arctic Blue Waters is seeking a long-term contract of 6,800,257,957 gallons, ABWI is seeking the balance of 1,000,000,000 gallons for its own use. Arctic Blue Waters and ABWI have an agreement for these respective amounts. Arctic Blue Waters will pay the City and Borough of Sitka \$1,000,000 as a pre-payment on 100,000,000 gallons of bulk water from Blue Lake, for the benefit of both Arctic Blue Waters and ABWI. Each company would receive its respective water credit. Each company is seeking a long-term water purchase contract (20 years plus) with the CBS. The requirement to ship 50,000,000 gallons in the first 36 month period will be satisfied by the collective shipments of both companies. That is, if both companies ship a total of 50 million gallons in 36 months, then this requirement is satisfied and the contract reverts to a long-term contract. The prepayment will be proportionately divided as water credits for the benefit of each company.

Arctic Blue Water and ABWI are operating at arm's length and not as a joint entity. Both companies will pursue their own bulk water opportunities. Arctic Blue Waters and ABWI have agreed that ABWI will load Arctic Blue Water's bulk water onto ship tankers at the rate of US\$0.002 per gallon.

## **Summary**

Arctic Blue Waters and ABWI, we believe have more combined experience with the bulk water business than anyone else in the world. Both companies understand what is required to market raw bulk water, transport it by food-grade ships, ensure integrity of the water while loading and off-loading into food-grade storage tanks, together with the expertise to ensure use on a continuous basis.

ABWI has agreed to load the Arctic Blue vessels at a rate that is acceptable to Arctic Blue Waters. That both companies would have separate allocation of water meets the desires of the CBS for diversity of suppliers.

The offered rate of \$0.01 per gallon is consistent with past purchases. Competition from other water sources in the world reveal rates much lower than \$0.01 per gallon. However, both Arctic Blue Waters and ABWI feel they can obtain customers at this rate for the benefit of the CBS. The offered deposit pre-payment of \$1.0 million is commensurate with the past bids for the water.

Both Arctic Blue Waters and ABWI request that this offer be accepted so that the shipment of bulk water from Sitka can become a reality.