



February 25, 2021

Board of Directors  
Gary Paxton Industrial Park  
329 Harbor Drive, Suite 212  
Sitka, Alaska 99835

Attention: Mr Garry White, Managing Director

Dear Gary / Board Members

Our Company, was disappointed to learn that members of the Assembly, did not approve the "Water Purchase Agreement" between "Arctic Blue Waters Alaska, Inc.", and the City and Borough of Sitka at their meeting on February 23, 2021.

In reviewing a video of the meeting I was distressed to learn of that some members of the Assembly had an unfavorable opinion of myself and previous efforts made by companies I managed to ship bulk water from Sitka. Since 1995 I and my shareholders had one goal in mind, "To obtain a Bulk Water Sales Agreement with a foreign buyer to purchase bulk water from Blue Lake". In 1996 my previous company "Global H2O Resources Inc., paid for an engineering report that was used to assist the City and Borough of Sitka to have the first bulk water export permit issued to the City by the State of Alaska. Global negotiated an exclusive long-term Water Purchase Agreement with the City, which contained several milestones, monthly payments to the City and dates for development completion. Most milestones were met at a great expense.

Brief History:

- Over a 12 year period Global H2O Resources spent in excess of \$6.6 million, with over \$450,000 in payments to the City, hiring of local engineer, surveys, payments for water leases, purchases of two barges, and numerous foreign sales trips;
- True Alaska Bottling spent over \$10.0 million on local bottling plant operations;
- Alaska Bulk Water Inc., spent in excess of \$1.8 million in payments to the City and purchase and installation of a pipe/manifold loading system;
- Alaska Fresh Water Inc., spent \$1.4 million in payments to the City and marketing efforts to sell bulk water from Blue Lake.

The above history has been over a 24 year period by the principals involved who still continue to believe in the concept to harvest and transport bulk water from Sitka to regions of the world where drinking water is becoming depleted and polluted. These principals and companies have now come together under Arctic Blue Waters Alaska Inc., with a combined experience of over 50 years in the bottled and bulk water business. Arctic Blue Waters Alaska, Inc.'s., major shareholder is Mr. Charles Cartier, Fairbanks, Alaska, other shareholders include **Fred Paley, with less than 12% of the Company.** Senior management of the Company asked me to act as a spokesperson due to my many years of experience in the industry.

Arctic proposed a 20 year "Water Purchase Agreement" with the City as the level of funds required to bring this project to a success is very large, with a minimum of \$1.5 million for infrastructure to load a bulk water tanker. Add to this number is the cost of ship charter, infrastructure for off-loading in the host country, bulk water storage tanks, bottling facilities, and sales and marketing. Initial estimates of these costs show that they could reach \$20.0 million.

The "Water Purchase Agreement" is based on performance by Arctic. In the first five (5) years Arctic must purchase and ship 50.0 million gallons, in order to maintain the Agreement. **ONLY IF**, Arctic secures a major sales Agreement with a foreign buyer, together with additional payments to Sitka, do we have the right to additional volumes of bulk water.

Under Section (4) (e) of the "Purchase Agreement For Raw Water In Bulk For Export" the volumes of Sitka's raw water deliveries in bulk to Arctic Blue Waters Alaska, Inc., for export are subject to Sitka's overriding obligation to comply with all of the conditions contained in Water Appropriation Certificates ADL 43826, LAS 19669, and LAS 20526, including compliance with the rule curve (outlined on the Certificates) and the support of spawning, incubation, and rearing of certain species of fish in Sawmill Creek and Blue Lake. Interpretation of applicable requirements and the means used to achieve compliance with such requirements **shall be in the City Administrator's sole discretion**.

I feel it would be helpful, if this letter is shared with Assembly Board Members, to provide additional history of the strenuous efforts that have been made to obtain Sales Agreements with foreign purchasers to ship bulk water from Sitka.

I would be pleased to provide additional information or answer any questions, if requested.

Yours truly,

*"Original Signed"*

Fred Paley  
Arctic Blue Waters Alaska Inc.

c.c. City Administrator & Assembly Members  
Chuck Cartier  
Andrew Argent

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*The Time for Bulk Water Is Now*

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