



April 17, 2025

Sent via Email to: [adam.beck@vigor.net](mailto:adam.beck@vigor.net)

Adam L. Beck, President  
Vigor Alaska, LLC  
5555 Channel Drive, Building 71  
Portland, Oregon 97217

Adam L. Beck, President  
Vigor Alaska, LLC  
P.O. Box 9470  
Ketchikan, AK 99901

Re: April 3, 2025 Vigor Correspondence

Dear Mr. Beck:

AIDEA rejects the limited proposals contained in your April 3, 2025, correspondence. My March 21, 2025, letter to you sought concrete details from Vigor to better understand if Vigor had a plan to improve its economic stewardship of the Ketchikan Shipyard. Vigor's response fell well short of responding to AIDEA's questions. Indeed, the only specific item in your letter was an offer to buy the drydocks and reinstate the Operating Agreement, leaving AIDEA without ownership of vital parts of KSY's infrastructure.

The primary basis for rejecting what Vigor is proposing is rooted in the fundamental economics of Vigor's KSY tenure and Vigor's response to AIDEA's stated intentions regarding non-extension of the Operating Agreement. Vigor's baseline costs for KSY are minimal as there is no rent to pay and utilities are highly subsidized. In that environment, Vigor has operated KSY in a manner that has never generated substantial revenue sharing payments for AIDEA. Vigor's unwillingness to contribute to the transfer slab costs required under the Operating Agreement is unfortunately consistent with the lack of effort

and investment shown in the past and reflected in Vigor's most recent letter. Given the lackluster economic performance over the last ten-year extension, Vigor's letter begs certain questions. Chiefly, why it is only now, faced with an end to the Operating Agreement, that Vigor is recognizing that it has not done all that is required to identify viable contracts and is proposing vague outlines of business development strategies?

Rather than proposing to work with AIDEA on an extended wind-down under the Operating Agreement, Vigor's response ignores Vigor's continuing duties to operate the yard with in good faith and in the required business and workman-like manner. Vigor's April 3<sup>rd</sup> letter seeks more subsidies from AIDEA (or elsewhere), somehow blames AIDEA for Vigor's failure to fully utilize the KSY, and seemingly states an intent to stop working at the KSY long before November 30, 2025.

While AIDEA recognizes the need for a wind-down period and time for Vigor to remove its property from KSY, Vigor remains bound by the Operating Agreement. AIDEA expects Vigor will honor its contractual commitments through the November 30, 2025, termination date. Vigor turning down AMHS or Ketchikan ferry work that would be completed long before November is inconsistent with Vigor's responsibilities under the Operating Agreement to act in good faith and fully utilize all of the Shipyard's economic capabilities.

AIDEA has not communicated anything that would suggest that Vigor should immediately cease operations, seek contract terminations, or rescind proposals for work that were planned to be performed and completed long before November 30<sup>th</sup>, e.g. the M/V Oral Freeman and AMHS ferry projects. Among Vigor's express obligations that extend through November 30, 2025, Vigor must:

- Use its best efforts to maximize use of the Shipyard for ship repair and ship construction.<sup>1</sup>
- Monitor, perform, and undertake all necessary maintenance required at and of the Shipyard.<sup>2</sup>
- Comply with all applicable state, federal, and local laws, including the Worker Adjustment and Retraining Notification ("WARN") Act.<sup>3</sup>

AIDEA expects Vigor's operations and wind-down over the remainder of the term to be orderly and appropriately protective of the workers and the facility. Of course, Vigor's actions must also be in accordance with the explicit requirements of the Operating

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<sup>1</sup> 2005 Operating Agreement at §2.01.

<sup>2</sup> *Id.* at §5.02

<sup>3</sup> *See id.* at §2.03.

Agreement and the implied promise of good faith and fair dealing. While we understand that Vigor is disappointed that the Agreement was not extended, that does not relieve Vigor of its continuing obligations until and after expiration of the current term. Attempting to clear the Shipyard's schedule months before work must stop is inconsistent with Vigor's responsibilities under the Operating Agreement.

Again and on a related note and for the third time, please provide the complete copies of your full insurance policies under the Operating Agreement. AIDEA has a right to these policies, and Vigor has a duty to provide them.<sup>4</sup>

Also, AIDEA will be performing a full audit of Vigor's KSY activities under the Operating Agreement. As required under Section 4.04 of the Operating Agreement, please ensure that all business records are preserved, maintained, and ready for review. These should include, at a minimum, bid records and expense records (documenting, among other items, labor, indirect charges, and rental equipment costs). AIDEA personnel will reach out shortly to coordinate.

If Vigor intends to continue its current posture of not taking on KSY work that could be completed and still allow for an orderly physical exit before November 30, 2025, AIDEA would ask Vigor to vacate the Shipyard as soon as practicable. This appears to be in everyone's interest as it would potentially minimize AIDEA's damages from an unnecessarily long non-productive wind-down period.

Thank you for your attention to these details. I look forward to hearing that Vigor will complete the AMHS and Ketchikan Ferry work among its last projects as everyone works together on an orderly winding down. In the alternative, please provide a proposed schedule for Vigor's exit from KSY.

Sincerely,



Randy Ruaro  
Executive Director

Cc:

David R. Boyajian, Esq. (via email only)

Ryan Anderson, DOT&PF Commissioner (via email only)

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<sup>4</sup> See Operating Agreement at §§5.06, 7.02.

Julie Sande, DCCED Commissioner (via email only)  
Craig Tornga, AMHS Director (via email only)  
Rick Welsh, Assistant Attorney General (via email only)  
Mike Schechter, Esq. (via email only)  
Benjamin Farkash, Esq. (via email only)  
Dave Stieren, AIDEA Infrastructure Development Officer (via email only)  
Ron Rheinor, AIDEA Owned Assets Manager (via email only)  
Kelly Noble, AIDEA Procurement Director (via email only)  
Kent Sullivan, AIDEA General Counsel (via email only)