



KENAI PENINSULA BOROUGH

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**MIKE NAVARRE
BOROUGH MAYOR**

MEMORANDUM

TO: Mike Navarre, Mayor

THRU: Max Best, Planning Director 

FROM: Marcus A. Mueller, Land Management Officer 

DATE: June 9, 2017

SUBJECT: Intent to Terminate Ladd Landing Lease between the Kenai Peninsula Borough and PacRim Coal, LLC.

On May 23, 2017 PacRim Coal, LLC (PacRim) representative Joe Lucas met with representatives of the Kenai Peninsula to formally announce PacRim's intent not to further pursue permitting of the Chuitna Coal Project near Beluga and therefore PacRim's desire to obtain mutual agreement from the borough for termination of the corresponding ground lease of borough land at Ladd Landing.

The ground lease was entered in 2009 based on an extended option to lease dating back to 1987. The term of the lease is up to 50 years if all renewals were to be exercised. The purpose of the lease was for hosting terminal facilities as a component of the proposed coal operation. To this time no surface improvements were made on the leased land and PacRim is in good standing with the terms of the lease. Land Management will be recommending for termination of the lease by mutual agreement. Such termination would be achieved by execution of termination agreement to be recorded against the lease, along with settlement of prorated rents and assessments for the partial year as of the date of termination. Upon termination of the lease, the acreage would be available to the borough for other land uses and resource management as part of the borough's general land inventory.

Land Management has received a draft termination agreement from PacRim which is currently being reviewed and a final draft will be submitted to the Mayor toward the end of June.



PACRIM COAL, LP

1007 W 3rd Avenue Suite 304 - Anchorage, AK 99501
Tel: (907) 276-6868 - Fax: (907) 276 2395

May 22, 2017

Kenai Peninsula Borough
144 Binkley Street
Soldotna, AK 99669
Attn: Marcus Mueller

Re: Termination of Ground Lease at Ladd Landing

Dear Marcus,

Confirming recent conversations, the owners of PacRim Coal, LP ("PacRim") have discontinued efforts to permit the Chuitna Coal Project. PacRim initiated no development activities under the ground lease entered into with the Kenai Peninsula Borough related to project development. Because PacRim does not intend to initiate any activities, it is PacRim's desire to terminate the ground lease and the easement attached to it.

Accordingly, subject to concurrence by the Kenai Peninsula Borough, PacRim and the Kenai Peninsula Borough hereby relinquish all right, title and interest in and to that certain Ground Lease dated September 9, 2009 (the "Ground Lease") and the Easement attached to it as Exhibit "B" (the "Easement"), both covering lands in Kenai Peninsula Borough. If the Borough is in agreement, please so indicate by signing and returning a copy of this letter to me.

Since a Memorandum of Ground Lease is recorded, a recorded document is in order to evidence termination. A Termination of Ground Lease is attached for your review, signature and recordation.

In closing, Dan and I appreciate the relationship we enjoyed with the staff at the Borough over the years. If you have any questions or comments, please do not hesitate to contact me.

PacRim Coal, LP

By: PacRim Coal-GP, LLC,
its general partner

By: _____
W.J. Lucas
Title: Vice President

Agreed and accepted this ___ day of May, 2017

Kenai Peninsula Borough

By: _____

Mike Navarre, Mayor