

Kenai Peninsula Borough Legal Department

MEMORANDUM

TO: Brent Johnson, Assembly President
Members, Kenai Peninsula Borough Assembly

THRU: Peter A Micciche, Mayor *PM*
Brandi Harbaugh, Finance Director *BH*
Adeena Wilcox, Borough Assessor *AW*

FROM: Sean Kelley, Borough Attorney *SK*

DATE: September 7, 2023

RE: Ordinance 2023-19-19, Appropriating Funds to the Legal Department for Litigation Fees and Costs Related to an Oil and Gas Property Tax Appeal (Mayor)

On June 23, 2021, Furie Operating Alaska, LLC (Furie), the owner of oil and gas production property, filed an appeal of the State Assessment Review Board's (SARB) Certificate of Determination dated May 24, 2021, in the Anchorage Superior Court. The SARB decision upheld the State of Alaska's assessment of the oil and gas production property under appeal.

The assessment of oil and gas production property is a State of Alaska function under the State's Department of Revenue. The Kenai Peninsula Borough (Borough) is a party to the appeal because the property is within the Borough's boundaries. The Borough retained the law firm of Dillon & Findley, PC to represent it in the Furie Appeal. Subsequently, Furie appealed the 2022 assessed tax value of its oil and gas production property. A second SARB decision upheld the 2022 assessment. The Superior Court consolidated the 2021 and 2022 appeals into a single case and set a non-jury trial for July 24, 2023.

The trial concluded after eight days and the matter has been taken under advisement. Invoices for costs and fees, including expert fees, through the conclusion of trial have been received and an additional appropriation of \$56,419.01 is being sought to cover the final invoices.

Your consideration is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No.	<u>100.27910</u>
Amount:	<u>\$56,419.01</u>
By: <i>CK</i>	Date: <u>9/7/2023</u>