

E. NEW BUSINESS

- 6. Resolution 2022-XX: Authorizing the acquisition of real property located in Soldotna Alaska on behalf of Central Emergency Services for the purpose of a replacement site for Central Emergency Services Station 1.**

Kenai Peninsula Borough

Planning Department – Land Management Division

MEMORANDUM

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

THRU: Charlie Pierce, Mayor
Brandi Harbaugh, Finance Director *BH*
John Hedges, Purchasing and Contracting Director *JH*
Robert Ruffner, Planning Director *RR*
Marcus A. Mueller, Land Management Officer *RRFMM*

FROM: Aaron Hughes, Land Management Agent *AH*
Roy Browning, Chief, Central Emergency Services *RB*

DATE: June 9, 2022

RE: Resolution 2022-____, Authorizing the Acquisition of Real Property Located in Soldotna, Alaska on Behalf of Central Emergency Services for the Purpose of a Replacement Site for CES Station 1 (Mayor)

Central Emergency Services ("CES") provides fire and emergency medical response services to protect lives and property of more than 24,000 residents, businesses, seasonal visitors and other property owners. Station 1 is central to the entire operation of CES. Its initial construction dates back to 1957 with major additions in 1971 and 1982. The existing location is unsuitable for further upgrades necessary to meet operational needs going forward.

With the purpose and need for a new fire station established, a site selection committee was formed in 2017 to evaluate sites which included review of the existing site and surrounding borough properties. Over eleven sites were formally evaluated and several others considered by the committee composed of members with various viewpoints including Purchasing & Contracting, CES, Land Management, GIS, and the City of Soldotna. The highest-ranking sites have been evaluated to ensure soundness in the site selection committee's recommendation.

The subject parcels have been determined to support operational and site design criteria for CES Station 1, in conjunction with adjacent land currently in borough ownership. The land currently owned by the borough contains the Emergency


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June 9, 2022
RE: R2022-_____

Operations Center which houses the Office of Emergency Management and dispatch along with CES administration. Should other adjacent properties become available to purchase, more design options could be considered.

The proposed land acquisition involves two different property owners comprising eight individual parcels of land. The agreement reached with the respective property owners is based on fair market valuations determined by third-party appraisals.

The acquisition of a project site is an important step for CES's project planning, facility design, and pursuit of funding. As a part of the fiscal year 2020 budget process, CES appropriated \$900,000.00 for land acquisition for the location of the replacement CES Station 1 facility. This resolution authorizes the acquisitions at a total price of \$788,000 plus surveying, title and closing costs, and due diligence fees not to exceed \$50,000.

Your consideration of this resolution is appreciated.

FINANCE DEPARTMENT ACCOUNT / FUNDS VERIFIED	
Acct. No. <u>443-51610-20461-49999</u>	
Amount: <u>Not to exceed \$838,000.00</u>	
By: <u></u>	Date: <u>6/7/2022</u>

Introduced by: Mayor
Date: 06/21/22
Action:
Vote:

**KENAI PENINSULA BOROUGH
RESOLUTION 2022-XX**

**A RESOLUTION AUTHORIZING THE ACQUISITION OF REAL PROPERTY
LOCATED IN SOLDOTNA, ALASKA ON BEHALF OF CENTRAL EMERGENCY
SERVICES FOR THE PURPOSE OF A REPLACEMENT SITE FOR CENTRAL
EMERGENCY SERVICES STATION 1**

WHEREAS, the Kenai Peninsula Borough’s Central Emergency Service Area & Central Peninsula Emergency Medical Service Area (collectively, “CES”), provide for the operation of fire and emergency medical operations serving more than 24,961 residents; and

WHEREAS, CES Station 1 is the hub location for CES operations, serving as the primary point of operational command, equipment servicing, and deployment; and

WHEREAS, due to a variety of factors including the size, age and operability of the facility, CES Station 1 must be replaced; and

WHEREAS, a site selection committee, comprised of both borough and City of Soldotna officials, was created in 2017 to evaluate potential sites according to design and operational criteria specific to the purpose and need of CES Station 1 replacement; and

WHEREAS, after evaluating over eleven potential locations, the proposed parcels were selected as the best-available location by meeting factors important to fire station design, operability, point-of-service, and long-term need; and

WHEREAS, the proposal to purchase a site involves appraisal of eight parcels under the ownership of two separate owners; and

WHEREAS, the funding for this land acquisition will be supported by funds previously appropriated through CES in the FY2020 budget process; and

WHEREAS, obtaining site control is an important step in ongoing project development; and

WHEREAS, CES will make efforts to recover land acquisition costs through grants or other funding assistance when eligible; and

WHEREAS, the subject site and utilization concepts integrate with adjacent land already owned by the Borough, and the possibility to modify design concepts should other adjacent property become available to acquire; and

WHEREAS, the joint Central Emergency Service Area and Central Emergency Medical Service Area Board, at its regular meeting of May 19, 2022, recommended approval of purchasing the properties in the amount of \$788,000.00; and

WHEREAS, the Kenai Peninsula Borough Planning Commission, at its regular meeting of June 13, 2022, recommended _____;

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH:

SECTION 1. That the assembly finds that purchasing the following described real property pursuant to KP.B 17.10.040 is in the best interest of the borough:

S&B Properties:

LOT 1 AND LOT 2, BLOCK 2, AIRPORT SUBDIVISION, FILED UNDER PLAT NO. KN-0001325, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO's. 060-111-01, 060-111-02)

LOT "O", BLOCK 2, 1962 AIRPORT SUBDIVISION REPLAT, FILED UNDER PLAT NO. KN-0001500, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO. 060-111-11)

LOT 10, BLOCK 3, HILLCREST SUBDIVISION, FILED UNDER PLAT NO. KN-0001514, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO. 060-115-10)

LOT 8 AND LOT 9, BLOCK 3, HILLCREST SUBDIVISION, FILED UNDER PLAT NO. KN-0001514, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. (PARCEL NO's. 060-115-09, 060-115-08)

Beer Trust:

LOTS 3 AND 4, BLOCK 3, HILLCREST SUBDIVISION, ACCORDING TO PLAT NO. K-1514, IN THE KENAI RECORDING DISTRICT, STATE OF ALASKA. (PARCEL NO's. 060-115-04, 060-115-03)

SECTION 2. That the terms and conditions substantially in the form of the purchase agreements accompanying this resolution are hereby approved. The purchase price shall be \$680,000.00 for the S&B Properties parcels and \$108,000.00 for the Beer Trust parcels, plus surveying, title and closing costs, and due diligence fees not to exceed \$50,000.00.

SECTION 3. That this acquisition is for the purpose of siting an emergency response facility, commonly known as CES Station 1 replacement.

SECTION 4. That the above-described land is zoned commercial pursuant to City of Soldotna zoning code and therefore is not proposed to be further classified under KPB 17.10.080. The intended use is generally permitted in this zone.

SECTION 5. That the mayor is authorized to execute any and all documents necessary to purchase the real property described in Section 1 in accordance with the terms and conditions contained in this resolution and the accompanying purchase agreements, consistent with applicable provisions of KPB Chapter 17.10.

SECTION 6. Previously appropriated funding, not to exceed \$838,000, is available in the Central Emergency Service Area Capital Project Fund account 443.51610.20461.49999, for the acquisition of the properties listed in Section 1.

SECTION 7. That this resolution shall take effect immediately upon adoption.

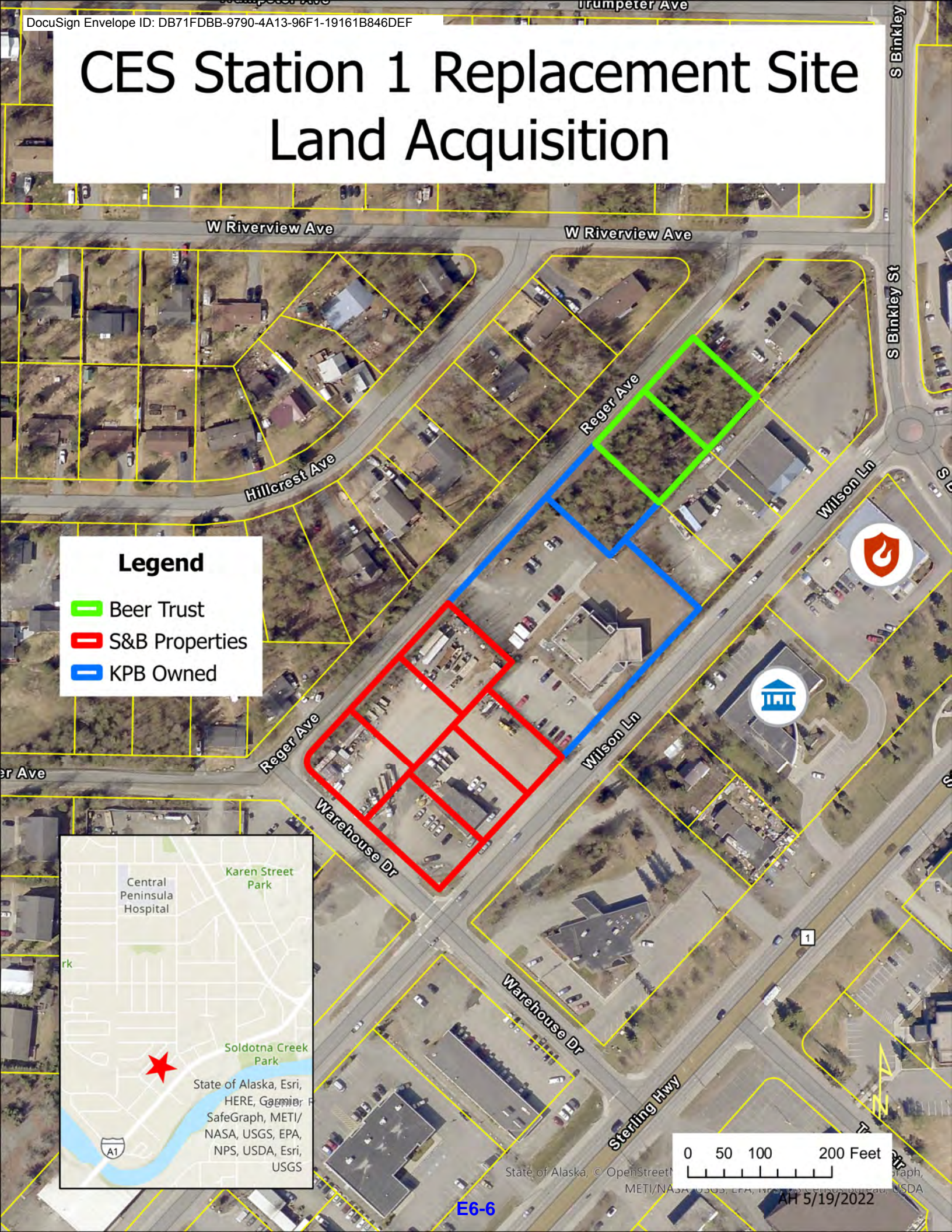
**ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH
THIS ___ DAY OF _____, 2022.**

Brent Johnson, Assembly President



ATTEST:

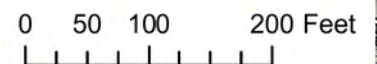
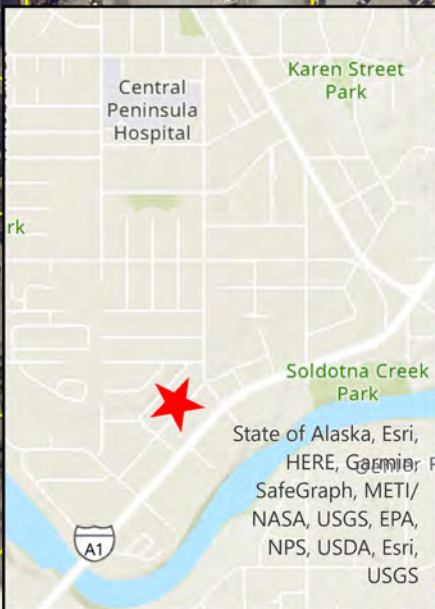
Johni Blankenship, MMC, Borough Clerk

CES Station 1 Replacement Site Land Acquisition



Legend

-  Beer Trust
-  S&B Properties
-  KPB Owned



UNAPPROVED MINUTES
Central Emergency Services Area
Regular Monthly Board of Directors Meeting
So Prep
Thursday, May 19, 2022

- A. Call to Order:** Meeting called to order at 6:11 p.m.
- B. Roll Call and Introductions:**
Present: Gary Hale, Ryan Kapp, and Steve Tachick.
Absent: Ralph Linn and Leslie Morton.
Guest Present: Assemblyman Bill Elam.
Staff Present: Deputy Chief Dan Grimes, and Glenda Kapp.
- C. Approval of Agenda:** Mr. Hale made a MOTION to approve the agenda, Mr. Tachick seconded. Motion passed.
- D. Approval of Minutes:**
April 21, 2022 Regular Board Meeting: Mr. Hale made a MOTION to approve the April 21, 2022 minutes, Mr. Tachick seconded. Motion passed.
- E. Presentations:** None.
- F. Operations Report:**
- Call volume up 15% from 2021 with 1105 calls.
 - Awards Ceremony on April 30th, “Year in Review” on CES Facebook page.
 - Summer hires at Station 6, Margot Mooney, Nicole Prior and Frazier Groseclose.
 - Wildland season with brush engines operable and at stations. Burn suspension currently in effect.
 - Engine 916 back from Cummins and in service.
 - Five full time recruits in training, Probationary year completion upcoming.
 - Medic 936 remount and chassis for new medic unit on hold at Braun NW factory.
 - Training site expansion project ongoing. Will begin fencing phase after July 1.
 - Firefighter I class for CES and Nikiski test out Saturday. CES has four students attending.
 - Three CES personnel recently attended FDIC in Indianapolis IN.
 - Six wheeler outfitted with stretcher mount system and located at station 6 for summer response.
 - Shift balancing underway, seeking a more even qualifications and experience level across all three shifts.
- G. Finance Report:** Expenditure report reviewed with 15% of year remaining.
- H. New Business:**
1. Surplus vehicle and auction items: No items placed into the auction.
 2. ISO Audit completion: ISO report reviewed. Deputy Chief Grimes explained the audit guidelines, requirements and process.
- I. Old Business:**
1. Station land purchase: After a land purchase attempt with that parcel becoming unavailable, the board reviewed options. Mr. Hale made a MOTION “CES move forward

in pursuing the purchase of the Foster-Beers property". Mr. Tachick seconded. MOTION passed.

J. Public Comment:

Mr. Elam reported that he has just finished up with the legislative budget work and continues to offer support to CES and is open to contact at any time. He will resume duties this fall.

K. Board Member Comments:

- Mr. Hale thanked Mr. Elam and his team for a great job in Juneau. Commented on the ISO process, being impressed with the efforts of T.O. Craig and F.M. Dobson to achieve great ISO report.
- Mr. Tachick thanked everyone for a job well done and wished all a good summer.
- Mr. Kapp requested the board tour the Arc Loop fire-training site in the fall.

L. Next Board Meeting Date, Time, and Place: The next Regular Board meeting scheduled for Thursday, September 15, 2022, 6:00 p.m., at So Prep.

M. Adjournment: Meeting adjourned at 7:01 p.m.

Ryan Kapp, Chair

Date

Gary Hale, Secretary

Date



RE: **Beer Trust Properties**

The intended users are directed to the Impacts of COVID-19 section, which contains important information relating to its impacts on economic and assignment conditions. As a result of research and analysis, the value estimates for the subject is/are as follows:

FINAL MARKET VALUE ESTIMATE		
Beer Trust Properties	Parcel # 06011503	Parcel # 06011504
Property Rights	Fee Simple	Fee simple
Condition	As Is	As Is
Effective Date of Appraisal	June 11, 2021	June 11, 2021
Final Market Value Estimate	\$54,000	\$54,000

The value estimates are based on a marketing period of approximately 12 months and an exposure period of approximately 12 months. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Beverly Bowman'.

Beverly J. Bowman,
Alaska Certified General No. 134284

PURCHASE OPTION AGREEMENT

This Purchase Option Agreement (hereinafter the "Agreement") is made by and between JANE PHILLIPS BEER, as trustee of the JANE PHILLIPS BEER TRUST, dated June 11, 2008, whose address is 116 Fairview Ave N. Unit 734, Seattle, WA 98109, (hereinafter referred to as "SELLER") and the KENAI PENINSULA BOROUGH, an Alaska municipal corporation, as buyer whose address is 144 North Binkley Street, Soldotna, Alaska 99669 (hereinafter referred to as "KPB").

WHEREAS, SELLER is the owner of that real property located in the Kenai Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

LOTS 3 AND 4, BLOCK 3, HILLCREST SUBDIVISION, ACCORDING TO
PLAT NO. K-1514, IN THE KENAI RECORDING DISTRICT, STATE OF
ALASKA.

WHEREAS, KPB has offered to buy, subject to assembly authorization and appropriation of funds, and SELLER is willing to sell the Property as evidenced by this Agreement. SELLER understands and acknowledges that the terms of this agreement are subject to and contingent upon the buyer securing similar contracts on additional properties required for a planned KPB project. All contracts will be subject to and contingent upon the associated contracts remaining under contract and closing simultaneously. In the event buyer is unable to secure said contracts and or the contracts once secured do not close, this contract will be considered void without penalty to the buyer; and

NOW THEREFORE, in consideration of the conditional promises herein contained, SELLER hereby agrees to sell to KPB, and KPB hereby agrees to buy from SELLER, the Property on the terms and conditions as set forth below:

1. PURCHASE PRICE

The purchase price of the Property is One Hundred Eight Thousand dollars and NO cents (\$108,000.00). The purchase price shall be paid by KPB at time of closing. The purchase of the Property and appropriation for the purchase are subject to approval by the Borough Assembly.

2. EXPIRATION OF OFFER

SELLER shall sign and return this Purchase Option Agreement to KPB on or before December 17, 2021, otherwise this offer shall terminate. If the KPB is unable to obtain executed Purchase Option Agreements on other properties required for this project, KPB shall terminate this agreement in writing without penalty.

3. TITLE

Title shall be delivered at time of closing by Statutory Warranty Deed, which shall be issued to KPB. SELLER warrants and covenants that at the time of closing there shall be no liens or judgments recorded against SELLER in the same recording district in which the Property subject to this purchase agreement is situated. Title shall be clear of liens and encumbrances except title is subject to reservations, easements, rights-of-way, covenants, conditions and restrictions of record.

5. NOTICE

Upon the successful execution of all required contracts to the satisfaction of KPB, buyer will provide written notice to all contract sellers advising of the completion of the option period of this agreement, not to exceed 24 months from the date of execution unless otherwise provided for in writing. All other terms, provisions and conditions of this agreement remain in effect.

6. ESCROW AND CLOSING COSTS

Except as described in this paragraph, in addition to the purchase price, KPB agrees to pay for buyer related closing costs in connection with this Agreement. SELLER agrees to pay for seller related closing costs including the owner's policy of title insurance. Property taxes for the current year, if any, will be prorated the date of closing. SELLER is responsible for Realtor's commission, if any, all unpaid taxes for prior years, if any, and all unpaid outstanding assessments, if any. All costs will be paid in full at the time of closing.

7. CLOSING

Unless otherwise agreed in writing, closing will occur within 180 days of written notice to all parties that all required contracts necessary to complete the project have been executed and all due diligence has been completed by buyer, or as specifically agreed to by both parties. At closing, KPB will pay the balance of the purchase price. Both parties will execute all documents required to complete the Purchase Agreement and, if applicable, establish an escrow account. Closing on this contract is subject to and contingent upon the simultaneous closing of all related properties required under this project.

8. POSSESSION

Possession shall be delivered to KPB at time of recording unless otherwise agreed to by all parties in writing.

9. KENAI PENINSULA BOROUGH ASSEMBLY APPROVAL

Purchase of the Property by the Kenai Peninsula Borough is subject to authorization by the Kenai Peninsula Borough Assembly and appropriation of funds. If the Kenai Peninsula Borough Assembly fails to authorize the purchase of the subject land and appropriate funds, this Agreement shall be terminated without penalty.

10. DISCLOSURES

SELLER hereby agrees to provide property disclosures including any and all information regarding known defects, deficiencies, legal matters, environmental issues or hazards, that may be personally known by the seller, in writing prior to KPB entering into its due diligence period. If said disclosure presents a matter unsatisfactory to the buyer, KPB may terminate this agreement without penalty.

11. CONTINGENT ON INSPECTION

This offer and agreement is contingent on inspection satisfactory to KPB for its use and at KPB's expense. SELLER shall, upon reasonable notice, provide access to the property for inspection purposes to KPB and its representatives. Any invasive inspection procedures shall require SELLER's express permission and shall be promptly repaired or replaced by KPB in a workman-like manner. KPB shall have 180 days from the notice date referenced in Section 5 to complete inspection and determine its satisfaction unless otherwise provided in writing.

12. HAZARDOUS MATERIAL

SELLER covenants to the best of SELLER'S knowledge, that as of the date of this Agreement, except as specifically identified herein, the Property is free of all contamination from petroleum products or any hazardous substance or hazardous waste, as defined by applicable state or federal law, and there are no underground storage tanks or associated piping on the Property. SELLER agrees that no hazardous substances or wastes shall be located on or stored on the Property, or any adjacent property owned or leased by the SELLER, owner or contractors, nor shall any such substance be owned, stored, used, or disposed of on the Property or any adjacent property by SELLER, its agents, employees, contractors, or invitee's, prior to KPB'S ownership, possession, or control of the Property.

13. ENVIRONMENTAL CONTINGENCY

If during the course of Purchaser's due diligence of the Property pursuant to Section 11, Purchaser discovers the presence of Environmental hazards on or released from the Property in any quantity or concentration exceeding the limits allowed by applicable law, or that are deemed undesirable by purchaser, Purchaser shall have the right to give notice to Seller, accompanied by a copy or copies of the Third-Party Report(s) disclosing and confirming the presence of such hazardous materials. The notice and accompanying Third-Party Report must be given no later than 60 days from receipt of said report. The notice under this section shall state:

- (i) that Purchaser is terminating this Contract due to the presence of such hazardous materials on or adversely affecting the Property; OR
- (ii) provide Seller 30 days from notice to provide a mitigation plan outlining steps taken by seller to remedy said hazards to buyers satisfaction at sellers expense.

Following the KPB sending the notice and report described in this section, the parties may negotiate other resolutions as may be agreeable to both parties in writing to be included as a part of this Agreement. In the event the parties cannot agree in writing on a resolution to remedy

any environmental concerns within 90 days of the notice, this Agreement shall automatically terminate.

It is expressly understood, by execution of this agreement, seller hereby indemnifies buyer for any and all CERCLA related claims, liabilities or matters, unless otherwise provided for in this agreement. Said indemnification shall survive closing and termination of this agreement. Upon successful close of escrow said indemnification shall continue for a period of not less than 36 months, from the date of closing unless otherwise provided for in this agreement.

If this Agreement is terminated pursuant to any report detailing environmental conditions that may or may not exist on the Property, such report(s) shall remain confidential and proprietary. The report(s) will be marked as confidential and will not be released to a private individual, entity, or non-profit without express agreement of the parties hereto. Notwithstanding, the report will be released pursuant to a valid court order and may be released to the State of Alaska upon request.

14. ENTIRE AGREEMENT

This Agreement and the documents referred to herein contain the entire agreement of the parties with respect to the subject matter hereof. Any changes, additions or deletions hereto must be made in writing and signed by both KPB and SELLER or their respective successors in interest. Provisions of this Agreement, unless inapplicable on their face, shall be covenants constituting terms and conditions of the sale, and shall continue in full force and effect until the purchase price is paid in full or this agreement is earlier terminated.

15. BREACH REMEDY

Prior to closing of the sale, in the event that KPB or SELLER fails to make any payment required, or fails to submit or execute any and all documents and papers necessary for closing and transfer of title within the time period specified in this agreement, the SELLER or KPB may terminate this Agreement.

16. MISCELLANEOUS

- A. Time. Time is of the essence in performance of this Agreement.
- B. Cancellation. This Agreement, while in good standing may be canceled in whole or in part, at any time, upon mutual written agreement by SELLER and the KPB mayor. This Purchase Agreement is subject to cancellation in whole or in part if improperly issued through error in procedure or with respect to material facts. Buyer may cancel this agreement without penalty in the event additional contracts are not secured required of this project.
- C. Notice. Any notice or demand, which under the terms of this Agreement or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the

other party at the address shown on the contract. However, either party may designate in writing such other address to which such notice of demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed received when deposited in a U.S. general or branch post office by the addressor.

- D. Interpretation. This Agreement shall be deemed to have been jointly drafted by both parties. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of Alaska. The titles of sections in this Agreement are not to be construed as limitations of definitions but are for identification purposes only.
- E. Condition of Property. SELLER shall deliver the property in its as-is condition.
- F. Confidentiality. This Agreement shall be considered proprietary to the parties until closing occurs. Following closing, this Agreement may be considered a public record.
- G. Counterparts. This Agreement may be executed in counterpart, and may be executed by way of copy, facsimile or verified electronic signature in compliance with AS 09.80, and if so, each of which shall be deemed an original but all of which together will constitute one and the same instrument

This Agreement has been executed by the parties on the day and year first above written.

KENAI PENINSULA BOROUGH:

SELLER:

Charlie Pierce, Mayor

Jane Phillips Beer, TTE

Jane Phillips Beer, Trustee

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Johni Blankenship,
Borough Clerk

Sean Kelley,
Deputy Borough Attorney

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2021, by Charlie Pierce, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____

NOTARY ACKNOWLEDGMENT

STATE OF Washington)
) ss.
_____)

The foregoing instrument was acknowledged before me this 23rd day of November, 2021, by Jane Phillips Beer, as trustee of the Jane Phillips Beer Trust, dated June 11, 2008.

KATELYNN HARRISON
Notary Public
State of Washington
License Number 21004889
My Commission Expires
October 26, 2024

Katelynn Harrison
Notary Public in and for King County
My commission expires: 10/26/24

Kenai Peninsula Borough, Alaska



RE: **S & B Properties**

The intended users are directed to the Impacts of COVID-19 section, which contains important information relating to its impacts on economic and assignment conditions. As a result of research and analysis, the value estimates for the subject are as follows:

FINAL MARKET VALUE ESTIMATE	
S & B Properties LLC	
Property Rights	Fee Simple
Condition	As Is
Effective Date of Appraisal	June 11, 2021
Land Valuation Lot 8 - 242 Reger Ave.	\$63,000
Land Valuation Lot 9 - 246 Reger Ave.	\$65,000
Land Valuation Lot 10 - 250 Warehouse Rd.	\$70,000
Sale Comparison - 259 -273 Wilson Ln.	\$480,000
Final Market Value Estimate	\$678,000
Rounded	\$680,000

The value estimates are based on a marketing period of approximately 6 months and an exposure period of approximately 6 months. The value opinion reported above is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the body of the report. This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits and Addendum. Thank you for the opportunity to be of service. If you have any questions, please feel free to call.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Beverly Bowman'.

Beverly Bowman,
 Appraiser
 Alaska Certified General – No. 134284
 bbowman@reliantadvisory.com

PURCHASE OPTION AGREEMENT

This Purchase Option Agreement (hereinafter the "Agreement") is made by and between S&B PROPERTIES, LLC, an Alaska Limited Liability Company, as seller, whose address is P.O. Box 303, Soldotna, AK 99669, (hereinafter referred to as "SELLER") and the KENAI PENINSULA BOROUGH, an Alaska municipal corporation, as buyer, whose address is 144 North Binkley Street, Soldotna, Alaska 99669 (hereinafter referred to as "KPB").

WHEREAS, SELLER is the owner of that real property located in the Kenai Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

LOT 1 AND LOT 2, BLOCK 2, AIRPORT SUBDIVISION, FILED UNDER PLAT NO. KN-0001325, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

LOT "O", BLOCK 2, 1962 AIRPORT SUBDIVISION REPLAT, FILED UNDER PLAT NO. KN-0001500, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

LOT 10, BLOCK 3, HILLCREST SUBDIVISION, FILED UNDER PLAT NO. KN-0001514, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

LOT 8 AND LOT 9, BLOCK 3, HILLCREST SUBDIVISION, FILED UNDER PLAT NO. KN-0001514, RECORDS OF THE KENAI RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA,

(hereinafter referred to as "the Property").

WHEREAS, KPB has offered to buy, subject to Borough Assembly authorization and appropriation of funds, and SELLER is willing to sell the Property as evidenced by this Agreement. SELLER understands and acknowledges that the terms of this Agreement are subject to and contingent upon the buyer securing similar Agreements on additional properties required for a planned KPB project. All Agreements will be subject to and contingent upon the associated Agreements remaining under contract and closing simultaneously. In the event buyer is unable to secure said Agreements and/or the Agreements once secured do not close, this Agreement will be considered void without penalty to KPB; and

NOW THEREFORE, in consideration of the conditional promises herein contained, SELLER hereby agrees to sell to KPB, and KPB hereby agrees to buy from SELLER, the Property on the

terms and conditions as set forth below:

1. PURCHASE PRICE

The purchase price of the Property is Six Hundred and Eighty Thousand Dollars and NO cents (\$680,000.00). The purchase price shall be paid by KPB at time of closing. The purchase of the Property and appropriation for the purchase are subject to approval by the Borough Assembly.

2. EXPIRATION OF OFFER

SELLER shall sign and return this Purchase Option Agreement to KPB on or before February 18, 2022 otherwise this offer shall terminate. In the event KPB is unable to obtain executed purchase option agreements for the other properties required for this project on or before December 31, 2022, KPB shall terminate this Agreement in writing without penalty.

3. TITLE

Title shall be delivered at the time of closing by Statutory Warranty Deed, which shall be issued to KPB. SELLER warrants and covenants that at the time of closing there shall be no liens or judgments recorded against SELLER in the same recording district in which the Property subject to this Agreement is situated. Title shall be clear of liens and encumbrances except title is subject to reservations, easements, rights-of-way, covenants, conditions and restrictions of record.

4. NOTICE

Upon the complete execution of all required Agreements to the satisfaction of KPB, buyer will provide written notice to all contracted sellers advising of the completion of the option period of this Agreement. This option period is not to exceed the timelines referenced in Section 2 of this Agreement unless otherwise agreed to in writing by both parties. All other terms, provisions and conditions of this Agreement remain in effect.

5. ESCROW AND CLOSING COSTS

Except as described in this paragraph, in addition to the purchase price, KPB agrees to pay for buyer-related closing costs in connection with this Agreement. SELLER agrees to pay for seller-related closing costs including the owner's policy of title insurance. Property taxes for the current year, if any, will be prorated to the date of closing. SELLER is responsible for realtor's commission or legal fees, if any; all unpaid taxes for prior years, if any; and all unpaid outstanding assessments, if any. All costs must be paid in full at the time of closing.

6. CLOSING

Unless otherwise agreed in writing, closing will occur within 180 days of written notice to all parties that all due diligence has been completed by KPB (as referenced in Sections 10,11, and 12), or as specifically agreed to by both parties. At closing, KPB will pay the balance of the purchase price. Both parties will execute all documents required to complete the Agreement and, if applicable, establish an escrow account. Closing on this Agreement is subject to and contingent upon the simultaneous closing of all related properties required under this project.

Kenai Peninsula Borough, Alaska

S & B Properties, LLC / KPB - Purchase Option Agreement

Page 2 of 8

7. POSSESSIO
Possession shall be
parties in writing.

8. KENAI PEN
Purchase of the Pro
Kenai Peninsula Bor
Assembly fails to
Agreement shall be

9. DISCLOSU
SELLER hereby a
regarding known de
be personally know
If said disclosures a
penalty.

10. CONTING
This offer and Agr
its use and at KPE
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Kenai Peninsula Borough

S & B Properties, LLC

7. POSSESSION

Possession shall be delivered to KPB at time of recording unless otherwise agreed to by all parties in writing.

8. KENAI PENINSULA BOROUGH ASSEMBLY APPROVAL

Purchase of the Property by the Kenai Peninsula Borough is subject to authorization by the Kenai Peninsula Borough Assembly and appropriation of funds. If the Kenai Peninsula Borough Assembly fails to authorize the purchase of the subject land and appropriate funds, this Agreement shall be terminated without penalty.

9. DISCLOSURES

SELLER hereby agrees to provide property disclosures including any and all information regarding known defects, deficiencies, legal matters, environmental issues or hazards, that may be personally known by SELLER, in writing prior to KPB entering into its due diligence period. If said disclosures are unsatisfactory to the buyer, KPB may terminate this Agreement without penalty.

10. CONTINGENT ON INSPECTION

This offer and Agreement are contingent upon completed inspections satisfactory to KPB for its use and at KPB's expense. SELLER shall, upon reasonable notice, provide access to the Property for inspection purposes to KPB and its representatives. Any invasive inspection procedures shall require SELLER's express permission and shall be promptly repaired or replaced by KPB in a workmanlike manner. KPB shall have 180 days from the notice date referenced in Section 4 to complete any inspections to its satisfaction unless otherwise provided for in writing.

11. HAZARDOUS MATERIAL

SELLER covenants to the best of SELLER'S knowledge, that as of the date of this Agreement, except as specifically identified herein, the Property is free of all contamination from petroleum products or any hazardous substance or hazardous waste, as defined by applicable state or federal law, and there are no underground storage tanks or associated piping on the Property. SELLER agrees that no hazardous substances or wastes shall be located on nor stored on the Property, nor on any adjacent property owned or leased by the SELLER, owner or contractors; nor shall any such substance be owned, stored, used, or disposed of on the Property, nor on any adjacent property by SELLER, its agents, employees, contractors, or invitees, prior to KPB'S ownership, possession, or control of the Property.

12. ENVIRONMENTAL CONTINGENCY

If during the course of KPB's due diligence of the Property pursuant to Section 10, KPB discovers the presence of environmental hazards on or released from the Property in any quantity or concentration exceeding the limits allowed by applicable law, or that are deemed undesirable by KPB, KPB shall have the right to give notice to Seller, accompanied by a copy

or copies of the Third-Party Report(s) disclosing and confirming the presence of such hazardous materials. The notice and accompanying Third-Party Report must be given no later than 60 days from receipt of said report. The notice under this section shall state:

- (i) that KPB is terminating this Agreement due to the presence of hazardous materials on or adversely affecting the Property; OR
- (ii) provide SELLER 30 days from the notice date to provide a mitigation plan outlining steps taken by SELLER to remedy said hazards to KPB's satisfaction at Seller's expense.

After KPB provides the notice and report described in this Section, the parties may negotiate other resolutions as may be agreeable to both parties in writing to be included as a part of this Agreement. In the event the parties cannot agree in writing on a resolution to remedy any environmental concerns within 90 days of the above notice, this Agreement shall automatically terminate.

It is expressly understood, by execution of this agreement, that SELLER hereby indemnifies KPB for any and all CERCLA-related claims, liabilities or matters, unless otherwise provided for in this agreement. Said indemnification shall survive termination of this agreement. However, upon successful close of escrow said indemnification shall terminate provided no environmental matters are discovered as a result of KPB's due diligence, or as otherwise agreed to in writing by both parties.

If this Agreement is terminated pursuant to any report detailing environmental conditions that may or may not exist on the Property, such report(s) shall remain confidential and proprietary. The report(s) will be marked as confidential and will not be released to a private individual, entity, or non-profit without express agreement of the parties hereto. Notwithstanding, the report will be released pursuant to a valid court order and may be released to the State of Alaska upon request.

13. ENTIRE AGREEMENT

This Agreement and the documents referred to herein contain the entire agreement of the parties with respect to the subject matter hereof. Any changes, additions or deletions hereto must be made in writing and signed by both KPB and SELLER or their respective successors in interest. Provisions of this Agreement, unless inapplicable on their face, shall be covenants constituting terms and conditions of the sale, and shall continue in full force and effect until the purchase price is paid in full or this Agreement is earlier terminated.

14. BREACH REMEDY

Prior to closing of the sale, in the event that KPB or SELLER fails to make any payment required, or fails to submit or execute any and all documents and papers necessary for closing and transfer of title within the time period specified in this agreement, the SELLER or KPB may terminate this Agreement.

15. MISCELLANEOUS

- A. Time. Time is of the essence in performance of this Agreement.
- B. Cancellation. This Agreement, while in good standing, may be canceled in whole or in part, at any time, upon mutual written agreement by SELLER and the KPB mayor. This Agreement is subject to cancellation in whole or in part if improperly issued through error in procedure or with respect to material facts. Buyer may cancel this Agreement without penalty in the event additional Agreements are not secured required of this project.
- C. Notice. Any notice or demand, which under the terms of this Agreement or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address shown on the Agreements. However, either party may designate in writing such other address to which such notice of demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed received when deposited in a U.S. general or branch post office by the addressor.
- D. Interpretation. This Agreement shall be deemed to have been jointly drafted by both parties. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The interpretation and enforcement of this Agreement shall be governed by the laws of the State of Alaska. The titles of the Sections in this Agreement are not to be construed as limitations of definitions but are for identification purposes only.
- E. Condition of Property.
SELLER shall deliver the Property in its as-is condition.
- F. Confidentiality. This Agreement shall be considered proprietary to the parties until closing occurs. Following closing, this Agreement may be considered a public record.
- G. Counterparts. This Agreement may be executed in counterpart, and may be executed by way of copy, facsimile or verified electronic signature in compliance with AS 09.80, and if so, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

16. PERSONAL PROPERTY

The personal property and fixtures identified on the attached Exhibit A, are hereby agreed to be specifically excluded from the sale. On or before closing (or as otherwise agreed by both parties), the Seller at their sole expense, shall remove the items referenced on Exhibit A in a

EXHIBIT A

Personal Property

List of Seller Identified Personal Property:

In addition to the personal property located on the property, Seller wishes to call special attention to the following items that are to be removed by the Seller on or before closing.

Bathroom:

- Mirrors, shelves and all other personal affects.

Kitchen:

- Fridge and all other personal affects.

Exterior:

- Large landscaping rocks around building and entry's
- Rock Displays and sale samples
- Flowering Tree on SE corner of office building
- All signage
- Building security system and cameras

North Storage Room:

- All shelving considered to be non-structural
- All tanks and related equipment

Seller / Buyer

Careful workmanlike manner. For those items removed that may cause damage or in some way negatively impact the property, the Seller shall at their sole expense make the repairs necessary to remedy said damage to KPBB's satisfaction. Where trees, large landscaping rocks and product samples are removed, adequate dirt or gravel fill must be added to properly fill in and level any holes or safety hazards.

This Agreement has been executed by the parties on the day and year first above written.

KENAI PENINSULA BOROUGH:

SELLER:

Charlie Pierce, Mayor

S. T. [Signature]

Rebecca Fester

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Johni Blankenship,
Borough Clerk

A. Walker Steinhage
Deputy Borough Attorney

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2022, by Charlie Pierce, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____

NOTARY ACKNOWLEDGMENT

STATE OF ~~ALASKA~~ TN)
) ss.
~~THIRD JUDICIAL DISTRICT~~)

The foregoing instrument was acknowledged before me this 1 day of February, 2022, by Rebecca Foster and Steven B Foster as owners of S & B Properties, LLC.



Fred J. Tapper

Notary Public in and for ~~Alaska~~ TN
My commission expires: 5/21/2025