

**PURCHASE AND SALE AGREEMENT
FOR INDUSTRIAL MARINE REAL PROPERTY**

This Purchase and Sale Agreement for Industrial Marine Real Property (herein *Agreement*) is made and entered into this ___ day of November, 2019 (herein, *Effective Date*), by and between the City and Borough of Sitka and Hanson Maritime, Co.

RECITALS

A. The parties hereto are the City and Borough of Sitka, a home rule municipality and municipal corporation whose address is 100 Lincoln Street, Sitka, Alaska 99835 (herein, *Seller*), and Hanson Maritime, Co., an Alaska corporation whose address is Post Office Box 2594, Sitka, Alaska 99835 (herein, *Purchaser*), collectively referred to herein as the *Parties*.

B. Seller is the fee owner of certain heavy industrial real property, including tidelands, uplands and improvements, situated within the Gary Paxton Industrial Park, which is referred to herein as *Lot 9A*, that consists of approximately 3.478 acres, the legal description of which is more particularly described as:

Lot 9A, Block 4, Sawmill Cove Industrial Park Resubdivision No. 2, consisting of approximately 151,506 square feet, according to the official plat thereof, filed under Plat No. 2013-2 on February 19, 2013 in the Records of the Sitka Recording District, First Judicial District, State of Alaska.

C. The Gary Paxton Industrial Park, previously known as the Sawmill Cove Industrial Park, was the site of the Alaska Pulp Corporation pulp mill that closed operations in 1993. The mill site was donated by Alaska Pulp Corporation to the Seller in 1999. Since taking ownership of the mill property, the City has made substantial improvements to the property including the construction of a deep-water dock. In 2014 the property was renamed the Gary Paxton Industrial Park in appreciation for the contributions made by Gary Paxton to acquire and develop the property into a premiere marine industrial park.

D. The Gary Paxton Industrial Park (herein, *GPIP*) is managed by a board of directors (herein, *GPIP Board*), whose defined duties include management of the GPIP both independently and subject to approval of the City Assembly (herein, *Assembly*). The mission of the GPIP Board and City Assembly is to develop the GPIP in a fiscally responsible manner to maximize economic benefit and jobs for the community of Sitka.

E. The GPIP Board and Assembly designated a portion of Lot 9A to be sold through the City Request for Proposals (herein, *RFP*) process. The RFP was initiated on January 25, 2019, by a "Request for Proposals Private Sector Development of a Portion of Lot 9a (Utility Dock)", a copy of which is attached hereto as **Appendix A**, that solicited bids to purchase a portion of Lot 9A.

F. On January 12, 2019, Purchaser submitted the only response to the RFP, copy of which is attached hereto as **Appendix B**, offering to purchase a subdivided portion of Lot 9A having approximately 33,640 square feet of patented tidelands and uplands.

G. Purchaser is now willing to purchase that subdivided portion of Lot 9A consisting of 32,262 square feet, more or less (herein, *Hanson Property*), which is more particularly shown on the preliminary subdivided plat prepared by North 57° land surveying as the “Hanson Property”, copy of which is attached hereto as **Appendix C**.

H. Seller accepted Purchaser’s non-monetary proposal to purchase the Hanson Property, as described in **Appendix C**, subject to the parties negotiating a mutually acceptable purchase and sale agreement. Subsequent thereto, the Parties entered into a Term Sheet, (herein, *Term Sheet*), dated August 29, 2019, which sets out the material terms the Parties agree be incorporated into and made part of this Agreement. A copy of the Term Sheet is attached hereto as **Appendix D**, and by this reference made a part hereof. The Parties agree herein, that should an inconsistency or discrepancy occur between the provisions of the Term Sheet and this Agreement, the terms of this Agreement shall control over and supersede those of the Term Sheet.

I. The Parties acknowledge that Alaska Statutes 29.40.150 and 40.15.010, and the Sitka General Code 21.08.120, et seq., prohibit the sale or offer for sale of any un-subdivided portion of real property until such time as the lot to be transferred has been legally subdivided by the platting authority having jurisdiction over the subdivision process of the property and a final subdivision plat recorded in the appropriate recording district. Following the execution of this Agreement, the Seller will complete the subdivision process with the City and Borough of Sitka (herein, *CBS*), through which the Parties have pledged their cooperation to assure the process is done timely and with the concurrence of both Parties. As mentioned, and as Purchaser acknowledges, the completion of the subdivision of the Hanson Property from Lot 9A requires that a final plat be approved by the platting authority for the CBS, and that a final plat showing the Hanson Property to be a legal parcel, is recorded in the Sitka Recording District.

J. The Parties fully acknowledge the utility dock, (herein, *Utility Dock*), situated within the Hanson Property is in extreme unsafe, dilapidated condition requiring a restriction of operational use of the Utility Dock until complete repair or reconstruction of the Utility Dock are certified to the satisfaction of Seller by a qualified marine engineer as safe for operation of marine and upland activities. Purchaser further acknowledges the dock has been surveyed by marine engineering firms including Reid Middleton, Inc., and PND Engineers, Inc., that confirmed the poor condition of the dock and piling system. Purchaser acknowledges having reviewed the Reid Middleton, Inc, and PND Engineering, Inc., reports, and represents that its president/manager, Lee Hanson, has personal awareness and knowledge of the dilapidated condition of the Utility Dock. Since 2000, engineering firms have recommended limitations of heavy equipment and vessel use of the dock. The Seller has not made improvements or renovations to the dock or piling system since the 2000 recommendations were made, and it is apparent to the Parties on recent inspection, that the condition of the Utility Dock has continued to deteriorate.

K. As a material consideration to this Agreement, Purchaser shall not engage in the operational use of the Utility Dock, except for the exclusive purpose of making repairs to or reconstruction of the Utility Dock. Operational use of the dock shall not be allowed until such time as Purchaser provides the Seller with the written certification from a qualified marine engineer that the dock is safe for maritime operations by vessels and heavy equipment. Prior to the certification being issued, Purchaser is willing to indemnify the Seller from all claims originating from the unsafe condition of the dock, and to provide liability insurance that names the Seller as an added insured. Purchaser further acknowledges that it is not relying on any representation from Seller, its employees, agents, contractors, or representations of the cost to

repair or reconstruct the dock to a safe condition, and Purchaser is willing to assume all risks and uncertainties related thereto as more fully provided in the body of this Agreement.

L. Purchaser is willing to accept the Hanson Property in its current condition and state of repair on the basis of "AS-IS, WHERE-IS" condition, whether such condition is readily apparent or presently unknown, including the environmental condition of the property and the possible presence of hazardous waste, which could impact Purchaser's ability to conduct business from the Hanson Property beyond the present limitations and restrictions imposed by the condition of the Utility Dock.

M. Purchaser acknowledges the Hanson Property will be encumbered by federal, state and municipal regulations, covenants, agreements, and restrictions upon completion of the subdivision process that could materially impact the Purchaser's operational use of the Hanson Property.

N. Purchaser is willing to limit or restrict Purchaser's vessel traffic during use of the adjacent City and Borough of Sitka barge haulout ramp which for purposes of illustration is shown as the *Vessel Ramp* in **Appendix E** to this Agreement. As a material consideration of this Agreement, vessel traffic to and from the Hanson Property shall be deemed "give-way vessel" and yield the right of way during a vessel's operational use of the Vessel Ramp. Hanson's obligation to vessel traffic during the operational use of the Vessel Ramp shall be implemented through the *Declaration of Restrictive Covenants Re Vessel Traffic*, in the form attached hereto as **Appendix F**, which by this reference is made a part to this Agreement.

O. Purchaser is willing to enter into this Agreement and accept title and possession to the Hanson Property subject to the conditions to closing, the terms and conditions set forth herein below, and the Sitka General Code and Charter.

For good and valuable consideration, the receipt and sufficiency of which are now acknowledged, the Parties agree:

1. **Recitals.** The Recitals A through O set forth above, are acknowledged by the Parties to be accurate statements which are incorporated herein by this reference.

2. **Purchase; Subdivision Process; Option.**

a. Seller grants Purchaser the exclusive option and right to purchase that real property which is presently a portion of Lot 9A, which has been identified on **Appendix C**, and referred to herein as the Hanson Property. The Parties acknowledge and agree that the Hanson Property is not presently a legal, salable lot, and that the transfer and sale of the Hanson Property requires first that the Hanson Property be subdivided from Lot 9A, and that a legal, salable parcel result through the CBS's subdivision process. It is with that process in mind that Purchaser is granted herein the right of option to purchase the Hanson Property once the subdivision process is completed, and the requirements of Alaska Statutes 29.40.150 and 40.15.010, and Sitka General Code 21.08.120, et seq. are satisfied.

b. The Hanson Property consists of approximately 32,262 square feet, more or less, which presently consists of un-subdivided patented tidelands and uplands. The configuration and location of the Hanson Property within Lot 9A is shown for purposes of illustration on **Appendix C**, and as acknowledged by the Parties, the ultimate dimensions and configuration of the Hanson Property will be subject to the subdivision process of the CBS as set forth in Sitka General Code, Title 21. For purposes of this Agreement, the Parties intend the

dimensions of the Hanson Property will be consistent with the North 57° land surveying preliminary subdivision plat of Lot 9A that is attached hereto as **Appendix C**. The Parties agree that the final subdivision process is subject to an administrative process of review which may require the property lines and interior area to be different than that intended by the Parties as expressed in this Agreement. The Parties are willing to accept the final determination of the subdivision process despite differing from that intended herein.

c. Seller will initiate the subdivision of the Hanson Property from Lot 9A with the CBS immediately upon the execution of this Agreement, and together the Parties will work cooperatively with one another and the CBS to assure that the final subdivision plat for the Hanson Property provides area and dimensions consistent with this Agreement and the intentions of the Parties. The subdivision costs shall be shared equally by the Parties.

d. Seller will give Purchaser written notice immediately after the final subdivision plat of the Hanson Property is recorded for record in the Sitka Recording District. Thereupon, Purchaser shall have five (5) days (herein, *Option Period*), to exercise the option to purchase the Hanson Property consistent with Paragraph 7 below. Any attempt by Purchaser to exercise the option prior to or after the Option Period shall be deemed null and void and of no legal force or effect, and not otherwise enforceable. Purchaser agrees that the conditional option to purchase the Hanson Property hereunder is on an "AS-IS, WHERE-IS" basis, with all faults.

3. **Non-Monetary Transfer.** The Parties acknowledge and agree that this Agreement is intended to be a non-monetary transaction of the Hanson Property from Seller to Purchaser. The intent of the Seller and the consideration derived from this transaction, comes from placing the Hanson Property into private hands with the expectation that Purchaser will remediate the dilapidated and unsafe condition of the property, making the Hanson Property safe and economically viable and productive for Purchaser's intended uses, or implement the removal of the Utility Dock. The non-monetary transfer recognizes that the cost to make the Hanson Property safe and productive may possibly exceed the current market value of the property in its current condition. The Seller sees value in returning the Hanson Property to private ownership and on the tax rolls. The Seller has confidence that the Purchaser's knowledge, experience, and commitment will remedy the present hazardous and unsafe condition of the Hanson Property, to fulfill the Seller's expectations that an eventual business operation with the creation of jobs will result from this Agreement.

4. **Due Diligence/Inspection; Conditions Precedent.**

a. The Purchaser shall be entitled to enter upon Lot 9A to inspect the property and improvements until the closing of this Agreement, which period is herein referred to as the *Due Diligence Period*. The Due Diligence Period shall continue until the closing date of this transaction, which shall only occur once all conditions precedent to the closing have occurred, which include: (i) the CBS approval to the final subdivision plat of the Hanson Property that is similar to that attached hereto as **Appendix C** and acceptable to Purchaser in its reasonable discretion; (ii) the final subdivision plat of the Hanson Property is recorded in the Sitka Recording District and a certificate to plat is issued; (iii) Seller to execute the Declaration of Restrictive Covenants Re Vessel Traffic in a form similar to that attached as **Appendix F**; (iv) Purchaser provides a certificate of liability insurance naming Seller as an "additional insured" with coverage as provided in Section 16, herein below; and, (v) the Parties execute such other implementing documents as may be otherwise required by the terms of this Agreement on or before closing.

b. Seller grants Purchaser a limited, revocable license to enter Lot 9A to conduct a pre-closing inspection of the property as part of the Purchaser's due diligence. Purchaser agrees that it will in the context of any such inspections see that the Hanson Property is left at the completion of such inspections in the same condition as it was in prior to the inspection. Further, Purchaser agrees to defend, indemnify and hold Seller harmless of and from any claims, demands or liability whatsoever (including personal injury, death, property damage or lien claims affecting the Hanson Property) arising from or in any way connected with any such activities by Purchaser, its employees, representatives, agents, contractors in the inspection of the Hanson Property by Purchaser, or its officers, directors, agents, employees, consultants or contractors. On or before closing, should Purchaser determine the condition of the Hanson Property is unacceptable and so advises Seller in writing, this Agreement shall terminate, upon which Purchaser shall pay to Seller the Purchaser's proportionate share of the subdivision costs as provided in Sections 2.c. and 7.b, herein.

c. Upon the execution of this Agreement, Purchaser shall deliver a certificate of liability insurance to Seller with coverage per occurrence of not less than \$1,000,000, that names the Seller as an "additional insured." This liability insurance coverage is to benefit Seller during the Due Diligence Period from claims that may arise from or pertain to the Purchaser's entry and inspection of Lot 9A prior to closing.

5. **Seller's Representations.** Seller represents, warrants, and guarantees to Purchaser the following:

a. Seller is the fee owner of Lot 9A, the Hanson Property, free and clear of all liens, easements, rights of way, judgments, encroachments, leases, deeds of trust, and other encumbrances, conditions, restrictions, and matters affecting the title, except such exceptions on title or otherwise affecting the Hanson Property that are set forth in the Title Report, hereinafter defined, and acceptable to Purchaser, subject however to the terms in Paragraph 7 hereof;

b. The Hanson Property is currently available for sale, subject to the completion of the subdivision as described above;

c. Seller shall not negotiate, solicit or discuss offers from any other entity or person relating to the sale of the Hanson Property, or any portion thereof, during the term of this Agreement, without the written consent of Purchaser; and,

d. Seller has full right, power and authority to enter into this Agreement and to transfer the Hanson Property to Purchaser, subject to the conditions precedent stated in Paragraph 4, above, and to consummate the transaction contemplated herein, and cause the same to be a legal and binding obligation of Seller relative to the Hanson Property.

6. **Deed and Title.**

a. At Closing Seller will transfer, assign and convey to Purchaser title to the Hanson Property by statutory warranty deed, warranting title to be free and clear of all liens, charges, encroachments and encumbrances, except as otherwise described in a Preliminary Commitment to Title Insurance (herein, *Title Report*), to be issued by the Stewart Title Company through Alaska Escrow and Title Insurance Agency, Inc. (herein, *AETIA*). Seller did order a Title Report, issued as Order No.57449, effective as of September 23, 2019, a copy of which is attached hereto as **Appendix G**. The Title Report attached hereto as **Appendix G** pertains to the current un-subdivided Lot 9A, and will be updated upon the subdivision of the Hanson

Property from Lot 9A. The execution of this Agreement by Purchaser shall constitute Purchaser's acceptance of the general exceptions stated in Schedule B, Part I, and the special exceptions disclosed in Part II of the attached Title Report, **Appendix G**, which are herein referred to as the *Permitted Exceptions*. The parties do not expect the Permitted Exceptions provided in the Title Report will change specific to the Hanson Property once the updated Title Report is issued following completion of the subdivision of the Hanson Property. However, if such were to occur, the Parties will implement the process set out in subsection b., for resolving exceptions on title disclosed for the first time in the updated Title Report.

b. The Title Report (**Appendix G**) shall be updated contemporaneous to the Closing Date, following the satisfactory completion of the conditions precedent stated in Paragraph 4, above. This provision shall serve as instructions to AETIA as the closing agent, to issue an updated Title Report in preparation of Closing in a form similar to that attached to this Agreement as **Appendix G**, for an insured amount which the Parties agree shall be stated as \$100,000.00. The updated Title Report shall be issued by AETIA under a standard owner's policy of title insurance coverage. A copy of the updated Title Report shall be provided to the Parties within 5 days prior to Closing. Prior to Closing, Purchaser shall give written notice to Seller and AETIA of Purchaser's objections to exceptions on the title of the Hanson Property that are stated in the updated Title Report that are not Permitted Exceptions. Failure by Purchaser to timely object to exceptions on title shall be deemed to waive objection to any special exceptions stated in Schedule B, Part II, that were not disclosed in the Title Report provided to the Parties prior to the execution of this Agreement. Seller shall have a reasonable time following receipt of Purchaser's objections to cure the previously undisclosed title defects to updated Title Report. If Seller is unable despite reasonable efforts to remove a previously undisclosed material exception that is disclosed in the updated Title Report, this Agreement shall terminate, unless the undisclosed exception is waived, and, if not, neither party shall have any further rights or obligations hereunder except for Purchaser's reimbursement to Seller of Purchaser's share of the subdivision costs. Without limiting the generality of the foregoing, the Parties agree that the Declaration of Restrictive Covenants Re Vessel Traffic (**Appendix F**) will be recorded contemporaneous with the Warranty Deed at Closing, and for purposes of this Section 6.b., neither shall not be deemed a previously undisclosed exception to the Title Report to which the Purchaser could otherwise have made objection under this provision.

c. The Parties agree that the Statutory Warranty Deed referenced in Paragraph 6.a. shall be updated to reflect the legal description contained in the updated Title Report and the exceptions to title deemed acceptable by Hanson at Closing.

7. Closing; Closing Costs; Deliveries.

a. The Closing Date shall be within a reasonable time after the recordation of the final plat of the subdivision of the Hanson Property, and the Parties receipt of the updated Title Report shall be issued immediately thereupon, but in no event more than ten days after recordation unless otherwise agreed in writing by the Parties; except, Closing shall delay pending such reasonable time necessary to enable Seller to cure any exceptions to the updated Title Report not previously undisclosed in the initial Title Report, that may be objected to by Purchaser in the manner provided in Paragraph 6.b. above. Closing shall occur through the auspices of, and the Closing escrow will be administered by AETIA, with AETIA to appoint a qualified person to serve as the closing agent for this transaction. The Closing shall take place at the office of Alaska Escrow and Title Insurance Agency, Inc. 315 Seward Street, Suite B, Sitka, Alaska, 99835, (Telephone: 907-623-0774) on a date mutually acceptable to the Parties, and which is consistent with the provisions herein. Seller and its attorney(s) may prepare

closing instructions for the closing of this transaction which will be of standard form and satisfactory to Purchaser.

b. The Parties have agreed to share the total costs to be incurred for the subdivision of the Hanson Property, which includes the costs that may be charged by AETIA for issuing the Certificate to Plat related to the subdivision of the Hanson Property. Purchaser shall reimburse Seller for one-half of the total subdivision costs at Closing, and in the event this transaction does not close, then such costs shall be paid to the Seller within 5 days from the date a written demand for payment is received by Purchaser. The Seller shall be responsible for all other standard closing costs charged by AETIA, which Seller understands to include the recording fees for the Statutory Warranty Deed and such other implementing documents that may require recording, Title Report issued as an owner's standard title insurance, as updated, document preparation costs, the AETIA fees and escrow costs, and one-half the costs of the subdivision, which costs include the Certificate to Plat to be issued by AETIA. The Parties respective obligation to pay the subdivision and Closing costs as provided in this provision are herein referred to collectively as *Closing Costs*.

c. Provided that Purchaser performs its obligations for Closing, Seller shall execute and deliver the following to AETIA for the benefit of Purchaser at Closing:

(i) the executed original of the Statutory Warranty Deed which will, subject to the Permitted Exceptions, convey the Hanson Property to Purchaser under the description of the Hanson Property resulting from the final subdivision Plat of Lot 9A;

(ii) a HUD-1 settlement statement for the Closing under this Agreement which reflects the non-monetary transfer and settlement and prorations provided for in this Agreement including, without limitation, under Section 7.b above; and,

(iii) such other instruments, instructions and agreements that may be reasonably required by AETIA or the transaction in order to complete Closing in accordance with this Agreement and for issuance of the policies of title insurance pursuant to the title commitment.

d. In addition to Purchaser's share of the Closing Costs as set forth above, for Closing, Purchaser shall execute and deliver the following to AETIA for the benefit of Seller:

(i) the Declaration of Restrictive Covenants Re Vessel Traffic, in the form attached as **Appendix F** to this Agreement;

(ii) certificate(s) of insurance as required herein, naming Seller as an additional insured until such time that a qualified marine engineer certifies in writing that the Utility Dock and related improvements are safe for marine related operations and business;

(iii) a HUD-1 settlement statement for the Closing under this Agreement which reflects the non-monetary transfer and settlement and prorations provided for in this Agreement;

(iv) a record of action or resolution duly issued by Hanson Maritime, Co., and its governing board of directors and shareholders, that authorizes Lee Hanson, or such other authorized person, to execute this Agreement, and the implementing documents described herein; and,

(v) such other affidavits, instruments, instructions and agreements that may be reasonably required by AETIA in order to complete Closing in accordance with this Agreement and for its issuance of the policies of title insurance pursuant to the title commitment.

8. **Proration.** The Hanson Property taxes, assessments, if any, charged by the CBS, or any other taxing authority, which shall be prorated between the Parties as of the Closing Date.

9. **Duties of Closing Agent.**

a. In preparation for Closing, AETIA will assemble all Closing documents described in Section 7.c., and d., to assure each is signed, and where required acknowledged by a public notary; issue an updated Title Report immediately following recordation of the final subdivision plat regarding the Hanson Property and distribute same to the Parties hereto at the soonest time following completion of the updated report; and, prepare and distribute to the Parties and their representatives a HUD-1 Settlement Statement.

b. As and when the Closing Agent has received from Purchaser all funds which are necessary to complete Closing, all of the necessary implementing documents, properly executed, the insurance certificates, and is ready and able to issue title insurance policies as required under this Agreement then the Closing Agent shall complete the steps necessary for Closing upon recording of the final subdivision plat for the Hanson Property, which shall include recording the implementing documents received from the respective Parties or other documents gathered in the Closing process, which shall be recorded in the following order:

(i) record in the Sitka Recording District the Statutory Warranty Deed;

(ii) record in the Sitka Recording District the Declaration of Restrictive Covenants Re Vessel Traffic;

(iii) issue owner's standard coverage to Purchaser for the Hanson Property and simultaneously issue a standard Certificate to Plat for the subdivision of the Hanson Property, all of which will be issued on the terms set forth above;

(iv) charge the respective Parties with the closing costs allocated to each of them as set forth above, which allocation shall be reflected in the HUD-1 Settlement Statement that AETIA will prepare; and,

(v) distribute to the Parties the Closing documents, and pay to Seller one-half the subdivision costs Purchaser is to pay as a closing cost to reimburse to Seller as provided herein above.

10. **Completion of Closing Defined; Risk of Loss.** In this Agreement, the term *Completion of Closing* shall mean and refer to the point in time when both the Statutory Warranty Deed conveying the Property to Purchaser is recorded. The risk of loss or damage to the Property shall remain with Seller until Completion of Closing. In the event that before Completion of Closing, an event occurs that materially alters utility or value of the Hanson Property, Purchaser may, in its

sole discretion, elect to terminate this transaction, in which Seller shall be entitled to all insurance proceeds on account of such loss.

11. **Purchaser Acknowledges AS IS Condition.** Purchaser accepts the Hanson Property in its "AS-IS, WHERE-IS" condition without warranty or representation whatsoever on the part of Seller, express or implied as to the Hanson Property's physical or environmental condition, fitness or suitability for any particular purpose, use, construction or development, including without limitation any warranty or representation as to the physical, environmental, surface or subsurface condition, cost to repair or reconstruct any portion of the Hanson Property including, but not limited to the Utility Dock, which Purchaser acknowledges is in a dilapidated and unsafe condition, compliance with laws, zoning, or the sufficiency, accessibility and capacity for Purchaser's intended use of the Hanson Property, it being agreed, acknowledged and accepted by Purchaser that all such risks are to be borne by Purchaser and that Purchaser is relying solely on Purchaser's own inspection, investigation and knowledge of the Hanson Property and not on any statement, oral or written representation, warranty or assurance made by Seller, or any one acting or claiming to act on behalf of Seller or any materials, data or other information provided or available to Purchaser by, though, or on behalf of Seller. Purchaser agrees that Seller shall not be liable for any latent or patent defect or fault in and with the Hanson Property or any part thereof, most especially the Utility Dock and its piling and decking system. Purchaser for itself and any of its successors and assigns, hereby irrevocably and absolutely waives its right to recover from, and forever releases and discharges, and covenants not to pursue any legal action against Seller, Seller's affiliates, contractors, employees, attorneys, managers, representatives, and agents, herein referred to as the *Released Parties*, with respect to any and all suits, actions, proceedings, investigations, demands, claims, liabilities, obligations, fines, penalties, liens, judgments, losses, injuries, damages, settlement expenses or costs of whatever kind or nature, whether direct or indirect, known or unknown, contingent or otherwise, and whether known by any Released Parties as of the Effective Date of this Agreement, as first appearing above, including any proceeding brought by a government agency, including, without limitation, attorney and expert witness fees and expenses and investigation and remediation costs that may arise on account of or in any way be connected with (i) investigation and inspection of the Hanson Property by the Purchaser prior to Closing during the Due Diligence Period and (ii) the Hanson Property or any portion thereof including without limitation the physical, environmental and structural condition of the Hanson Property or any law or regulation applicable thereto, or any other matter relating to the use, presence, discharge or release of hazardous materials and substances on, under, in, above or about the Hanson Property. Purchaser expressly waives the benefits of any provision, principle, or policy of federal or state law, or regulation that may limit the scope or effect of the foregoing waive and release to the extent applicable, including but not limited to the immunity from civil liability under the Alaska Worker's Compensation Act.

12. **Disclaimer of Warranties.** Seller has provided Purchaser with an opportunity to physically inspect and evaluate the Hanson Property, including, but not limited to the tidelands and the Utility Dock, and all improvements appurtenant thereto, their component parts and mechanical and other systems and Seller will continue to allow such opportunity until the Closing Date. Purchaser acknowledges that either on its own or with other persons of appropriate expertise, Purchaser has taken such steps as it deems appropriate to inspect and determine the condition of same, including inspection and evaluation of the Utility Dock by Purchaser's contractor or other persons of similar expertise. Purchaser acknowledges having received the benefit of these inspections and that Purchaser is proceeding with the purchase of the Hanson Property with full knowledge of the information derived from these efforts. **THEREFORE, EXCEPTING ONLY AS EXPRESSLY SET FORTH IN THIS AGREEMENT AND ITS APPENDICES, SELLER MAKES NO**

WARRANTIES OR REPRESENTATIONS CONCERNING THE CONDITION OF THE PROPERTY. ON THE CONTRARY, SELLER EXPRESSLY DISCLAIMS ALL REPRESENTATIONS AND WARRANTIES REGARDING OR CONCERNING THE CONDITION OF THE HANSON PROPERTY. SELLER'S DISCLAIMER OF WARRANTIES SHALL INCLUDE, WITHOUT LIMITATION, DISCLAIMER OF ALL REPRESENTATIONS AND WARRANTIES WITH REGARD TO: (i) THE CONSTRUCTION, WORKMANSHIP AND MATERIALS OF THE UTILITY DOCK AND OTHER IMPROVEMENTS SITUATED THEREON; (ii) THE SUITABILITY OF THE HANSON PROPERTY FOR PURCHASER'S INTENDED USE; (iii) THE PROFITABILITY OF ANY BUSINESS OPERATIONS PURCHASER MAY CONDUCT ON OR WITH THE HANSON PROPERTY; (iv) THE ENVIRONMENTAL CONDITION OF THE HANSON PROPERTY; AND, (v) ANY TAX CONSEQUENCES, FAVORABLE OR OTHERWISE, RESULTING FROM PURCHASER'S ACQUISITION OF THE PROPERTY. PURCHASER ACCEPTS SELLER'S DISCLAIMER OF WARRANTIES CONCERNING THE HANSON PROPERTY BY ACCEPTING TITLE AND POSSESSION OF THE PROPERTY ON THE BASIS OF "AS-IS AND WHERE-IS," WITH ALL FAULTS AND DEFECTS. IN DECIDING TO PURCHASE THE HANSON PROPERTY, PURCHASER RELIES SOLELY UPON PURCHASER'S OWN INSPECTION, KNOWLEDGE AND FAMILIARITY OF THE PROPERTY AND UPON PURCHASER'S OWN SOURCES OF INFORMATION WHICH PURCHASER ACKNOWLEDGES ARE INDEPENDENT OF SELLER, ITS AGENTS, REPRESENTATIVES AND AFFILIATES. PURCHASER FURTHER ACKNOWLEDGES THAT THE IMPROVEMENTS ON THE HANSON PROPERTY, INCLUDING THE UTILITY DOCK, WERE BUILT IN THE 1950s, AND WERE DETERMINED BY SURVEYS COMMISSIONED IN 2000 BY QUALIFIED ENGINEERING FIRMS TO BE DILAPIDATED AND IN UNSAFE CONDITION, PARTICULARLY THE UTILITY DOCK, AND PURCHASER ACCEPTS THE RISK THAT THERE MAY BE OR HAVE ARISEN FAULTS OR DEFECTS WITH THE HANSON PROPERTY ARE A CONTINUING CONSEQUENCE OF THE NEGLECT AND INATTENTION GIVEN TO THE CONDITION, REPAIR, MAINTENANCE, AND UPKEEP OF THE HANSON PROPERTY BY SELLER AFTER 2000 THAT CAUSED FURTHER DETERIORATION OF THE HANSON PROPERTY BEYOND THAT NOTED IN THE 2000 ENGINEERS' REPORTS. THEREFORE, FROM AND AFTER THE CLOSING UNDER THIS AGREEMENT, PURCHASER SHALL AND DOES ASSUME ALL RISK OF LOSS, DAMAGE AND INJURY TO PERSONS OR PROPERTY ARISING FROM OR RELATING TO THE PROPERTY INCLUDING, BUT NOT LIMITED TO, THE CONTINUED DEPRECIATION OF VALUE AND DETERIORATION OF THE CONDITION OF THE HANSON PROPERTY WHICH MAY RESULT OR ARISE FROM FAULTS OR DEFECTS, WHETHER LATENT OR OTHERWISE AND WHETHER KNOWN OR UNKNOWN TO SELLER, PURCHASER OR BOTH, OR PERSONS AND ENTITIES AFFILIATED WITH THEM, INCLUDING THE RELEASED PARTIES.

13. **Environmental and Regulatory Disclaimer.** WITHOUT LIMITING ANY ASPECT OF SECTION 12, ABOVE, THE PARTIES' AGREEMENT TO SELL AND PURCHASE THE HANSON PROPERTY "AS-IS, WHERE-IS", WITH ALL FAULTS AND DEFECTS, AND WITH THE EXPRESS DISCLAIMER OF ALL WARRANTIES AND REPRESENTATIONS EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT AND ITS APPENDICES, EXTENDS TO THE ENVIRONMENTAL CONDITION AND REGULATORY STATUS OF THE PROPERTY. PURCHASER ACKNOWLEDGES THIS DISCLAIMER OF WARRANTIES AND ASSUMES ALL OBLIGATIONS AND BURDENS ASSOCIATED WITH MAKING ITS OWN DETERMINATION AS TO ALL REGULATORY AND ENVIRONMENTAL MATTERS AND ISSUES ASSOCIATED WITH THE PURCHASE AND OWNERSHIP OF THE PROPERTY. THIS DISCLAIMER INCLUDES THE STATUS OF THE TIDELANDS AND IMPROVEMENTS RELATIVE TO REGULATORY STANDARDS SUCH AS, BUT NOT LIMITED TO, BUILDING CODES, FIRE CODES AND OSHA STANDARDS, ADEC AND EPA STANDARDS, POLICIES AND REGULATIONS. EXCEPTING ONLY AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THIS DISCLAIMER ALSO

INCLUDES THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES IN OR AROUND THE TIDELANDS AND UPLANDS, INCLUDING IN SUCH MEASURE AND CONCENTRATION AS MIGHT GIVE RISE TO REGULATORY OR OTHER ENVIRONMENTAL LIABILITY, AN OBLIGATION TO REMEDIATE, CLAIMS FOR PROPERTY DAMAGE, PERSONAL INJURY, OR ANY COMBINATION OF THE FOREGOING. PURCHASER ACKNOWLEDGES THIS DISCLAIMER AND ASSUMES ALL OBLIGATIONS AND BURDENS ASSOCIATED WITH MAKING ITS OWN DETERMINATION AS TO THE ENVIRONMENTAL AND REGULATORY ISSUES AND RISKS IT MAY BE ASSUMING BY THE PURCHASE AND OWNERSHIP OF THE HANSON PROPERTY. FROM AND AFTER COMPLETION OF CLOSING, PURCHASER'S RESPONSIBILITY FOR THE OWNERSHIP AND OPERATION OF THE PROPERTY WILL INCLUDE, WITHOUT LIMITATION, ALL MATTERS ARISING FROM OR RELATING TO ANY ENVIRONMENTAL OR REGULATORY ISSUES INCLUDING ANY HAZARDOUS SUBSTANCES ON OR AROUND THE TIDELANDS, UPLANDS, OR BOTH. TO THOSE ENDS, PURCHASER WILL INDEMNIFY, DEFEND AND HOLD HARMLESS SELLER FROM AND AGAINST ANY AND ALL CLAIMS, AS DEFINED BELOW, ARISING FROM OR RELATED TO ANY CONTAMINATION, RELEASE OR THREATENED RELEASE OF HAZARDOUS SUBSTANCES ON OR AROUND THE HANSON PROPERTY, AND ALSO ANY OTHER ENVIRONMENTAL OR REGULATORY ISSUES, INCLUDING AS OTHERWISE REFERENCED IN THIS SECTION. FOR PURPOSES OF THIS AGREEMENT, HAZARDOUS SUBSTANCES INCLUDE ANY SUBSTANCE WITHIN THE DEFINITION OF "HAZARDOUS SUBSTANCE" OR "HAZARDOUS WASTE" IN ANY STATE OR FEDERAL ENVIRONMENTAL LAW INCLUDING, WITHOUT LIMITATION, PETROLEUM AND ITS DERIVATIVE BY-PRODUCTS.

14. **Non-Waiver Regarding Seller Disclosures.** To the extent that Seller or Seller's agents or other representatives may have provided any limited disclosure or other information to Purchaser, whether as set forth in this Agreement or otherwise, Purchaser further agrees that any such disclosures do not supersede or waive any term or provision of this Agreement including, but not limited to, Seller's disclaimer of warranties and representations and the "AS-IS, WHERE-IS" condition of the Hanson Property. Further, any and all information and disclosures that Seller may provide to Purchaser are provided on the same terms and provisions as set forth in Section 12, above. Without limiting the operation thereof, all such information and disclosures are provided by Seller and accepted by Purchaser "AS-IS and WHERE-IS," with all faults and with all representations expressly disclaimed.

15. **Purchaser Indemnity.** Purchaser shall assume liability for, and indemnify, defend and hold harmless Seller, its managers, assembly persons, representatives, contractors, agents, attorneys and employees (herein, *Indemnitees*), from and against any and all claims which may be asserted against Seller by reason of any injury to or death of any person or persons, or by reason of loss of or damage occurring from the Hanson Property or the personal property of any person or entity which occurs after the Closing Date and which arises out of or is in any way connected with the ownership, management, possession, control, maintenance, repair, modification, use, or operation of the Hanson Property. Purchaser's obligation to indemnify and hold the Indemnitees harmless shall continue until such time that the Utility Dock, together with its piling and deck system, are certified in writing to be safe for operational marine use by a qualified marine engineer as more particularly provided in Section 16, below.

16. **Moratorium of Operation Use.** Purchaser, and all persons and entities operating through Purchaser shall cease operational use of the Utility Dock as of the Closing Date and continuing thereafter until such time as Utility Dock is made safe for all marine and related uses, including but not limited to the moorage of vessels and operation of persons and equipment on the Utility Dock. The determination whether the Utility Dock is brought to a "safe condition" for

operational marine use by Purchaser, shall be made by a qualified marine engineer following inspection, investigation and testing of the repairs and/or reconstruction made to the Utility Dock after the Closing Date by the Purchaser. The qualified marine engineer shall issue a detailed report of its inspection, investigation, testing and findings that conclude the Utility Dock has been rendered to a safe condition for operational marine use. The qualified engineer's determination of "safe condition" shall include, but not be limited to, the piling and decking systems of the Utility Dock, and shall be consistent with all applicable industrial and marine engineering and construction standards. Prior to the issuance of the marine engineer's report of "safe condition," Purchaser shall at all times (i) maintain comprehensive general liability and such other liability coverage that names Seller as an "additional insured" and protects the Seller against all claims and liabilities that could arise from the unsafe condition of the Utility Dock, with coverage of not less than \$1,000,000 per occurrence, (ii) post signage on the Utility Dock from both its water and land access that gives notice to third parties of the dangerous and hazardous conditions of the Utility Dock, and (iii) fence or otherwise barricade third party access to the utility dock prior to issuance of a "safe condition" certification by Purchaser's marine engineer. Without limiting the generality of the foregoing, the Purchaser, its contractors, employees and essential persons, shall be entitled to enter upon the Utility Dock for the sole and exclusive purpose of making repairs and/or reconstruction of the unsafe condition. In such event, Purchaser hereby waives any statutory protection or immunity Purchaser may otherwise have under the Alaska Worker's Compensation Act, should an employee be injured or die while working on the Utility Dock. Purchaser shall provide Seller with a certificate of insurance evidencing Purchaser's compliance with the insurance requirements of this Section 16 on or before the anniversary date of this Agreement in each year until such time as the Utility Dock is determined to be in a safe condition. Thereafter, Purchaser's obligation to provide such insurance and to indemnify the Seller from claims resulting from the unsafe condition of the Utility Dock shall terminate.

17. **Acknowledgement of Encumbrances.** Purchaser acknowledges and agrees to the encumbrance of the Hanson Property with the obligations, covenants and liabilities assumed by Purchaser as stated in the Declaration of Restrictive Covenants Re Vessel Traffic (**Appendix F**); and further acknowledges that the Declaration of Restrictive Covenants was a material consideration of this Agreement, negotiated by and agreed upon and accepted by Purchaser without pressure, coercion or promises made by Seller not otherwise expressly set forth herein.

18. **Agreements Survive the Closing.** All of the covenants, agreements, representations and warranties of the Parties herein contained shall survive the Closing.

19. **Time of the Essence.** Time is declared to be of the essence as to this entire Agreement and as to the performances of all Parties to the Agreement.

20. **Representation of Counsel.** Seller is represented in this Agreement by attorney H. Clay Keene, of Keene & Currall, PPC, 540 Water Street, Suite 302, Ketchikan, Alaska, 99901, and Brian Hanson, City Attorney for the City & Borough of Sitka. Purchaser has been encouraged to retain independent counsel to assist Purchaser in understanding and interpreting this Agreement and the obligations, liabilities and consequences that may arise therefrom.

21. **Waiver.** The failure of either party to enforce any covenants or conditions after breach or default by the one or the other party shall not avoid the rights of the non-defaulting party to enforce the same or any other covenants or conditions on the occasion of any subsequent breach or default.

22. **Construction.** Should any provision of this Agreement require judicial interpretation, it is agreed that the court interpreting and construing the same shall not apply a presumption that this Agreement shall be more strictly construed against one party by reason of the rule of construction that a document is to be construed more strictly against the person who himself or whose agent prepared the same.

23. **Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors or assigns. This Agreement does not create and shall not be construed as creating any rights enforceable by any person not a party to this Agreement.

24. **Counterpart Signature Pages and Facsimile Signatures.** This Agreement may be executed using counterpart signature pages which, when taken together shall constitute one Agreement. This Agreement may be executed using facsimile signatures, provided that the documents shall be subsequently conformed with original signature pages as soon as such original pages are available.

25. **Effective Date.** The effective date of this Agreement is the ___ of November, 2019.

26. **Notices.** Any notices to be delivered under this Agreement shall be considered given upon receipt, if personally delivered, and the earlier of receipt or three business days after mailing, if mailed certified mail, return receipt requested, postage prepaid to the addresses set forth herein or to such other address as a party may give in writing following this notice section.

Seller

City and Borough of Sitka
100 Lincoln Avenue, Room 310
Sitka, Alaska 99835

Purchaser

Hanson Maritime, Co.
Lee Hanson, President
Post Office Box 2594
Sitka, Alaska 99835

27. **Applicable Law and Venue.** This Agreement is to be construed and determined under the law of the State of Alaska. Venue for any civil action brought to enforce the terms of this Agreement shall be brought only in the Superior Court at Sitka for the State of Alaska.

28. **Covenants Survive Closing.** The covenants, representations, and guarantees of the Parties as stated in this Agreement shall survive the Closing.

29. **Further Assurances.** Each party hereto shall perform all acts essential for execution and delivery of documents and provide any assurances which are reasonably necessary to effectuate the provisions and purposes of this Agreement.

30. **Integration.** This Agreement, Declaration of Restrictive Covenants Re Vessel Traffic and other implementing documents identified herein constitute the entire, final agreement

and understanding between the Parties and supersede any and all proposals, negotiations, conversations, discussions, agreements, representatives, and assurances whether oral or written, that relate to the subject matter of this Agreement. This Agreement may not be changed or modified, in whole or in part, except by an instrument in writing signed by the authorized representative of each Party.

31. **Partial Invalidity.** Should any term, covenant or condition of this Agreement be found by a court identified to be void, unenforceable or of no effect, the remaining provisions of this Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have hereunto set their hands this ___ day of November, 2019.

**SELLER
CITY AND BOROUGH OF SITKA**

By: _____
_____, Interim Administrator

**PURCHASER
HANSON MARITIME CO.**

By: _____
Lee Hanson, President

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ___ day of November, 2019, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, to me known to be the **Interim Administrator of the City and Borough of Sitka**, an Alaska municipal corporation, the municipal corporation which executed the above and foregoing instrument; and who on oath stated that he was duly authorized to execute said instrument on behalf of said municipal corporation, and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska
Commission expires: _____

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this __ day of November, 2019, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Lee Hanson**, to me known to be the **President of Hanson Maritime Co.**, a corporation, the corporation which executed the above and foregoing instrument; and who on oath stated that he was duly authorized to execute said instrument and affix the seal thereto on behalf of said corporation, and that the seal affixed thereto is the corporation seal thereof; and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

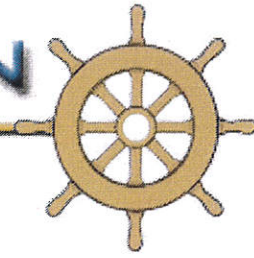
Notary Public for Alaska
Commission expires:_____

PURCHASE AND SALE AGREEMENT

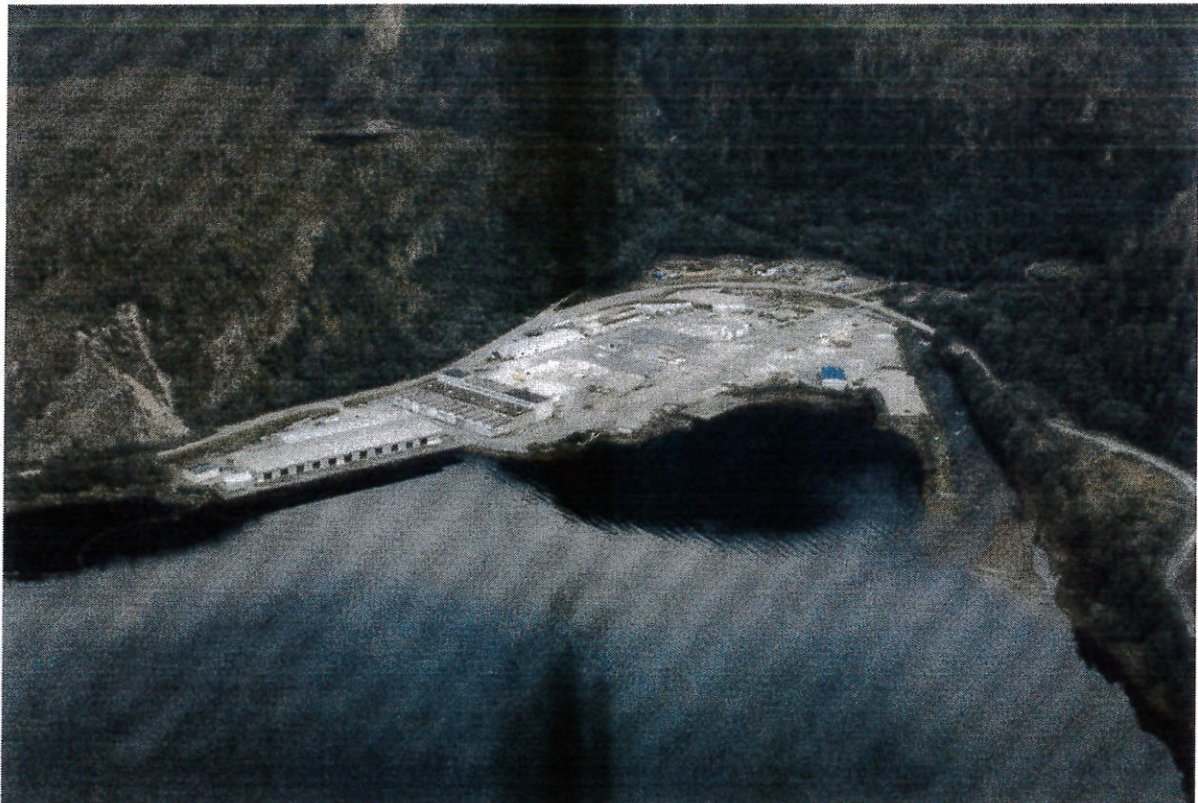
APPENDIX A

GARY PAXTON

INDUSTRIAL PARK



**Request for Proposals
Private Sector Development of
A Portion of Lot 9a (Utility Dock)**



Request for Proposals (RFP)
By the City and Borough of Sitka, Alaska (CBS) and
The Gary Paxton Industrial Park (GPIP) Board of Directors
To purchase a portion of Lot 9a, otherwise known as and hereinafter referred to as the
“Utility Dock”, located at the Gary Paxton Industrial Park.

Proposals will be received at the Office of the Municipal Clerk, City Hall, City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835, until 2:00:00 P.M., January 25th, 2019. The time of receipt will be determined by the Municipal Clerk’s time stamp. Proposals received after the time fixed for the receipt of proposals will not be considered.

The RFP is to purchase the Utility Dock with the intent to develop business opportunities and provide jobs.

Please direct all questions regarding this project to:

Garry White
GPIP Director
329 Harbor Drive, Suite 212
Sitka, Alaska 99835
907-747-2660
garrywhite@gei.net

RFP documents may be downloaded from the web:

www.cityofsitka.com
(Click on the **Bids and RFP** link)

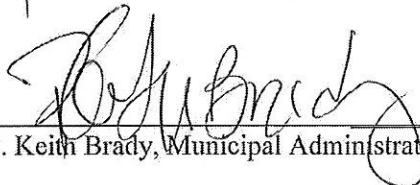
It is the responsibility of the proposer to regularly check the website for addenda to the RFP.

Additional information regarding the Utility Dock that subsequently becomes available will be issued as addenda.

CBS reserves the right to accept or reject any and/or all proposals, to waive irregularities or informalities in the proposals, and to negotiate a contract with the proposer that best meets the selection criteria.

Dated this 11 day of January, 2019.

CITY AND BOROUGH OF SITKA



P. Keith Brady, Municipal Administrator

GARY PAXTON INDUSTRIAL PARK

CBS is requesting proposals from an entity(ies) or individual(s) for the purchase of the Utility Dock described herein.

The following subjects are discussed in this RFP to assist you in preparing your proposal.

- I. Introduction
- II. Preferred Outcome
- III. Relationship with City and Borough of Sitka/Gary Paxton Industrial Park
- IV. Proposal Format and Content
- V. Evaluation Criteria and Selection Process
- VI. Terms and Conditions
- VII. Estimated Schedule
- VIII. Reference Documents
 - a. Revised Memorandum of Understanding Between the State of Alaska and the City and Borough of Sitka Management Plan for Sawmill Cove Industrial Park
 - b. Environmental Overview
 - c. GPIP Retail & Business uses
 - d. Project Location Map
 - e. Reference Drawings

I. Introduction

The GPIP Board of Directors, through CBS desires to select an entity(ies) or individual(s) to purchase the Utility Dock. The site is located at the Gary Paxton Industrial Park, the site of the former Alaska Pulp Company (APC) pulp mill located five miles southeast of downtown Sitka. The site is on the road system.

GPIP is under development by a five-member board of directors appointed by the CBS Assembly. The Board manages the day-to-day operations of the Park working with and through the Municipal Administrator and a Park Director. The Board serves in an advisory capacity to the Assembly, who has final authority on leases and sales at the Park.

Sitka needs family wage jobs and the Board has certain requirements to assure every effort is being made to secure tenants at the Park that



will: (1) Create family wage jobs for Sitkans; and (2) Generate operating and capital funds for the Park.

APC and CBS reached an agreement and transferred ownership of the site to CBS in 1999. Prior to that transfer, APC and CBS made agreements with the U.S. Environment Protection Agency (EPA) and the Alaska Department of Environmental Conservation (ADEC) regarding future uses of the site. Pursuant to 13 CFR 314.10(e)(3), the site at no time shall be used for inherently religious activities prohibited by applicable federal law. Further, at no time shall the site be used for any purpose that would violate the nondiscrimination requirements set forth in 13 CFR 302.20.

Attached to this RFP is an overview of the environmental restrictions and agreements between CBS and ADEC, as well as the Park management plan.

GPIP Multipurpose Dock: CBS recently installed a multi-purpose, floating dock facility at the GPIP, adjacent to the Utility Dock, to serve a range of industries, including but not limited to fishing and container/cargo shipping. This dock was constructed to allow for future upgrades that will enhance accommodation of larger vessels, bulk water distribution, or other new industry. Also, CBS will potentially be constructing additional infrastructure in the vicinity of the Utility Dock.

II. Preferred Outcome:

The GPIP Board's preferred outcome from this RFP is the selection of an experienced and well-financed entity(ies) or individual(s) to purchase the Utility Dock to establish a business operation(s) and create jobs in Sitka. Once that selection is made, the Board may carry out further negotiations as might be necessary. The Board will make its determination and forward that recommendation to the CBS Assembly who has final authority in these matters.

Retail Development: CBS has set guidelines for retail and business use for the Park. Please see attached Table 22.16.015-6 from the Sitka General Code.

Additional: CBS reserves the right to negotiate with the finalist(s). CBS retains the right to refuse or accept any and/or all proposals.

III. Relationship with CBS / GPIP

- a. Selected entity(ies) or individual(s) and CBS shall enter into a Purchase and Sale Agreement.
- b. CBS will charge the purchaser property tax on the real property, the assessed value of facilities constructed by the purchaser and upon the assessed value of the possessory interest.

- c. The purchaser shall collect and remit CBS sales tax for services or sales the purchaser provides.
- d. The purchaser will follow all CBS zoning and building codes.

IV. Proposal Format and Content

Direct questions regarding this proposal to Garry White, Director, Gary Paxton Industrial Park, (907) 747-2660.

Proposals, that do not address the items listed in this section, may be considered incomplete and may be deemed non-responsive by the City and Borough of Sitka.

PROPOSAL FORMAT

- A. Letter of Transmittal
- B. Narrative
 - 1. Brief description of the entity(ies) including its/their legal structure, experience, and the experience of its key individuals. Brief resumes of the managers.
 - 2. Provide a concept level operations plan for the business. Describe the estimated number of employees and how operation(s) would benefit Sitka over the long term. At a minimum include:
 - a. Estimated number of new (net increase of) full-time equivalent jobs and describe how employment may fluctuate through the year.
 - b. Estimated net increase in sales tax, fish tax or similar taxes to the CBS. "Net increase" would be additional from sales not already taking place in Sitka.
 - c. Estimated amount of raw property, uplands and tidelands, under and adjacent to the Utility Dock desired in square feet.
 - 3. Provide proposed purchase price offer and terms.
 - 4. Provide a schedule for start of business operation(s).

Submit six (6) copies of the completed Proposal in a sealed, secure envelope marked as follows:

GARY PAXTON INDUSTRIAL PARK
Proposals for Purchase of a Portion of Lot 9a (Utility Dock)

PROPOSAL DATED: _____, 2019

Proposals shall be addressed to:

Office of the Municipal Clerk
City and Borough of Sitka, Alaska
100 Lincoln Street, Sitka, Alaska 99835

Proposals shall be received at the office of the City Clerk before 2:00:00 pm on January 25th, 2019.

V. Evaluation Criteria and Selection Process

A selection committee consisting of the GPIIP Board of Directors will evaluate the proposals and make a recommendation to the CBS Assembly.

The committee will use the following criteria in deriving a numerical score for each proposal:

- a. Qualifications & Experience. From the proposal and from your own knowledge of the entity(ies) or individual(s) qualifications and experience, score from 1 to 25 points with the best score as 25.
- b. Concept Plan. Does the concept plan express an understanding of the Request for Proposal? Does the plan accommodate other uses of the GPIIP waterfront and uplands? Does the plan provide or secure long term jobs for Sitka? How many jobs? Does the plan increase net business activity in Sitka through sales, fish tax, etc.? Score from 1 to 35 points.
- c. Purchase Price. Do the proposal purchase price and terms adequately compensate the CBS and/or help fulfill the mission of the GPIIP? Score from 1 to 15 points, with higher purchase price receiving a higher score.
- d. Start up Schedule. What is the time frame for business start up to provide jobs? Score from 1 to 10.
- e. Environmental Concerns. Does the proposal address the environmental concerns with future construction and vessel management with this project? Score from 1 to 10 points.

f. Confidence in Proposer(s). This is a judgment call based upon the subjective experience of the evaluator. Score from 1 to 5 points.

TOTAL POSSIBLE POINTS = 100

VI. Terms and Conditions

- A. CBS intends that as a result of the transaction contemplated by this RFP it will have no further responsibility or liability for the subject property. CBS intends that the selected proposer would acquire its interest in the subject property “AS IS/WHERE IS” with all faults and defects.
- B. The selected proposer, in order to acquire its interest in the subject property, must acknowledge and agree that CBS has not made and does not make, and CBS specifically disclaims, any representations, warranties, covenants, agreements or guarantees of any kind or character whatsoever, whether express or implied, oral or written, past, present or future, with respect to the subject property.
- C. The selected proposer will have the responsibility to investigate and determine existing or pending regulation, restrictions and potential defects, including those created by prior use of the Utility Dock. The feasibility and costs to remedy defects will be the sole responsibility of the selected proposer.
- D. The selected proposer must acknowledge and agree that use of the Utility Dock may be subject to regulatory action by federal, state, and municipal regulators, which is the sole responsibility of the selected proposer to determine.
- E. The selected proposer must acknowledge and agree that adjacent tidelands and uplands owned by CBS and others may be subject to development and improvement, including, but not limited to, fill, berthing, and docks, which could affect access to the Utility Dock.
- F. The selected proposer must acknowledge and agree that the portion of Lot 9a proposed for purchase will need to be subdivided from Lot 9a pursuant to the applicable provisions of the Sitka General Code.

VII. ESTIMATED SCHEDULE

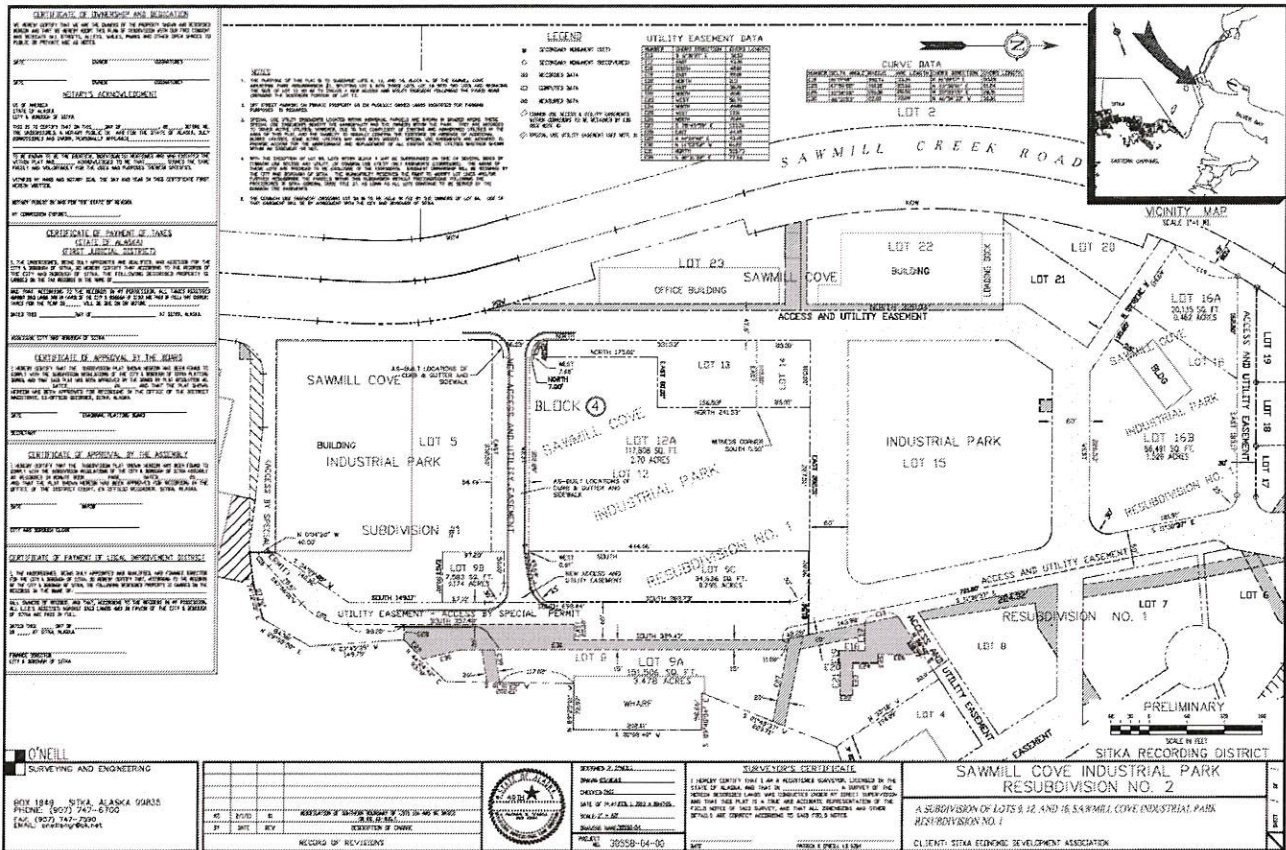
**GARY PAXTON INDUSTRIAL PARK
SALE OR LEASE OF PORTION OF LOT 9A**

- Proposals due 2:00:00 PM Date: 01/25/2019
- Gary Paxton Industrial Park Board Selection Jan. - Feb. 19'
- Assembly Approval of Development Agreement Feb-March 19'
- Operational Goal 06/30/2019

VIII. Reference Documents

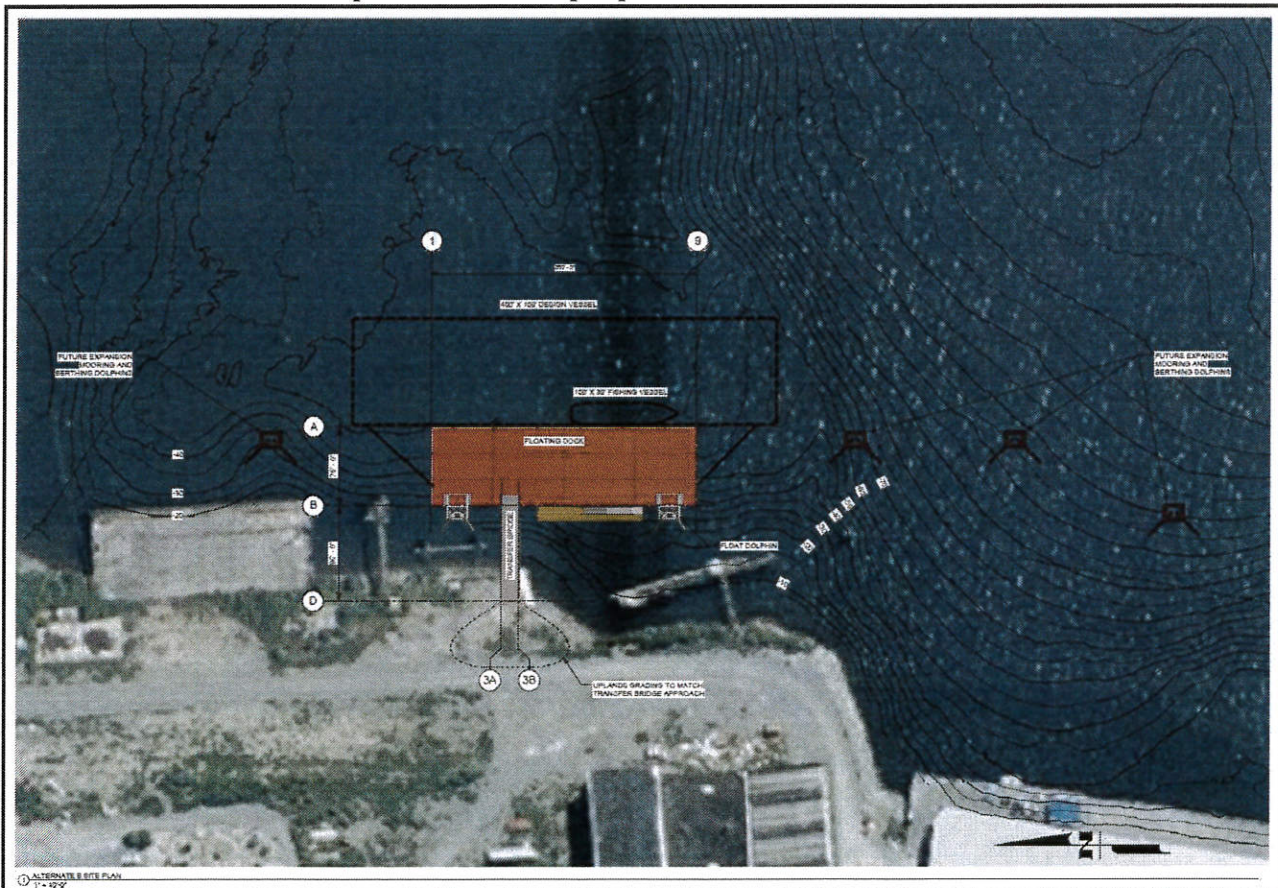
See attached:

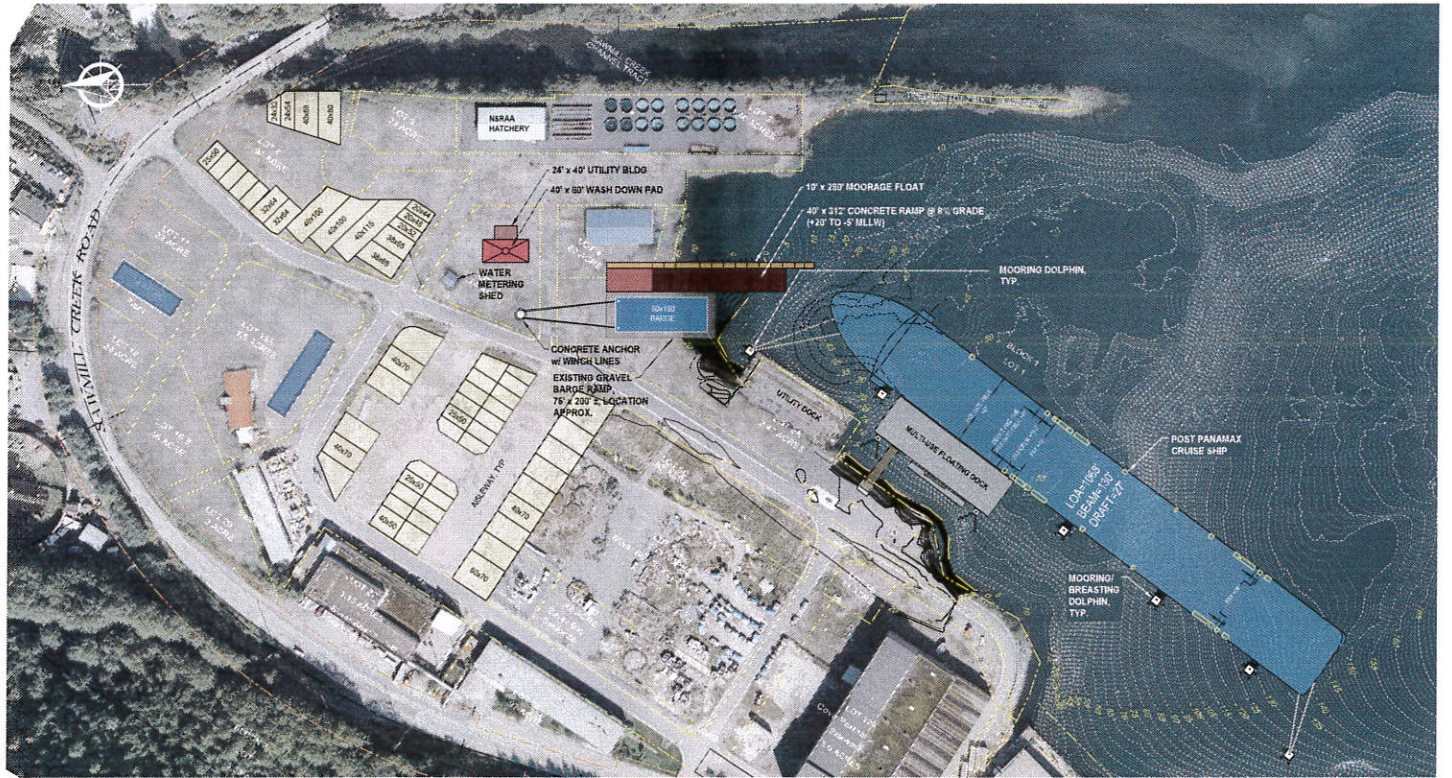
- 2013 – Plat of GPIP Utility Dock (with phot/diagram)
- City and Borough of Sitka, Gary Paxton Ramp Project, Concept Plan No. 1, Sheet 1 of 2
- City and Borough of Sitka, Gary Paxton Ramp Project, Concept Plan No. 2, Sheet 2 of 2
- Revised Memorandum of Understanding Between the State of Alaska and the City and Borough of Sitka Management Plan for Sawmill Cove Industrial Park (Former APC Mill Site) May 28, 2014
- Alaska Department Of Environmental Conservation Contaminated Sites Program. Amendment to the April 1999 Recorded of Decision Alaska Pulp Corporation, March 30, 2005
- Table 22.16.015-6, Retail and Business Uses



2013 – Plat of the GPIP (Utility Dock is shown as Wharf)

Potential Future Expansion of Multipurpose Dock





REVISIONS

| REV. | DATE | DESCRIPTION | DWN. | CHK. | APP. |
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P N D
ENGINEERS, INC.

1300 Quince Highway Ste 100
Juneau, Alaska 99801
Phone: 907-586-2000
Fax: 907-581-2000
www.pnd.com

DESIGN: CRS
CHECKED: J.D.
DRAWN: P.J.D.
APPROVED: CRS

SCALE IN FEET
0 80 160 FT.

DATE: JAN. 3, 2019

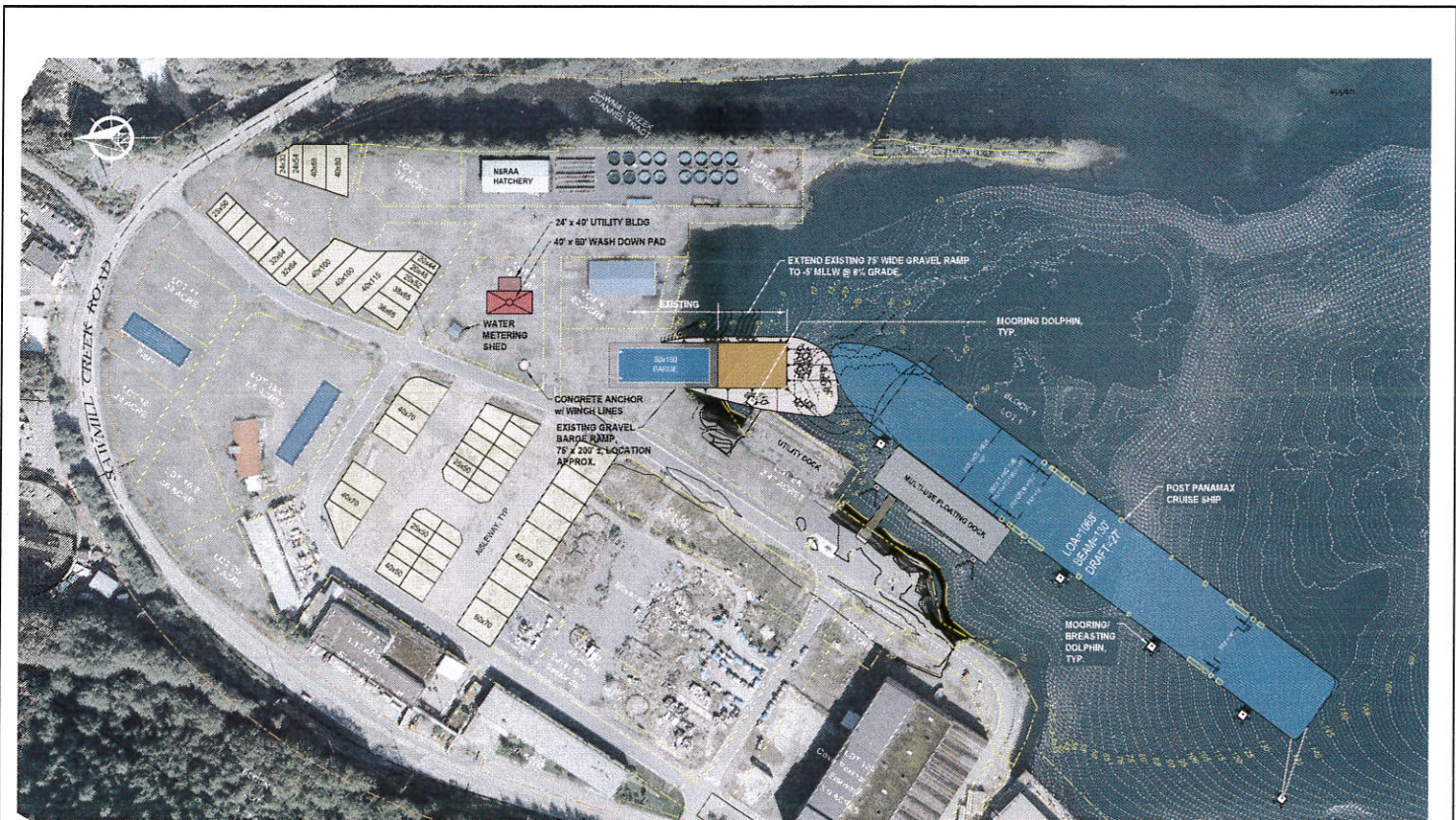



CITY & BOROUGH OF SITKA
GARY PAXTON RAMP PROJECT

SHEET TITLE: **CONCEPT PLAN NO.1**

PNAD PROJECT NO. 192000


1
SHEET
1 of 2






REVISIONS

| REV. | DATE | DESCRIPTION | DWN. | CMD. | APP. |
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PND
ENGINEERS, INC.

13301 State Street, Ste 100
Prichard, Alaska 99801
Phone: 907-840-2005
Fax: 907-840-2000
www.pnd-inc.com



CITY & BOROUGH OF SITKA
GARY PAXTON RAMP PROJECT

DESIGN: CRS
DRAWN: PJD

CHECKED: J.S.D.
APPROVED: CRS

SCALE: SCALE IN FEET

0 80 160 FT

DATE: JAN. 3, 2019

SHEET TITLE: CONCEPT PLAN NO. 2

PNAD-PROJECT NO. 182000

2
SHEET
OF 2

REVISED Memorandum of Understanding
Between the State of Alaska and the City and Borough of Sitka
Management Plan for Sawmill Cove Industrial Park
(Former APC Mill Site)
May 28, 2014

This revised Memorandum of Understanding (MOU) "Management Plan" is made between the State of Alaska (State) and the City and Borough of Sitka (CBS) to set forth measures for implementing recorded institutional controls and other long-term responsibilities for management of the former Alaska Pulp Corporation property located at what is now known as the Sawmill Cove Industrial Park. This revised MOU supersedes the April 28, 1999 MOU signed by Commissioner Michele Brown and Sitka Mayor Stan Filler.

This Management Plan describes how CBS and the State will work together to implement the recorded institutional controls and site management activities for the uplands area and navigation and dredging.

Introduction

From approximately 1995-1999, the State required intensive studies of the environmental conditions of the property and the larger areas affected by the operation of the former APC pulp mill (the Upland and Bay Operable Unit study areas) in consultation with the Sitka Tribe of Alaska, other agencies, and the public. This revised Management Plan specifies the remaining work to be done under a 1999 prospective purchaser agreement between the State and CBS for the former APC pulp mill property. The PPA limits CBS liability for existing contamination associated with the property in exchange for this work.

Uplands – Land Use, Future Construction Activities, and Management of Contaminated Soils or Other Contaminated Media

Restrictive Covenants – Two of the four restrictive covenants recorded by APC in 1997 were rescinded in 2005 to allow for unrestricted land use at the former developed mill site (AK Tidelands Patent No. 20 and U.S. Survey No. 2797). Two covenants remain in effect. Restrictive Covenant Sitka Plat 81-40 comprises 12.522 acres at Herring Cove. Restrictive Covenant U.S. Patent No. 1213671 comprises 143.87 acres adjacent to the former developed mill site. The remaining two restrictive covenants are effective until July 11, 2097, or until dioxins and furans are shown not to be present in concentrations exceeding site-specific, risk-based residential cleanup levels. The restrictive covenants disallow human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans. Of its own accord or if requested by CBS, DEC will review information showing that these restrictions may be modified or lifted.

Reporting – If contaminated soils or other media that require special handling are encountered during construction activities, CBS or its tenants or contractors working on the Sawmill Cove Industrial Park property will promptly notify DEC's Contaminated Sites Program, Juneau office, and the CBS Public Works Director. These obligations exist in addition to any other notifications required by law. The Public Works Director or designee, who may be a qualified contractor, shall serve as the project manager for managing the material or taking any remedial actions.

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Management Plan for Sawmill Cove Industrial Park
(Former APC Mill Site)

May 28, 2014

Site Management – The Public Works Director or designee will require the testing and proper treatment or disposal in accordance with applicable law and DEC regulations and guidance on the management of contaminated soils or other contaminated media. The Public Works Director or designee will promptly report the actions to be taken to DEC as required by applicable law.

DEC Approvals – DEC will process any approvals necessary for addressing existing contamination as part of the implementation of the amended Record of Decision and its institutional controls under applicable regulations and not as enforcement actions.

Sawmill Cove – Future Construction Activities and Vessel Management

Definitions:

1. Area of Concern – The Area of Concern (AOC) is an area in west Sawmill Cove approximately 100 acres in size. The boundary of the AOC begins approximately 2000 lineal feet southwest of outfall 001, extends 500 feet offshore along a southeast line, and follows a rough arc through western Sawmill Cove back to the shoreline approximately 1200 lineal feet north of outfall 001.
2. No Disturbance Zone – A No Disturbance Zone (NDZ) has been established within the AOC. The purposes of the NDZ are to minimize re-suspension of pulp residue and to ensure that no activity occurs that may compromise the ability of the area to achieve the natural recovery ecological management goals within the stated time frame. The NDZ is an area of tidal and submerged lands and overlying seas within the Area of Concern where toxicity is greatest and pulp residue thickest. The area encompasses approximately 6 acres of tidal and submerged lands extending to the southwest immediately offshore of outfall 001. The area is bounded by a perimeter that begins at a shoreward point 50' from the south end of the former pulp dock; extends approximately 425' into Sawmill Cove along a southeast line to the intersection of the – 100 foot contour; turns southwest for approximately 375' to the intersection of the – 120 foot contour; and turns due west for approximately 375' to a point shoreward.
3. Navigational Corridor – The Navigational Corridor is an area of tidal and submerged lands and overlying seas in the AOC bounded by a perimeter that begins at a shoreward point fifty feet (50') from the south end of the former pulp dock; parallels the end of the dock out to the minus sixty foot (–60') contour interval; follows the minus sixty foot (–60') contour to the north end of the Area of Concern boundary, and swings shoreward along the AOC boundary line.

Navigational Dredging - Navigational dredging on the west side of Sawmill Cove in the AOC should be limited to the Navigational Corridor unless extenuating circumstances prevail. Navigational dredging within the AOC does not include blasting of the outcrop of native rocky material in front of the former pulp dock that follows the depth contours to the southeast.

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Dredging actions that occur outside of the Navigation Corridor should be limited in scope and ancillary to in-water construction.

Dock Use and Future Expansion – Existing docks can be used as-is without any further regulatory action, subject only to berthing and dock expansion alternatives identified in the *Decision Framework for Managing Navigation in Sawmill Cove* (Exhibit 7, 1999 MOU). These alternatives are consistent with the remedy (natural recovery) and may be implemented through the normal permit process. Other berthing options are not necessarily precluded, but if proposed, they would have to be evaluated in the future for consistency with the remedy.

In-Water Construction – In-water construction in the AOC is allowed with appropriate precautions and best management practices, incorporated through the permitting process, to minimize disturbance or re-suspension of sediments. In-water construction in the AOC may include pilings, dolphins, docks, bulkheads, moorage and navigation aids, and other structures.

Vessel Management – Vessels are permitted to drop anchor in the AOC, excluding the NDZ and a 100' corridor designed to protect the wastewater discharge pipe that extends beyond the AOC. New single point mooring systems and navigation aids may be established, as needed. The NDZ boundaries and the pipeline corridor are depicted on the CBS Geographic Information System, viewable on-line at <http://www.cityofsitka.com/government/departments/planning/index.html>, and on NOAA charts.

Approaching or departing vessels may traverse the NDZ as long as precautionary measures are taken to minimize disturbance of bottom sediments. To the extent that it is safe and practicable, the following standard operating procedures should be followed by personnel maneuvering approaching or departing vessels in the vicinity of the No Disturbance Zone:

- Approach the dock at as high an angle as possible.
- Minimize the use of the main propulsion system, thrusters, and tugs when over or near the NDZ or buffer zone.
- Use as low a “bell” (such as “dead slow” or the slowest revolutions per minute ordered) when berthing.

Dredging, expansion of moorage, and in-water construction are prohibited in the NDZ, except that CBS may repair, maintain, or remove existing facilities using best management practices to minimize disturbances with approval by DEC prior to the work.

The Sawmill Cove Industrial Park manager will provide each landowner and tenant with a signed copy of the revised Management Plan. The plan must be filed with the Sitka Recorder's Office for each affected parcel. DEC's Institutional Controls Unit, at DEC.ICUNIT@alaska.gov must be notified of each filing and furnished with a copy of the Notice of Restricted Area in Sawmill Cove.

REVISED Memorandum of Understanding
Between the State of Alaska and the City and Borough of Sitka
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(Former APC Mill Site)
May 28, 2014



Larry Hartig, Commissioner
Department of Environmental Conservation

Date May 28, 2014



Mim McConnell, Mayor
City and Borough of Sitka

6/4/14
Date

Alaska Department of Environmental Conservation Contaminated Sites Program

Amendment to the April 1999 Record of Decision Alaska Pulp Corporation March 30, 2005

Background

At the request of the Alaska Department of Environmental Conservation (DEC), Alaska Pulp Corporation, (APC), through restrictive covenants, created equitable servitudes running appurtenant to all land within U.S. Survey 2797 and Alaska Tidelands Patent No. 20, as described by Alaska Tideland Survey No. 6. The restrictive covenants were recorded at Book 126, Pages 713 – 716, Sitka Recording District on September 4, 1997. The equitable servitudes prohibited certain uses on the property as follows:

The property shall not, at any time, be used, in whole or in part, for human habitation, schooling of children, hospital care, child care or any purpose necessitating around-the-clock residency by humans unless said property is first investigated for the presence of dioxins/furans and any such dioxins/furans are reduced to a concentration, or determined to be present at a concentration, which is at or below a site-specific, risk based, cleanup level established by ADEC, based upon actual or reasonably foreseeable exposure pathways for children.

In April 1999, DEC issued a Record of Decision (ROD) that summarized the history of the site and documented the environmental status of the site based on cleanup actions and institutional controls. The ownership of the former mill site property was then conveyed from APC to the City and Borough of Sitka (CBS).

A management plan (Management Plan for the Sawmill Cove Property) was drafted that incorporated the terms and conditions of the ROD and specified any cleanup work to be performed under a prospective purchaser agreement (PPA) between the State and CBS for the Property. The PPA limited CBS liability for existing contamination at the site in exchange for the cleanup work that was identified in the Management Plan and DEC's Record of Decision. The plan was signed by the DEC Commissioner (Michelle Brown) and the mayor of Sitka on April 28, 1999.

The CBS currently operates the site as the Sawmill Cove Industrial Park. In order to increase future development options (including housing for seasonal seafood industry workers), CBS hired an environmental consulting firm in late 2004 to review the 1999 human health risk assessment and determine if a residential use scenario could occur without posing human health risks. The 1999 Foster Wheeler assessment evaluated risk considering potential exposure across the entire site, but the more conservative residential exposure assumptions were not used. This resulted in the commercial/industrial land use restrictions commensurate with the site's use and borough zoning requirements.

The CBS consultant evaluated possible risk scenarios in 2004 based on length of residency and whether the occupants were adults or children. It was determined that future residents at the former mill site (either year-round or part of the year) would not be at risk from hazardous substance contamination at levels determined acceptable by DEC. Based on this analysis, DEC determined that chemicals of potential concern, including dioxins/furans, were not present on the property in concentrations exceeding DEC site-specific, risk based residential cleanup levels. For dioxins and furans combined, the site-specific residential cleanup level is 8×10^{-4} milligrams per kilogram (parts per million) using the toxic equivalent quotient methodology.

Public Comment Responsiveness Summary

In mid-February 2004, a 14-day public notice was issued in the Sitka Sentinel regarding the proposed modification to the commercial/industrial land use restriction. One verbal comment was received regarding alleged use of preservatives on the pulp rolls following manufacture. According to the commentor, chemicals were sprayed onto the pulp rolls in and around the vicinity of the warehouses, which are still standing. The commentor was concerned that residual chemicals could pose human health risk.

Response: The follow-up research indicated that small quantities of a chemical fluffing agent were added at the request of customers to certain grades of rayon pulp for use in high absorbent linings of personal hygiene products. The fluffing agent was added to the final sheets at the end of the manufacturing process at the pulp cutter adjacent to the roll storage. After adding the chemicals, bales were formed, wrapped in heavy paper, stacked and placed on pallets. From there they were taken into the warehouse area for storage prior to loading onto ships. The chemical fluffing agent did not come into contact with the concrete warehouse floors and it was concluded that human health risks from residual chemicals do not exist.

Amended Decision

DEC has evaluated the new information provided in the 2004 risk assessment regarding unrestricted land at this property. The proposed residential land use designation is the least restrictive use as it relates to contaminated site management but it has been determined that site specific conditions at the Property allow residential use and development of the property without posing an unacceptable health risk. This includes: human habitation; schools; health care facilities; and other uses that may be compatible with the management plan for this Property.

Based on the information provided to date, DEC approves of the change in land use restrictions at the Sawmill Cove Property from commercial/industrial to residential use. The contaminant levels do not pose an unacceptable health risk to human habitation at this property and the equitable servitude previously attached to the property should be rescinded. All other terms and conditions of the original Record of Decision shall remain in effect.

The rescission, applicable to U.S. Survey No, 2797 and Alaska Tidelands Patent No. 20, as described by Alaska Tideland Survey No. 6, will be recorded at the Sitka Records Office.

**Table 22.16.015-6
Retail and Business Uses**

| ZONES | Gary Paxton Industrial Park |
|---|--------------------------------|
| RETAIL USES | |
| • Building, hardware and garden materials | P |
| • Bulk forest products sales | P |
| • Retail forest products sales | C |
| • Art galleries and sales of art | |
| • Department and variety stores | |
| • Food stores | C |
| • Agricultural product sales | P |
| • Motor vehicle and boat dealers | P |
| • Auto supply stores | P |
| • Gasoline service stations | C |
| • Apparel and accessory stores | |
| • Furniture and home furnishing stores | C |
| • Eating and drinking places | C |
| • Drug stores | |
| • Liquor stores | |
| • Used goods, secondhand stores | C |
| • Sporting goods | |
| • Book, stationery, video and art supply | |
| • Jewelry stores | |
| • Monuments, tombstones and gravestones | P |
| • Hobby, toy, game stores | |
| • Photographic and electronic stores | |
| • Fabric stores | |
| • Fuel dealers | C |
| • Florists | |
| • Medical supply stores | |
| • Pet shops | |
| • Sales of goods that are wholly manufactured at Gary Paxton Industrial Park GPIIP | P |
| • Sales of gifts, souvenirs and promotional materials that bear the logo or trade name of an GPIIP permitted use business | P |
| • Stand alone souvenir and gift shops | |
| • Bulk retail | |
| • Commercial home horticulture | |
| • Horticulture and related structures | P |
| • Marijuana retail facility | C |
| BUSINESS SERVICES | |
| • General business services | C |
| • Professional offices | P |

| | |
|-------------------------------------|---|
| • Communications services | P |
| • Research and development services | P |

P—Permitted

C—Conditional Use Permit Required

H. Retail and Business Uses Table 22.16.015-6 Footnotes.

1. Public facilities not otherwise identified may be permitted in the public zone subject to planning commission recommendation and assembly approval subject to findings of fact that show the use is in the public interest, all reasonable safeguards are to be employed to protect the surrounding area, and that there are no reasonable alternative locations for the use.
2. All uses in the waterfront district are intended to be water-related or water-dependent except that upland uses may be non-water-related.
3. No industrial use shall be of a nature which is noxious or injurious to nearby properties by reason of smoke, emission of dust, refuse matter, odor, gases, fumes, noise, vibration or similar conditions.
4. Uses listed as conditional uses in the GI and LI zones may be considered, but not necessarily approved, on a case-by-case basis.
5. When associated with a water-related principal use.
6. Small scale convenience stores subordinate to principal permitted uses.
7. Motor vehicles and boat dealers permitted on a short-term basis.
8. Kiosks, outdoor restaurants, portable structures such as food stands and other temporary structures that are clearly incidental to the primary use on the lot are permitted uses. Mobile food carts on wheels are permitted uses on private property. Kiosks, outdoor restaurants, portable structures such as food stands and other temporary structures that are not clearly incidental to the primary use on the lot are conditional uses.

PURCHASE AND SALE AGREEMENT

APPENDIX B

HANSON MARITIME CO.

P.O.Box 2594 Sitka, Alaska 99835 ~ 907-747-1055 ~ hansonmaritime.com

12 January 2019

City and Borough of Sitka,
Gary Paxton Industrial Park Board of Directors,
Scott Wagner, Chair

Re: Utility Dock, portion of lot 9A

Mr. Wagner,

The following shall serve as Hanson Maritime Company's proposal to acquire the former APC "Utility Dock" and associated tidelands, located in the Gary Paxton Industrial Park.

Owned and operated by life long Sitka residents, Hanson Maritime started in 1993 as the commercial diving and salvage sole proprietorship "Underwater Services" later incorporating as Hanson Maritime Co. We are a subchapter "S" corporation with no "parent" and have the following Corporate structure:

Lee Hanson - President / CEO / Shareholder
Ahna Hanson - Vice President
Rafe Hanson - Treasurer

Our current service lines are salvage, towing, diving, marine construction, and oil spill response. Also tying into these lines are crane operation and welding. We are the only salvage and oil spill contractor to the U.S. Coast Guard for Sitka and surrounding areas, and have the sole tug in Sitka that is Coast Guard certified. We are also the only diving firm in Sitka that offers underwater welding and burning, and were selected to subcontract on the new GPIP multipurpose dock, performing all underwater welding on the project.

In the last year, we've salvaged and returned to service, 9 vessels with a combined value in excess of \$2,000,000.00 and recovered from our waters over 5,000 gallons of diesel, and hundreds of gallons of oil. Since our inception we've salvaged a total of 106 vessels.

Currently there is no location in Sitka where we can moor a barge and because of this, we have one located in Hoonah. Additionally, our small oil spill response barge is

inconveniently located off the road system, slowing response times. Because of the industrial nature of our work, and the size of our tug and barges, we have determined that the utility dock would be ideal for our company. Having all of our assets under one roof will provide the stability we need to expand our company as outlined below:

PLANNED USAGE

CRANE / MARINE CONSTRUCTION:

Besides relocating our tug and barge to the utility dock, we will also be bringing in a mobile lattice boom crane. Hanson Maritime is a State of Alaska licensed marine contractor and has repaired or replaced many docks in Sitka. We would like to expand our business to include the manufacturing of floating docks, a new value added segment requiring new hires. Most of the residential docks in Sitka were installed in the 1970's or early 80's and are in need of replacement.

GPIP BOAT YARD:

We will construct a building that houses a welding and machine shop. The facility will serve our own maintenance needs but also be a new expanded venture that will compliment a future boat yard at GPIP. We strongly believe that for the future yard to be successful, full services need to be offered on site, we intend to meet this need. Our crane will also be available to move within the Boat yard and GPIP site for customer/tenant projects. Hanson Maritime is also a dealer of Harbor brand Anodes (zincs) and would have them available to users of the yard.

VALUE ADDED:

Upon completion of a salvage or rescue tow, we will bring vessels back to our facility for repair or refurbishment. Every year we tow vessels to Hoonah, Wrangell, or Ketchikan, for repairs that could be done in Sitka. We would invite local businesses to utilize the facility to carry out hydraulic, fiberglass, electrical, interior, or mechanical repairs on these vessels, generating additional revenue for our economy that is currently being lost. Because of Sitka's ideal location on the Gulf of Alaska, we would also like to see Sawmill Cove added as a "place of refuge" in the Alaska Dept. of Environmental Conservation "Subarea Contingency Plan" for vessels in distress. GPIP is the logical location to base a salvage/response company in Southeast Alaska.

DIVING:

Going hand in hand with above, many vessels travel south that are too large to haul out in Southeast, i.e. large crabbers that are contracted as salmon tenders in summer. We have the ability to pull shafts and propellers on these vessels while dockside. We can also weld new anodes, replace transducers and sonars, carry out insurance surveys and other repairs, all while underwater.

SPILL RESPONSE:

An added benefit of our response equipment being located at GPIIP, is protection of the nearby fish hatcheries and Deep Inlet terminal harvest area. With many large fishing vessels using the GPIIP and Deep Inlet harvest area, it's prudent to have this equipment nearby. Equipment would consist of our response barge dockside, containment boom in 20' containers, and an assortment of sorbent products. We recently purchased an EPA certified incinerator for disposing of oiled sorbents and recovered fuel/waste oil. Previously these materials were sent outside for disposal at high cost, but we can now generate revenue and employment from this "waste". Key to this venture will be the Utility Dock and its industrial setting.

BULK WATER AND MULTIPURPOSE DOCK:

With our tug being located at GPIIP, SEDA could exploit this in the effort to sell water or moorage at GPIIP and the Multipurpose dock. The line "tug available on site" costs the City of Sitka nothing but has tremendous value in marketing the site.

STORAGE:

Although it is not one of our core services, limited storage would be available for bait sheds, nets, and skiffs. With the current gear storage company moving away from this market, we would take on some percentage of local gear. Our crane would also be available to pick fishing gear that is to be stored elsewhere at GPIIP.

SUPPORT FOR EXISTING GPIIP BUSINESSES:

Hanson Maritime had the pleasure of towing NORTHLINE SEAFOOD'S barge to GPIIP from Dall Island near Ketchikan. We hope to tow it out upon completion and hopefully many more. We also speculate that they will from time to time have need for other services such as crane use. Besides NORTHLINE SEAFOODS, we are certain that our relocating to the Utility Dock will benefit the SILVER BAY SEAFOODS fleet. Every service we offer can only help strengthen their position in Sitka's economy.

PROPOSED ACQUISITION

Hanson Maritime Co. is seeking ownership of the Utility Dock and underlying tidelands extending 60' beyond the face, 10' beyond the North end, and 20' beyond the South end. We do not want any portion of lot 9 beyond the west edge of the dock. Total square footage would be 33,640 valued at \$67,280.00

The Utility Dock has not been used since the City Of Sitka took over ownership of the mill site. During construction of the GPIP Multipurpose Dock, the City of Sitka contracted with TURNAGAIN MARINE CONSTRUCTION INC. for demolition of the Utility Dock for \$90,000.00. TURNAGAIN later asked to be let out of its obligation to demolish the dock having substantially underbid the task. Hanson Maritime is suggesting that the City of Sitka views the Utility Dock as having a negative value in excess of \$90,000.00. We further suggest that the tide lands also have a negative value in that, in order to utilize them for a new purpose, you would have to first demolish the dock at a price that exceeds the market value of the tidelands.

Hanson Maritime is offering no cash for the utility dock and tidelands. To understand this proposal in monetary terms we are offering the following: Remove the Utility dock and tidelands from the CBS inventory for \$90,000.00, to be reconciled through disposal of tidelands valued at \$67,280.00 to Hanson Maritime. The difference of \$22,720.00 will remain un-disbursed to Hanson Maritime but will instead be credited as paid to the City and Borough of Sitka by Hanson Maritime. The difference of \$22,720.00 shall be considered our bid for the property.

We believe this proposal is fair and of good value to the City and Borough of Sitka. \$90,000.00 was insufficient to complete the task of demolishing the dock, yet we have chosen to honor the figure in our proposal. Also, the tidelands relating to the Utility dock are impaired and restricted to industrial or commercial use. The general public will not lose out on recreational opportunities or water access because of the potential of this property being transferred to private ownership. Creating jobs and tax revenue is the best use of this property and the logical avenue for the public to benefit.

Thank you for your consideration,

Lee Hanson
President, Hanson Maritime Co.

PROPOSAL EXPOUNDED

QUALIFICATIONS / CREDENTIALS:

Lee Hanson

- Diving since 1984, commercially 1993. *Association Of Diving Contractors* commercial certification #171 1995.
- Recognized Salvage Master, U.S. Coast Guard.
- Master of Towing Vessels Unlimited
- Master of Inspected Vessels 200 Gross tons Near Coastal
- Unlimited RADAR Observer
- Qualified welder, structural, pipe, underwater
- Alaska CDL
- Crane operator

COMPANY MEMBERSHIPS / QUALIFICATIONS:

- *American Salvage Association*
- U.S.C.G. BOA contractor
- *Southeast Conference*
- State of Alaska contractor
- *Marine Exchange of Alaska*

EXPANDED EMPLOYMENT / BENEFIT TO SITKA:

- Immediately, 2 new hires with 5+ after new shop constructed.
- Just as important as creating new jobs, preserving existing jobs.
- Hanson Maritime is the only company in Sitka that works to protect the marine environment that our fishing and visitor industries depend on.
- Having a complete marine services company in Sitka reduces maintenance and new construction costs to the municipality and private businesses by reducing mobilization costs and shortening repair times.
- Construction projects will result in a temporary increase in our workforce with additional hires from what is listed above.
- New sales tax will depend on when and how many of our proposed uses are allowed to commence. Also, whether or not a boat yard is built at GPIIP will significantly affect our sales tax returns. Conservatively, without a boatyard or new expanded service lines, we estimate \$6,000.00 per year in new sales tax. At this time the majority of our sales are in government, exceed the taxable limit, or are outside the municipality.

START TIME FOR BUSINESS:

- We are an established business and are ready to proceed immediately barring any restrictions imposed by the City and Borough of Sitka.

PURCHASE AND SALE AGREEMENT

APPENDIX C

PURCHASE AND SALE AGREEMENT

APPENDIX D

City and Borough of Sitka and Hanson Maritime Company
Term Sheet
Utility Dock Transaction
August 29, 2019

This Term Sheet (*Term Sheet*) outlines the basic concepts, terms and conditions upon which the City and Borough of Sitka and the Gary Paxton Industrial Park (collectively, *CBS or Seller*) and Hanson Maritime Co., (*Hanson or Purchaser*) agree to include in definitive agreement (herein, *Agreement*) for the purchase and sale of a subdivided parcel of tidelands and uplands situated within the Gary Paxton Industrial Park herein referred to as the *Marine Property*, and shown for purposes of illustration on the plat attached to this Term Sheet as **Appendix A**. The parties intend by this Term Sheet to summarize the basic provisions of what they intend will be discussed, negotiated and ultimately made part of the Agreement, which are stated as:

Property/Subdivision: The Marine Property is currently an un-subdivided portion of Lot 9a of the GPIIP which includes both tidelands and uplands consisting of approximately 30,800 total square feet as shown on **Appendix A**, the exact dimensions and area of the Marine Property will be subject to the CBS subdivision process, the costs of which the parties will share, and agree that a condition to Closing requires completion and approval by the CBS of the final subdivision plat of the Marine Property.

Consideration: CBS and Hanson acknowledge that the dock improvements situated within the Marine Property, referred to as the "Utility Dock", are in a dilapidated, hazardous and unsafe condition. The purchase of the Marine Property will be structured as a non-monetary transaction, as the market value of the Marine Property is deemed to be less than the anticipated cost to rehabilitate, or alternatively, replace the dilapidated dock system. Hanson will agree as a material consideration of the Agreement to accept the Marine Property AS IS, to indemnify City from all future claims of injuries, damage or death to persons and property arising from the Marine Property, and, agrees not to occupy, utilize or operate from the dock, except for purposes that directly relate to repair and/or replacement work of the Utility Dock, until such time as the Utility Dock is made safe for operational use, as certified in writing following inspection by a qualified marine engineer.

Use; Covenants; Restrictions; Easements; Future Development: Operational use of the Utility Dock will be subject to restrictions and covenants that are intended to accommodate and enable the CBS and GPIIP to develop adjacent properties for marine uses which may include a vessel/barge haul-out ramp and ship berth. The operational use of the Marine Property will be restricted and must yield during operational use of the adjacent properties. Hanson acknowledges that such restrictions and preferential treatment given to marine operations from adjacent property will most likely impact and restrict Hanson's use of the Marine Property, from time to time. The restrictions of Hanson's operational use of the Marine Property will be implemented through covenants and restrictions that limit vessel traffic entering and leaving the Marine Property during operational use of the adjacent properties. In addition Hanson acknowledges that a comprehensive easement within the Marine Property to allow future construction of permanent mooring and breasting dolphins, mooring lines and other improvements should the CBS/GPIIP develop the adjacent property as a ship dock that could accommodate the post-Panamax size ships as shown for purposes of illustration on **Appendix A**. The easement may be implemented by and easement agreement or shown on the final subdivision plat of the Marine Property. Hanson and the CBS also agree that the Agreement include: (i) environmental restrictions that may encumber the Marine Property between the EPA and/or ADEC and the CBS; (ii) GPIIP rules and regulations affecting all properties within the industrial park; (iii) non-exclusive easement providing road access from the GPIIP access road to the Marine Property; (iv) non-exclusive easement for vessel traffic to transit CBS tidelands to and from the Marine Property; (v) restrictions from applicable federal, state and CBS statutes, regulations, and rules; and (vi) such other operational use restrictions, covenants, and easements deemed necessary by the CBS/GPIIP as a condition of

approval of the transaction.

Condition of Property; Use Restrictions; Abatement Unsafe Condition: The Marine Property, most particularly the Utility Dock, is in an unsafe and hazardous condition, the full extent is acknowledged by the parties as unknown and uncertain. Hanson will agree under the terms of the Agreement to accept title and possession of the Marine Property based on the properties **AS IS, WHERE IS** condition. The Agreement will include standard disclaimers of expressed and implied warranties, guarantees and representations of the condition of the Marine Property, and Hanson's acknowledgement that Hanson accepts the Marine Property together with all faults and defects, whether now known or later discovered. Hanson agrees not to occupy or make operational use of the Utility Dock or any other unsafe portion of the Marine Property, except as directly relate to the repair and/or replacement of the Utility Dock, until such time as the unsafe conditions are abated as certified in writing by a qualified marine engineer that the abatement work satisfies applicable building codes and marine construction standards. Hanson will pay all costs to abate the unsafe and hazardous conditions of the Marine Property prior to commencing operational use of the Utility Dock. At all times prior to the engineer's certification the Utility Dock is safe for operational use, Hanson shall place large, conspicuous signs on or near the Marine Property that warn against entry because of the dangerous and hazardous conditions. At all times prior to abatement of all unsafe conditions, Hanson agrees to maintain liability insurance in an amount of not less than \$1,000,000 per occurrence, which names the CBS and GPIIP, its assembly, and employees as "additional insureds" from all claims of personal injury, death or property damaged arising from the Marine Property. Upon the satisfactory and approved abatement of the unsafe conditions, this obligation to provide liability insurance coverage naming CBS and GPIIP as "additional insureds" shall terminate.

Land Development and other Approvals: The closing of the Agreement shall not be contingent upon CBS' approval of any building or zoning permits, zoning waivers, modifications or other approval CBS may deem necessary to develop, improve, renovate, reconstruct, use or operate the Property. Hanson assumes all risk in securing such municipal, state and federal authority post-closing.

Indemnification of CBS and GPIIP: Hanson agrees to indemnify, defend and hold harmless CBS and GPIIP, its assembly members, directors, managers and employees, from all claims, demands, suits, liabilities, obligations, losses, damages, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees) of whatsoever kind and nature, whether or not arising in tort (all of which are referred to collectively as *Claims*), which may be asserted against CBS and/or GPIIP by reason of any injury to or death of any person or persons, or by reason of loss of or damage to the surrounding properties owned by CBS/GPIIP and third-parties or the personal property of any person or entity which occurs after Closing and which Claims arise out of or are in any way connected with the ownership, management, possession, control, maintenance, repair, modification, use, condition, environmental condition, or operation of the Marine Property.

Due Diligence; Documentation: Upon the execution of the Term Sheet, Hanson shall be entitled and permitted to enter the Marine Property to conduct standard due diligence inspections prior to the Closing of the transaction, including but not limited to inspection of the unsafe portions of the Utility Dock. Hanson agrees to indemnify and hold CBS/GPIIP harmless from any and all injuries and damage to persons and property resulting, in whole or in part, from Hanson's presence on the Marine Property, or person's entering the Marine Property on Hanson's behalf, for purposes of the due diligence inspection, testing or otherwise. Hanson shall have the CBS and GPIIP named as "additional insureds" on Hanson's current liability insurance coverage during the due diligence period; and before entering the Marine Property Hanson shall provide the CBS with a Certificate of Liability Insurance evidencing that CBS and GPIIP have been named as "additional insureds." The due diligence period shall continue until the Closing of the transaction. Concurrent with the due diligence period, Hanson and CBS shall use best efforts to draft and finalize the transaction documents which may include, but

are not intended to be limited to: (i) purchase and sale agreement; (ii) final subdivision plat of the Marine Property; (iii) implementing documents including warranty deed with covenants; (iv) permanent easement agreement; and, (iv) other necessary implementing documents.

Conditions Precedent: CBS and Hanson agree that the following constitute the conditions precedent which must be fully satisfied prior to closing: (i) Agreement and all implementing documents made signature ready for Closing and acceptable to both parties and the CBS Assembly; (ii) completion of the subdivision of Marine Property and approval of the final plat, the recording of which will occur immediately prior to or simultaneous with the Closing of this transaction; and, (iii) Preliminary Commitment for Title Insurance evidencing clear title to the Marine Property subject to encumbrances, easements and restrictions of record.

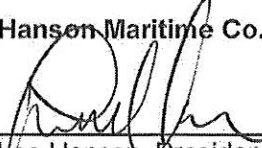
Closing of Transaction: The Closing of this transaction shall occur within thirty (30) days following the date on which the final subdivision plat of the Marine Property is approved by the CBS and the other conditions precedent to Closing are satisfied. The closing shall occur at the office of Alaska Escrow & Title Insurance Agency, located at 315 Seward Street, Suite B, Sitka, Alaska 99835. The City shall be responsible for the closing costs, including document preparation, recording fees, owners standard title insurance coverage for the Utility Dock, escrow closing fees, and other standard closing costs that may be incurred.

Counterparts: This Term Sheet may be executed in one or more counterparts, each counterpart for all purposes being deemed an original, and all such counterparts shall together constitute one and the same agreement.

Effective Date: This Term Sheet shall be effective that date on which it is fully executed by both parties.

Date: 30 AUG 2019

Hanson Maritime Co.



Lee Hanson, President

Date: 9-5-19

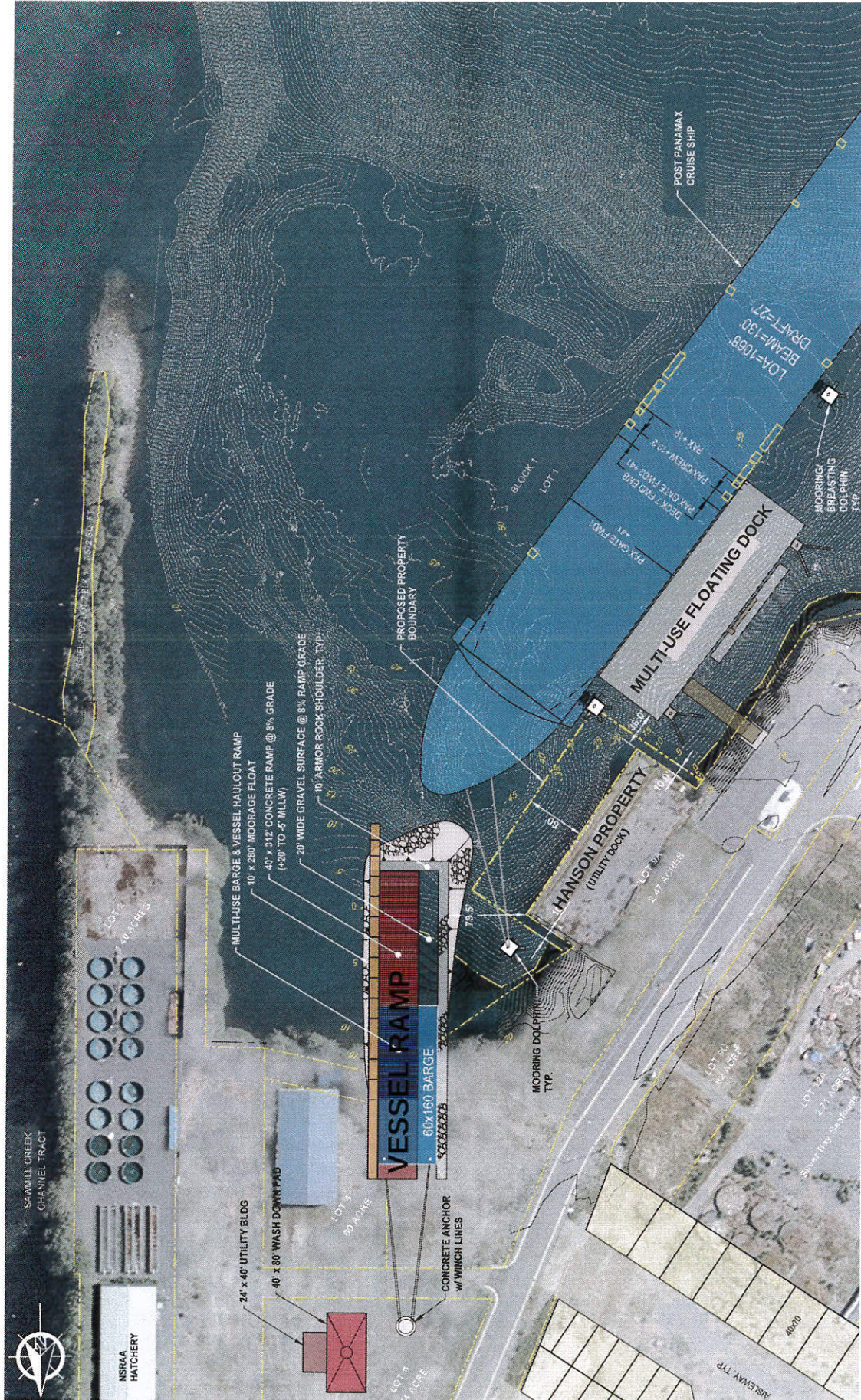
City and Borough of Sitka



Dave Miller, Interim Municipal Administrator

PURCHASE AND SALE AGREEMENT

APPENDIX E



PURCHASE AND SALE AGREEMENT

APPENDIX F

AFTER RECORDING, MAIL TO:

Brian E. Hanson
Office of City Attorney
City & Borough of Sitka
100 Lincoln Street, Sitka Alaska 99835

FOR RECORDATION IN THE SITKA RECORDING DISTRICT

**DECLARATION OF RESTRICTIVE COVENANTS
RE VESSEL TRAFFIC**

The Restrictive Covenants Agreement Re Vessel Traffic (herein, *Restrictive Covenants*), is made effective this ___ day of November, 2019, pursuant to that certain Purchase and Sale Agreement for Industrial Marine Real Property (herein, *PSA*) entered between the City and Borough of Sitka of 100 Lincoln Street, Sitka, Alaska 99835, described in the PSA as Seller, and herein referred to as CBS, and Hanson Maritime Co., of Post Office Box 2594 Sitka, Alaska 99835, referred to in the PSA as Purchaser, and herein referred to as the *Declarant*, and for valuable consideration, the receipt of which is acknowledged, Declarant covenants and agrees that the real property described below as the Hanson Property, shall be subject to the following restrictions and obligations that are intended and shall be deemed to be covenants running with the land and binding on Declarant, its successors in interest and assigns, and for the benefit of CBS that shall be entitled to enforce Declarant's violation of the Restrictive Covenants, as follows:

RECITALS

A. Declarant is the fee owner of certain property (herein, *Hanson Property*) situated within the Gary Paxton Industrial Park in the community of Sitka, Alaska, more particularly described as:

**(Insert legal description of Hanson Property immediately
following subdivision of Lot 9A)**

B. A material consideration of the PSA requires that Declarant vessel traffic entering or departing from the Hanson Property yield as the "give-way vessel" during vessel use and operation of the CBS vessel haulout ramp (herein, *Vessel Ramp*), Declarant is recording this Restrictive Covenants after transfer of title of the Hanson Property from CBS to Declarant, pursuant to and as required under the terms of the PSA.

C. The Vessel Ramp extends into the tidelands contiguous with the Hanson Property as shown for purposes of illustration on the diagram of the Vessel Ramp which is attached as **Appendix A**, and by this reference made a part of the Restrictive Covenants. The Vessel Ramp is situated within the Gary Paxton Industrial Park, the legal description of which is more particularly

DECLARATION OF RESTRICTIVE COVENANTS – Page 1 of 4

ed: U:\City and Borough of Sitka (12.361.A) Gary Paxton Industrial Park\Declaration of Restrictive Covenants\docx

described as:

(Insert legal description of the real property in which the Vessel Ramp is situated.)

Declarant agreed as a material consideration of the PSA that vessel traffic transiting the Hanson Property will at all times yield and give-way to vessels engaged in the operational use of the Vessel Ramp, particularly when vessels are being pulled from or returned to the water by use of the Vessel Ramp.

D. Declarant is willing to encumber the Hanson Property with the Restrictive Covenants, and acknowledges that the restrictions stated herein are for the benefit of and may be enforced by the CBS in the event a restriction is violated by Declarant, its successors or assigns.

NOW, THEREFORE, Declarant covenants and agrees:

1. **Vessel Ramp.** Declarant, its successors and assigns shall not permit its vessels transiting the Hanson Property to interfere, obstruct, frustrate or cause delay to any vessel, assist vessels, marine hoist and related equipment, engaged in the operational use of the Vessel Ramp. A Vessel transiting the Hanson Property shall for purposes of the Navigational Rules of the Road be deemed a "give-way vessel" and shall at all times while underway, yield to vessels engaged in the operational use of the Vessel Ramp.

2. **Breach of Restrictive Covenants.** A violation of this Restrictive Covenants by Declarant, its successors and assigns shall be subject to the enforcement provisions stated in Section 3, which may include injunctive relief, together with any rule, regulation or penalty adopted by the Gary Paxton Industrial Park and/or the City and Borough of Sitka. Declarant agrees that CBS shall have the right to assert all available remedies at law or in equity, including but not limited to injunctive relief and damages.

3. **Term.** The term of the Restrictive Covenants shall be perpetual, and continue until such time as the CBS and the Declarant, its successors and assigns determine that all or any portion of the Restrictive Covenants shall be terminated, in which event, the parties shall execute an instrument that amends in part or terminates the Restrictive Covenants, which shall be executed, and file for record in the Sitka Recording District.

4. **Covenants Run with the Land.** The covenants and agreements contained in the Restrictive Covenants shall be construed as covenants running with the land, and all rights and powers given to and obligations imposed upon the respective parties shall be construed as inuring to and binding upon the successors in interest and the permitted assigns of the parties hereto, respectively.

5. **Waiver.** The failure of the CBS, its successors or assigns to enforce the provisions of the Restrictive Covenants shall not be deemed a waiver of any right of the rights created herein to the benefit of the CBS.

6. **Amendment.** After the recording, the Restrictive Covenants may only be amended in writing, signed by the Declarant, its successors and assigns, and the CBS, its

successors and assigns, upon which the amendment shall be recorded in the Sitka Recording District with reference stated therein to this instrument and the document number issued by the State of Alaska, Department of Natural Resources from the original recording.

7. **Ordinance.** The CBS shall have the right to implement through the CBS ordinance process the Restrictive Covenants and obligations of the owner of the Hanson Property to manage vessel traffic transiting the Hanson Property consistent with the provisions of this instrument; and, to provide therein such monetary penalties as may be approved by the CBS Assembly, adopted, and made part of the Sitka General Code.

8. **Recording.** Declarant agrees that the Restrictive Covenants shall be recorded in the Sitka Recording District, upon which Declarant acknowledges this instrument shall be a public record and an encumbrance on the title of the Hanson Property.

IN WITNESS WHEREOF, the undersigned have set their hands this ___ day of November, 2019, in Sitka, Alaska.

**DECLARANT
HANSON MARITIME, CO.**

By: _____
Lee Hanson, President

CITY AND BOROUGH OF SITKA

By: _____
_____, Interim Administrator

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ___ day of November, 2019, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Lee Hanson**, to me known to be the **President of Hanson Maritime Co.**, a corporation, the corporation which executed the above and foregoing instrument; and who on oath stated that he was duly authorized to execute said instrument and affix the seal thereto on behalf of said corporation, and that the seal affixed thereto is the corporation seal thereof; and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska
Commission expires: _____

STATE OF ALASKA)
) ss:

FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of November, 2019, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, to me known to be the **Interim Administrator of the City and Borough of Sitka**, an Alaska municipal corporation, the municipal corporation which executed the above and foregoing instrument; and who on oath stated that he was duly authorized to execute said instrument on behalf of said municipal corporation, and who acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public for Alaska

Commission expires: _____

PURCHASE AND SALE AGREEMENT

APPENDIX G

PLACE HOLDER FOR:

Alaska Escrow and Title Insurance Agency, Inc.

Preliminary Commitment to Title Insurance

(Purchase and Sale Agreement – Appendix G)