

A RESOLUTION OF THE HAINES BOROUGH ASSEMBLY AUTHORIZING THE MANAGER TO NEGOTIATE AND TO ENTER INTO A PURCHASE AND SALES AGREEMENT WITH CRYSTAL CATHEDRALS WATER AND SEWER SYSTEM, INC. TO ACQUIRE, IN THE BEST INTERESTS OF THE COMMUNITY, CERTAIN ASSETS OF THAT CORPORATION.

WHEREAS, certain assets of Crystal Cathedrals Water and Sewer System, Inc. ("CCWSS") are identified as consisting of the well field property legally described as: Lot 1, Tract A-2, Alaska State Land Survey 2006-35 (9.28 acres); well field equipment; all water and sewer mains; any and all spare parts inventory; all treatment chemicals and products; any specialized equipment or tools; intangible assets, rights and claims of CCWSS of every kind and nature relating to the assets to be acquired; prepaid taxes, expenses, advances and tax refunds; all of CCWSS's right, title and interest in occupancy and use of real property not owned but used in connection with the operation of the private utility system by CCWSS; all permits, franchises, certificates and other governmental authorizations and approvals of any kind necessary to operate and maintain the private utility system operated by CCWSS; any and all easements held by CCWSS or its officers, directors or other of its affiliates for use by CCWSS; and any and all CCWSS records, including water and sewer system as-built drawings, any and all operation manuals, any and all accounting records, any and all regulatory reports and other documents associated with the operation of the private utility system by CCWSS (collectively, "Assets"); and

WHEREAS, the Haines Borough Assembly, at its September 22, 2009 meeting authorized the Haines Borough Manager to offer to purchase the Assets for a total sum of three hundred seventy thousand dollars (\$370,000.00), with an earnest money payment of one thousand dollars (\$1,000.00) and the balance of three hundred sixty-nine thousand dollars (\$369,000.00), in addition to any closing costs and fees, to be paid at closing; and

WHEREAS, CCWSS, as the owner of the Assets and through its president, Vicky Cox, accepted the terms and conditions of the Haines Borough's October 15, 2009 Counter-offer, and has agreed to sell the Assets to the Haines Borough, which Counter-offer is to be the basis for the terms and conditions of that purchase and sale as contained in a utility purchase and sale agreement between the parties ("Agreement") and subject to further conditions as set forth in this resolution; and

WHEREAS, on February 9, 2010, the Haines Borough Assembly, by ordinance (Ordinance No. 10-01-222), appropriated funds in the amount of the purchase price for the Assets; and

WHEREAS, the Assets are to be conveyed by good and sufficient statutory warranty deed and other documents of transfer, free and clear of all liens and encumbrances with exceptions, if any, as acceptable to the Haines Borough and which do not, in the sole discretion of the Haines Borough, affect the transferability of the Assets, or their use of the Assets in the operation of a utility, or otherwise affect marketability of title of the Assets; and

WHEREAS, the purchase of the Assets by the Haines Borough may be subject further to conditions imposed through this resolution as follows: (i) approval by the Regulatory Commission of Alaska ("RCA") of the transfer of those Assets and the issuance by the RCA of necessary certificates to allow the Haines Borough to hold those Assets and operate a water and sewer utility in conjunction with those Assets and under the laws of the State of Alaska; (ii) receipt by the Haines Borough, not later than at closing on the Agreement, of all documents necessary for transfer of all Assets purchased through the Agreement; (iii) termination of the lease agreement, as amended, from John Floreske Jr. as lessor to John Floreske Jr. acting on behalf of CCWSS and as lessee dated August 21, 1998 and issuance by that lessor of a right of way and easement on property subject to that lease agreement to the Haines Borough for uses as made under that lease

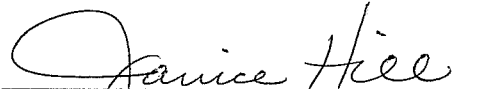
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agreement in providing utility services without time limit, and at no charge to the Haines Borough and its assigns and successors, and otherwise as required in the Agreement; (iv) transfer to the Haines Borough of all rights of way and easements made by John Floreske Jr. as grantor to John Floreske Jr. acting on behalf of CCWSS as grantee in providing utility services; (v) transfer to Haines Borough of all rights of way and easements made by other persons to CCWSS as grantee in providing utility services; (vi) CCWSS's satisfaction of all terms and conditions of the Agreement to which CCWSS and its officers, directors and other of its affiliates are subject; (vii) Haines Borough does not, through its due diligence review under the Agreement, find cause to withdraw from, cancel or otherwise terminate the Agreement under its terms; and (viii) Haines Borough only assumes liabilities, pertaining to the Assets and the operation of the private utility system presently operated by CCWSS as set forth in the Agreement; and

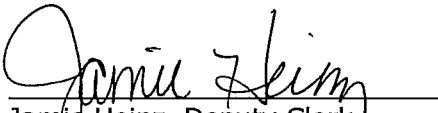
WHEREAS, Haines Borough Code Section 14.04.030 states that "[o]nly upon a specific resolution of the assembly, the manager may act on its behalf in the acquisition of real property when the property to be acquired is for a valuable consideration."

NOW, THEREFORE, BE IT RESOLVED that the Haines Borough Assembly hereby authorizes the Haines Borough Manager to negotiate and to enter into a Utility Purchase and Sales Agreement to acquire from CCWSS, in the best interests of the community, the Assets for the price and under terms and conditions set forth in the Agreement.

ADOPTED by a duly constituted quorum of the Haines Borough Assembly this 13th day of April, 2010.


Janice Hill, Mayor

ATTEST:


Jamie Heinz, Deputy Clerk

