



RESOLUTION 18-19

**A RESOLUTION OF THE ALEUTIANS EAST BOROUGH ASSEMBLY
AUTHORIZING THE BOROUGH MAYOR TO NEGOTIATE AND ENTER INTO A
PURCHASE/SALE AGREEMENT WITH JSC "CIRCLE MARITIME INVEST" FOR
THE USED HOVERCRAFT NAMED SUNA X, INCLUDING SPARE PARTS AND
MATERIALS IN THE AMOUNT OF \$4,440,000 WITH A RETURN FOR CREDIT
OPTION BY THE BOROUGH OR ITS AGENT**

WHEREAS, the Aleutians East Borough (Borough) owns a Kvichak Marine Industries built BHT-150 Hovercraft named SunaX (vessel) and spare parts and materials located at its hangar in Akutan, Alaska; and

WHEREAS, the vessel has been certified and operated as a USCG Subchapter "T" boat carrying passengers between the communities of King Cove and Cold Bay and between the Akutan Airport on Akun Island and the community of Akutan; and

WHEREAS, the Borough intends to sell the vessel, including spare parts and tools and has continued to work with its sales agent, Kvichak Marine Industries (KMI), now known as Hoverlink, LLC, to contact interested parties; and

WHEREAS, on December 22, 2014 Cruz Marine, LLC (CML) issued a Letter of Intent (LOI) to purchase the vessel and related spare parts and tools in the amount of \$4,500,000 and made an initial refundable deposit of \$150,000, which was contingent upon a closing date of February 26, 2015; and

WHEREAS, the Assembly passed resolution 15-12 on January 8th, 2015 authorizing the Borough Mayor to enter into a purchase/sale agreement with CML for the vessel including spare parts and tools in the amount of \$4,500,000; and

WHEREAS, the closing date to LOI was extended to March 27, 2015; and

WHEREAS, the sale of the hovercraft to CML did not occur and the Borough kept the \$150,000 deposit; and

WHEREAS, the Borough and Hoverlink, LLC have continued to try and sell the vessel to interested parties; and

WHEREAS, on November 20, 2017 JSC "Circle Maritime Invest" (COC) issued a LOI to purchase the vessel and related spare parts and materials for \$4,275,000; and

WHEREAS, the offer was contingent upon a return for credit option after 28 months of operations under agreement with end Client in Kazakhstan, to be accepted at 50% of the original sale price, less any spares associated with this purchase consumed or as otherwise negotiated in the Purchase and Sale Agreement; and

WHEREAS, a retainer of \$215,000 has been received with the understanding the Assembly approval was needed by November 30, 2017; and

WHEREAS, the Borough was not able to meet the November 30, 2017 deadline and entered into an LOI amendment extending the deadline to December 8, 2017; and

WHEREAS, the Borough is in the process of entering a second LOI amendment extending the deadline to January 5, 2018;

WHEREAS, COC and the Borough verbally negotiated the price and agreed upon a sale price of \$4,440,000 for the vessel and related spare parts and materials with the return for credit option by the Borough or its agent contingent upon Assembly approval.

NOW THEREFORE, BE IT RESOLVED, the Aleutians East Borough Assembly hereby authorizes the Borough Mayor to negotiate and enter into a Purchase/Sale Agreement with COC for the used Hovercraft named SunaX, including spare parts and materials in the amount of \$4,440,000 with a return for credit option with the Borough or its agent after 28 months of operations under agreement with end Client in Kazakhstan, to be accepted at 50% of the original sales price, less any spares associated with this purchase consumed or otherwise negotiated in the Purchase and Sale Agreement.

PASSED AND ADOPTED by the Aleutians East Borough on this 14th day of December, 2017.



Alvin D. Osterback, Mayor

ATTEST:



Tina Anderson, Clerk