

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Friday, July 11th, 2014

- I. Call to Order** Mr. Spickler called the Finance Committee meeting to order at 12:01 pm in **Room 224, City Hall.**
- II. Roll Call** The following members were present Greg Busch, Mike Peterson, and Scott Spickler.
Also present were Carl Uchytel – Port Director, Derek Duncan – Goldbelt, Chris Orman – CBJ City Attorney, and David Logan-Board Member.
- III. Approval of Agenda.**
MOTION BY MR. GREG BUSCH TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objection.
- IV. Public Participation on Non-Agenda Items – None.**
- V. Approval of June 24th, 2014 Finance Committee Meeting Minutes.**
MOTION BY MR. MIKE PETERSON TO APPROVE THE JUNE 24, 2014 FINANCE COMMITTEE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.
Motion passed with no objection.
- VI. Consent Agenda - None**
- A. Public Requests for Consent Agenda Changes**
B. Committee Member Requests for Consent Agenda Changes
C. Items for Action
- VII. Unfinished Business**

1. Mt Roberts Tramway Lease Negotiations

Presentation by Port Director-Carl Uchytel.

Mr. Uchytel stated he and Mr. Peterson have been meeting numerous times with Goldbelt regarding the lease rent for the Mt. Roberts tram. The negotiations are getting close to reaching a fair and reasonable lease rent amount. Mr. Uchytel has also met with the Mr. Orman from the CBJ Legal Department to assure the ordinances are being met. Mr. Uchytel referenced his memo from July 9th, 2014 for the proposed rate. (See attached memo) The plan will be for Docks & Harbors to go to the assembly to request a new lease in order to make a cleaner lease for the future. Mr. Uchytel advised Ms. Mead, the City Attorney, recommended a settlement agreement for the past rent due and regular appraisals must be a condition for the new lease.

Mr. Orman stated Title 53 requires an appraisal process with a lease of land. The appraisal process also present in Title 85 would be simpler to help the process. In order to amend the lease and create a settlement agreement it will need to go before the City Assembly. The Assembly cannot eliminate the appraisal process.

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Mr. Uchytel clarified it is not Title 85, it is in our Docks & Harbors regulations. Ms. Mead advised to replace the language of the lease to match our regulations. Mr. Uchytel read a portion of the regulations to explain the appraisal and dispute resolution process for the lease amendments.

Committee Questions

Mr. Busch asked if we would be able to have a CPI adjustment every 5 years with an option to have an appraisal every 7 years or does the adjustment process have to be based on an appraisal adjustment.

Mr. Orman answered yes you could have a CPI adjustment but it would still have to have an appraisal process. The assembly can approve whether it is every 7th year. Also retail sales could be approved.

Mr. Spickler asked if we could do the CPI every year and do the appraisal every 10 years.

Mr. Orman advised the code for an appraisal says every 5th year but it could be requested for every 7th or 10th year. The settlement agreement would state Goldbelt owes and agrees to pay for the previous three years. The CPI, retail sales, and appraisals would be addressed separately for the future of the new lease.

Public Comment

Mr. Duncan advised there is a lot of information that he will discuss with others at Goldbelt. Some items to go over in the next negotiations with CBJ will be the new lease would make the new 5 year adjustment for 2017, CPI adjustments should be base rent and air rights, and royalty rent would be separate from CPI adjustment.

Committee Discussion/Action

Mr. Busch stated we will need to clarify the details of what we are going to present to the full board for the City Assembly to approve regarding the settlements and the new lease.

Mr. Peterson asked if Mr. Orman needs to draft the details of the settlement and new lease then we bring it to the Board.

Mr. Uchytel answered his memo was developed to have something on paper to reference during our discussion and we will move forward with law to develop with Goldbelt a draft for a proposal.

Mr. Busch asked if we could have that draft for the next Board meeting.

Mr. Uchytel answered no we will need more time.

Mr. Peterson asked to clarify we will be asking for a 3 year settlement and a new lease will be a 5 year period.

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Mr. Uchytel answered the 5 year plan will give Goldbelt more of schedule to plan for rent increases.

Mr. Duncan also asked for clarification we will be negotiating 3 year settlement and a new lease will be a 5 year period.

Mr. Busch answered we would start a whole new appraisal process for FY16.

Mr. Duncan asked if we could ask the assembly extend the appraisal process to 7 or 10 years.

Mr. Orman advised it would not violate code and it could be asked.

Mr. Duncan suggested we schedule a follow up meeting with the sub-committee and Goldbelt to assure we are all on the same page.

Mr. Spickler stated he would support an annual CPI and a 10 year appraisal.

Mr. Peterson advised it was discussed with Goldbelt in regards to the annual CPI and the memo Mr. Uchytel has presented is the compromise the sub-committee came to in negotiations with Goldbelt.

Mr. Busch advised we will need a new sub-committee with the new board in August .

Mr. Uchytel stated we can send it to law first for the draft.

Mr. Busch wants to make the full board concurs with the details that CBJ Law will draft.

**MOTION BY MR. GREG BUSCH TO BRING BEFORE THE FULL BOARD
THE RECOMMENDATIONS PRESENTED BY THE PORT DIRECTOR
REGARDING THE LEASE NEGOTIATIONS AND THE PORT DIRECTOR
WILL MOVE FORWARD WITH A NEW SUB-COMMITTEE IN AUGUST .**

Mr. Spickler asked for a vote for the motion. There was one yay and two nays. The motion failed. No action taken. This will return to the new committee to be formed.

VIII. New Business - None

IX. Items for Information/Discussion.

1. Termination of Lease ADL #103289

Presentation by Port Director, Carl Uchytel

Mr. Uchytel advised CBJ Docks & Harbors Department is terminating the lease For the Thane Ore House land with Mr. George Jefferson. Mr. Uchytel advised the eviction date is August 10, 2014 and we will move forward to find a new

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tenant. It is complicated lease we inherited from the State since the new lessee will have to purchase the building from Mr. Jefferson. There is an auction process due to his delinquency.

Mr. Orman stated Mr. Jefferson has been advised of the termination of the lease and his responsibilities regarding the sale of the building from an Auction due to his financial issues with the lease.

Mr. Busch asked if we will still have the issue of the building being a separate sale from the land lease.

Mr. Orman advised no. There is a new code preventing the new tenant having to purchase the building from the old tenant.

Mr. Spickler asked if the city will be paid what is due to us from the auction.

Mr. Orman answered yes.

X. Staff & Member Reports – None.

XI. Committee Administrative Matters.

1. Next Finance Committee Meeting August 26th, 2014

XII. Adjournment.

The Finance Committee meeting adjourned at 12:44pm.