CBJ DOCKS & HARBORS BOARD
<u>FINANCE MEETING MINUTES</u>
For Tuesday, October 29th, 2013

I. Call to Order
Mr. Donek called the Finance Committee meeting to order at 4:58pm in CBJ room 224.

II. Roll Call
The following Finance Committee members were present: Greg Busch, Kevin Jardell, Mike Peterson, Scott Spickler, and Tom Donek.
Also in attendance were the following: Carl Uchytil - Port Director; Christopher Orman - Assistant City Attorney; Budd Simpson – Harbor Board Member; Bob Janes – Harbor Board member; Derek Duncan - Goldbelt; Robert Loiselle – Goldbelt; Charles Horan – Horan & Company; Per Bjorn-Roli – Reliant Advisory Services.

III. Approval of Agenda.
MOTION BY MR. SPICKLER 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 September 24th, 2013 Finance Committee Meeting Minutes.
MOTION BY MR. SPICKLER TO APPROVE THE SEPTEMBER 24, 2013 FINANCE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

VI. Items for Action.

1. Mt. Roberts Tram Appraisal Process & Invoice Status
   Presentation by the Port Director
   Mr. Uchytil addressed the approved motion from the full board meeting in September to accept the appraisal methodology as outlined in section 6 of the lease with setting the base rent of the Mt Roberts aerial tram lease with the lease payment set at the 10% of the appraised market value plus royalty rent and invoice Goldbelt.
   Mr. Uchytil stated we received another appraisal from Goldbelt that was performed by Per Bjorn-Roli from Reliant Advisory Services. Mr. Uchytil recommended holding off on invoicing so the board can use new appraisal to negotiate with Goldbelt.

   Committee Questions
   Mr. Jardell asked Mr. Orman, CBJ attorney, if we can recommend an action and can Mr. Orman help draft a technical motion for the full board.

   Mr. Orman answered yes.

   Public Comment – None

Committee Discussion/Action
MOTION BY MR. JARDELL TO RECOMMEND TO THE FULL BOARD TO AMEND OR HOLD OFF ON THE PRIOR APPROVED MOTION TO INVOICE GOLDBELT UNTIL WE CAN MOVE FORWARD UNDER THE PROCESS OF THE LEASE BASED ON RECEIVEING THE NEW APPRAISAL AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

VII. Items for Information/Discussion.

1. Mt. Roberts Tram Appraisal Summary by Reliant Advisory Services
Presentation by Mr. Per Bjorn-Roli
Mr. Bjorn-Roli presented an overview of his site appraisal of the Mt. Roberts Tram based on unrestricted use and asked the members for any questions.

Mr. Peterson asked Mr. Bjorn-Roli to address the costs to bring the land to build-ready, the use of the vacant land area by Taku Smokeries, and the parcel of property known as Archipelago.

Mr. Busch asked to address the unrestricted use value based on the highest and best use of the land.

Mr. Peterson added to address the air rights.

Mr. Bjorn-Roli addressed the property values in relation to the tourism industry and referred to charts in his appraisal report. The lease instructions state for the value to be based on unimproved land only without any buildings or improvements made. This is to protect the leasee from being charged twice; once for the unimproved land and second for the value of the improvements the leasee may make. Mr. Bjorn-Roli estimated the original land was 40% tidelands at the time of lease. He addressed the four areas of improvements for the site was street access, topography and site filling, soil conditions, and the sewer and water access. Mr. Bjorn-Roli stated the property at its highest and best use would be retail on an unrestricted basis. He did use the extraordinary assumption the site would have access. Mr. Bjorn-Roli used six different downtown sites as sales comparisons.
He presented his technical differences between his appraisal and the Horan appraisal. He stated he did not believe the Horan appraisal valued the land at it's as-is condition per the lease and over-stated market rent. He disagreed with Horan appraisal with the lack of land sale comparisons and the air rights considerations.

2. Mt. Roberts Tram Appraisal Summary by Horan & Company
   Presentation by Charles Horan
   Mr. Charles Horan presented an overview of his site appraisal of the Mt. Roberts Tram. The Horan appraisal was based on the lease is valued with unimproved land at its highest and best use with the air rights. Mr. Horan addressed the market comparisons he used that Mr. Bjorn-Roli disagreed with and defended there are no identical comparisons to use and he chose the best comparisons available in relation to the unique tram property. Mr. Horan addressed the highest best use as retail as well and gave retail comparisons.

   Mr. Simpson asked since the lease is clear about the value as unimproved land yet it is mentioned several times about the structures.

   Mr. Horan answered the values are based on unimproved land only that was ready to develop.

   Mr. Spickler asked about the guarantee of street access from D.O.T.

   Mr. Horan answered the city would not do a lease and then not give street access.

   Mr. Jardell asked could you value the highest and best use combined as retail and a tram.

   Mr. Horan answered you could and compare it to a Ketchikan facility that has both.

   Mr. Janes asked how can we use the highest and best use as retail even though the lease does not allow retail.

   Mr. Horan stated the lease protects the leaser to make sure it gets the fair value of the land therefore; stating highest and best use even if not allowed.

   Mr. Busch requested the board members to e-mail him if they are interested in being on the sub-committee to work with Goldbelt and Carl Uchytil to determine the base rent lease using both appraisals and making any amendments to the lease.

VIII. Staff & Member Reports.

Mr. Uchytil reported the Goldbelt lease for the Seadrome building is set to expire and we will need to determine the new base rent for this as well. The recent appraisal set the value at $713,000 so the new rent at 10% of the value would be $71,300 a year which would be double. The property was also valued by the assessor at $680,000.00 therefore; rent would be $68,000 a year. Mr. Uchytil will work Bob Bartholomew, City Finance Director to determine the rent increase.

Mr. Uchytil also reported related to the 16B project that Mr. Bartholomew is working on the Harbor debt service and bond revenue. Mr. Uchytil also went over the attached budget reports and project revenue related to Bond purchases. Mr. Bartholomew may need to go to the assembly for approval to purchase more bonds.

Mr. Peterson asked about the Alaska Glacier Seafood status of wanting access to our ABLF parking facility.

Mr. Uchytil answered he will be contact Greg Fisk to address the access issue.

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting November 19th, 2013

IX. Adjournment.

The Finance Committee adjourned at 7:01pm.