CBJ DOCKS & HARBORS BOARD
FINANCE MEETING AGENDA
For Tuesday, May 28th, 2013

I. **Call to Order** (5:00 p.m. to 7:00 p.m.) in the **Room 224, City Hall.**

II. **Roll Call** (John Bush, Tom Donek, Kevin Jardell, Scott Spickler, Michael Williams, and Eric Kueffner).

III. **Approval of Agenda.**

MOTION: TO APPROVE THE AGENDA AS PRESENTED OR AMENDED.

IV. **Public Participation on Non-Agenda Items** (not to exceed five minutes per person, or twenty minutes total).

V. **Approval of March 26th, 2013 Finance Committee Meeting Minutes.**

VI. **Items for Action.**

1. Regulation Changes to 05 CJBAC 20 & 05 CJBAC 40
   Presentation by the Port Director

   Committee Questions

   Public Comment

   Committee Discussion/Action

   MOTION: TO BE DEVELOPED AT THE MEETING

2. Termination of Amendment to Alaska Glacier Seafood
   Presentation by Port Director

   Committee Questions

   Public Comment

   Committee Discussion/Action

   MOTION: TO BE DEVELOPED AT MEETING

VII. **Items for Information/Discussion.**

1. Budget Update by Port Director
2. Mt Robert Tram Update by Port Director
3. Boating Education Radio Advertisement

VIII. **Staff & Member Reports.**

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting June 25th, 2013

X. Adjournment.

CBJ Docks and Harbors Committee
Finance Meeting Minutes
For Tuesday, March 26th, 2013

I. Call to Order

Mr. Kueffner called the Finance Committee Meeting to order at 5:00 p.m. in CBJ Room 224.

II. Roll Call

The following members were present: John Bush, Tom Donek, Michael Williams, Scott Spickler, Kevin Jardell, and Eric Kueffner.

Also in attendance were the following: Carl Uchytil – Port Director, Dwight Tajon – Harbormaster, and Robert Loiselle – Goldbelt President/CEO.

III. Approval of Agenda

MOTION BY MR. DONEK: TO APPROVE THE AGENDA AS PRESENTED AND ASK UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None

V. Approval of the Finance Committee Meeting Minutes

Hearing no objection, the February 26th, 2013 Finance Committee Meeting Minutes were approved as presented.

VI. Items for Action.

1. Mt. Roberts Tram Lease Rent Adjustment

Mr. Uchytil said Goldbelt has an open invitation to present and discuss the e-mail the Board received from Robert Loiselle, the President/CEO of Goldbelt.

Robert Loiselle, President/CEO Goldbelt Inc, Juneau, AK
Mr. Loiselle said there are a number of issues that are problematic and one of them is the calculations of the base rent. The Docks and Harbors Dept. and Goldbelt are miles apart on the appraisals. He said this is a legal issue since appraisals are based on the instructions the appraisers are given. For the Goldbelt appraisal, the legal opinion from attorney Mr. Spitzfaden was for the appraisal to be based only on the allowed use under the lease for the parcel of land being used for an aerial tramway.

He said Docks & Harbors and the committee have a different opinion from the city attorney, Ms. Mead. He said Goldbelt understands rent may increase but based on Horan appraisal it would triple.

Mr. Loiselle said another issue is the royalty rent. He said in 2006, it was decided to not include royalty payments and Goldbelt thought that was gone permanently. Also in 2006, the adjustment to the percentage rates used to determine rent was dropped from 10% to 8% of the value and Goldbelt thought this was permanent too.

Mr. Loiselle said Goldbelt thought of ways to get around this issue. He discussed with the City Manager doing a parcel trade with land by the Seadrome building for the land the Tram is on. It would have value to CBJ, but if Docks & Harbors trades parcels they may lose revenue. Goldbelt would like to pursue a trade of sorts if Docks & Harbor can figure out how to still generate revenue. Goldbelt talked about having a different lease process review rather than every three years. Goldbelt would entertain mediation if that would help solve this issue.

Committee Questions –

Mr. Jardell asked if Docks and Harbors and Goldbelt are at the point to advance to a third appraiser to reach a conclusion?

Mr. Loiselle said Goldbelt has done everything they can to provide additional information. They obtained additional appraisals for purposes of negotiation based on a sales comparable approach and had their initial appraisal reviewed. They believe their appraisal is correct and have exhausted their ability to provide any other additional information.

Mr. Jardell said it is hard to find a way forward when both parties are so far apart.

Mr. Kueffner asked if Mr. Loiselle saw the 8% used to figure the rent rate and the royalty rate a legal issue too?

Mr. Loiselle said their attorney, Mr. Spitzpaden, believed those were permanent changes to the lease. He recognizes it was not a formal amendment, but he could expound on the legal theory.

Mr. Kueffner said with respect to the discussion to trading parcels, the Board cannot do land negotiations; we can only administer the leases, but Mr. Kueffner asked what happened with that discussion?

Mr. Loiselle said CBJ deferred Goldbelt to Docks & Harbors since it is in Docks & Harbor's domain and integral to the budget.

Mr. Bush asked if we can't work out a negotiated settlement, are we going to court?

Mr. Loiselle answered that is premature. He explained when he talked about a legal issue, he meant legal issue based on the theory of which the appraisal is based is a question of legal interpretation of the lease. The Goldbelt attorney and the CBJ attorney interpretations are different. The Goldbelt appraisal is no economic value and Docks & Harbor's appraisal is $3,300,000.

Mr. Kueffner said there is no improving upon the appraisals to get a better answer. We need to go back to the basic assumptions of each appraisal.

Mr. Loiselle said if it were a matter of fine tuning or finding the flaws on each appraisal and they were on the same basis, we could get to an answer. We are dealing with different theories on each one.

Public Comment –

Dennis Watson, Juneau, AK

Mr. Watson asked why aren't we looking at the total package of the tram? The bottom and the top can't succeed without each other. Without a lease at the bottom the tram can't operate.

Mr. Jardell answered the lease at the top is an AEL&P lease and not Harbors. Within the contract, it specifies it is just an evaluation of an update on the price of the lease.

Committee Discussion/Action

Mr. Kueffner said Docks & Harbors is constrained by the terms of the lease to get an appraisal, listen to the other appraisal, negotiated in good faith, and if we can't agree then we are entitled to go forth with a third appraisal. The third appraiser picks one or the other appraisal. He said this Committee should go to the full board and recommend a third appraisal.

Mr. Jardell said the board needs a basis to come up with an answer that is justifiable. The contract established a method to make a final

determination and it may be Docks & Harbor appraisal or the other appraisal, then we live with that answer.

Mr. Spickler asked if the process for Docks & Harbors is to recommend our appraisal and move it to the board. Goldbelt would then go to the Assembly to appeal it or do we go with a third appraisal for some movement?

Mr. Kueffner said no Assembly action is required. We are still negotiating with our tenant what the rent rate will be, within the terms of the lease. Board action would be helpful. The third appraisal may be another $5,000.00.

Mr. Uchytil asked if the legal determination of this parcel should be ignored?

Mr. Kueffner answered the burden is on the third appraisal to pick one of the appraisals. If the appraiser can't do that because he can't figure out the legal basis then we will know.

Mr. Williams asked if Docks & Harbors still go by guidelines from 1997 in regards to the 8% and royalty payments?

Mr. Kueffner answered that is not for the appraiser that is something for the board to determine. Mr. Kueffner said the original agreement was 10% of the assessed value and a minimum of $30,000.00 royalties.

Mr. Jardell said Amy Mead can give her legal opinion and then we can present that.

Mr. Uchytil said the contract with Goldbelt does not allow for zero lease rent. There is a minimum of $60,000.00 rent and a minimum of $30,000.00 royalties. So at a minimum it would be $90,000.00 and Goldbelt is paying $104,000.00 currently.

MOTION BY MR. SPICKLER TO MOVE TO RECOMMEND TO THE BOARD FOR ACTION TO GET A THIRD APPRAISER AND ASKED FOR UNANIMOUS CONSENT.

The motion was opposed.

The motion was then seconded.

Vote on Motion

4 – Yes

2 – No

Motion passed

Mr. Donek asked for point of order: requested to have the e-mail from Robert Loiselle attached to these meeting meetings.

Mr. Uchytil asked how the Committee wanted him to work with Goldbelt to get a third appraiser?

Mr. Kueffner answered to provide a list to Goldbelt with as many appraisers as you can and then have Goldbelt pick.

Mr. Jardell said to wait until Board takes action before getting a list of third appraisers. Goldbelt may present a different path.

2. **Harbor Truck Purchase**
Mr. Tajon read the attached memo regarding the state of the Harbor vehicles and the truck procurement request. Mr. Tajon requested the finance committee to approve the purchase of the new truck and forward the recommendation to the full board for approval.

Committee Comments –
Mr. Williams asked when a vehicle goes to surplus does it get close to the blue book value?

Mr. Tajon answered that it goes to the highest bidder.

Mr. Jardell asked if the heat selector and speedometer are easy to fix?

Mr. Tajon answered they are a pricey fix because you have to remove the entire dashboard.

Mr. Williams said getting rid of two trucks for the price of one new truck is good for staff to have good equipment, good resources, and good training.

Mr. Donek asked if Harbors dept. gets the proceeds back from the surplus sale?

Mr. Tajon answered yes it goes back to our vehicle fund.

Mr. Spickler asked who does Harbors maintenance?

Mr. Tajon answered we use mechanics.

Public Comment – None

Committee Discussion/Action
MR. DONEK MOVED TO RECOMMEND THAT THE FULL BOARD APPROVE THE PROCUREMENT OF A NEW TRUCK AND SURPLUS THE TWO OLD TRUCKS PER MR. TAJON'S RECOMMENDATION AND ASKED FOR UNANIMOUS CONSENT.

Motion passed without objection.

3. **DOT Round – About Easement**
Mr. Uchytil said he and Amy Mead are still in negotiations with ADOT for the permanent easement. He asked for the approval from the Finance committee in the amount of $86,600 for the easement?

Committee Questions

Mr. Kueffner said he wants assurance of the retaining wall from ADOT.

Mr. Uchytil said ADOT doesn't have their design yet to confirm a retaining wall and we are holding up ADOT's plans. Docks & Harbors plans are too premature to give them to ADOT.

Mr. Kueffner asked if this would buy any goodwill with ADOT if we sell land to them?

Mr. Uchytil answered they did delay our Franklin Street project and did not care. There were a lot of unanswered emails from them. Our project is 12 million and this is not worth haggling over. ADOT is in charge of the private driveway for Dick Deams not us. ADOT asked for our drawings to build a retaining wall for us. Docks & Harbors is just not at that point yet.

Mr. Bush asked if there is a way to give ADOT the okay to go ahead but still guarantee our retaining wall?

Mr. Uchytil answered there are so many unknowns. ADOT said they will honor the commitment.

Public Comment – None

Committee Discussion/Action

MOTION BY MR. SPICKLER TO ACCEPT MR. UCHYTIL'S RECOMMENDATION TO ACCEPT THE $86,600 FOR THE EASEMENT AND TAKE IT TO THE FULL BOARD FOR APPROVAL AND ASKED FOR UNANIMOUS CONSENT.

Motion passed without objection.

VII. Items for Information/Discussion – None

VIII. Staff & Member Reports –

Mr. Uchytil showed the Ad for the on-line purchasing for Launch Ramp Permits in the Juneau Empire.

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting April 23rd, 2013 at 5:00 p.m. in CBJ room 224.

X. Adjournment

The Finance Committee adjourned at 6:09pm.

From: Bob Loiselle [mailto:bob.loiselle@Goldbelt.com]
Sent: Tuesday, March 26, 2013 9:58 AM
To: Carl Uchytil
Cc: Derek Duncan; Robert Spitzfaden (spitz@gci.net)
Subject: Tram Rent

Carl,

Please pass this on to the full Docks and Harbors Board.

Gentlemen,

For many months now our respective organizations have been grappling with the issue of the rent calculation for the land on which our tram base facility sits. Let me take this opportunity to outline where I think we stand from Goldbelt's perspective.

You obtained an appraisal from Charles Horan which valued the property and the attendant air rights at $3.3 million. We obtained our own appraisal from Reliant of Anchorage, which was based on the legal opinion of Robert Spitzfaden which concluded that the parcel must be appraised for tramway use only per the restrictions in the lease. Based on that opinion, Reliant determined that the parcel has no economic value for that purpose, since no rational investor would make such an investment given the return.

The Finance Committee obtained its own verbal opinion from city attorney Amy Reid that the Spitzfaden opinion was incorrect and that Horan had used the correct technique.

In order to help clarify matters, we obtained a couple of review appraisals of the Reliant appraisal and at the suggestion of the Chair we obtained an appraisal (Kim Wold & Barry Thompson) for purposes of negotiation only - using a sales comparable approach similar to Horan's. The summary of the report was presented to Messrs.' Jardell and Uchytil but was not found to be compelling by them.

We have also listened to Mr. Horan make a presentation to the finance committee which we did not find to be compelling. While it was a good "Appraisal 101" course, it really did not address the main differences between the two appraisals.

Given the wide disparity in the two appraisals, we have also suggested taking a different approach, using the 2006 value as a base and escalating it by the change in the Anchorage CPI and this suggestion was also rejected.

We also understand that at least certain members of the finance committee believe that imposition of royalty rent, which was dropped in 2006 is now back on the table. We do not concur, believing this to be a permanent change. The percentage used in calculating the base rent was also dropped from 10% to 8% at that time and again we consider this a permanent change.

Recently, in trying to find a less contentious way of resolving the issue we approached the Mayor and City Manager about the interest that the CBJ may have in trading the parcel in question for waterfront property we own at the Seadrome. While this is not a short-term fix, perhaps it can help us from having to go through this process every three years.

We don't believe that we can provide any additional information at this time that would change the committee's mind regarding the rent calculation. We reiterate our offer to negotiate a more manageable lease given that strict adherence to the terms of the lease as written means that we will be back at the table every three years. We are also open to some form of mediation if the committee or board would find that to be useful.

Finally, we understand that some may consider Goldbelt's appraisal some ploy to cause our rent to drop significantly, but that is clearly not the case. We have offered to negotiate a rent that is higher than the current rent, not the $30,000 minimum rent that our appraisal would indicate. This was rejected. We must now look to the committee to suggest a solution.

Regards,

Bob Loiselle

Robert G. Loiselle
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Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

To: Finance Committee
From: Dwight Tajon- Harbormaster
Date: March 14, 2013
Re: Truck Procurement

Docks and Harbors has two vehicles that have mechanical and plow issues that prevent them from being used during the winter months.

They are as follows:

Vehicle #475: 2004 Chevrolet 2500HD with 75,624 miles. The check engine light will not reset, speedometer is broken, heat selector switch does not work, Meyers snowplow not working and the drivers side door opens up beyond its hinge stops. Blue book value is estimated to be $10,310 dollars.

Vehicle #473: 1998 Chevrolet 3500 with 122,417 miles on the body with about half as much on its second engine. This vehicle has a non-operational Meyer snow plow and heat selector switch issues that do not make it safe to utilize during the winter. Blue book value is estimate to be $3,670 dollars.

In a report generated by the CBJ Streets Department their replacement schedule for vehicles for their section is at every 8-9 years and dump trucks every 12 years. Our replacement schedule has not been on par with the Street Department.

The intent Docks & Harbors has is to surplus vehicles #473 & #475 and replace them with one new 1 ton truck that is plow ready. Plow ready is meaning that we will also purchase the plow frame so that we can utilize the plow from our gravel spreader truck on the new 1 ton.

Price for the new truck from the State Procurement website is at about $28,849.00. The City utilizes the State Procurement website since they have already completed the leg work on procurement of vehicles varying in size and equipment.

Recommendation:
The Finance committee approves the purchase of the 1 ton truck for 28k and forwards the recommendation to the full board for approval.

Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

NOTICE OF PROPOSED CHANGES TO REGULATION

Notice of Public Comment Period

Amendment of Title 05, Chapter 20
Small Boat Harbor Fees and Charges – Moorage

And

Title 05, Chapter 40
Small Boat Harbor Moorage Management Regulations

The above regulations are proposed for adoption pursuant to CBJ 01.60 and CBJ 85.02.060 and CBJ 85.20.010.

Resulting from the demolition of DeHart's marina and construction of reserved moorage at Statter, Docks and Harbors Board is proposing to adopt amended sections of 05 CBJAC 20 & 40. The proposed changes would remove and update parts of the regulation pertaining to "DeHart's Marina" and update the fee schedule to the current year.

Interested persons may obtain a copy of the proposed regulations at the Harbor offices, at the CBJ libraries, at the CBJ Clerk's office, and online at www.juneau.org/harbors. **The Board is accepting public comments until COB on May 8th, 2013. Written comments may be submitted at the Docks and Harbor Offices, to the Port Director at 155 S. Seward Street, Juneau, 99801 or by email to carl_uchytil@ci.juneau.ak.us There will be a public hearing at Docks and Harbors Regular Board meeting on April 25th at 5:30 p.m. held in the Assembly Chambers.**

This will go before the CBJ Assembly for review on May 13th, 2013.
Contact the Port Office at 586-0292 for more information.

A REGULATION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA

Amendment of Title 05, Chapter 20
Small Boat Harbor Fees and Charges – Moorage

and

Title 05, Chapter 40
Small Boat Harbor Moorage Management Regulations

PURSUANT TO AUTHORITY GRANTED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, THE DOCKS AND HARBORS BOARD IS PROPOSING TO ADOPT THE FOLLOWING AMENDMENT TO REGULATIONS:

Section 1. Authority. These regulations are proposed for adoption pursuant to CBJ 01.60 and CBJ 85.02.060 and CBJ 85.20.010.

Section 2. Adoption of Regulations. The City and Borough of Juneau Administrative Code is amended by the adoption of new regulations in Title 05, Chapter 20 Small Boat Harbor Fees and Charges – Moorage; and Title 05, Chapter 40 Small Boat Harbor Moorage Management Regulations, reading as follows:

Adopt an amended section 05 CBJAC 20.020, to read:

05 CBJAC 20.020 - Special annual moorage fee for skiffs.

An owner with an open-hulled vessel 21 feet or less in length, excluding engines, may apply to the harbormaster for moorage in the limited access areas of the small boat harbors. The harbormaster will assign moorage in these areas on a first-come, first-serve basis. If assigned moorage by the harbormaster, all requirements pertaining to annual moorage apply, except the annual moorage fee that the owner shall pay, which shall be as follows:

(1) ~~$500.00~~ *$580.00* from July 1, ~~2007~~ *2013* through June 30, ~~2008~~ *2014*; and

(2) Each moorage year after June 30, ~~2008~~ *2014*, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index (CPI) as reported by the Alaska Department of Labor for the calendar year preceding the start of the moorage year, rounded to the nearest $5.00, unless the docks and harbors board takes action to keep the fee the same as the previous year.

Adopt an amended section 05 CBJAC 20.025, to read:

...

05 CBJAC 20.025 - Assigned moorage credit.

(b) Administration. Once each year, the harbormaster shall issue a credit memo to the account of a person with a moorage assignment that makes their private shorepower available for temporary moorage assignments. The credit shall ~~equal $1.00~~ *be equal to the daily shorepower access fee charged in 05 CBJAC 30.010(e)* for each day that the harbormaster uses their stall for a temporary moorage assignment and the temporary moorage assignee uses the private shorepower connection. The credit is redeemable only against docks and harbors charges levied against the account of the moorage assignee.

Adopt an amended section 05 CBJAC 20.030, to read:

05 CBJAC 20.030 - Daily moorage fees.

(a) Definition. The fee charged on a daily basis to the owner of a vessel for berthing the vessel at the Douglas Boat Harbor, Harris Boat Harbor, Aurora Boat Basin, Norway Point Float, National Guard Float, Fisherman's Terminal, Statter *Boat* Harbor, ~~DeHart's Marina,~~ and moorage appurtenant to any of these facilities.

...

(d) Daily moorage fees. Except as provided for reserved daily moorage, daily moorage fees will be assessed for each 24-hour period or portion thereof as follows:

(1) From July 1, ~~2007~~ *2013* through June 30, ~~2008~~ *2014*, ~~$0.45~~ *0.53* per foot; and

(2) Each moorage year after June 30, ~~2008~~ *2013*, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index as reported by the Alaska Department of Labor for the calendar year preceding the start of the moorage year, rounded to the nearest cent, unless the docks and harbors board takes action to keep the fee the same as the previous year.

Adopt an amended section 05 CBJAC 20.040, to read:

05 CBJAC 20.040 - Downtown monthly moorage fees.

(a) Definition. The fee charged to the owner of a vessel for berthing the vessel at the Douglas Boat Harbor, Harris Boat Harbor, Aurora Boat Basin, Norway Point Float, National Guard Float, Fisherman's Terminal, and moorage appurtenant to any of these facilities, *on a monthly basis*.

...

(d) Monthly moorage fees. Monthly moorage fees will be assessed for each calendar month or portion thereof as follows:

(1) From July 1, ~~2007~~ *2013* to June 30, ~~2008~~ *2014*, ~~$3.60~~ *4.15* per foot; and

(2) Each moorage year after June 30, ~~2008~~ *2014*, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index as reported by the Alaska Department of Labor for the calendar year preceding the moorage year, rounded to the nearest five cents, unless the docks and harbors board takes action to keep the fee the same as the previous year.

Adopt an amended section 05 CBJAC 20.041, to read:

05 CBJAC 20.041 - ~~Auke Bay~~ *Statter Boat Harbor* monthly moorage fees.

(a) Definition. The fee charged to the owner of a vessel for berthing the vessel at the Statter Boat Harbor ~~and DeHart's Marina,~~ and moorage appurtenant ~~to these facilities~~ *to this facility*, on a monthly basis.

...

(d) Monthly moorage fees. Monthly moorage fees will be assessed for each calendar month or portion thereof as follows:

(1) From July 1, ~~2007~~ *2013* to June 30, ~~2008~~ *2014*, ~~$6.00~~ *6.95* per foot; and

(2) Each moorage year after June 30, ~~2008~~ *2014*, a fee equal to the previous year's fee adjusted by the Anchorage Consumer Price Index as reported by the Alaska Department of Labor for the calendar year preceding the moorage year, rounded to the nearest five cents, unless the docks and harbors board takes action to keep the fee the same as the previous year.

Adopt an amended section 05 CBJAC 20.060, to read:

05 CBJAC 20.060 - Recreational boat launch fees.

...

(d) Recreational launch ramp fees. Recreational launch ramp fees will be assessed for each calendar year, calendar day, or portion thereof as follows:

~~Fee Period~~	~~July 1, 2005 to December 31, 2005~~	~~January 1, 2006 to December 31, 2006~~	~~January 1, 2007 to December 31, 2007~~
Calendar Year	~~$50.00~~	~~$70.00~~	$90.00
Calendar Day	~~$10.00~~	~~$12.00~~	$14.00

Adopt an amended section 05 CBJAC 20.070, to read:

05 CBJAC 20.070 - Fees for commercial use of boat launches.

(a) Definition. The fees assessed to an owner for using one or more of the Douglas Harbor Boat Launches, the Harris Harbor Boat Launch, the North Douglas Boat Launch, the Statter Harbor Boat Launch, the Tee Harbor Boat Launch, the Amalga Harbor Boat Launch, and the Echo Cove Boat Launch for any type of commercial use.

(b) Annual fee. A commercial user of the launch ramps must pay an annual fee prior to using a launch ramp each calendar year as follows:

~~Fee~~	~~July 1, 2005 to December 31, 2005~~	~~January 1, 2006 to December 31, 2006~~	~~January 1, 2007 to December 31, 2007~~
$ per calendar year	~~$175.00~~	~~$200.00~~	$225.00

(c) Freight use fee. In addition to other fees set out in 05 CBJAC 20, a person using a launch ramp for freight use must pay the fees set out in this subsection. Freight use means the use of a launch ramp for any purpose other than launching and recovering a recreational vessel. A person may pay the personal use freight fee set out in this subsection if the freight use is limited to non-commercial use. All other persons must pay the commercial use fee. The harbormaster shall assess freight use fees by duration of use per calendar day as follows:

~~Fee Type~~	~~January 1, 2006 to December 31, 2006~~	~~After December 31, 2006~~
Commercial Use Fee	~~Up to ½ hour: $25.00~~ ~~Over ½ hour: $25.00 + $1.25 for each minute beyond ½ hour~~	Up to ½ hour: $30.00 Over ½ hour: $30.00 + $1.50 for each minute beyond ½ hour
Personal Use Fee	~~Up to ¼ hour: no charge~~ ~~Over ¼ hour: $10.00 per half-hour of use beyond ¼ hour with $10.00 minimum charge~~	Up to ¼ hour: no charge Over ¼ hour: $15.00 per half-hour of use beyond ¼ hour with $15.00 minimum charge

...

Adopt an amended section 05 CBJAC 20.080, to read:

05 CBJAC 20.080 - Passenger-for-hire fee.

(a) Definition. The fee assessed to a person conducting passenger-for-hire activities at Douglas Boat Harbor, Harris Harbor, Harris Harbor Launch Ramp, Aurora Boat Harbor, ~~DeHart Marina,~~ Statter Boat Harbor, or Statter *Boat* Harbor Launch Ramp.

...

(c) Requirements. The owner of a vessel must apply to and obtain a permit from the Harbormaster in order to conduct passenger-for-hire activities at Douglas Boat Harbor, Harris Harbor, Harris Harbor Launch Ramp, Aurora Boat Harbor, ~~DeHart Marina,~~ Statter Boat Harbor, or Statter *Boat* Harbor Launch Ramp. Applications are available at any of the Docks and Harbor Department Offices. The Harbormaster is authorized to issue permits with reasonable conditions concerning insurance, operations, and the payment of fees.

(d) Inspected vessel fees. The Harbormaster shall assess permit fees to the owner of a vessel engaged in passenger-for-hire activities that is regulated under Subchapter T and S of 40 CFR 33 as follows:

~~(1) Before January 1, 2007,~~
~~(A) *Calendar year permit:* $300.00 plus $7.00 per certificated passenger seat; or~~
~~(B) *Calendar day permit:* $100.00; or~~

~~(2) On or after January 1, 2007,~~
(~~A~~ *1*) Calendar year permit: $300.00 plus $1.10 per passenger each calendar day that one or more facilities is used for passenger-for-hire activity; or

(~~B~~ *2*) Calendar day permit: $1.00 per certificated passenger seat; or

(3) No charge for non-profit use when approved by the Harbormaster on a case-by-case basis.

(e) Uninspected vessel fees. The Harbormaster shall assess permit fees to the owner of a vessel engaged in passenger-for-hire activities that is not regulated under Subchapter T and S of 40 CFR 33 (six-pack vessels) as follows:

~~(1) Before January 1, 2007,~~
~~(A) *Calendar year permit:* $50.00 per vessel plus $7.00 per passenger seat; or~~
~~(B) *Five or fewer uses in a calendar year permit:* $50.00 per vessel; or~~

~~(2) On or after January 1, 2007,~~
(~~A~~ *1*) Calendar year permit: $50.00 per vessel plus $15.00 per passenger seat; or

(~~B~~ *2*) Five or fewer uses in a calendar year: $75.00 per vessel; or

(3) No charge for non-profit use when approved by the harbormaster on a case-by-case basis.

Adopt an amended section 05 CBJAC 20.090, to read:

05 CBJAC 20.090 – Statter *Boat* Harbor Lower Parking Lot permit fee.

...

(c) Fees. The Harbormaster shall assess permit fees to the owner of a vehicle using the Statter *Boat* Harbor Lower Parking Lot to pick-up and discharge passengers for passengers-for- hire activities as follows:

~~(1) Before January 1, 2007,~~
~~(A) *Calendar year permit:* $300.00 per company plus $7.00 per passenger seat; or~~
~~(B) *Occasional and off-peak time use permit:* $15.00 per vehicle per calendar day or $250.00 per vehicle per calendar year; or~~

~~(2) On or after January 1, 2007,~~

~~(A~~ *1)* Calendar year permit: $300.00 per company plus $15.00 per passenger seat; or

~~(B~~ *2)* Once per week permit: $25.00 per vehicle per calendar day for companies that use the lot to drop-off passengers for passenger-for-hire activities no more than once per week; or

(3) No charge for non-profit use when approved by the Harbormaster on a case-by-case basis.

Adopt an amended section 05 CBJAC 20.100, to read:

05 CBJAC 20.100 - Grid usage fees.

...

(d) *Grid usage fees.* Grid usage fees shall be assessed as follows:

~~Fee~~	~~July 1, 2005 to June 30, 2006~~	~~July 1, 2006 to June 30, 2007~~	~~July 1, 2007 to June 30, 2008~~
$ per foot per day	~~$0.65~~	~~$0.80~~	$.95

Adopt an amended section 05 CBJAC 40.010, to read:

05 CBJAC 40.010 – General moorage management policy.

...

(b) *Applicability and other regulations.* CBJ Administrative Code Title 05, Chapter 40 applies to the small boat harbors under the jurisdiction of the City and Borough of Juneau Docks and Harbors Board. These include the Douglas Small Boat Harbor, the National Guard Dock, Harris Boat Harbor, the Fisheries Terminal Float, Aurora Boat Basin, Statter Boat Harbor, ~~DeHart's Marina~~ and moorage facilities appurtenant thereto. Where the requirements of 05 CBJAC 40 differ from other small boat harbor regulations in CBJ Administrative Code Title 05, the regulation that is more specific or restrictive shall take precedence.

...

Adopt an amended section 05 CBJAC 40.020, to read:

05 CBJAC 40.020 – Reserved moorage policy.

...

(c) *Availability.* A limited amount of reserved moorage is available in Douglas Small Boat Harbor, Harris Boat Harbor, Aurora Boat Basin, the Fisheries Terminal Dock, and ~~DeHart's Marina~~ *Statter Boat Harbor.* The Harbormaster assigns this moorage in accordance with this regulation. Maps of reserved moorage are available at the Aurora Harbor Office.

...

(j) Reserved Moorage for Former DeHart Marina Patrons. Former DeHart Marina patrons eligible for reserved moorage at Statter Boat Harbor will be provided preferred moorage, notwithstanding the size requirements under 05 CBJAC 40.010(f), until the vessel is sold, lost, destroyed or stolen. Vessels procured with the intent to retain reserved moorage under 05 CBJAC 40.020(e), must meet the requirements under 05 CBJAC 40.010(f).

Adopt an amended section 05 CBJAC 40.040, to read:

05 CBJAC 40.040 – Reserved moorage waitlists.

...

(f) *Notification of assignment.* When a moorage assignment becomes available, the Harbormaster will notify highest-ranked applicant on the applicable waitlist and provide the applicant 15 days after mailing of the notice to respond to the Harbormaster. If the applicant declines or does not respond within 15 days after service of the notice, the Harbormaster will offer the stall to next highest-ranked applicant. The Harbormaster will continue

notifying applicants in this manner until an applicant accepts the assignment or all applicants decline. Upon acceptance of the assignment, the Harbormaster shall process the assignment as set out in 05 CBJAC 040.035. ~~Except for a DeHart's Marina assignment, a~~*An* applicant that declines an assignment or does not respond will be removed from the applicable waitlist.

...

Adopt an amended section 05 CBJAC 40.045 to read:

05 CBJAC 40.045 – Reserved moorage reassignments.

A reserved moorage assignee~~, including a DeHart's Marina assignee,~~ may apply to the Harbormaster for reassignment to a similar slip or space size class at a different location. The Harbormaster shall maintain waiting lists for this purpose. ~~Except for reassignments to Dehart's Marina, a~~ *A*ssignees with the earliest sign-up date on the applicable list will be given the highest priority. ~~For reassignments to Dehart's Marina, assignees with the earliest date the assignee was assigned reserved moorage in any one of the City and Borough small boat harbors will be given the highest priority on the DeHart's Marina waitlist.~~ When a similar slip or space in the applicable size class becomes available, the Harbormaster shall notify the reserved moorage assignees on this waiting list according to priority and offer the available slip or space for reassignment. The assignee has 72 hours to respond. If the assignee fails to respond or declines the reassignment, the Harbormaster may offer the slip or space to the next assignee on the waiting list. The refusal of an offered slip or space will not cause the assignee to lose waiting list priority.

Adopt an amended section 05 CBJAC 40.065 to read:

05 CBJAC 40.065 – DeHart's Marina Moorage Management.

~~(a) *Applicability of this regulation.* All requirements of 05 CBJAC 40 apply to the slip or space assignees of DeHart's Marina, except as follows:~~

~~(1) Assignees with a reserved slip or space at DeHart's Marina on July 1, 2005 may transfer assignment of their reserved slip or space to another person as part of the sale of their assigned vessel. In order for the transfer of the assignment to be effective, the assignee shall provide the Harbormaster with proof of the sale to the new vessel owner; and~~

~~(2) Assignees of a reserved slip or space at DeHart's Marina on July 1, 2005 may continue to keep their annual or seasonal assignment provided they meet the applicable requirements set out in 05 CBJAC 40. For the moorage period from April 1, 2006 through June 30, 2006, assignees may keep their moorage assignment by paying to the Harbormaster the applicable moorage fee for this period no later than March 30, 2006. A renewal application is not required for the period of April 1, 2006 through June 30, 2006. For the moorage year starting July 1, 2006, a DeHart's Marina assignee shall follow the renewal moorage application provisions set out in 05 CBJAC 40.030 and the Harbormaster shall process the application in accordance with the procedures set out in 05 CBJAC 40.035~~

~~(b) *DeHart's Marina Fees.* Reserved~~

...

Section 3. Notice of Proposed Adoption of a Regulation. The notice requirements of CBJ 01.60.200 were followed by the agency. The notice period began on _____, 2013, which is not less than 21 days before the date of adoption of these regulations as set forth below.

Adoption by Agency

After considering all relevant matter presented to it, the agency hereby amends these regulations as set forth above. The agency will next seek Assembly review and approval.

Date: _____

_____
Carl Uchytil
Port Director

Legal Review

These regulations have been reviewed and approved in accordance with the following standards set forth in CBJ 01.60.250:

(1) Consistency with federal and state law and with the charter, code, and other municipal regulations;
(2) The existence of code authority and the correctness of the required citation of code authority; and
(3) Its clarity, simplicity of expression, and absence of possibility of misapplication.

Date: _____

_____
John W. Hartle
City Attorney

Assembly Review

These regulations were presented to the Assembly at its meeting of _____. They were adopted by the Assembly.

Date: _____

_____
Laurie J. Sica, Clerk

Filing with Clerk

I certify, as the clerk of the City and Borough of Juneau, that the following statements are true:

(1) These regulations were accepted for filing by the office of the clerk at ___:___ a.m./p.m. on the _____ day of _____, _____.

(2) After signing I will immediately deliver or cause to be delivered copies of this regulation to the attorney and the director of libraries.

(3) A permanent file of the signed originals of these regulations will be maintained in this office for public inspection.

(4) Effective date: _____.

Date: _____

_____
Laurie J. Sica, Clerk

Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

May 10th, 2013

Mike Erickson, President
Alaska Glacier Seafoods, Inc.
13555 Glacier Hwy
Juneau, AK 99801

Dear Mr. Erickson,

Amendment #1 to the "Lease Agreement for a Portion of Alaska Tidelands Survey 357 Located in Auke Bay" terminated on April 30th, 2013. Docks & Harbors is not interested in extending this agreement which provides easier access to and from your Leased Premises. As such, please return the jersey barriers which are required for the full length of the property line. The termination of Amendment #1 does not affect the original lease dated April 21, 2010.

Many of the requirements stipulated in Amendment #1 were not followed. Some examples include:

- Failure to maintain a lockable gate.
- Failure to notify Auke Bay Harbor Office of usage.
- Use of forklifts directly between AGS and CBJ owned vessel float.
- Failure to secure the entire, full length of the property line with jersey barriers.

Sincerely,

Carl Uchytil

Carl Uchytil, PE
Port Director

Copy: Docks & Harbors Board
CBJ Law
SeaFisk Consulting & Management, LLC

May 23, 2013

Mr. Carl Uchytil, Port Director
CBJ Docks & Harbors Department
155 S. Seward St.
Juneau, AK 99801

Re: Extension of amendment to the AGS lease on a portion of the Auke Bay Loading Facility

Dear Mr. Uchytil,

My apologies for not being more attentive to the lease amendment extension. For some reason, I had it in my mind that it was good though the end of September this year, when, in fact, it expired near the end of April. We really should have talked about this over the winter. But, busy schedules being what they are, here we are right before the beginning of salmon season and the access amendment has expired.

In your recent letter notifying us that the lease amendment had expired, you noted several areas of non-compliance with the amendment terms. I address those below. But first I want to let you and the Board know that main purpose of the access amendment was achieved. It really helped with our operations, particularly during the busiest months of salmon season. I can't say that a specific percentage increase in sales can be attributed to that improved access, but I do know that the $410,000 of Fisheries Business Tax that we paid last year – half of which ends up in Docks and Harbors' budget – was the most we've ever paid. Being able to stage refrigerated vans as we did was a big improvement in efficiency and helped us move more fish, and that is good for everyone.

In your May 10th letter, you noted several areas where we have not been in compliance with the lease amendment terms: failure to maintain a lockable gate; failure to notify Auke Bay Harbor Office of usage; use of forklifts between AGS and the ABLF float; and failure to place jersey barriers along the full length of the lease line.

On the last item, the area in question is just around the electrical installation near the water. I relied on the drawing that showed the jersey barrier installation and the access lane (Exhibit 1) rather than Exhibit 2 as specified in the agreement. The drawings are different, but I should have picked that up, and apologize for that oversight. I have directed our crew to enclose that small area with the jersey barriers we have available and as of today this has been completed.

Regarding the use of forklifts to transport ice to the ABLF float from our plant, I have been very clear with our crew that this is not permitted. But, I admit, I have not gotten full compliance on this. I have told the crew that if they need to get ice to a fishing vessel at the float they should put it on a truck and drive it around. But, they sometimes have taken short-cuts. However, I do not

P.O. BOX 34363 • JUNEAU, ALASKA 99803 • (907) 790-3590 • Fax: (907) 790-4286

think this has been a frequent violation. That being said perhaps we can discuss the possibility of this kind of access for a future lease agreement.

The original provision on notification of usage was modified in the agreement because we pointed out that we were moving vans virtually every day throughout the summer. It seemed unnecessary to call up every day and repeat the obvious. However, we did agree that after the salmon season was over in September and van movements became irregular we would resume 24 hour advance notifications. But, that did not take place. I can't see that any harm resulted, but I admit that we didn't stick to the letter of the agreement. I'm not sure what the value of 24 hour notification is, and perhaps there is a better way of handling that which we can discuss.

The most serious issue was the failure to maintain a lockable gate. First, I want to say that we appreciated your flexibility last year in allowing us to use a chain closure instead of a much more costly gate. But, I must admit that the chain really has not worked well. Locks were misplaced and then no attempt at locking was made. Too often employees simply left the chain down. If we can reinstate or extend the lease amendment – and I sincerely hope that we can – we would like to work with you and your staff to come up with an effective long-term solution. As of today the chain fence has been secured via lock and key. This will prevent unauthorized use of that access.

What we request now is that the lease amendment be extended as is while we work out some new provisions in light of this past years' experience. We have properly placed the jersey barriers around the electrical installation. I have already vigorously renewed my instructions to crew regarding forklift traffic. We have added a lock to the admittedly less than adequate chain, with strong instructions to all crew using it to re-close the entrance immediately after van movements. And I commit to being more personally involved in monitoring matters. Over the summer I hope we can work out the issues in the original lease amendment. As you know, the restrictions on access to our lease parcel via the ABLF itself were almost entirely the due to misunderstandings on the part of a single Assembly person who thought the main lease was some sort of "sweetheart" deal between the city and AGS, and which resulted in lease restrictions which almost certainly not have otherwise been considered. In fact, most of the land we are actually leasing could not have been filled without our full cooperation with, and open support for the ABLF project. We supported the project because we knew it was good for the community as a whole, even though it gives our competitors access to fish in Auke Bay right next to our dock.

Please let me know what further actions we need to do now to re-instate the lease amendment in advance of the salmon season.

Kind regards,

Mike Erickson, President
Alaska Glacier Seafoods

cc. Mayor Sanford

AMENDMENT TO LEASE AGREEMENT FOR A PORTION OF ALASKA TIDELANDS SURVEY 357 LOCATED IN AUKE BAY

PART I: PARTIES

This lease amendment is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "City" or "CBJ," and Alaska Glacier Seafoods, Inc. (AGS), a corporation organized under the laws of the State of Alaska, with its principal place of business in Juneau, Alaska, hereafter "Lessee" or "AGS."

PART II: LEASE BEING AMENDED

This is Amendment # 1 to Lease Agreement for a Portion of Alaska Tidelands Survey 357 Located in Auke Bay. This amendment modifies the original lease dated April 21, 2010, recorded as document number 2010-0023333-0, Juneau Recording District. The original lease is incorporated by this reference. Except for the modifications set forth below, the lease remains unchanged and in full force and effect.

PART III: LEASE AMENDMENT

This amendment shall take effect upon signature by the parties.

The following sections of the original lease are amended by replacing the original paragraph in its entirety and replacing it with the following:

5. Authorized Use of Premises; Fence; Utilities

(b) The City grants Lessee the right of ingress and egress across the City's Auke Bay Loading Facility for the purpose of allowing easier access to and from the Leased Premises. This right shall run from the effective date of this Amendment and automatically terminate on April 30, 2013.

The Lessee may utilize the Auke Bay Loading Facility in order to access the Leased Premises under the following conditions:

(i). Lessee shall install, at Lessee's expense, a 34 foot lockable gate along the common properly line, as depicted in the March 2, 2012 drawing, attached as Exhibit 1, with the locking system shared between the parties.

(ii). AGS shall provide advance notification of at least 24 hours to the Auke Bay Harbor Office prior to AGS-directed gate openings, except during the period between June 15 and September 15, including those days. It is understood that AGS will be using the allowed access on a daily basis during that time period. AGS agrees that the gate may be open only when vehicles are actually moving through the gate, and agrees to shut it immediately thereafter.

(iii). At its sole expense, AGS shall relocate the jersey barriers previously installed in such a manner as to dissuade vehicular traffic, including fork lifts, between the properties, as depicted in the "Overall Site Plan" of November 5, 2010. (Attached as Exhibit 2). The relocated jersey barriers must extend the full length of the property line.

2 of 5
2012-003680-0

ce

A L A S K A

2012-003680-0

Recording Dist: 101 - Juneau
6/14/2012 11:43 AM Pages: 1 of 5

Return to: Carl Uchytil
CBJ Docks & Harbors
155 S. Seward St.
Juneau, AK 99801

THIS COVER SHEET HAS BEEN ADDED TO THIS DOCUMENT TO PROVIDE SPACE FOR THE RECORDING DATA. THIS COVER SHEET APPEARS AS THE FIRST PAGE OF THE DOCUMENT IN THE OFFICIAL PUBLIC RECORD.

DO NOT DETACH

August 23, 2001

(iv). AGS-owned vehicles may not be left unattended, and AGS employees may not park, west of the jersey barriers (on the Auke Bay Loading Facility property).

(v). AGS forklifts and other AGS-owned vehicles may not operate between AGS property and the CBJ owned vessel float/boat ramp.

(vi). The CBJ shall inform AGS any time security protocols, consistent with the U.S. Coast Guard facility security regulations and the Facility Security Plan, are to be adhered to. Variances or waivers of Facility Security Plan provisions shall not be granted.

(vii). Failure to abide by these conditions may result in the revocation of the Lessee's right of ingress and egress.

(viii). It is agreed that all provisions of the underlying lease that refer to the "Leased Premises," shall refer also this right of ingress and egress, where applicable.

PART IV: CONTRACT EXECUTION

The City and Contractor agree and sign below. This contract is not effective until signed by the City.

City:

Date: 6/6/2012

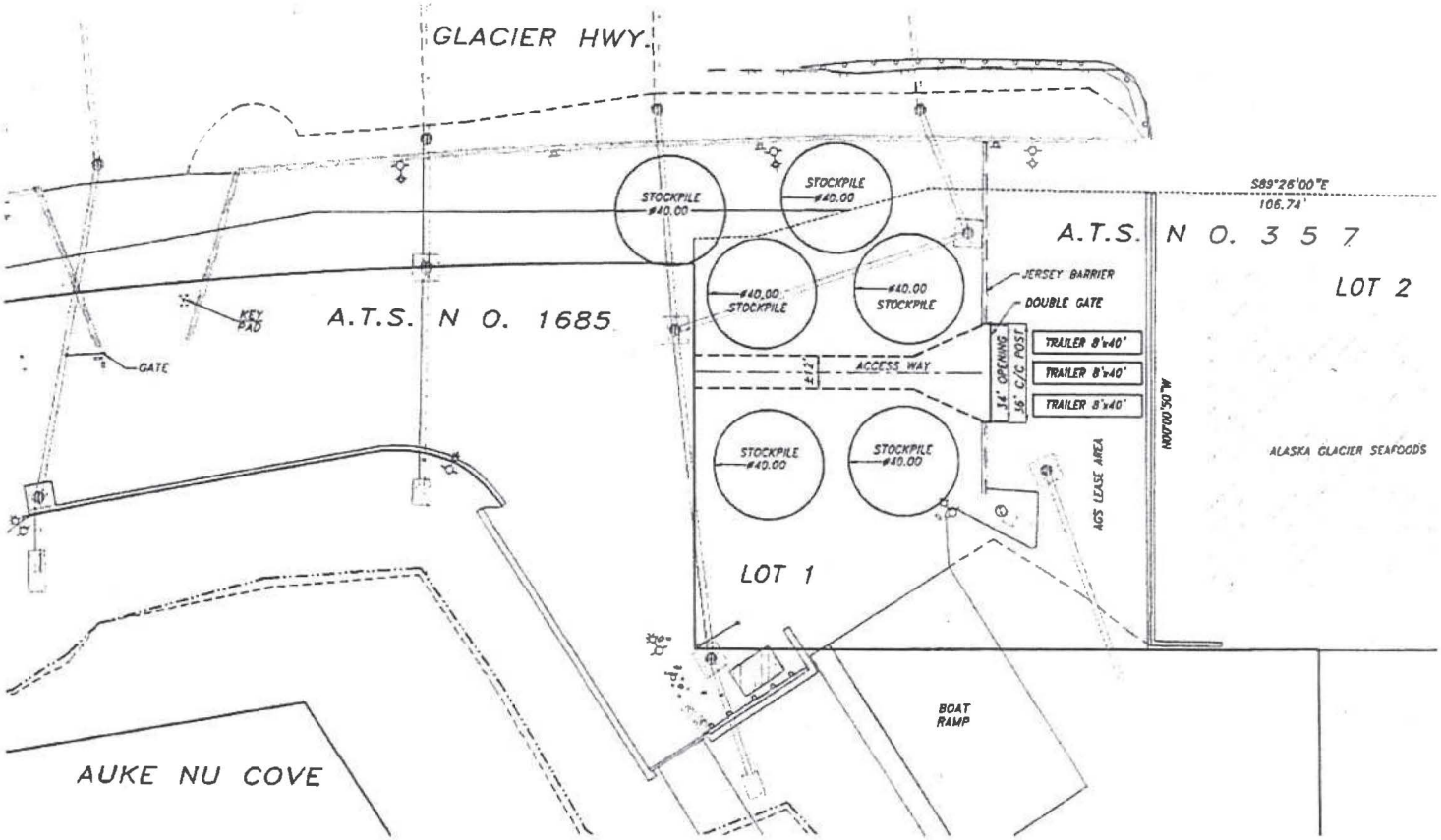
By: Carl Uchytil, P.E.
CBJ Port Director

Contractor:

Date: 6-7-12

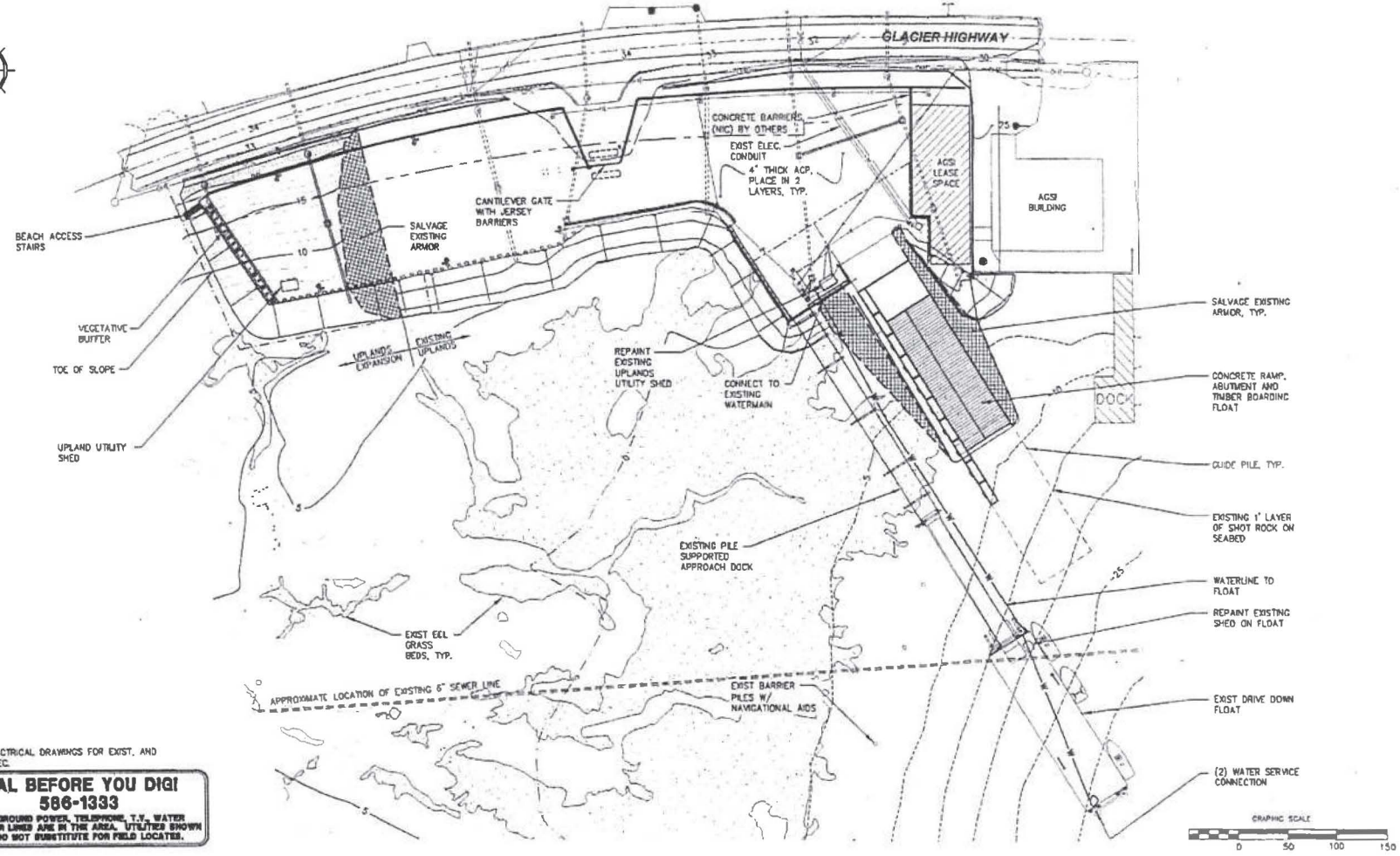
By: Mike Erickson, President
Alaska Glacier Seafoods, Inc.

Approved as to form: 6/6/2012, Law Department



PROPOSED ACCESS TO LEASE AREA
ALASKA GLACIER SEAFOODS
SCALE: 1"=40'
MARCH 2, 2012

Exhibit 1



NOTE:
1. SEE ELECTRICAL DRAWINGS FOR EXIST. AND NEW ELEC.

DIAL BEFORE YOU DIG!
586-1333
UNDERGROUND POWER, TELEPHONE, T.V., WATER AND SEWER LINES ARE IN THE AREA. UTILITIES SHOWN HERE DO NOT SUBSTITUTE FOR FIELD LOCATES.

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY
DOCKS & HARBORS DEPARTMENT

REVISIONS

REV.	DATE	DESCRIPTION	DWN.	CKD.	APP.

P | N | D ENGINEERS, INC.
9360 Glacier Highway Suite 100
Juneau, Alaska 99801
Phone: 907-586-2093
Fax: 907-586-2099
www.pndengineers.com

DESIGNED: PLR CHECKED: BMI
DRAWN: LRG APPROVED: CRS
SCALE: AS SHOWN

STATE OF ALASKA
DATE: 11/5/10

AUKE BAY LOADING FACILITY
PHASE 2
CONTRACT NO. DH11-151

SHEET TITLE: **OVERALL SITE PLAN**

PND PROJECT NO. 02229.08 | DWG. NO. 2.01.DWG

2.01
SHEET 9 OF 39

Exhibit 2

5 of 5
2012-003680-0

A L A S K A

2010-002333-0
Recording Dist: 101 - Juneau
5/4/2010 10:48 AM Pages: 1 of 13

AFTER RECORDING RETURN TO: John M. Stone, Port Director
City and Borough of Juneau
155 S. Seward Street
Juneau, AK 99801

LEASE AGREEMENT FOR A PORTION OF ALASKA TIDELANDS SURVEY 357 LOCATED IN AUKE BAY

PART 1. PARTIES. This lease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "City," and Alaska Glacier Seafoods, Inc. (AGS), a corporation organized under the laws of the State of Alaska, hereafter "Lessee."

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, and any reliance on a communication with a person other than that listed below is at the party's own risk.

City:

Attn: John M. Stone, P.E.
Port Director
City and Borough of Juneau

155 S. Seward Street
Juneau, AK 99801
Phone: (907) 586-0292
Fax: (907) 586-0295

Lessee:

Attn: Michael J. Erickson, Jr.
Vice-President
Alaska Glacier Seafoods, Inc.

P.O. Box 34363
Juneau, AK 99803
Phone: (907)
Fax: (907)

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Lease Agreement for Portion of Alaska Tidelands Survey 357. The following appendices are attached hereto and are considered to be part of this lease agreement as well as anything incorporated by reference or attached to those appendices.

Appendix A: Property Description & Additional Lease Provisions
Appendix B: Lease Provisions Required by CBJ Chapter 53.20
Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART V. LEASE EXECUTION. City and Lessee agree and sign below. This contract is not effective until signed by the City.

City:	**Lessee:**
Date: April 21, 2010	Date: April 21, 2010
By:	By:
John M. Stone, Port Director	Michael J. Erickson, Jr. Vice-President Alaska Glacier Seafoods, Inc.

CITY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the 21st day of April, 2010, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared John M. Stone to me known to be the Port Director of the City and Borough of Juneau, Alaska, a municipal corporation which executed the above foregoing instrument, who on oath stated that he was duly authorized to executive said instrument on behalf of said corporation; who acknowledged to that that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

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

State of Alaska
Notary Public
ELIZABETH J. MCEWEN
My Commission Expires May 6, 2010

Elizabeth J. McEwen
Notary Public in and for the State of Alaska
My Commission Expires: 5/6/2010

LESSEE ACKNOWLEDGMENT

STATE OF ALASKA)
) ss:
FIRST JUDICAL DISTRICT)

This is to certify that on the 21st day of April, 2010, before the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Michael J. Erickson, Jr., Vice-President, to me known to be the identical individual described in and who executed the foregoing instrument for and on behalf of Alaska Glacier Seafoods, Inc., as Lessee, which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument; who acknowledged to me that he signed the same freely and voluntarily for the uses and purposes therein mentioned.

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

State of Alaska
Notary Public
ELIZABETH J. MCEWEN
My Commission Expires May 6, 2010

Elizabeth J. McEwen
Notary Public in and for the State of Alaska
My Commission Expires: 5/6/2010

Risk Management Review: Tim Allen, Risk Manager

Approved as to Form: Bonnie Ritchie, Law Department

APPENDIX A:

PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS

1. DESCRIPTION OF PROPERTY

The property subject to this lease is generally referred to as "the Leased Premises" or "the Property." The Leased Premises are described as follows:

> The Property is located within Section 21, Township 40 South, Range 65 East of the Copper River Meridian, Alaska, within the City and Borough of Juneau and is more particularly described as follows:
>
> Commencing at the Northwest corner 1, Lot 2 of Alaska Tidelands Survey (ATS) 357 as shown on the official Plat of ATS 357 recorded as Plat #489 in the Juneau Recording District, State of Alaska, from which the Southwest corner 5 of Lot 2, ATS 357 bears south 0° 00' 00" a distance of 167.10 feet thus being the **Basis of Bearing** for this legal description. Said corner 1 of Lot 1 of ATS 357 is the **True Point of Beginning** for this description.
>
> Thence North 89° 26' 00" West along the north boundary of said ATS 357, a distance of 58.0 feet; then South 00° 00' 00" East, a distance of 109.10 feet, thence East, a distance of 18.0 feet; thence South 00° 00' 00" East, a distance of 58.0 feet; thence East, a distance of 40.0 feet; thence North 00° 00' 00" East, a distance of 167.10 feet along the **Basis of Bearing** to the **True Point of Beginning**, containing 8,697.80 (0.1997 acres) more or less and all according to the attached **Exhibit A to Ordinance No. 2010-02.**

A copy of **Exhibit A to CBJ Ordinance No. 2010-02** is attached to and made a part of this lease by this reference.

2. AUTHORITY

This lease is entered into pursuant to the authority of CBJ Code Section 85.02.060(a)(5) and CBJ Chapter 53.20; and CBJ Ordinance No. 2010-02 enacted by the Assembly on February 22, 2010 and effective on March 24, 2010.

3. TERM AND RENEWAL OPTION

The effective date of this lease shall be the date this lease agreement is signed by the City. The term of the lease is 35 years, commencing on the effective date of this lease agreement, unless sooner terminated. City grants Lessee an option to renew this lease for one, successive period of 35 years. Lessee shall exercise this option, if at all, by written notice given to City during the first six months of the last year of the underlying lease term.

4. LEASE PAYMENTS AND ADJUSTMENTS

(a) As provided in Ordinance 2010-10, the annual lease rent payment for the first 25 years of the term will be handled by means of a 25-year lease rent credit granted to AGS by City as consideration for AGS's conveyance to City of the easement described in the Perpetual Easement For Fill Placement and Maintenance entered into between the parties on APRIL 21, 2010.

(b) Beginning with the first year after the initial 25 years of the term, the Port Director will re-evaluate and adjust the annual lease rent payment for the Leased Premises to reflect the then-current market rent for the next five-year period of the term, and again thereafter every five-year period of the term, pursuant to Appendix B, Section 3(2) of this lease, CBJ 53.20.190(2), CBJ 85.02.060(a)(5), and the Docks and Harbors lease administration regulations, 05 CBJAC Chapter 50. The new annual lease payment amount shall be paid retroactively to the beginning of that lease payment adjustment period.

(c) Lessee shall pay all appraisal costs associated with re-evaluating and making adjustments to the annual lease payment.

(e) If this lease is terminated prior to the end of the 25-year rent credit period, the parties will negotiate the terms of any further consideration to be accounted for by an appropriate credit or otherwise, for the perpetual easement, taking into consideration the value of the rent credit received by Lessee to the date of termination, the facts and circumstances of the termination of the lease, and any other relevant factors. The parties will jointly engage a professional appraiser, the cost for which will be shared equally by the parties, to assist them in determining fair and reasonable terms under this subsection.

5. AUTHORIZED USE OF PREMISES; FENCE; UTILITIES

(a) Lessee is authorized to use the Leased Premises for expansion of its seafood processing facility and operations. Lessee shall be responsible for obtaining all necessary permits and approvals for Lessee's development of the Leased Premises. Lessee is required to obtain approval of its development plans and any improvements from the City Docks and Harbors Board prior to development of the Leased Premises or improvements.

(b) Lessee shall install a fence or other physical barrier between the Leased Premises and the Auke Bay Loading Facility, and Lessee shall not use the Loading Facility to access the Leased Premises. Lessee must obtain approval from the Docks and Harbors Board prior to installation of the fence or other barrier.

(c) Lessee shall be responsible for moving and/or relocating any utilities located on the Leased Premises in accordance with applicable codes, and must obtain approval from the Docks and Harbors Board, and any public or private utility responsible for the utility at issue, prior to moving or relocating a utility.

6. INSURANCE

Commercial General Liability Insurance
Lessee shall maintain at all times during this lease commercial general liability insurance, including marina operator's liability insurance, in the amounts of $1,000,000 per occurrence and $2,000,000 general aggregate. The insurance policy shall name City as an "Additional Insured" and shall contain a clause that the insurer will not cancel or change the insurance without first giving City 31 days' prior written notice. Lessee will provide evidence of this insurance to City in a form acceptable to the City Office of Risk Management.

Property Insurance
Lessee acknowledges that City carries no fire or other casualty insurance on the Lease Premises or improvements located thereon belonging to Lessee, and that it is the Lessee's obligation to obtain adequate insurance for protection of Lessee's buildings, fixtures, or other improvements, or personal property located on the Leased Premises, and adequate insurance to cover debris removal.

APPENDIX B: LEASE PROVISIONS REQUIRED BY CBJ CHAPTER 53.20 and CBJ CHAPTER 50

1. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.
As required by CBJ 53.20.160, it shall be the responsibility of Lessee to properly locate Lessee's improvements on the Leased Premises and failure to so locate shall render Lessee's liable as provided by law.

2. APPROVAL OF OTHER AUTHORITIES.
As required by CBJ 53.20.180, the issuance by City of leases, including this lease, under the provisions of CBJ Title 53 does not relieve Lessees of responsibility for obtaining licenses, permits, or approvals as may be required by City or by duly authorized state or federal agencies.

3. TERMS AND CONDITIONS OF LEASES REQUIRED BY CBJ 53.20.190.
As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by the Assembly by ordinance or resolution for this specific lease. Modifications of the provisions of this Appendix B applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant ordinance or resolution to be effective.

(1) **Lease Utilization.** The Leased Premises shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of City code, and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(2) **Adjustment of Rental.** Lessee agrees to a review and adjustment of the annual rental payment by the Port Director not less often than every fifth year of the lease term beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the City has right or title, excluding landfill placed upon the land by Lessee, except that the value of any improvements credited against rentals shall be included in the value.

(a) **Adjustment Dispute Resolution.** Should the Lessee disagree with the lease rent adjustment proposed by the Port Director, the Lessee shall pay for an appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. In the event the Docks and Harbors Board disagrees with an appraisal, and the Board can not reach an agreement with the lessee on the lease rent adjustment, the Board shall pay for an additional appraisal and have the appraisal undertaken in accordance with the requirements set out in 05 CBJAC 50.050. The Board shall establish the lease rent adjustment based on this additional appraisal. In the event the Lessee disagrees with the lease rent adjustment, the lessee may appeal to the Assembly. The decision of the Assembly shall be final.

(3) **Subleasing.** Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided, that the proposed sub-lessee shall first apply to City for a permit therefore; and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and

be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

(4) **Assignment.** Lessee may assign its rights and obligations under this lease; provided, that the proposed assignment shall be approved by City prior to any assignment. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

(5) **Modification.** The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(6) **Cancellation and Forfeiture.**

(a) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by Lessee and City.

(b) City may cancel the lease if it is used for any unlawful purpose.

(c) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or service of written notice by City without remedy by Lessee of the conditions warranting default, City may subject Lessee to appropriate legal action including, but not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.

(d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of City with approval of the Assembly constitute grounds for default.

(7) **Notice or Demand.** Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(8) **Rights of Mortgage or Lienholder.** In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(9) **Entry and Reentry.** In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, City or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by City shall be deemed an acceptance of a surrender of the lease.

(10) **Lease.** In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, City may offer the lands for lease or other appropriate disposal pursuant to the provisions of City code.

(11) **Forfeiture of Rental.** In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by City as partial or total damages for the breach.

(12) **Written Waiver.** The receipt of rent by City with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed a waiver of any provision of the Lease. No failure on the part of the City to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by City unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of City to enforce the same in the event of any subsequent breach or default. The receipt, by City, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by City of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by City to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by City.

(13) **Expiration of Lease.** Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up to the City all of the leased land on the last day of the term of the lease.

(14) **Renewal Preference.** Any renewal preference granted Lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(15) **Removal or Reversion of Improvement upon Termination of Lease.** Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal will not cause injury or damage to the lands or improvements demised; and further provided, that City may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of City, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the City pro rata lease rentals for the period.

(a) If any improvements and/or chattels not owned by City and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for City rents due and owning and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the Port Director are received, title to such improvements and/or chattels shall vest in City.

(b) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, City.

(16) **Rental for Improvements or Chattels not Removed.** Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle City to charge Lessee a reasonable rent therefor.

(17) **Compliance with Regulations Code.** Lessee shall comply with all regulations, rules, and the code of the City and Borough of Juneau, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(18) **Condition of Premises.** Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases a sloughing off or loss of surface materials of the leased land.

(19) **Inspection.** Lessee shall allow an authorized representative of City to enter the lease land for inspection at any reasonable time.

(20) **Use of Material.** Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the City.

(21) **Rights-of-Way.** City expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the City to do so. If City grants an easement or right-of-way across the leased land, Lessee shall be entitled to damages for all Lessee-owned improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate Lessee for loss of use.

(22) **Warranty.** City does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

(23) **Lease Rental Credit.** When authorized in writing by City prior to the commencement of any work, Lessee may be granted credit against current or future rent; provided the work accomplished on or off the leased area results in increased valuation of the leased or other city and borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in City and shall not be removed by Lessee upon termination of the lease.

APPENDIX C: STANDARD PROVISIONS

(1) **Holding Over.** If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

(2) **Interest on Late Payments.** Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

(3) **Taxes, Assessments, and Liens.** During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.

(4) **Easements.** Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

(5) **Encumbrance of Parcel.** Lessee shall not encumber or cloud City's title to the Leased Premises or enter into any lease, easement, or other obligation of City's title without the prior written consent of the City; and any such act or omission, without the prior written consent of City, shall be void against City and may be considered a breach of this lease.

(6) **Valid Existing Rights.** This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.

(7) **State Discrimination Laws.** Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, City shall have the right to terminate the lease.

(8) **Unsafe Use.** Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.

(9) **Hold Harmless.** Lessee agrees to defend, indemnify, and save City, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment or verdict, and includes the award of any attorneys fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to City of any action, claim, or lawsuit. City hall notify Lessee in a timely manner if the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where Lessee has actual

notice. This agreement applies, and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the City.

(10) **Successors.** This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and City.

(11) **Choice of Law; Venue.** This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, First Judicial District at Juneau.

Alaska Glacier Seafoods Tideland Lease

PART I. PARTIES. This lease is between the Docks and Harbor Board of the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "City", and Alaska Glacier Seafoods, Incorporated, hereafter "Lessee".

PART II. LEASE ADMINISTRATION. All communications about this lease shall be directed as follows, any reliance on a communication with a person other than that listed below is at the party's own risk.

City:
Attn: John M. Stone, Port Director
Harbor Department
155 S. Seward Street
Juneau, AK 99801
Phone: 586-0292
Fax: 463-2606
e-mail: john_stone@ci.juneau.ak.us

Lessee:
Attn: Mike Erickson Sr.
Alaska Glacier Seafoods Incorporated
PO Box 34363, Juneau, Alaska 99803
Phone: 790-3590
Fax: 790-4286
e-mail: kristieerickson@gci.net

PART III. LEASE DESCRIPTION. This lease agreement is identified as: Alaska Glacier Seafoods Incorporated Tideland Lease. The following appendices are attached and are considered a part of this agreement as well as anything incorporated by reference or attached to those appendices.

Appendix A: Property Description & Additional Lease Provisions
Appendix B: Lease Provisions Required by CBJ 53.20
Appendix C: Standard Provisions

If in conflict, the order of precedence shall be: this document, Appendix A, B, and then C.

PART IV. LEASE EXECUTION. The City and Lessee agree and sign below. This contract is not effective until signed by the City.

City:

Date: July 14, 2004

By: _____
Authorized Representative
Michael G. Krieber
Port Engineer

Contractor:

Date: 7-14-04

By: _____
Authorized Representative
Mike Erickson Sr.
Contractor

Content Approved by: _____, Michael G. Krieber, Port Engineer

Form Approved by: _____, Law Department

CITY ACKNOWLEDGMENT	LESSEE ACKNOWLEDGMENT
STATE OF ALASKA)) ss: **FIRST JUDICIAL DISTRICT**)	**STATE OF ALASKA**)) ss: **FIRST JUDICIAL DISTRICT**)
THIS IS TO CERTIFY that on the 14th day of July, 2004, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Michael G. Krieber to me known to be the identical individual(s) described in and who executed the foregoing instrument as the Port Director of the CITY AND BOROUGH OF JUNEAU, ALASKA, a municipal corporation which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to me that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.	THIS IS TO CERTIFY that on the 14th day of July, 2004, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Mike Erickson Sr. to me known to be the identical individual described in and who executed the foregoing instrument as the President of Alaska Glacier Seafoods, Inc., which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument on behalf of said Alaska Glacier Seafoods, Inc.; and 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 the certificate first above written.	WITNESS my hand and official seal the day and year in the certificate first above written.
_____ Notary Public for the State of Alaska My Commission Expires: 4-3-06	_____ Notary Public for the State of Alaska My Commission Expires: 4-3-06
(seal) STATE OF ALASKA OFFICIAL SEAL Lisa Carlson NOTARY PUBLIC My Commission Expires 4-3-06	(seal) STATE OF ALASKA OFFICIAL SEAL Lisa Carlson NOTARY PUBLIC My Commission Expires 4-3-06

APPENDIX A: PROPERTY DESCRIPTION & ADDITIONAL LEASE PROVISIONS

DESCRIPTION OF PROPERTY

The property subject to this lease, described below, shall generally be referred to as "the Property" or "the Leased Premises." The Leased Premises is:

> An unsurveyed parcel in Auke Bay, located adjacent to Lot 2 of Alaska Tideland Survey 357, within Section 21, Township 40 South, Range 65 East, Copper River Meridian, consisting of approximately .388 acres as shown on Attachment 1, attached hereto and incorporated by reference.

AUTHORITY

This lease is entered into pursuant to the authority of the City and Borough of Juneau Code, Chapter 85.02.060(a)(5).

Lessee acknowledges City does not have a patent to the subject property, but that City has Land Management Authority to the leased premises pursuant to Alaska Department of Natural Resources, Division of Mining, Lands, and Water, Tideland Conveyance ADL 107160.

TERM

The effective date of this lease is July 1, 2004. The term of the lease is 35 years, and the lease expires on June 30, 2039, unless sooner terminated. City grants Lessee an option to renew this lease for one, successive period of 35 years. Lessee shall exercise this option, if at all, by written notice given to the Dock and Harbor Board during the first six months of the last year of the underlying lease term.

ANNUAL RENTAL

From July 1, 2004 through June 30, 2005, the annual rental shall be $2,530.00 per year, plus sales tax. Rental payments shall be made monthly in advance. Beginning July 1, 2005, the annual rental shall be adjusted, and every five years thereafter, pursuant to Appendix B.

AUTHORIZED USE OF PROPERTY

Subject to applicable permitting, Lessee is authorized to use the leased premises for the construction, use, maintenance and repair of a dock.

INSURANCE

Lessee acknowledges that City carries no fire or other casualty insurance on the Leased Premises or improvements located thereon belonging to Lessee, and that it is Lessee's obligation to obtain adequate insurance for protection of Lessee's buildings, fixtures, or other improvements, or personal property located on the Leased Premises.

APPENDIX B: LEASE PROVISIONS REQUIRED BY CBJ 53.20

Responsibility to Properly Locate on Leased Premises.

As required by CBJ 53.20.160, it shall be the responsibility of the Lessee to properly locate Lessee and Lessee's improvements on the Leased Premises and failure to so locate shall render the Lessee liable as provided by law.

Approval of Other Authorities.

As required by CBJ 3.20.180, the issuance by the City of leases under the provisions of this title does not relieve the lessee of responsibility of obtaining licenses or permits as may be required by the City or by duly authorized state or federal agencies.

Terms and Conditions of Leases required by CBJ 53.20.190.

As required by CBJ 53.20.190, the following terms and conditions govern all leases and are incorporated into this lease unless modified by resolution of the assembly for this specific lease. Modifications of the provisions of this appendix applicable to this specific lease, if any, must specifically modify such provisions and be supported by the relevant resolution to be effective.

(1) **Lease Utilization**. The leased lands shall be utilized only for purposes within the scope of the application and the terms of the lease, and in conformity with the provisions of the City and Borough code, and applicable state and federal laws and regulations. Utilization or development for other than the allowed uses shall constitute a violation of the lease and subject the lease to cancellation at any time.

(2) **Adjustment of Rental**. The lessee agrees to a review and adjustment of the annual rental payment by the City not less often than every fifth year beginning with the rental due after completion of each review period. Any changes or adjustments shall be based primarily upon the values of comparable land in the same or similar areas; such evaluations shall also include all improvements, placed upon or made to the land, to which the City and Borough has right or title, excluding landfill placed upon the land by the lessee, except that the value of any improvements credited against rentals shall be included in the value. The lessee may protest the adjustment to the City, and if denied wholly or in part, an appeal may be taken to the assembly. The decision of the assembly shall be final.

(3) **Subleasing**. The lessee may sublease lands or any part thereof leased to him hereunder; provided that the proposed sublessee first applies to the City for a permit therefor; and further provided, that the improvements on the leased lands are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease which may be made to apply to the sublease are hereby incorporated into the sublease.

(4) **Assignments**. Any lessee may assign the lands leased to him; provided that the proposed assignment shall be first approved by the City. The assignee shall be subject to all of the provisions of the lease. All terms, conditions, and covenants of the underlying lease which may be made applicable to the assignment are hereby incorporated into the assignment.

(5) **Modification**. The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

(6) **Cancellation and Forfeiture**.

(A) The lease, if in good standing, may be canceled in whole or in part, at any time, upon mutual written agreement by the lessee and City.

(B) City may cancel the lease if it is used for any unlawful purpose.

(C) If the lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force, or any of the provisions of this code, and should the default continue for thirty calendar days after service of written notice by the City without remedy by the lessee of the conditions warranting default, the City may subject the lessee to appropriate legal action, including but not limited to forfeiture of the lease. No improvements may be removed by the lessee or other person during any time the lessee is in default.

(D) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of the City with the approval of the assembly constitute grounds for cancellation.

(7) **Notice or Demand**. Any notice or demand, which under the terms of a lease or under any statute, must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

(8) **Rights of Mortgagee or Lienholder**. In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

(9) **Entry and Reentry**. In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by the lessee during the term, the City or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of the lands or such thereof, and remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefor. No reentry by the City shall be deemed an acceptance of a surrender of the lease.

(10) **Release**. In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, City may offer the lands for lease or other appropriate disposal pursuant to the provisions of the City and Borough code.

(11) **Forfeiture of Rental**. In the event that the lease should be terminated because of any breach by the lessee, as herein provided, the annual rental payment last made by the lessee shall be forfeited and retained by the City as partial or total damages for the breach.

(12) **Written Waiver**. The receipt of rent by the City with knowledge of any breach of the lease by the lessee or of any default on the part of the lessee in observance or performance of any of the conditions or covenants of the lease, shall not be deemed to be a waiver of any provision of the lease. No failure on the part of the City to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by the City unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of the City to enforce the same in the event of any subsequent breach or default. The receipt, by the City, of any rent or any other sum of money after the termination, in any manner, of the term demised, or after the giving by the City of any notice thereunder to effect such termination, shall not reinstate, continue, or extend the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by the City to the lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by the City.

(13) **Expiration of Lease**. Unless the lease is renewed or sooner terminated as provided herein, the lessee shall peaceably and quietly leave, surrender and yield up unto the City all of the leased land on the last day of the term of the lease.

(14) **Renewal Preference**. Any renewal preference granted the lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the designated official.

(15) **Removal or Reversion of Improvements upon Termination of Lease**. Improvements owned by the lessee shall within sixty calendar days after the termination of the lease be removed by lessee; provided such removal will not cause injury or damage to the lands or improvements demised; and further provided that the City may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by the lessee may, with the consent of the City, be sold to the succeeding lessee. All periods of time granted the lessee to remove improvements are subject to the lessee's paying to the City pro rata lease rentals for the period.

(A) If any improvements and/or chattels not owned by the City and having an appraised value in excess of five thousand dollars as determined by the assessor are not removed within the time allowed, such improvements and/or chattels shall, upon due notice to the lessee, be sold at public sale under the direction of the City. The proceeds of the sale shall inure to the lessee preceding if lessee placed such improvements and/or chattels on the lands, after deducting for the City rents due and owing and expenses incurred in making such sale. Such rights to the proceeds of the sale shall expire one year from the date of such sale. If no bids acceptable to the City and Borough manager are received, title to such improvements and/or chattels shall vest in the City.

(B) If any improvements and/or chattels having an appraised value of five thousand dollars or less, as determined by the assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, the City.

(C) Upon the removal of any improvements and/or chattels, the leased premises shall be returned to the condition that existed before the premises was leased, including the removal of any debris located on or adjacent to the leased premises.

(16) **Rental for Improvements or Chattels not Removed**. Any improvements and/or chattels belonging to the lessee or placed on the lease during the lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle the City to charge the lessee a reasonable rent therefor.

(17) **Compliance with Regulations and Code**. The lessee shall comply with all regulations, rules, and the code of the City and Borough of Juneau, and with all state and federal regulations, rules and laws, as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

(18) **Condition of Premises**. The lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. The lessee shall not undertake any activity which causes or increases a sloughing off or loss of surface materials of the leased land.

(19) **Inspection**. The lessee shall allow an authorized representative of the City and Borough to enter the leased land for inspection at any reasonable time.

(20) **Use of Material.** The lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoils, or any other material valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the City.

(21) **Rights-of-Way**. The City expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the City and Borough to do so. If the City grants an easement or right-of-way across any of the leased land, the lessee shall be entitled to damages for all lessee-owned improvements or crops destroyed or damaged. Damages shall be limited to improvements and crops only, and loss shall be determined by fair market value. Annual rentals may be adjusted to compensate the lessee for loss of use.

(22) **Warranty**. The City does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guarantee is given or implied that it shall be profitable to employ land to said use.

(23) **Lease Rental Credit**. When authorized in writing by the City prior to the commencement of any work, the lessee may be granted credit against current or future rent; provided the work accomplished, on or off the leased area, results in increased valuation of the leased or other City and Borough-owned lands. The authorization may stipulate type of work, standards of construction and the maximum allowable credit for the specific project. Title to improvements or chattels credited against rent under this section shall vest immediately and be in the City and Borough and shall not be removed by the lessee upon termination of the lease.

APPENDIX C: STANDARD PROVISIONS

(1) **Holding Over**. If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

(2) **Interest on Late Payments**. Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

(3) **Taxes, Assessments, and Liens**. During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged any claim resulting or likely to result in a lien against the Leased Premises or the improvements placed thereon.

(4) **Easements**. Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

(5) **Encumbrance of Parcel**. The Lessee shall not encumber or cloud the City's title to the Leased Premises or enter into any lease, easement, or other obligation of the City's title without the prior written consent of the City; and any such act or omission, without the prior written consent of the City, shall be void against the City and may be considered a breach of this lease.

(6) **Valid Existing Rights**. This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.

(7) **State Discrimination Laws**. Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event of Lessee's failure to comply any of the above non-discrimination covenants, the City shall have the right to terminate the lease.

(8) **Unsafe Use**. The Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.

(9) **Pollution**. The Lessee agrees to and shall prevent, eliminate, refrain from, or terminate any actual, alleged or threatened discharge, dispersal, seepage, migration, release, or escape of "pollutants" adjacent to or within the leased area. The term "pollutants" shall be as defined as in the various federal, state, and local codes, regulations, statutes, and ordinances, which regulate such substances, events, or phenomena, and the Lessee furthermore agrees to and shall comply with all such codes, statutes, ordinances, and regulations.

(10) **Defend, Indemnify, and Hold Harmless**. Lessee agrees to defend, indemnify, and hold harmless the City, its employees, volunteers, consultants, and insurers, with respect to any action, claim, or lawsuit arising out of the use and occupancy of the Leased Premises by Lessee, including but not limited to environmental and pollution actions, claims or lawsuits. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, and without limitation as to any damages resulting from settlement, judgment, or verdict, and includes the award of any attorneys fees even if in excess of Alaska Civil Rule 82. The obligations of Lessee arise immediately upon notice to the City of any action, claim, or lawsuit. City shall notify Lessee in a timely manner of the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where the Lessee has actual

notice. This agreement applies, and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against the City.

(11) **Successors**. This lease shall be binding on the successors, administrators, executors, heirs, and assigns of the Lessee and the City.

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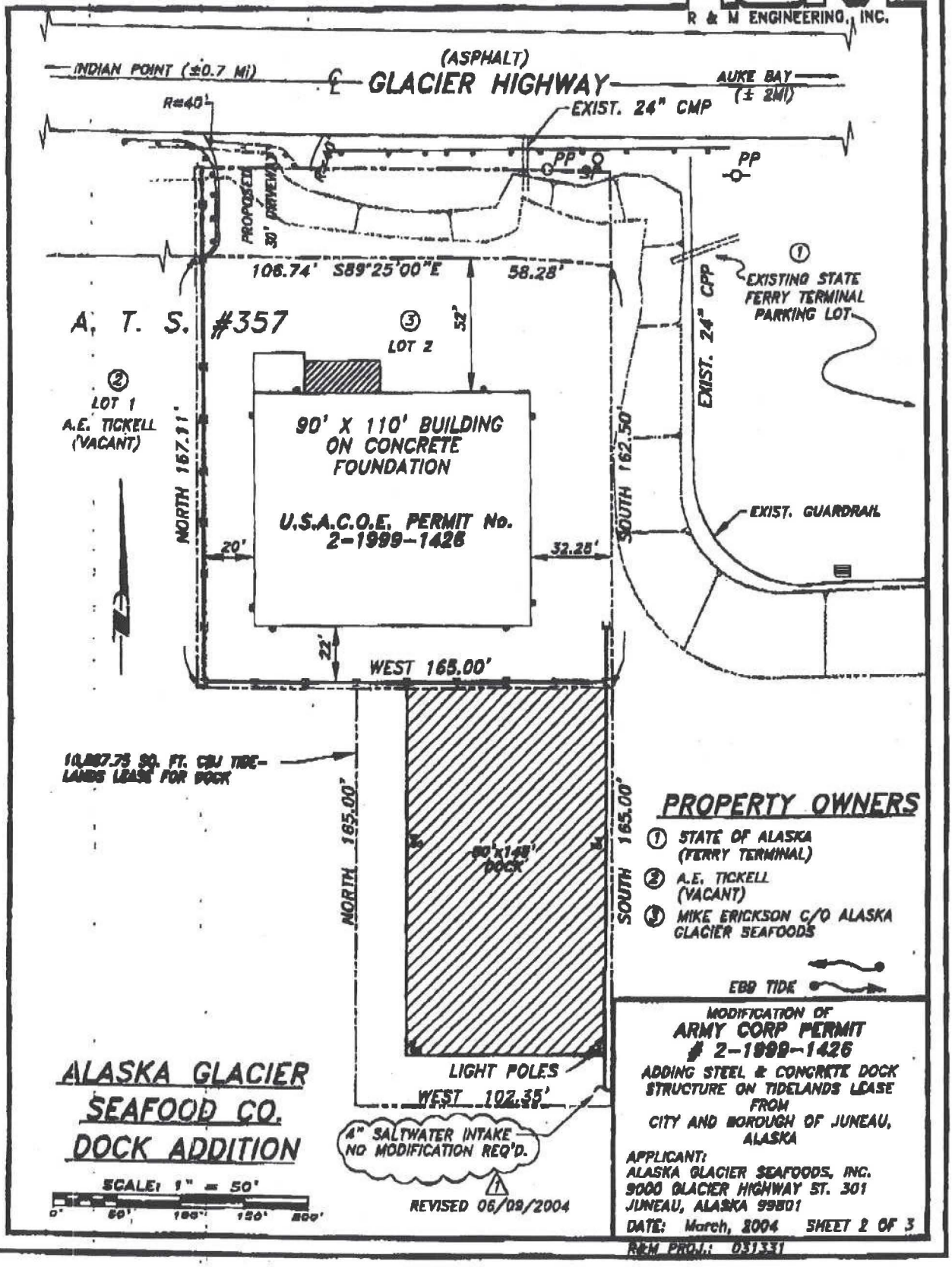
R&M
R & M ENGINEERING, INC.



ATTACHMENT ①

CITY/BOROUGH OF JUNEAU
ALASKA'S CAPITAL CITY

Financial Summary by Department

Description	Budget Last Year	Budget This Year	Actuals Last Year	Actuals This Year	Encumbrances Last Year	Encumbrances This Year	Remaining Balance
Department Docks and Harbors							
State Revenues	(350,000.00)	(350,000.00)	**0.00**	**0.00**	0.00	0.00	(350,000.00)
Charges For Services	(3,300,300.00)	(3,375,000.00)	**(2,843,736.95)**	**(2,690,710.87)**	0.00	0.00	(684,289.13)
Misc Revenues	(1,307,800.00)	(1,365,800.00)	**(1,176,110.02)**	**(1,041,368.18)**	0.00	0.00	(324,431.82)
Transfers In	(154,000.00)	(287,500.00)	**(128,333.30)**	**(239,583.30)**	0.00	0.00	(47,916.70)
Reimburseables	(11,000.00)	(11,000.00)	**(6,666.60)**	**(5,666.60)**	0.00	0.00	(5,333.40)
Total Revenues	**(5,123,100.00)**	**(5,389,300.00)**	**(4,154,846.87)**	**(3,977,328.95)**	**0.00**	**0.00**	**(1,411,971.05)**
Personal Services	2,214,300.00	2,125,300.00	**1,557,826.28**	**1,510,888.10**	0.00	0.00	614,411.90
Travel and Training	23,000.00	29,000.00	**14,916.99**	**15,949.02**	0.00	1,383.25	11,667.73
Services	1,364,082.00	1,316,682.00	**1,059,214.67**	**1,092,594.46**	0.00	200,617.39	23,470.15
Commodities and Materials	232,091.00	251,700.00	**124,796.07**	**121,085.34**	0.00	4,096.59	126,518.07
Misc and Other	21,554.00	20,000.00	**1,529.35**	**(7,108.94)**	0.00	0.00	27,108.94
Equipment	20,000.00	20,000.00	**6,826.21**	**13,724.00**	0.00	6,764.00	(488.00)
Debt Service	0.00	0.00	**0.00**	**0.00**	0.00	0.00	0.00
Transfers Out	751,400.00	750,100.00	**0.00**	**750,100.00**	0.00	0.00	0.00
Total Expenses	**4,626,427.00**	**4,512,782.00**	**2,765,109.57**	**3,497,231.98**	**0.00**	**212,861.23**	**802,688.79**
Department Summary							
Total Revenues	(5,123,100.00)	(5,389,300.00)	(4,154,846.87)	(3,977,328.95)	0.00	0.00	(1,411,971.05)
Total Expenditures	4,626,427.00	4,512,782.00	2,765,109.57	3,497,231.98	0.00	212,861.23	802,688.79
	(496,673.00)	(876,518.00)	(1,389,737.30)	(480,096.97)	0.00	212,861.23	(609,282.26)

Port of Juneau

155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

May 10th, 2013

Goldbelt
3075 Vintage Blvd
Suite 200
Juneau, AK 99801

Dear Mr. Duncan,

Pursuant to discussions at the Docks & Harbors Finance Committee meeting of March 26th 2013, the parties agreed that additional appraisals in determining the Mount Robert's Tram market rent would not yield results acceptable to both interests. In cases where the parties cannot agree to the rent adjustment, paragraph 5.d(4) of the lease allows a third appraiser to choose the appraisal which most closely reflects the fair market value.

> (4) A certified appraiser selected and compensated by the Assessor of the City and Borough of Juneau shall conduct each initial appraisal. If Lessee concurs in the result of the appraisal by the CBJ Assessor, the appraisal shall establish the fair market value for calculating the Base Rent. If Lessee does not concur in the result of the appraisal by the CBJ Assessor, Lessee shall hire an independent certified appraiser, and present the results to Lessor. If Lessor concurs in the results of the independent appraisal, the appraisal shall establish the fair market value for calculating the Base Rent. If Lessor does not concur, Lessor and Lessee shall negotiate in good faith to reach a fair market value between the results of the initial and independent appraisals. If Lessor and Lessee cannot agree, Lessor and Lessee shall engage and share in the cost of a third independent certified appraiser (acceptable to both parties) to determine the fair market value of the Leased Premises. The third appraiser shall be instructed to select either the initial appraisal or the independent appraisal as the one which most closely reflects the fair market value of the Leased Premises. The fair market value selected by the third appraiser shall be final, and shall establish the fair market value for calculating the Base Rent. In this section, "certified" means a regular member of the Society of Real Estate Appraisers or the American Institute of Real Estate Appraisers (or the successor body of either group) who has been properly designated MAI, SREA or SRPA, or any future similar designation which denotes proficiency in the appraisal of commercial real property.

Docks & Harbors has reviewed the Alaska Department of Natural Resource list of approved appraiser with MAI designation. The following list of five appraisers would be acceptable to Docks & Harbors as the third appraiser to facilitate the terms of the lease agreement. These appraisers have not been contacted by Docks & Harbors and have no knowledge of the pending desired service.

David M. Derry MAI Derry & Associates, Inc Box 2882 Kenai, AK 99611 derry@alaska.com Phone: (907) 260-8434	**Eric G. Follett MAI** Follett and Associates 903 W. Northern Lights Blvd Suite 206 Anchorage, AK 99503 appraiser.follett@alaska.net Phone: (907) 562-4279	**Steven E. Carlson MAI** Black-Smith, Bethard & Carlson, LLC 1199 East Dimond Street, Suite 200 Anchorage, AK 99503 bsr@ak.net Phone: (907) 274-4654
Alan G. Olson MAI Real Estate Appraiser 2701 Aspen Drive Anchorage, AK 99503 alolson@alaska.net Phone: (907) 243-6609	**Steven J. MacSwain MAI** MacSwain Associates 4401 Business Park Blvd., #22 Anchorage, AK 99503 s.macswain@macswain.com Phone: (907) 561-1965	

Docks & Harbors is requesting you choose one of the listed appraisers to move forward. I propose we meet with the appraiser you select on or about June 12th to provide the details necessary for the 3rd party determination of the market rent. When you provide me the selected name, I will draft a scope of work, for your review, pertaining to the services to be performed. I welcome any suggestions you have to this process.

Sincerely,

Carl Uchytil

Carl Uchytil, PE
Port Director

Copy: Docks & Harbors Board
CBJ Law

Carl Uchytil

From: Richard Burns <richard@abcstations.com>
Sent: Thursday, May 23, 2013 4:13 PM
To: Carl Uchytil
Cc: mandy@abcstations.com
Subject: RE: Boating Education

Hi Carl, sorry for the delay in getting back to you. Mandy Massey – at our office is working on this safety education program to make it happen. Mandy tells me that the pricing is
$600 on each station each month for 3 months. That would give the campaign 5 per day, Tuesday through Saturday on each station. That's a total of $3000 per month for 3 months.

I have cc'd Mandy on this as she is the best one to co-ordinate this project as I am in Texas till next Thursday. If it's ok with you would it be ok for Mandy to contact you to discuss this?

Carl, thanks for your help and Mandy will do whatever we can to make this work.

Thanks

R

From: Carl Uchytil [mailto:Carl_Uchytil@ci.juneau.ak.us]
Sent: Monday, May 20, 2013 11:28 AM
To: 'Richard Burns'
Subject: RE: Boating Education

Richard,
I would like to contribute but I want my Board to have input. What would be the range of funds, Docks & Harbors would need? I will schedule this at our next Finance Committee Meeting on May 28th.
Thx.
Carl

From: Richard Burns [mailto:richard@abcstations.com]
Sent: Friday, May 17, 2013 1:23 AM
To: Carl Uchytil
Subject: Boating Education

Hi Carl, hope you're well. Right now I am in Texas for two weeks but when I get back perhaps we can co-ordinate for you to come to lunch at Rotary – perhaps June 5 at noon if that works for you?

On another matter – we are organizing to run a major boating safety campaign over the summer. The campaign would take the form of :30 to :60 second safety messages and tips as a part of an education process. I have attached a demo which we are playing around with...but imagine the kind of things we can do! I wonder if you have any budget you could allocate to this type of thing to support it...either in whole or in part. I'd appreciate the your support if this kind of thing is in your 'wheel house'.

Thanks

Richard