

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING REVISED AGENDA
For Tuesday, November 29th, 2011

- I. Call to Order** (5:00 p.m. to 7:00 p.m.) in **Room 224, City Hall.**
- II. Roll Call** (John Bush, Tom Donek, Kevin Jardell, Michael Williams, Wayne Wilson, 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 August 23rd, 2011 Finance Committee Meeting Minutes.**
- VI. Items for Action.**

1. Alaska Memories LLC, DBA Nordic Tug Charters Sublease rent proposal
Presentation by the Port Director

Committee Questions

Public Comment

Committee Discussion/Action

1 a. MOTION: TO APPROVE RATE OF \$0.25 PER SQUARE FOOT PER MONTH TO SUB-LEASE TO ALASKA MEMORIES LLC, DBA NORDIC TUG CHARTERS OF FALL CITY, WA APPROXIMATELY 1455 SQUARE FOOT AT JUNEAU MARINE FISHERIES TERMINAL.

1b. MOTION: TO RECOMMEND TO THE REGULAR FULL BOARD, APPROVAL TO SUB-LEASE TO ALASKA MEMORIES LLC, DBA NORDIC TUG CHARTERS OF FALL CITY, WA APPROXIMATELY 1455 SQUARE FOOT AT JUNEAU MARINE FISHERIES TERMINAL.

2. Juneau Marine Services Rent Adjustment
Presentation by Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO ACCEPT NEW LEASE RENT ADJUSTMENT FOR JUNEAU MARINE SERVICES TO \$26,405 PER YEAR EFFECTIVE 1 JANUARY 2011.

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VII. Items for Information/Discussion.

1. Mount Roberts Tram – Presentation by the Port Director
2. CGC Liberty Lease – Presentation by the Port Director
3. Trucano Lease – Presentation by the Port Director
4. Lease Process Improvements

VIII. Staff & Member Reports.

IX. Committee Administrative Matters.

1. Next Finance Committee Meeting December 13th, 2011 at 5:00 pm at the Port/Customs Conference Room.

X. Adjournment.

CBJ DOCKS & HARBORS
FINANCE COMMITTEE MEETING MINUTES
For Tuesday, August 23, 2011

I. Call to Order.

Eric Kueffner called the Finance Committee Meeting to order at 5:01 p.m. in room 224 of the Assembly Building.

II. Roll Call.

The following members were present: Tom Donek, Kevin Jardell, Wayne Wilson, John Bush and Eric Kueffner.

The following members were absent: Michael Williams.

Also in attendance were the following: Carl Uchytel-Port Director, Ruth Danner-Assembly Liaison and Heather Marlow-CBJ Lands and Resources Manager.

III. Approval of Agenda.

MOTION by Mr. Donek: TO APPROVE THE AGENDA AS PRESENTED.

IV. Public Participation on Non-Agenda Items.

George Danner III – The north end of the power transformer at Aurora is not up to date. He has seen no pro-active maintenance to take care of this. He has worked on ships for 35 years and on the Marine Highway system. In this case he was not sure who was keeping an eye on the power situation. There are other problems. The fish tables are gone and floats are missing. He wanted to bring it to the Board's attention.

Mr. Kueffner-suggested Mr. Danner talk to the Harbormaster. He would be in charge of maintenance and he will bring it to the attention of staff.

Mr. Danner said Ruth brought these issues up with the Harbormaster about a year ago.

V. Approval of previous meeting minutes.

Hearing no objection, the minutes of the June 28, 2011 Finance Committee Meeting were approved as presented.

VI. Items for Action.

1. Tideland Lease Memo on ATS 123, Lot 2.

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FINANCE COMMITTEE MEETING MINUTES

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VI. Items for Action. (Continued)

Mr. Uchytel said Mr. Trucano would like to lease tideland parcel ATS 123, Lot 2. If approved, he has agreed to the \$.05 X 45,433 square foot suggested in the 2004 Horan & Company appraisal.

Ms. Danner expressed concern that the appraisal was 7 years old and the lease rate seems low compared to other rates she has seen.

Mr. Kueffner said this appraisal amount is to be used as a starting point in the bid.

Mr. Jardell said sometimes it is not cost effective to get a whole new appraisal on such a small tideland lease. He asked the Port Director if staff is asking for the board to move forward on this tideland lease.

Mr. Uchytel said staff is looking for approval from the Board to move forward with lease negotiations at this point. Horan did not recommend a change in the lease rate even after 7 years because the land has been unused and unimproved the whole time.

Ms. Danner asked if leases go to the law department before they are approved. She did not feel like the committee was comfortable with the item being presented.

Mr. Kueffner said at this time we are considering the request to lease tideland property and we have not yet agreed on lease term or rate. We are not at that point in the approval process yet.

Mr. Jardell said he was comfortable with the lease and stated that in its current condition the property was not terribly useful and it would be good to lease it out.

MOTION by Mr. Jardell: TO RECOMMEND THE PORT DIRECTOR MOVE AHEAD AND PUT TOGETHER A LEASE PROPOSAL FOR ATS 123, LOT 3 AND BRING IT BACK TO THE FULL BOARD FOR CONSIDERATION.

VII. Items for information/Discussion.

1. Archipelago Property Update.

Heather Marlow gave an overview of the events and valuation of the Archipelago Property acquisition. The CBJ currently has a floating easement down the middle of the property. Archipelago Properties is looking to sell the property.

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VII. Items for information/Discussion. (Continued)

The property starts at the south side of the parking garage and it runs down to the white building just prior to Warner's Wharf. The property is bisected by an existing pier that ties out to CBJ dock. The pier extends out to a crosswalk and is an existing CBJ easement. This is a floating easement which means it can be relocated within the property.

We would like to purchase a small portion of this property. Docks and Harbors has worked with Corbus Design to come up with a potential design scheme for the property. We would like to create another public waterfront feature possibly a space for the U.S.S. Juneau Memorial.

Several different appraisers have looked at this property as well as the CBJ Assessor and they have all come up with different methods of valuations and different values for the land. Ms. Marlow outlined those methods and values in the Archipelago Acquisition Summary of Events and Valuation Activity. She said we will continue to work on finding an acceptable valuation of the property.

Mr. Jardell said Horan seems to have said that the 25ft easement is worth \$45 per Square foot. The value of the property was much less because there is an existing easement. floating easement rate. It is not clear if he was considering the side walk as well.

Ms. Marlow said I think that is a summary of the values and what he is suggesting is on page 5. He has the easements split out between the uplands (42%) and tidelands (58%)

Mr. Jardell said the latest comparable for any cell is going to be the \$300 per square ft. we just offered for the sidewalk that has an easement on it. My rough numbers say we offered \$500,000 for 17,000 square feet and we just paid \$426,000 for 1,500 square feet.

Ms. Marlow said that is the standard logic that people want to apply to this valuation and this is in my opinion where the seller has gotten tricked up as well. What is not represented in the Wold valuation and the appraiser's valuation are the special benefits that come along with our project. The adjoining property will get \$330 per square foot Benefit from waterfront feature on the CBJ portion.

Mr. Jardell said it is hard for him to appreciate that concept because a value is a value. If he had a parcel next to them that had nothing to do with the purchase and they were doing something next to me that makes my property more valuable, they could not come to me and demand more money because they made my property more valuable. I may pay more taxes for the increased value.

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VII. Items for information/Discussion. (Continued)

Ms. Marlow said in her opinion, no one else other than the CBJ is going to come along and acquire a piece of property and make it right of way that will allow for utilities and delivery access that will benefit the adjoining properties.

Mr. Jardell said he did not feel this valuation was reasonable.

Ms. Marlow said we will always have that floating easement to have good connection on the waterfront.

Mr. Bush asked if we have considered purchasing the whole property.

Ms. Marlow said we have not really considered that because the total price is 10 Million.

Mr. Wilson asked what the tax base for this parcel of property would be and if CBJ Docks and Harbors would get enough return on the purchase.

Ms. Marlow said you could not guess what the tax value would be unless you know what will be built there.

Ms. Marlow said the City Manager has been authorized by the Assembly to negotiate with the owner. The owner has not yet acknowledged the methodology we are looking to agree upon. The city manager did want the additional sidewalk. We have been enjoying a free easement since 2006 and we are trying to consider that.

Murray Walsh said he was part of the Archipelago team in Juneau. Mr. Bud Simpson is in charge of Archipelago but must be recused from this Item because he is also on the Harbor Board. He said the special benefits proposal did not seem reasonable.

Mr. Kueffner asked what Archipelago's plan for the property was.

Mr. Walsh said they would like to see a waterfront feature and the utility and delivery access. It is the largest piece of undeveloped waterfront property in downtown Juneau. The property is currently for sale. He said he would report to the team what was discussed at the Finance Meeting.

Ms. Danner asked about how many standard size jewelry stores would fit in this property.

Ms. Marlow said the property would fit 10 jewelry stores on each side.

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VII. Items for information/Discussion. (Continued)

2. Update on funding Sources.

Mr. Kueffner said the whole Idea behind this item was to talk about where some of our money comes from. The Harbors side is fairly straight forward. We sell moorage, electricity, launch permits and other misc. fees.....On the port side we have Marine passenger fees, tonnage fees, head taxes and vendor fees. We do not have complete access to all the port funds. We have a lot of expenses and we have to make these balance. We do not have control over marine passenger fees. We do get grants from time to time as well. We also have tideland lease income which goes toward the Harbors side.

Mr. Wilson asked where the property purchase would come from.

Mr. Kueffner said this would be purchased through the lands committee with marine passenger fees for the purchase of tidelands.

Mr. Bush said for open space acquisitions it would be better to acquire the whole thing if it is coming from marine passenger fees.

Ms. Marlow said we have three acquisitions we are working on right now out of those funds. We are pursuing acquisition of the spit property over by the under-bridge park and the sea walk piece coming off of Marine Park.

VIII. Staff and Member Reports.

Mr. Kueffner welcomed Mr. Uchytel to his first Finance Committee Meeting. He Asked him to take the testimony from George Danner to Phil Benner, Harbormaster.

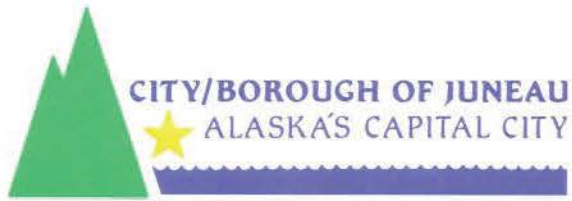
IX. Committee Administrative Matters.

1. Next Finance Committee Meeting – September 27, 2011.

X. Adjournment.

MOTION by Mr. Bush: TO ADJOURN THE FINANCE COMMITTEE MEETING AND ASK UNANIMOUS CONSENT.

The meeting adjourned at 6:13p.m.



Port of Juneau

To: Docks and Harbors Finance Committee
CC:
From: Carl Uchytel, Port Director
Date: November 21st, 2011
Re: Nordic Tug Charters Sublease Rent Rate proposal

Nordic Tug Charters Sublease rent rate proposal is set at the same rate of Maritime Hydraulics sublease rate. This rate is \$.25 per square foot. With the square footage of the Nordic Tug Charters area of the sublease being 1,455 square foot, this would bring in an annual rent of \$4,365.00, monthly payments of \$363.75.

I recommend the Committee forwards this sublease rent proposal to the Regular Board for approval. If Nordic Tug Charters is in agreement, the Board would take final action at its December 1st meeting.

Please call me at 586-0294 if you have questions.

Attachments

Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries Terminal

PART I. PARTIES. This Sublease is between the City and Borough of Juneau, Alaska, a municipal corporation in the State of Alaska, hereafter "Lessor," "Sublessor," or "City," and Alaska Memories LLC, DBA Nordic Tug, an Alaska corporation, hereafter "Sublessee" or "Alaska Memories LLC, DBA Nordic Tug."

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: Carl Uchtyl, CBJ Port Director Docks & Harbors 155 S. Seward St. Juneau, AK 99801 Phone: (907) 586-0294; Fax: (907) 586-0295	Sublessee: Attn: Alaska Memories LLC, DBA Nordic Tug Charters P.O. Box 496 Fall City, WA 98024 Phone: (206) 919-7887
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PART III. LEASE DESCRIPTION. This lease agreement is identified as **Sublease to Alaska Memories LLC, DBA Nordic Tug Charters, at Juneau Fisheries Terminal**. 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. This agreement may be referred to as a "Lease" or "Sublease."

Appendix A: Property Description & Additional Lease Provisions

Appendix B: Lease Provisions Required by CBJ 53.20

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

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

City: Date: _____ By: _____ Authorized Representative Carl Uchtyl, Port Director	Sublessee: Date: _____ By: _____ Authorized Representative Joergen Schade
Approved as to content, Docks & Harbors Approved as to Form, Law Department	By: By:

CITY ACKNOWLEDGMENT

State of Alaska)
) ss:
First Judicial District)

This is to Certify that on the ____ day of December, 2011, before Me, the undersigned, a Notary Public in and for the State of Alaska, duly Commissioned and sworn, personally appeared Carl Uchtyl to me known To be the identical individual(s) described in and who executed the foregoing instrument as the Port Director of Docks and Harbors CITY AND BOROUGH OF JUNEAU, ALASKA, A municipal Corporation which executed the above and foregoing instrument; 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.

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: _____
(seal)

SUBLESSEE ACKNOWLEDGMENT

State of Alaska)
) ss:
First Judicial District)

This is to Certify that on the ____ day of December 2011, before me, the undersigned, a Notary Public in and for the state of Alaska, duly commissioned and sworn, personally appeared Joergen Schade to me know to be the identical individual described in and who executed the foregoing instrument as the PRESIDENT of Alaska Memories LLC, DBA Nordic Tug Charters a who on corporations 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; and acknowledged to me that he signed and sealed the same freely and voluntarily for the uses and purposed therein mentioned.

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: _____
(seal)

Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries Terminal

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 Subleased Premises." The Subleased Premises are:

A certain tract or parcel of land lying and being situated within Lot 2, Block 51, Alaska tidelands survey No. 3, City and Borough of Juneau, State of Alaska being more particularly bounded and described as follows.

Beginning at the northeasterly most corner of this description from which the northwesterly most corner of Lot 2, Block 51, Alaska tidelands survey No. 3 bears S89°56'42"W-280.54' and a reference monument for corner 32, Alaska tidelands survey No. 3 bears N5°44'16"E-608.56'; thence along the easterly boundary of this description S34°22'05"E-55.95'; thence along the southerly boundary of this description S56°34'14"W-26.00'; thence along the westerly boundary of this description N34°22'05"W-55.95'; thence along the northerly boundary of this description N56°34'14"E-26.00' to the true point and place of beginning. Containing 1,455 square feet, more or less.

AUTHORITY

This Sublease is entered into pursuant to the authority of the City and Borough of Juneau Code. Chapter 85.02.060(a)(5). The Sublease was approved by motion of the Docks and Harbors Board on _____

The Property of this Sublease is part of property leased by the City from the University of Alaska. That lease ("UA Lease"), effective on May 6, 1988, is attached and incorporated as **Exhibit A to Appendix A**. City is bound by the terms and conditions of that lease, and all subleases by City are subject to the approval of the University of Alaska.

The University of Alaska has reviewed and approved the substance of this Sublease, as required by the City's lease of the Juneau Fisheries Terminal with the University.

TERM

The effective date of this Sublease is June 1, 2011. This Sublease is for 5 years with 3 year renewal options up to May 5, 2021, the date the UA Lease terminates, unless sooner terminated.

OPTION TO EXTEND TERM

Sublessee may apply to extend the term of this Sublease for four 3 year periods following the expiration of the term of this Sublease upon the condition that the City exercises its option to extend the term of its lease with UA pursuant to the UA lease, Section 3. City shall grant Sublessee's application for an extension of the term unless Sublessee has, in City's opinion, unreasonably failed to comply with the conditions, acts, and requirements of this Sublease. A determination not to extend the term shall be supported by some prior evidence of City's dissatisfaction with Sublessee's performance under the Sublease agreement, event if such failures did not result in a termination or attempt to terminate this Sublease for a breach of the contract.

LEASE PAYMENTS

Annual rent shall be 10 percent of the assessed value of the Subleased property, to be paid in 12 equal monthly installments in advance. Annual rent for the years 2011- 2016 is \$4,365.00 per year, monthly payments of \$363.75. The annual rent is adjusted for the first year to reflect the actual portion of the year in which this Sublease is in effect.

The annual rate may be adjusted no more frequently that every three years. The adjustments shall be based upon the assessment determined by the City Assessor, as further described in Appendix B, "Terms and Conditions of Leases Required by CBJ 53.20.190," section (2).

Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries Terminal

No taxes are included in rent; Sublessee is responsible for all taxes, assessments, rates, and charges related to the Subleased Premises. Sublessee shall pay all utilities and other services provided to the Subleased Premises.

AUTHORIZED USE OF PROPERTY

The Sublessee's use of the Subleased Premises is restricted to use as a storage area, work shop, office, and customer waiting area.

It is a condition of City's lease with the University that any use of the property be restricted to fisheries-and marine-related development, support activities, and enterprises, or for other uses compatible with, incidental to, or supportive of the fisheries-and marine-related purposes of the property.

Sublessee's major improvements, as defined in the original Lease Agreement between the CBJ and the UAS, are subject to the University of Alaska approval. Use or development for other than the allowed uses shall constitute a violation of the Sublease and subject the Sublease to cancellation at any time.

SUBLEASE SUBJECT TO TERMS OF CITY'S LEASE WITH UNIVERSITY OF ALASKA

The following terms and conditions of the lease between the City and the University of Alaska (Exhibit A) shall apply to this Sublease between the City and Alaska Memories LLC, DBA Nordic Tug Charters and are incorporated by this reference. If just the section is listed, then all subsections of that section are included. If subsections are listed below the section heading, only those subsections listed apply to this Sublease. References to Lessor shall be deemed to refer to City, and references to Lessee shall be deemed to refer to Alaska Memories LLC, DBA Nordic Tug Charters for purposes of incorporation into the terms of this Sublease. References to specific property within the UA Lease, but not contained within the Sublease Premises do not apply unless those areas are specifically noted as common areas or common access corridors, nor shall any more general description of uses allowed alter the use authorized specifically in this Sublease agreement.

UA Lease Section 7: Authorized use and Operation of the Premises

UA Lease Section 8: Improvements, Alterations, and Additions

UA Lease Section 9: Maintenance and Repair

UA Lease Section 10: Liens

UA Lease Section 13: Sublease and use Agreements

13.3 Right to Sublease

13.2 Lessor's Approval Required

In this subsection, references to Lessor shall refer to both City and University of Alaska, and the time periods applicable for review shall apply first to City, then to University. City's approval is required, and subsequent review and approval by University is then required.

UA Lease Section 14: Taxes and Assessments

UA Lease Section 15: Utilities

15.1 Utility Charges

15.2 Access for Utilities

UA Lease Section 16: Eminent Domain

16.1 Termination of Agreement as to Condemned Portion

16.2 Partial Taking; Remainder Usable

16.3 Partial Taking; Remainder Unusable

16.4 Compensation

16.5 Taking for Temporary Use

Except that 16.5 (b) shall not apply, Nordic Tug's rent shall be Proportionately reduced as provided in subsection 16.2.

UA Lease Section 19: Natural Disasters

UA Lease Section 20: Waiver of Breach of Default

UA Lease Section 22: Ownership and Removal of Improvements and Fixtures

Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries

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Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries Terminal

- 22.1 Improvements and Fixtures
The references to ice-making equipment does not apply to this Sublease.
- 22.3 Extension of Term for Removal of Fixtures
- 22.4 Approval for Removal of Improvements Required
- 22.5 Lessor's Election to Require Lessee to Remove the Lessee's and
Sublessee's Leasehold Improvements
- 22.6 Restoration and Surrender of Premises
- 22.7 Indemnification
- 22.8 Reimbursement for Improvements Installed by Lessee
- UA Lease Section 24: Consent Not Unreasonably Withheld
- UA Lease Section 25: Holding Over
- UA Lease Section 26: Access to Premises by Lessor
- UA Lease Section 27: Quiet Enjoyment
 - 27.1 Lessee's Right to Quiet Enjoyment
- UA Lease Section 28: Disclaimer of Warranty
- UA Lease Section 32: Miscellaneous

INDEMNITY

Alaska Memories LLC, DBA Nordic Tug Charters shall perform all of its obligations and carry on all of its operations and activities entirely at its own risk and responsibility. Alaska Memories LLC, DBA Nordic Tug Charters agrees to indemnify, defend, and save City and University of Alaska, its Board of Regents, officers, agents, and employees harmless to the maximum extent allowable under Alaska law from any and all loss, expense, damage, claim, demand, judgment, fee, charge, lien, liability, action, cause of action or proceedings of any kind whatsoever, made by any person or entity, (whether arising on account of damage to or loss of property, or personal injury, emotional distress or death) arising directly or indirectly in connection with the performance, activities or operations of Alaska Memories LLC, DBA Nordic Tug Charters hereunder, whether the same arises before or after completion of Alaska Memories LLC, DBA Nordic Tug Charters activities or expiration of this Sublease, except for injury intentionally caused by City or the University.

This indemnification shall survive any termination or expiration of this Agreement. In the event any part of this indemnification clause is determined to be contrary to law or public policy, Alaska Memories LLC, DBA Nordic Tug Charters agrees to provide City and the University as much of the agreed upon indemnification as allowed by law.

TERMINATION AND DEFAULT

This Sublease may be terminated in whole or in part, at any time, upon mutual written agreement by Alaska Memories LLC, DBA Nordic Tug Charters and the City. If Alaska Memories LLC, DBA Nordic Tug Charters has granted a security interest in this Sublease to any lender, or has entered into any sublease, the consent of such lender and such sublessee, as applicable, to a termination of this Sublease shall also be required.

If Alaska Memories LLC, DBA Nordic Tug shall default in the performance or observance of any of the Sublease terms, covenants, or stipulations thereto, or of the provisions of the City and Borough Code, and should the default continue for 30 calendar days after service of written notice by the City without remedy by Alaska Memories LLC, DBA Nordic Tug Charters of the conditions warranting default, or if such default requires more than 30 days to cure, Alaska Memories LLC, DBA Nordic Tug Charters has not commenced the cure within 30 days of City's notice and does not thereafter diligently proceed to complete such cure, the City may subject Alaska Memories LLC, DBA Nordic Tug Charters to appropriate legal action including, but not limited to, forfeiture of the Sublease. No improvements may be removed by Alaska Memories LLC, DBA Nordic Tug Charters or other person during any time Alaska Memories LLC, DBA Nordic Tug Charters is in default. Alaska Memories LLC, DBA Nordic Tug Charters shall immediately provide a copy of any notice of default given to Alaska Memories LLC, DBA Nordic Tug Charters to any lender holding a security interest in Alaska Memories LLC, DBA Nordic Tug Charter's interest in this Sublease and to any sublessee.

**Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries
Terminal**

INSURANCE

Alaska Memories LLC, DBA Nordic Tug Charters shall, during the entire term of this Sublease, keep in full force and effect a policy of public liability and property damage insurance with respect to Sublessee's use of and operations at the Subleased Premises.

- (a) **Commercial General Liability Insurance:**
Alaska Memories LLC, DBA Nordic Tug Charters shall maintain with an insurance company acceptable to the City and Borough Risk Manager, insurance for not less than \$2,000,000 per occurrence limit and annual Aggregate where generally applicable including participant legal liability, premises operations, independent contracts, products/completed operations, broad form property Damage, blanket contractual, and personal injury.
- (b) **Workers' Compensation Insurance:**
Sublessees shall provide and maintain, for all employees of Alaska Memories LLC, DBA Nordic Tug Charters engaged in work under this Sublease, Workers' Compensation Insurance and Employer's Liability Insurance in accordance laws of the State of Alaska. Alaska Memories LLC, DBA Nordic Tug Charters shall be responsible for Workers' Compensation Insurance for any subcontractor who directly or indirectly provides services under this Sublease. The coverage must include statutory coverage for States in which employees engaging in work and employer's liability protection not less than FIVE HUNDRED THOUSAND AND NO/100 (\$500,000) per person, FIVE HUNDRED THOUSAND AND NO/100 (\$500,000) per occurrence. Where applicable coverage for all federal acts (i.e., U.S.L. & H and Jones and Harbor Acts) must also be included.
- (c) **Automobile Insurance:**
Alaska Memories LLC, DBA Nordic Tug Charters shall maintain automobile liability coverage, and, if necessary, commercial Umbrella liability insurance with a limit of not less than FIVE HUNDRED THOUSAND AND NO/100 (\$500,000) each accident. Such insurance shall cover liability arising out of Any auto including all owned, hired, and non-owned vehicles. Coverage shall be written on ISO form CA 00 01, CA 00 05, CA 00 12, CA 00 20, or a substitute form providing equivalent Liability coverage. If necessary, the policy shall be endorsed to provide contractual liability Coverage equivalent to that provided in the 1990 and later editions of CA 00 01.

The University of Alaska, City's Lessor, has the right under the Lease to change or increase the insurance requirements over time, as appropriate to industry standards, any such change or increase in insurance requirements shall be made by the City in writing to Alaska Memories LLC, DBA Nordic Tug Charters and Alaska Memories LLC, DBA Nordic Tug Charters shall have 60 days to acquire and provide proof of required insurance to City. City shall have the right, at its option, to pay any delinquent premium upon any of Sublessee's insurance policies if found necessary to prevent cancellation, non-renewal or material alteration thereof; and Alaska Memories LLC, DBA Nordic Tug Charters agrees that it will, within 5 days, reimburse City.

The above policies shall name City and the University of Alaska as 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.

Alaska Memories LLC, DBA Nordic Tug Charters shall provide City with a certificate of insurance on a form to be provided by the City prior to the commencement date of this Sublease; or if this Sublease is signed subsequent to its commencement, then Sublessee shall deliver the certificate of insurance to City simultaneously with execution of this Sublease. A failure of Alaska Memories LLC, DBA Nordic Tug Charters to provide, or of City to demand, such proof of insurance shall not waive Sublessee's requirement to maintain insurance as provided by this agreement.

Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries Terminal

Alaska Memories LLC, DBA Nordic Tug Charters understands that neither City nor the University of Alaska carries fire or other casualty insurance on the Subleased Premises or improvements located thereon belonging to Alaska Memories LLC, DBA Nordic Tug Charters, and that it is Sublessee's obligation to obtain adequate insurance for protection of Sublessee's buildings, fixtures, or personal property located on the Subleased Premises.

APPENDIX B: LEASE PROVISIONS REQUIRED BY CBJ 53.20

All references to Lessee, Lessor, and Lease shall be deemed to apply to Sublessee, City and this Sublease respectively.

Responsibility to Properly Locate on Leased Premises.

As required by CBJ 53.20.160, it shall be the responsibility of the Lessee to properly located 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 53.20.180, the issuance by the City and Borough 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 and Borough or by duly authorized state or federal agencies.

Term 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 payments 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 adjustments to 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 City for a permit therefore; 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 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.

**Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries
Terminal**

(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 nor 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 and Borough without remedy by the Lessee of the conditions warranting default, the City and Borough 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 of Demand.* Any notice of 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 or 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 herein before provided.

(8) *Rights of Mortgagee or Lien holder.* 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 there from either by summary proceedings or by a suitable action or proceedings at law without being liable for any damages therefore. 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 provisions of the

**Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries
Terminal**

lease. No failure on the part of the City to enforce any covenant or provision therein contained, nor any waiver of any right there under 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 hereunder 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 there under 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 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 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 and Borough 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 shall upon due notice to the Lessee, be sold at public sale under the direction of 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 the City and Borough 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 and Borough.

(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 and Borough.

(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 therefore.

(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.

**Sublease to Alaska Memories LLC, DBA Nordic Tug Charter's, at Juneau Fisheries
Terminal**

(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 Materials.* The Lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, peat moss, topsoil's, or any other materials valuable for building or commercial purposes; provided, however, that materials required for the development of the leasehold may be used, if its use is first approved by 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 and Borough 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, 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.

METES AND BOUNDS DESCRIPTION

(NORDIC TUG LEASE)

A CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATE WITHIN LOT 2, BLOCK 51, ALASKA TIDELANDS SURVEY NO.3, CITY AND BOROUGH OF JUNEAU, STATE OF ALASKA BEING MORE PARTICULARLY BOUNDED AND DESCRIBED AS FOLLOWS;

BEGINNING AT THE NORTHEASTERLY MOST CORNER OF THIS DESCRIPTION FROM WHICH THE NORTHWESTERLY MOST CORNER OF LOT 2, BLOCK 51, ALASKA TIDELANDS SURVEY NO.3 BEARS S89°56'42"W-280.54' AND A REFERENCE MONUMENT FOR CORNER 32, ALASKA TIDELANDS SURVEY NO.3 BEARS N5°44'16"E-608.56'; THENCE ALONG THE EASTERLY BOUNDARY OF THIS DESCRIPTION S34°22'05"E-55.95'; THENCE ALONG THE SOUTHERLY BOUNDARY OF THIS DESCRIPTION S56°34'14"W-26.00'; THENCE ALONG THE WESTERLY BOUNDARY OF THIS DESCRIPTION N34°22'05"W-55.95'; THENCE ALONG THE NORTHERLY BOUNDARY OF THIS DESCRIPTION N56°34'14"E-26.00' TO THE TRUE POINT AND PLACE OF BEGINNING.

CONTAINING 1,455 SQUARE FEET, MORE OR LESS.

R & M ENGINEERING, INC.
ENGINEERS GEOLOGISTS SURVEYORS



Port of Juneau

To: Docks and Harbors Finance Committee
CC:
From:  Carl Uchytel, Port Director
Date: November 08, 2011
Re: Juneau Marine Services Rent Adjustment

Juneau Marine Services lease Amendment No. 1 signed on November 16th, 2005, states the annual lease rent shall be adjusted for the year starting January 1, 2011. The adjusted rent shall equal 5% of the assessed value of the premises for the year prior to the adjustment. The CBJ assessor has provided me with the 2010 total assessed value at \$528,100.00. With this total assessed value, the annual rent would be raised to \$26,405.00 from \$23,805.00. The new annual rent would be paid in 12 equal installments of 2,200.42 beginning January 1, 2011.

Please call me at 586-0294 if you have questions.

Attachments

Sincerely,
Terry Ullmayer
Admin Asst II
CBJ Assessor's office
907-586-0333
November 8, 2011

AS314 Real Property Inquiry
Last Update: CURRENT Property Information DATE: 11/08/11

PARCEL NUMBER: 1C030K510011 ROAD/NR: 001
CURR OWNER: JUNEAU MARINE SERVICES INC WATER AVAI: 001
C/O: JEFFREY DUVERNAY & B GASPAREK WATER SYS: 000
MAIL ADDR: 1423 HARBOR WAY SEWER AVAI: 001
CITY/STATE: JUNEAU AK ZIP: 99801 SEWER SYS: 000
STREET NAME: HARBOR WAY HOUSE NUMBER: 1423
LEGAL DESCRPTN: TIDELANDS

LOT SIZE: 19425.00

PREV OWNER: AREA UNIT: 001
LAST TRANSFER: 00/ (YY/MM) TOTAL SQFT: 0
TAX YEAR: 2010 USE CODE: 024
SITE VALUE: 330,900.00 ZONING: 010 BSMNT SQFT: 0
BLDG VALUE: 197,200.00 NO UNITS: 0

TOTAL VALUE: 528,100.00 YR BUILT: 0 ATTIC TYPE: 000
EXEMPT CODE: 000 STYLE: 000 ATTIC SQFT: 0
EXMP TYPE 1: 0.00 BEDROOMS: 0
EXMP TYPE 2: 0.00 BATHS: 0.00 GARAGE DESC: 000
EXMP TOT: 0.00 TOT ROOMS: 0 GARAGE SQFT: 0

From: Robin Potter
Sent: Tuesday, November 08, 2011 9:37 AM
To: Teena Scovill

CITY AND BOROUGH OF JUNEAU
SUBLEASE AGREEMENT FOR MARINE SUPPORT FACILITY
AT THE JUNEAU MARINE FISHERIES TERMINAL
WITH JUNEAU MARINE SERVICES

AMENDMENT NO. 1

This amendment is made to the agreement between the City and Borough of Juneau, Alaska, 155 S. Seward Street, Juneau, AK 99801, a municipal corporation in the State of Alaska ("Sublessor"), and Juneau Marine Services, Inc., P.O. Box 22625, Juneau, AK 99802, a corporation authorized to do business in the State of Alaska, ("Sublessee").

This amendment modifies the Sublease Agreement entered into by the Sublessor and Sublessee for use of property and improvements at the Juneau Marine Fisheries Terminal on May 7, 1997. The Sublease Agreement is amended as follows:

1. Add a new paragraph #3 to subsection B of Section 2 on the top of page 2 to read:

3. Ninety-five lineal feet of moorage on the north side of the Fisheries Terminal Dock, starting at the gangway end of the dock and extending towards Gastineau Channel.

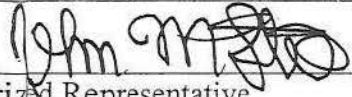
2. Add a new subsection (e) to Section 7 on page 3 to read:

(e) Beginning on January 1, 2006, the annual lease rent shall be \$23,805, to be paid in twelve equal installments of \$1983.75 due on the 1st day of every month beginning January 1. The annual lease rent shall be adjusted for the year starting January 1, 2011 and every five years thereafter until the lease expires on May 4, 2021, unless sooner terminated. The adjusted rent shall equal 5% of the assessed value of the premises for the year prior to the adjustment.

The Sublessor and Sublessee agree and sign this amendment on the dates at Juneau, Alaska.

Sublessor

Date: NOVEMBER 16, 2005

By: 
Authorized Representative
John M. Stone, Port Director

Sublessee

Date: 11-16-05

By: 
Authorized Representative
Jeff Davernay, President



City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Port of Juneau

October 28, 2011

Mr. Jim Duncan, Jr
General Manager Mount Roberts Tramway
490 S. Franklin Street
Juneau, AK 99801

Dear Jim,

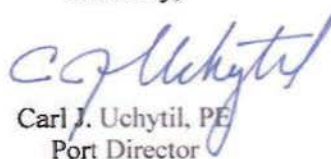
In accordance with Regulations of Docks and Harbors set forth under 05 CBJAC 50.040 (Appraisal, lease rent requirements and dispute resolution), the attached September 30th "Estimated Market Rents of the Mt Roberts Tramway Land Use" is proposed as the new rent adjustment.

At the Docks and Harbors Board Meeting of October 27th, I suggested a process following rent adjustment and dispute resolution outlined under Regulations of Docks and Harbors. After consulting with the CBJ Attorney today, I was advised that the process outlined in the 1995 lease under Base Rent (paragraph 5.d(4)) should govern the approach as we move forward:

(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.

I appreciate you taking time to attend the Docks and Harbors Board meeting and I look forward to working with you through this process. Please do not hesitate to call with any questions.

Sincerely,


Carl J. Uchytel, PE
Port Director

Encl: Estimated Market Rents of the Mt Roberts Tramway Land Use dated 30 September 2011



November 8, 2011

Mr. Carl Uchytel, Port Director
City and Borough of Juneau Docks and Harbors
155 S. Seward Street
Juneau, AK 99801

Re: Proposed Rent Adjustment – Mount Roberts Tramway

Dear Mr. Uchytel,

I have received your proposed rent adjustment letter dated October 28, 2011 and a copy of the Estimated Market Rents of the Mount Roberts Tramway Land Lease appraisal as prepared for the City and Borough of Juneau Docks & Harbors by Timothy W. Riley of Horan & Company, LLC.

After initial review, the proposed Base Rent adjustment is substantial and Goldbelt, Inc. does not concur with the results of the appraisal by the CBJ assessor. In turn, Goldbelt, Inc. will exercise its rights as outlined in paragraph 5.d (4) of the 1995 lease agreement and will hire an independent certified appraiser; the results of which will be presented to the Lessor.

We plan to start the process soon and will keep you posted of our progress. I look forward to working with you to determine a fair and equitable land lease rent amount.

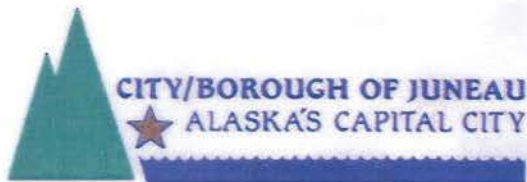
Sincerely,

A handwritten signature in black ink, appearing to read "Jim Duncan Jr.", is written over a faint, larger version of the same signature.

Jim Duncan Jr.
General Manager
Mount Roberts Tramway

cc: CBJ Docks & Harbors Board
Derek Duncan, V.P. Operations, Goldbelt, Inc.
Vic Scarano, C.F.O., Goldbelt, Inc.





City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Port of Juneau

November 18, 2011

Ms. Leslie Decena
U.S. Coast Guard
SILC-PLD (pmb)
1301 Clay Street, Suite 700N
Oakland, CA 94612-5203

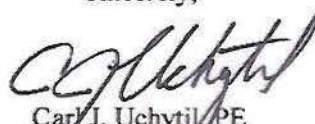
Dear Ms. Decena,

The City & Borough of Juneau (CBJ) Docks and Harbors Department is in the process of updating lease and license agreements we have with all our clients. License-Lease DTCG89-94-L-J-037, effective 1 April 1993 regarding property at the Don Statter Harbor, expired on 30 March 2003.

The original License-Lease (encl 1) states the "term of this license is for ten (10) years. This is consistent with the previous License Addendum #1 to DTCG-Z1117-88-RP-032L of 15 June 1988 (encl 2) for the Auke Bay Transient Float Facility (located at Don Statter Harbor). That license was amended to be "a new expiration date of 30 March 1993 with provisions for an additional ten (10) year renewal upon mutual agreement of both parties." Furthermore, in the 1985 letter from AK DOT to CBJ (encl 3), recognized the Coast Guard financial contributions to the improvements and specifically stated "no maintenance charge or rental fees will be assessed for 15 years from the date of this agreement."

CBJ enjoys a close relationship with CGC LIBERTY at our Auke Bay/Statter Harbor facility; however, the cost in maintaining aging harbor infrastructure is exceeding our budget. Given the expiration of the lease, it is appropriate to begin to begin a new lease process. Ms. Teena Scovill and I look forward to working with you.

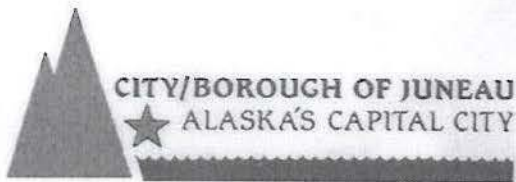
Sincerely,



Carl J. Uchytel, PE
Port Director

- Encl: (1) License-Lease DTCG89-94-L-J-037 of 1 April 1993
(2) License Addendum #1 to DTCG-Z1117-88-RP-032L of 15 June 1988
(3) AK DOT letter to Juneau Harbor Board dated 12 December 1985

Copy: CG Civil Engineering Unit Juneau



City & Borough of Juneau • Docks & Harbors
155 S. Seward Street • Juneau, AK 99801
(907) 586-0292 Phone • (907) 586-0295 Fax

Port of Juneau

November 16, 2011

Doug Trucano
PO 20870
Juneau, AK 99802

Dear Mr. Trucano,

At the Docks and Harbors Operations Committee meeting on November 15th, the Committee directed me to move forward with your lease application. The next step is to appraise CBJ tidelands ATS 123, Lot #2. Docks and Harbors typically contracts with a SE Alaska appraisal company for this service. I will provide you the option to:

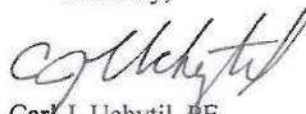
- Have Docks and Harbors contract locally to provide the appraisal; or
- Have you procure the service with an approved appraiser meeting the criteria in 05 CBJAC50.050 (Appraisal Standards)

In the former, Docks & Harbors would pay for the appraisal and would bill you for the service at the time the lease rent is due. The latter, you would pay for an appraiser from the AK Department of Natural Resources list of qualified appraisers, provided to you in enclosure (2). In either case, CBJ would be the sole client for all appraisal assignments, regardless of who contracts for, or pay for, the appraisal.

Additionally, I am required to notify you of the estimated cost for Docks and Harbors Department to process the application. My estimate is 16 hours of Docks & Harbors Staff time equating to \$600, this fee would be collected at the time of the lease rent is due.

You must agree in writing to pay for these processing costs prior to the Docks and Harbors Board taking action on the application. Should you have any questions, please do not hesitate to ask me or Ms. Teena Scovill.

Sincerely,



Carl J. Uchytel, PE
Port Director

Encl: (1) Updated Application
(2) DNR Current List of Appraisers – dated November 7, 2011
(3) 05 CBJ 50 – Regulations of Docks and Harbors – Lease Administration

**City and Borough of Juneau
Docks and Harbors
Standard Operating Procedure**

New Lease Process

Effective Date: 1 November 2011

Purpose: To provide specific guidelines for the administration of leases for the Docks and Harbor Department.

Authority: The Port Director is authorized to negotiate and execute a lease.

Policy: Provides written instructions to the required process for leasing property.

Procedure:

1. Application received for requested lease area.
2. The Docks and Harbors Board is authorized under CBJ 85.02.060 to lease lands as provided in CBJ Chapter 53.20 and any action required by the City Manager may be performed by the Port Director. The Port Director will review each application for completeness within 30 days of receipt unless the Director notifies the applicant that more time is required. Upon receipt of the application, the Port Director will estimate the Docks and Harbors Department cost to process the application and will notify the applicant in writing of the estimated cost. The applicant shall pay all costs associated with processing of the application, including costs to survey and appraise the proposed lease area. The applicant must agree in writing to pay the processing costs prior to the Docks and Harbors Board taking action on the application. Failure of the applicant to agree to pay or to provide processing costs will result in the application being terminated. The applicant may assist the Port Director by arranging for specified components of the work, such as survey, and appraisal, provided any such work to be performed by applicant is approved in writing in advance by the Port Director.

3. By referral by the Port Director, the application will be placed on the Operations Committee Agenda and a letter will be sent to the applicant a minimum of 7 days prior to the Operations Committee meeting to allow applicant to attend. Leases under the administration of the Docks and Harbors department are governed by CBJ Chapter 53.20 (Leases) and CBJ 85.02.060 (General Powers of Dock & Harbors Board). The regulations in this chapter implement and make specific the requirements of those code sections as they apply to leases under the jurisdiction of the Docks and Harbors Board.

4. Upon approval at the Operations Committee, an appraisal will be authorized at the expense of the applicant. No land or interest in land shall be leased unless the land or interest in land has been appraised as set out in 05 CBJAC 50.050.

5. Upon receipt of appraisal, the application and appraisal will proceed to the Finance Committee for review and lease rent established. It will move forward to the Regular Board for approval. No land or interest in land shall be leased for less than the approved, appraisal annual rental as set out in 05 CBJAC 50.040(b).

6. Upon Regular Board approval, the lease of property is forwarded to the CBJ Law Department.

7. CBJ Law Department will draft an ordinance and send to the Assembly for two meetings (public notice and adoption) via the Assembly Lands Committee. CBJ 53.20.020 authorizes the lease of lands owned by the City and Borough, including tide and submerged lands, by ordinance under such procedures and minimum terms and conditions as set forth in the ordinance.

8. CBJ Law Department will draft a lease agreement and send to applicant. The applicant and Port Director may discuss terms and a final lease executed.

9. The final lease is signed and notarized. The Port Director will record the transaction with the Alaska Department of DNR Recorder's Office and copy provided to the lessee.

10. The original lease will then be filed with the Docks & Harbors Department and final copy provided to lessee.

11. Lessee shall be responsible for obtaining all necessary permits and approvals for its use and development of the leased premises. In addition, Lessee is required to obtain approval of development plans from the Docks and Harbors Board prior to any proposed development of the leased premises or improvements.

#

Chapter 50

LEASE ADMINISTRATION

05 CBJAC 50.010 Purpose of chapter.

05 CBJAC 50.020 Relationship to CBJ leasing code.

05 CBJAC 50.030 Lease applications.

05 CBJAC 50.040 Appraisal, lease rent requirements, and dispute resolution.

05 CBJAC 50.050 Appraisal standards.

05 CBJAC 50.010 Purpose of chapter.

The purpose of this chapter is to set out requirements pertaining to applications, deposits, payment, appraisal requirements, and appraisal standards that are specific to leases under the administration of the docks and harbors department.

(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.020 Relationship to CBJ leasing code.

Leases under the administration of the docks and harbors department are governed by CBJ Chapter 53.20, Leases, and CBJ 85.02.060. The regulations in this chapter implement and make specific the requirements of those code sections as they apply to leases under the jurisdiction of the Docks and Harbors Board.

(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.030 Lease applications.

(a) *Application requirements.* All applications for lease of lands shall be submitted to the port director on forms provided by the director. With the application, an applicant shall also submit a development plan that includes:

- (1) The nature and purpose of the proposed lease;
- (2) A site plan;
- (3) The use, value, and nature of improvements to be constructed;
- (4) The dates construction is estimated to commence and be completed;
- (5) A detailed description of the proposed operation;
- (6) Whether the intended use complies with the CBJ Land Use Code, CBJ Title 49, and the comprehensive plan of the City and Borough; and
- (7) Additional information that would assist the port director, the Docks and Harbors Board, and the Assembly in acting on the application.

(b) *Application processing.* The port director will review each application for completeness within 30 days of receipt unless the director notifies the applicant that more time is required to complete the review. If the port director determines that the application is not complete, the director will provide the applicant with a general description of the information needed to make the application complete. Once the application is complete, the port director will estimate the cost for the docks and harbors department to process the application and will notify the applicant in writing of the estimated cost. The applicant is required to pay all costs associated with processing of the application, including any costs to survey and appraise the area proposed to be leased. The applicant must agree in writing to pay the processing costs prior to the Docks and Harbors Board taking action on the application. Failure of the applicant to agree to pay, or pay, any processing cost will result in the application being denied. The applicant may assist the port director by arranging for specified components of the work, such as survey and appraisal, provided any such work to be performed by applicant is approved in writing in advance by the port director.
(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.040 Appraisal, lease rent requirements, and dispute resolution.

(a) *Requirement for an appraisal.* No land or interest in land shall be leased, or a renewal lease issued, unless the land or interest in land has been appraised as set out in 05 CBJAC 50.050 within 90 days prior to the date fixed for the beginning of the term of the lease or renewal lease, provided that no appraisal is required for land or space where the Assembly has, by resolution, within three years of the application set the lease rents for such land or space.

(b) *Minimum acceptable annual rental.* No land or interest in land shall be leased for less than the approved, appraised annual rental except that when leased to a governmental unit, agency, department, or body for public purposes, or to a nonprofit organization for the purpose of performing a public or quasi-public health function, such minimum rental may be waived by the Assembly by resolution; however, such waiver does not constitute a waiver to the requirement for a review and adjustment of rental rates every five years.

(c) *Lease rent adjustments.* For all leases, the port director will propose a rent adjustment as set out in CBJ Ordinance 53.20.190(2). If the lessee disagrees 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. The lease rent adjustment proposed by the port director will automatically take effect if the lessee's appraisal is not completed and submitted to the director within six months after the director proposes the adjustment.

(d) *Delays in setting rents.* Delays in setting or adjusting lease rents due to the appraisal process shall not change the effective date of the lease rent change. In the case of renewals, the new rent shall apply retroactively to the date the lease expired. In the case of rent adjustments during a lease, the new rent shall apply retroactively to the date of rent adjustment as set out in the lease.

(e) *Payment of rents.* Rent payments shall be paid in advance, unless the lease stipulates otherwise. The port director will determine whether payments will be on a monthly, quarterly, semi-annual, or annual basis.

(f) *Preliminary review of appraisal.* The port director may reject an appraisal or recommend an appraisal be modified before review by the docks and harbors board.

(g) *Dispute resolution.* In the event the docks and harbors board cannot reach agreement with the applicant or lessee on the lease rent or adjustment, the board shall pay for an additional appraisal and have that appraisal undertaken in accordance with 05 CBJAC 50.050. After reviewing the additional appraisal, the board shall establish lease rent. If the applicant or the lessee disagrees with the lease rent or adjustment, the applicant or lessee may appeal to the Assembly. The decision of the Assembly shall be final.
(Added 9-29-2008, eff. 10-13-2008)

05 CBJAC 50.050 Appraisal standards.

(a) *Client.* The City and Borough of Juneau is the sole client for all appraisal assignments, regardless of who contracts for, or pays for, the appraisal.

(b) *Appraiser qualifications.* The appraiser must be on the State of Alaska Department of Natural Resources list of qualified appraisers. DNR maintains and periodically updates a list of qualified appraisers. The list is available upon request from DNR and at <http://www.dnr.state.ak.us/land/appraisal/htm>.

(c) *Appraiser contact with City and Borough of Juneau.* Any appraiser preparing a report for use by the City and Borough of Juneau is required to contact the port director before beginning work so that the port director may issue supplemental appraisal requirements or additional information specific to the assignment.

(d) *Appraisal standards.* All appraisals must be prepared in accordance with the standards and requirements set out in this Section 05 CBJAC 50.050 and all applicable standards in the current edition of Uniform Standards of Professional Appraisal Practice (USPAP) published by the Appraisal Foundation. For specific projects, the port director may issue supplemental instructions.

(e) *Purpose of the appraisal.* The purpose of the appraisal is to estimate the annual market rent based on the market rental rate for the land.

(f) *Intended use and intended users of the appraisal.* The City and Borough of Juneau will use the appraisal to establish the annual lease rent for the lands to be leased, including initial lease rent, renewal rent, and rent adjustments.

(g) *Definitions.*

(1) *Appraisals must use the following definition for market rent:* The most probable rent that a property should bring in a competitive and open market.

(2) *Appraisals must use the following definition for rental rate:* The percentage of market value that a comparable class of private property would bring in the open market with the same conditions of lease as offered by the City and Borough of Juneau.

(h) *Inspection.* The appraiser must make an onsite inspection of each appraised property and comparable. If a valuation error results due to lack of adequate inspection, the appraiser will be required to do an onsite inspection at the appraiser's own expense. The port director may allow exceptions to these inspection requirements, if special conditions warrant. Any exceptions must be authorized in writing by the port director

before work begins.

(i) *Photographs.* Reports must contain onsite photographs of all appraised properties and comparables that were inspected. Photographs must clearly illustrate the character and quality of the properties and must clearly approximate property corners and boundaries with marks on the photographs or explanatory captions. Low altitude photographs are acceptable if they meet the above criteria. All subject photographs are preferred in a digital format, with the appraiser waiving the right to their use in future city and borough publications.

(j) *Plat or survey maps.* The report must contain legible and clearly readable copies, showing the size and dimensions of each parcel appraised. Legible plat notes must also be included.

(k) *Comparable land data.*

(1) Comparable land data sheets are required for all reports, and must include a complete legal description, recording information, and a photograph of the comparable that meets the required standard for photographs as set out in subsection (i) of this section.

(2) A comparable land location map is required, showing the location of the comparable in relation to the appraised properties and other comparables.

(3) Whenever possible, all transactions should be verified with a knowledgeable party (grantor, grantee, broker, lessor or lessee), either by the appraiser conducting the subject appraisal or by an appraiser who verified the information in another report. Failed efforts to reach knowledgeable parties shall be stated on the comparable land form.

(l) *Rent comparisons.* The appraisal report shall include an annual land rent comparisons chart, stating location, date, rent, size in square feet and rent per square foot. When relating comparable transactions to the subject property, adjustments must be fully discussed and presented in an adjustment table. Such adjustments need to be defined in qualitative or quantitative terms, clearly stating which method is most reliable. Estimates based solely on the appraiser's opinion without explanation will not be accepted.

(m) *Applicant or lessee contact.* The appraiser shall contact the applicant or lessee and offer an opportunity to discuss the appraisal and inspect the property with the appraiser. Contact with the lessee or applicant must be briefly described in the report.

(n) *Required number of copies.* The appraiser should provide one hard copy of the report for review by the port director. The appraiser should then provide to the port director one hard copy and a PDF copy of the final, reviewed report.

(Added 9-29-2008, eff. 10-13-2008)