

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

I. Call to Order (12:00 p.m. to 1:30 p.m.) in the **Room 224, City Hall.**

II. Roll Call (Greg Busch, Mike Peterson, Scott Spickler, and Tom Donek).

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 June 24th, 2014 Finance Committee Meeting Minutes.

VI. Consent Agenda - None

A. Public Requests for Consent Agenda Changes

B. Committee Member Requests for Consent Agenda Changes

C. Items for Action

VII. Unfinished Business

1. Mt Roberts Tramway Lease Negotiations
Presentation by Port Director

Committee Questions

Public Comment

Committee Discussion/Action

MOTION: TO BE DEVELOPED AT MEETING

VIII. New Business - None

IX. Items for Information/Discussion.

1. Termination of Lease ADL #103289
Presentation by Port Director

X. Staff & Member Reports.

XI. Committee Administrative Matters.

1. Next Finance Committee Meeting August 26th, 2014

XII. Adjournment.

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, June 24th, 2014

I. Call to Order Tom Donek called the Finance Committee Meeting to order at 5:00pm in Room 224, City Hall.

II. Roll Call The following members were present Greg Busch, Mike Peterson, Scott Spickler, and Tom Donek.
Also present were Carl Uchytel – Port Director, David Logan – Harbor Board Member.

III. Approval of Agenda.

MOTION BY MR. SCOTT SPICKLER TO APPROVE THE AGENDA AS PRESENTED AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

IV. Public Participation on Non-Agenda Items – None.

V. Approval of May 27th, 2014 Finance Committee Meeting Minutes.

MOTION BY MR. GREG BUSCH TO APPROVE THE MAY 27, 2014 FINANCE COMMITTEE MEETING MINUTES AS PRESENTED AND ASKED UNANIMOUS CONSENT.

Motion passed with no objection.

VI. Consent Agenda – None.

A. Public Requests for Consent Agenda Changes

B. Committee Member Requests for Consent Agenda Changes

C. Items for Action

VII. Old Business

1. Mt. Roberts Tram Update

Presentation by the Port Director

Mr. Uchytel stated Goldbelt again reviewed the Horan Appraisal and would like to go back to re-negotiating for the fair market value between the two appraisals. The lease rent from 1997 – 2006 was set at \$90,000.00. In 2006 the Board elected to bypass any royalty rent and came up with a value of 8% of the property so the rent was raised to \$104,000.00. From 2012 to current is what needs to be reevaluated for a lease rent rate. Goldbelt has acknowledge the \$60,000.00 minimum royalty rent is in the lease, the \$2,000.00 air rights is reasonable, and the value of \$190,000 for fee simple appraisal of the property which would make the rate \$252,000.00 for 2012-2015. Goldbelt requested that the lease be amended to have the lease rent adjusted every 5 years at the Anchorage CPI.

CBJ DOCKS & HARBORS BOARD
FINANCE MEETING MINUTES
For Tuesday, June 24th, 2014

Committee Questions

Mr. Spickler asked if the CPI will be adjusted every year or every five years.

Mr. Uchytel answered it would be every five years.

Mr. Donek asked how the \$190,000.00 was determined.

Mr. Uchytel answered it was based on 8% of the average value of the two Reliant Appraisals.

Mr. Peterson stated these were the figures and rates we offered in February and Goldbelt declined at the time and wanted to go to the assembly as well as obtain a third appraiser. Now Goldbelt is coming back to the table to advise they are willing to re-negotiate based on the two appraisals instead of getting a third. Mr. Peterson suggested meeting with Goldbelt and reviewing the figures and going with the original 10% value of the property. If we accept this new rate it would get rid of the royalty rent formula, we would establish the starting point of 2012, moving from a 3 year to a 5 year appraisal, we are supporting retail, and we are willing to use Reliant's two lower figures.

Mr. Donek asked if it is written in the lease that we can negotiate the lease using the two appraisals that have been obtained.

Mr. Uchytel read the lease regarding obtaining the two different appraisals and Docks & Harbors and Goldbelt are able to negotiate the lease rent based on these.

Mr. Busch stated the change to 8% from 10% was never processed correctly according to the lease. By only increasing the CPI every 5 years instead of every year Goldbelt will save a large amount of money.

Mr. Donek asked if other leases are at 8% or 10%.

Mr. Uchytel answered they are all different.

Public Comment

Paul Swanson, Juneau, AK

Mr. Swanson stated it should be at 10%. He stated that it is time for Goldbelt to step up to the plate and pay a fair lease rent.

Dr. David Logan, Juneau, AK

Mr. Logan stated the 2% is less crucial than the CPI adjustment. It should be negotiated to a yearly CPI adjustment.

Committee Discussion/Action

Mr. Spickler stated we should have CBJ Finance Department run the numbers based on the different percentages so we have some hard numbers to work with in the negotiations.

CBJ DOCKS & HARBORS BOARD

FINANCE MEETING MINUES

For Tuesday, June 24th, 2014

Mr. Busch stated he would support 8% with an annual CPI. The rate is going to triple the lease rent so it will be a challenge going through the assembly.

Mr. Donek stated this is still all on the table for negotiations and we should keep the ability for us to do appraisals in the lease.

Mr. Spickler asked if Mr. Uchytel has met with Amy Mead the City Attorney.

Mr. Uchytel stated he has met with her and she sees things very black and white in our lease. He stated that in 2006 mistakes were made so we need to fix those.

Mr. Spickler stated he would like to see the numbers with the CPI increase every year over a five year period and run the 8%, 9%, and 10% value of the property. We could get feedback from the legal department.

Mr. Donek stated he does not think it is a legal question. It is what Docks & Harbors is willing to take.

Mr. Uchytel stated he asked Ms. Mead if we can evaluate the lease rent based on CPIs and not appraisals. Ms. Mead answered via e-mail there is nothing that prohibits it.

Mr. Donek stated the 8% was never in the original lease.

Mr. Peterson stated since we are in negotiations it takes the 8% off the table and we could return to the 10% from the original lease.

Mr. Donek stated we still need to have an appraisal every 5 – 10 years.

MOTION: None.

VIII. New Business - None

IX. Items for Information/Discussion

1. Establish Process and Timeline for comprehensive fee rate review.

Presentation by the Port Director

Mr. Uchytel stated that the Harbor Board needs to do a rate review for the fees associated with Docks & Harbors along with the management of these fees. Mr. Uchytel presented an Action Plan with what rates require review and a tentative timeline. In order for the assembly to approve it would require to be completed by June of 2014 for next year.

Mr. Peterson asked if the Finance Committee is the right Committee to review the rates. Should it be CIP/Operations and the Full Board.

Mr. Donek stated we handle the money and finances for Docks & Harbors so that is the connection. This should be a small special committee to work with Carl and work on it in portions.

CBJ DOCKS & HARBORS BOARD

FINANCE MEETING MINUES

For Tuesday, June 24th, 2014

Mr. Busch suggested having different sub-committees and break up the fees in to sections to share the workload.

Mr. Peterson suggested we may need two years.

Mr. Donek agreed we will need more time to review the list of rates.

Mr. Busch stated we will not have enough time with public input, regulation updates, and assembly approval.

Mr. Peterson stated he is concerned that we are going to require more work from staff when there are still vacancies. He stated the Board can do most of this work.

Mr. Uchytel stated the only rates that are reviewed are the moorage, skiff rates and the water for Cruise Ship Docks.

Mr. Spickler asked if we should focus on the items that have not been updated in 5 – 10 years such as the passenger for hire fees.

Mr. Uchytel also presented a Master Plan for the Sitka Harbor Department from 2012 as an example of economic plan. We could hire services to help us with our future regarding fees and construction plans.

X. Staff & Member Reports – None.

XI. Committee Administrative Matters.

1. Next Finance Committee Meeting July 29th, 2014

XII. Adjournment.

The Finance Committee meeting adjourned at 6:05pm.



Port of Juneau

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

From: Carl Uchytel, Port Director
To: Docks & Harbors Finance Committee
Date: July 9th, 2014
Re: MOUNT ROBERTS TRAM – LEASE NEGOTIATIONS

1. Docks & Harbors and Goldbelt have been in lease rent review discussion since 2011. The existing lease, signed in 1995, provided that an appraisal be conducted every three years thereafter. An appraisal has never been conducted until negotiations began in 2011. The initial lease rent was set at the minimum of \$90K until 2006 where upon the lease rent has been \$104K based upon a multiplier of the 2005 assessed value.
2. The negotiations with Goldbelt have resulted in a proposed annual lease rent of \$269K for the years 2012 to 2016. The value of \$269K is established in the following:
 - Base rent to be set at 9% of \$2.3 million or \$207,000/year.
 - Plus \$2k/year for air rights.
 - Plus \$60k/year for royalty rent. The royalty rent table will no longer apply.
 - Total Rent = \$269K/year
3. It is proposed that future adjustments to the lease be linked to the Anchorage CPI applied every five years. However, an option to request an appraisal every 7th year would be available to either party.
4. Furthermore, it is recommended that the lease be amended to allow retail sales to be conducted within the Mt. Roberts Tramway building which is currently prohibited within the lease.
5. Changes to the lease agreement will require Docks & Harbors Board and CBJ Assembly approval.
6. It is recommended that the Docks & Harbors Finance Committee accept the proposed lease rent of \$269K per year and recommend the Board approve the same. Concurrent with this process, lease amendment changes will be prepared for Assembly approval.



Port of Juneau

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

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

From: Carl Uchytel, Port Director
To: George Jefferson
4400 Thane Rd.
Juneau, AK 99801
Date: July 8, 2014
Re: ADL #103289

Dear Mr. Jefferson:

It has come to my office's attention that you are still occupying/possessing the property you leased under ADL #103289.

This letter is to inform you that you can no longer reside, inhabit, or possess the property because: (1) the lease has been terminated; and (2) under the lease you are not permitted to stay at the Thane Ore House because you failed to pay the fees owed. If you continue to stay or reside at the Thane Ore House the City and Borough of Juneau will be required to undertake various legal actions against you. You may only be on the property to remove your personal property which must be completed by August 10, 2014.

Consistent with the "Termination" provisions under ADL #103289, you were first provided notice of the lease's delinquent status on September 3, 2013. On September 12, 2013, you and your attorney in your criminal matter were informed that failure to remedy the delinquency within 60 days would result in automatic termination of your lease. As of June 5, 2014, you had not paid the amount owed on the lease. Because you failed to pay the amounts owed, on June 5, 2014, I recorded an affidavit terminating the lease. A June 9, 2014 letter from the CBJ Law Department informed you my affidavit to terminate had been recorded with the Recording District; thus terminating the lease. This June 9, 2014 letter also informed you that you had 60 days to remove or sell all personal

property. Fixed structures will be dealt with according to the statutory authority provided in that letter.

As these letters reveal, you can no longer reside or possess the Thane Ore House property. You are not entitled to be on the property, except for removing your personal property. Continued failure to abide by this law can result in other legal ramifications for you.

If you have any questions, please contact Docks and Harbors Office at 907-586-0292.

Sincerely,



Carl Uchytel
Port Director

Enclosures:

Lease ADL #103289

September 3, 2013 Letter

September 12, 2013 Letter

June 9, 2014 Letter and Enclosures

cc: Christopher Orman, CBJ Law Department

STATE OF ALASKA

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

400 Willoughby Avenue, SUITE 400

JUNEAU, ALASKA 99801

PHONE: (907) 465-3400

FAX: (907) 586-2954

February 14, 2001

George Jefferson
Thane Ore House
4400 Thane Road
Juneau, AK 99801

ATS 1328

Re: Transfer of Tideland Lease No. ADL 103289 to the City and Borough of Juneau

Dear Lessee:

This is to inform you that land management authority for the tidelands on which the above referenced lease is located has been conveyed to the City and Borough of Juneau. The management authority, effective 2/8/2001, includes all the State of Alaska's rights, title, and interest in, and to, the tidelands. A state tideland patent will be issued to CBJ, subject to the lease.


Accordingly, the above referenced lease has been transferred to the City and Borough of Juneau. The administration of the lease now resides with the City and Borough of Juneau and all correspondence and rental payments for this lease should be made to:

Attn: Joe Graham
Port of Juneau
City and Borough of Juneau
155 South Seward
Juneau, AK 99801
(907) 586-5255

As a condition of this lease you are required to maintain a \$5,000 performance guarantee. We have instructed the First National Bank of Anchorage to transfer the Certificate of Deposit held on deposit for this lease to the City and Borough of Juneau. Please also inform your insurance company to change the additional insured for your policy to CBJ.

If you have any questions about the lease transfer please call me at 465-3513.

Sincerely,


Doug Sarvik
Natural Resource Officer

cc: Joe Graham, City and Borough of Juneau

"Develop, Conserve and Enhance Natural Resources for Present and Future Alaskans"

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

TONY KNOWLES, GOVERNOR

*400 Willoughby Avenue, SUITE 400
JUNEAU, ALASKA 99801*

PHONE: (907) 465-3400

FAX: (907) 586-2954

February 14, 2001

Attn: Thomas
First National Bank of Anchorage
238 Front Street
Juneau, AK 99801

Re: Release and Transfer of CD Used as Performance Guarantee for Tideland Lease No. ADL 103289

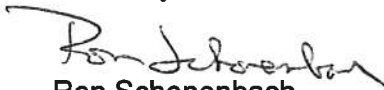
Dear Bank Representative:

George Jefferson DBA Thane Or House Salmon Bake obtained Certificate of Deposit No. 67032378 (enclosed) in the amount of \$5,000 to serve as a financial performance guarantee for the lease of state tidelands. The management of the tidelands has been conveyed to the City and Borough of Juneau and the tideland lease has been transferred to CBJ.

I am the state official that required the posting of the guarantee and I have determined that the State of Alaska no longer needs this financial instrument. I wish to release all interest in the account to the new lessor, the City and Borough of Juneau.

If you have any questions about this case please contact Doug Sanvik at (907) 465-3513.

Sincerely,



Ron Schonenbach
Regional Manager

Enclosure: Certificate of Deposit No. 67032378

cc: George Jefferson
Joe Graham, City and Borough of Juneau

"Develop, Conserve and Enhance Natural Resources for Present and Future Alaskans"

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF MINING, LAND AND WATER

TONY KNOWLES, GOVERNOR

400 Willoughby Avenue, SUITE 400

JUNEAU, ALASKA 99801

PHONE: (907) 465-3400

FAX: (907) 586-2954

November 3, 2000

Thane Ore House
4400 Thane Road
Juneau, Alaska 99801

Re: ADL 103289

Dear Sir or Madam:

The purpose of this letter is to provide notice pursuant to AS 38.05.945 of our preliminary decision to grant a tideland conveyance to the City and Borough of Juneau. ~~This conveyance will transfer approximately 265 acres of tide and submerged land to the city and borough.~~ Your tideland lease, ADL 103289 will be part of this conveyance. This will not effect the terms of your existing lease. Juneau will become the land owner and the only changes will be that your annual use payments will be made to the City and Borough of Juneau and any future lease modifications will be administered by them.

A copy of the preliminary decision may be obtained from our office. The deadline for making comments on this preliminary decision will be December 3, 2000. Persons that do not submit written comment during the comment period will have no right to appeal the final finding.

If you have any questions please let me know.

Sincerely,



Bob Palmer
Lands Officer

MEMORANDUM

State of Alaska

Department of Natural Resources


Division of Land

Southeast Regional Office



To: Debbie Waits
Financial Services

Date: September 19, 1995

From: Chris Landis 
Land Section Manager

File No: ADL 103289

Phone No: 465-3406

Subject: New Bond

The attached negotiable instrument is to be held as a performance guarantee for the following file.

FILE: ADL 103289

NAME: George Jefferson, dba Thane Ore House Salmon Bake

AMOUNT: \$5,000

ACCOUNT

NUMBER: TCD # 67032378

CERTIFICATE OF DEPOSIT

Date 9/15/95



6703237

The First National Bank of Anchorage

The First National Bank of Anchorage certifies that there has been deposited
FIVE THOUSAND DOLLARS AND NO CENTS dollars, \$ **5,000.00**
 Payable to STATE OF ALASKA IN TRUST FOR GEORGE JEFFERSON DBA THANE ORE HOUSE SALMON BAKE
4400 THANE RD, JUNEAU, AK 99801
 SSN 92-0059197 at initial interest 5.250 percent per annum upon return of this certificate properly endorsed. Term 365 Original Maturity Date 9/13/96 Interest ceases at maturity.
 AUTO-RENEWABLE YES ☒ NO ☐ If selected, this certificate will be renewed for successive periods each equal to the original term. The interest rate during successive periods shall be established by The First National Bank of Anchorage.
 Disposition of Interest: Increase Principal ☐ Withdraw ☒
 NON-TRANSFERABLE ☐
 NON-NEGOTIABLE
 PENALTY FOR EARLY WITHDRAWAL
 ⑈67032378⑈ ⑆125200060⑆ 61 00000 6⑈

[Signature]
 Authorized Signature

TIME DEPOSIT WITH ORIGINAL MATURITY OF THIRTY TWO DAYS TO AND INCLUDING ONE YEAR:

An amount equal to one month's simple interest on the amount withdrawn at the rate being paid upon the deposit.

be

Depositor has a grace period of 10 calendar days, for penalty free withdrawal, after maturity or renewal date.

TIME DEPOSIT WITH ORIGINAL MATURITY OF MORE THAN ONE YEAR:

An amount equal to three months' simple interest on the amount withdrawn at the rate being paid upon the deposit.

en.

Depositor has a grace period of 10 calendar days, for penalty free withdrawal, after maturity or renewal date.

Where necessary to comply with the requirements prescribed above, it may be necessary to deduct the penalty amount or a portion of it from the amount requested by the depositor to be withdrawn.

*EXCEPTION: Upon the death of any owner of the Time Deposit, whether or not named on the deposit instrument, we can pay this Time Deposit before maturity without the penalty prescribed above.

10-39 (Rev. 7-86)

- [3] in order to comply with government regulations
- [4] if you give us your written permission.

60-84 (Rev. 6/94)

ADL 103289

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LAND, SOUTHEAST REGION
400 Willoughby Ave., Suite 400
Juneau, Alaska 99801

ADL No. 103289

LEASE AGREEMENT

Effective this **1st** day of **December, 1995**, this lease agreement is entered into by the State of Alaska, hereafter referred to as "lessor," and George Jefferson, dba Thane Ore House Salmon Bake, hereafter referred to as "lessee," whether one or more, whose sole addresses for purposes of notification under this lease agreement are listed in section 28.

The lessor and the lessee agree that this lease, including all attachments and documents that are incorporated in this lease by reference, contains the entire agreement between the parties, and each of the covenants and conditions in this lease including any attachments will be binding upon the parties and upon their respective successors and assigns. The lessor and the lessee further agree that this lease is conditioned upon satisfactory performance by the lessor and the lessee of all covenants and conditions contained in this lease. The lessee is aware of the provisions of Title 38, Alaska Statutes, Title 11, Alaska Administrative Code, and other applicable laws, regulations, and ordinances, and fully understands the duties and obligations of the lessee under this lease, and the rights and remedies of the lessor.

This lease is subject to all applicable state, federal, and municipal statutes, regulations, and ordinances in effect on the effective date of this lease, and insofar as is constitutionally permissible, to all statutes, regulations, and ordinances placed in effect after the effective date of this lease. A reference to a statute, regulation, or ordinance in this lease includes any change in that statute, regulation, or ordinance, whether by amendment, repeal and replacement, or other means. This lease does not limit the power of the State of Alaska, its political subdivisions, or the United States of America to enact and enforce legislation or to adopt and enforce regulations or ordinances affecting, directly or indirectly, the activities of the lessee or its agents in connection with this lease or the value of the interest held under this lease. In case of conflicting provisions, statutes, regulations, and ordinances take precedence over this lease. This lease shall not be construed as a grant or recognition of authority for promulgation or adoption of municipal ordinances that are not otherwise authorized.

1. Grant. This **competitive** lease is issued under the authority of **AS 38.05.070 and AS 38.05.075**, for a term of **30** years beginning on the **1st** day of **December, 1995** and ending at 12 o'clock midnight on the **30th** day of **November, 2025**, unless sooner terminated, subject to: compensation as specified in section 2; the attached development plan (**See Attachment B**) approved by the state on **April 14, 1994**; and attached stipulations (**See Attachment A**), that are incorporated in and made a part of this lease, for the following, hereafter referred to as the "leasehold":

Tracts B-1 and B-2, Alaska Tideland Survey 1328, located within Section 5, Township 42 South, Range 68 East, Copper River Meridian according to the survey plat filed in the Juneau Recording District on January 19, 1994 as plat #94-2.

Excepting and reserving any general reservations to the lessor that are required by law and that may be stated elsewhere in this lease, and the following, which the state reserves for itself and others: **Subject to all platted easements and reservations and further subject to the Special Stipulations noted on Attachment A and made a part of this lease agreement.**

2. Compensation. (a) The lessee shall pay to the lessor compensation as follows, without the necessity of any billing by the lessor: **Equal annual payments, on or before the 1st day of December of every year during said**

 lessee

term at the rate of thirty seven hundred dollars (\$3700.00) . The lessor may, upon 10 days' notice, review and copy any records of the lessee that are necessary to verify the lessee's compliance with this paragraph.

(b) In accordance with AS 38.05.105, the lease compensation is subject to adjustment by the lessor at the commencement of the sixth year of the term and every fifth year thereafter (the "adjustment date"). The compensation adjustment takes effect on the applicable adjustment date, regardless of whether the adjustment determination occurs before or after that date. All reasonable costs of the adjustment, including reappraisal if required by the lessor, will be borne by the lessee.

3. Denial of Warranty. The lessor makes no warranty, express or implied, nor assumes any liability whatsoever, regarding the social, economic, or environmental aspects of the leasehold, including, without limitation, the soil conditions, water drainage, access, natural or artificial hazards that may exist, or the profitability or fitness of the leasehold for any use. The lessee represents that the lessee has inspected the leasehold and determined that the leasehold is suitable for the use intended, or has voluntarily declined to do so, and accepts the leasehold "as is" and "where is."

4. Use of Leasehold. Prior to execution of this lease and to commencing use or development of the leasehold, the lessee shall submit a development plan for the leasehold to the lessor and obtain the lessor's approval of the plan. Any use or development of the leasehold must be consistent with the development plan approved by the lessor. Any proposed revisions to the development plan must be submitted to the lessor for approval before any change in use or development occurs. The lessee shall use and occupy the leasehold in compliance with the approved development plan and all applicable laws, regulations, ordinances, and orders that a public authority has put into effect or may put into effect, including those of a building or zoning authority and those relating to pollution and sanitation control. The lessee may not permit any unlawful occupation, business, or trade to be conducted on the leasehold. The lessee shall properly locate all activities and improvements on the leasehold, and may not commit waste of the parcel. The lessee shall maintain and repair the leasehold including improvements in a reasonably neat and clean condition, and shall take all necessary precautions to prevent or suppress grass, brush, or forest fires, and to prevent erosion, unreasonable deterioration, or destruction of the land or improvements. The lessee agrees not to place any aboveground or underground fuel or chemical tanks on the leasehold without the prior written approval of the lessor.

5. Encumbrance of Leasehold. The lessee may not encumber or cloud the lessor's title to the leasehold, or any portion of the leasehold, nor enter into any lease, easement, or other obligation of the lessor's title without the prior written approval of the lessor.

6. Assignment of Interest. The lessee may not assign or sublet any interest held under this lease, including a security interest, without the prior written approval of the lessor. The lessor may approve such assignment or subletting if the lessor finds it to be in the best interest of the state. No such assignment or subletting will be effective until approved by the lessor in writing, and the assignee agrees to be subject to and governed by the provisions of this lease, any subsequent amendments to this lease, any additional stipulations, or reappraisal as deemed appropriate by the lessor, and all applicable laws, regulations, and ordinances in the same manner as the original lessee. No assignment or subletting of the leasehold, or any portion thereof, by the lessee will annul the lessee's obligation to pay the compensation required for the full term of this lease. Except as provided in this lease, no subdivision of the leasehold interest may occur without the prior written approval of the lessor.

7. Conditional Lease. If all or part of the leasehold has been tentatively approved, or approved, but not yet patented, by the United States to the lessor, then this lease will be conditioned upon receipt by the lessor of such patent. If for any reason the lessor does not receive patent, any compensation paid to the lessor under this lease will not be refunded. Any prepaid compensation for land to which patent is denied the lessor will be refunded to the lessee of record in the amount of the pro-rata portion of the unexpired term. The lessor will have no further liability to the lessee for the termination of the lease.



lessee

8. Payment of Taxes and Assessments. The lessee shall pay prior to delinquency all taxes and assessments accruing against the leasehold.

9. Section Line Rights-of-Way. If the leasehold borders on or includes one or more section lines, the lessor hereby expressly reserves unto itself and its successors and assigns a right-of-way or rights-of-way pursuant to AS 19.10.010.

10. Navigable and Public Waters. (a) Pursuant to AS 38.05.127 and 11 AAC 53.330, the lessor reserves a public access easement to and along all public or navigable water bodies that border on or are included in this leasehold. No public access easement may be obstructed or otherwise rendered incapable of reasonable use for the purposes for which it was reserved. No public access easement may be vacated, abandoned, or extinguished without the prior written approval of the lessor.

(b) The Public Trust Doctrine guarantees public access to, and the public right to use, navigable and public waters and the land beneath them for navigation, commerce, fishing, and other purposes. This lease is issued subject to the principles of the Public Trust Doctrine regarding navigable or public waters. The lessor reserves the right to grant other interests to the leasehold consistent with the Public Trust Doctrine.

11. Condemnation of Leasehold or Improvements. If the whole or any part of the leasehold is taken by any authorized body or person vested with the power of eminent domain, by negotiation, court action, or otherwise, the following provisions control:

(1) Taking of the entire leasehold. If all of the leasehold is taken by condemnation, this lease and all rights of the lessee will immediately terminate, and the compensation will be adjusted so that it is due only until the date the lessee is required to surrender possession of the leasehold. The lessor is entitled to all the condemnation proceeds, except that the lessee will be paid the portion of the proceeds attributable to the fair market value, as determined in the condemnation proceedings, of any buildings or improvements taken that were placed on the condemned leasehold by the lessee in accordance with the approved development plan.

(2) Taking of substantial part of the leasehold. If the taking is of a substantial part of the leasehold, the following rules apply:

(A) If the taking by condemnation reduces the ground area of the leasehold by at least 30 percent or materially affects the use being made by the lessee of the leasehold, the lessee has the right to elect to terminate the lease by written notice to the lessor not later than 180 days after the date of taking.

(B) If the lessee elects to terminate, the provisions in subsection (1) of this section govern the condemned portion of the leasehold and the covenants and conditions of the lease govern disposal of the remainder of any buildings or improvements made by the lessee in accordance with the approved development plan.

(C) If the lessee does not elect to terminate, the lease continues and the lessor is entitled to the full condemnation proceeds except the portion attributable to the fair market value, as determined in the condemnation proceedings, of any buildings or improvements taken that were placed on the condemned portion of the leasehold by the lessee in accordance with the approved development plan. Compensation at the existing rate will terminate on the date the lessee is required to surrender possession of the condemned portion of the leasehold. Except as it may be adjusted from time to time under the covenants and conditions of the lease and applicable statutes, compensation for the balance of the term will be adjusted by the lessor to reflect the taking.

(3) Taking of insubstantial part of the leasehold. If the taking by condemnation reduces the ground area of the leasehold by less than 30 percent and the lessor determines that the taking is of such an insubstantial portion

that the lessee's use of the leasehold is not materially affected, the lessee may not elect to terminate the lease and the compensation provisions of subsection 2(C) of this section will govern.

12. Valid Existing Rights. This lease is subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land in existence on the date of execution of this lease.

13. Inspection. The lessor will have reasonable access to the leasehold for purposes of inspection.

14. Mineral Reservations. This lease is subject to the reservations required by AS 38.05.125 and the rights and obligations imposed by AS 38.05.130.

15. Concurrent Use. This lease is subject to reasonable concurrent uses as provided under Article VIII, Section 8 of the Constitution of the State of Alaska. The concurrent user who is found to be at fault for damage or injury arising from noncompliance with the terms governing the user's concurrent use is liable for damages and the user's interest is subject to forfeiture or termination by the lessor. In this context, the term "concurrent user" includes the lessee and any other person or entity who lawfully uses the land subject to this lease, but does not include the State of Alaska.

16. Surface Resources. Unless otherwise provided by this lease or other written authorization, the lessee may not sell or remove from the leasehold any timber, stone, gravel, peatmoss, topsoil, or any other material valuable for building or commercial purposes. Material required for the development of the leasehold may be used only in compliance with the approved development plan.

17. Appropriation or Disturbance of Waters. During the term of this lease, the lessee will have the right to apply for an appropriation of ground or surface water on the leasehold in accordance with AS 46.15 and 11 AAC 93.060.

18. Acquisition of Rights or Interests. Any right or interest acquired during the term of this lease and accruing to the benefit of the leasehold will remain appurtenant to the leasehold, and may not be severed or transferred from the leasehold without the prior written approval of the lessor. In the event of termination or forfeiture of this lease, any such right or interest will vest in the lessor.

19. Land Alterations Due to Natural or Artificial Causes. The interest described in this lease constitutes the entire leasehold. If, through natural or artificial causes, accretion or reliction of land occurs contiguous to the leasehold, the Lessee has no right to occupy or use the accreted land unless a separate lease is entered with the Lessor with respect to such lands. The rules of law usually applicable to accretion or reliction of land do not apply to this lease, nor to the interest described in this lease.

20. Waiver or Forbearance. The receipt of compensation by the lessor, with or without knowledge of any default on the part of the lessee, is not a waiver of any provision of this lease. No failure on the part of the lessor to enforce a covenant or condition of this lease, nor the waiver of any right under this lease by the lessor, unless in writing, will discharge or invalidate the application of such covenant or condition. No forbearance or written waiver affects the right of the lessor to enforce any covenant or condition in the event of any subsequent default. The receipt of compensation by the lessor after termination or any notice of termination will not reinstate, continue, or extend this lease, or destroy, or in any manner impair the validity of any notice of termination that may have been given prior to receipt of the compensation, unless specifically stated by the lessor in writing.

21. Default and Remedies. (a) Time is of the essence in this lease. If the lessee defaults on the performance of any of the covenants or conditions of this lease, and the default is not remedied within 60 days after written notice of such default has been received by the lessee and by the holder of a security interest in the leasehold approved by the lessor, or within any additional period the lessor allows for good cause, the lessee will be subject to legal or any other administrative action deemed appropriate by the lessor, including termination of

this lease. The lessor may include in the notice of the default or give a separate written notice stating that if the default is not remedied, this lease shall terminate on a date certain, which shall be at least 60 days after receipt of the first notice. Upon the date specified in such notice, unless the default has been remedied, the lease shall expire automatically without further notice or action by the lessor and this lease and all rights of the lessee under the lease shall terminate. Upon termination of the lease the lessor shall have an immediate right to possession of the leasehold and any possession by the lessee shall be unlawful. It is specifically agreed that no judicial action shall be necessary to terminate this lease or to allow the lessor to retake possession in the event of default by the lessee. No improvements may be removed from the leasehold while the lease is in default except with the lessor's prior written approval. If this lease is terminated for default, all compensation paid by the lessee is forfeited to the lessor. The lessor is not liable for any expenditures made or undertaken by the lessee under this lease. Any costs or fees, including attorney's fees, reasonably incurred by the lessor for the enforcement of this lease, shall be added to the obligations due and payable by the lessee.

(b) The rights, if any, of third-party security interest holders or lienholders are controlled solely by AS 38.05.103 and 11 AAC 58.590. If the lessee fails to remedy the default within the time allowed in subsection (a) of this section, the holder of an approved security interest who has received notice under subsection (a) of this section may remedy the default. The holder shall act within 60 days from the date of receipt of notice under subsection (a) of this section, or within any additional period the lessor allows for good cause.

(c) The lessor may, at the lessor's option, following the lessee's default and failure to remedy, or after termination of this lease due to such default and failure to remedy, accelerate the unpaid compensation for the remainder of the term of this lease. The lessee's obligation to pay such accelerated rent to the lessor survives termination of this lease.

(d) If this lease is terminated, or all or any portion of the leasehold is abandoned by the lessee, the lessor may immediately enter, or re-enter and take possession of the leasehold, and without liability for any damage, remove all persons and property from the leasehold and may, if necessary, use summary proceedings or an action at law. The words "enter" and "re-enter" as used are not restricted to their technical legal meaning. Any entry, re-entry, possession, repossession, or dispossession by the lessor, whether taken with or without judicial action, does not absolve, relieve, release, or discharge the lessee, either in whole or part, of any liability under the lease.

(e) The lessor, upon or at any time after giving written notice of any default, may enter or re-enter the leasehold to remedy any default by the lessee or exercise any right given under this lease, all without the intervention of any court being required. The curing of such default shall not be deemed for any purpose to be for the benefit of the lessee.

(f) At any time after termination of this lease, the lessor may re-let the leasehold, or any part thereof, in the name of the lessor for such term and on such conditions as the lessor may determine, and may collect and receive the compensation therefor. The lessor shall not be responsible or liable for failure to re-let the leasehold or for any failure to collect any compensation due upon such re-letting, nor shall the lessor be required to account for or pay to the lessee any excess compensation received as a result of such re-letting. The lessee shall be liable for any deficiency, and for all costs, expenses, and fees incurred by the lessor arising out of the default, including the lessor's efforts to re-let the leasehold.

(g) No right or remedy conferred upon or reserved to the lessor in this lease or by statute, or existing in law or equity, is intended to be exclusive of any other right or remedy, and each and every right shall be cumulative.

22. Disposition of Improvements and Chattels After Termination. AS 38.05.090 will govern disposition of any lessor-approved chattels or improvements left on the leasehold after termination. At the lessor's sole option, improvements not approved by the lessor shall be removed from the leasehold and the site restored to its original condition at the lessee's sole expense, or be forfeited to the lessor. The lessee shall be liable to the lessor for any costs, expenses, or damages arising out of the disposition of improvements not approved by the

lessor, and may be required to pay rent on any improvements or chattels left on the parcel in accordance with 11 AAC 58.680.

23. Indemnity to Lessor. The lessee shall indemnify, defend, and hold the lessor harmless from and against all claims, demands, judgments, damages, liabilities, penalties, and costs, including attorney's fees, for loss or damage, including but not limited to property damage, personal injury, wrongful death, and wage, employment, or worker's compensation claims, arising out of or in connection with the use or occupancy of the leasehold by the lessee or by any other person holding under the lessee, or at the lessee's sufferance or invitation; and from any accident or fire on the leasehold; and from any nuisance made or suffered on the leasehold; and from any failure by the lessee to keep the leasehold in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and from any assignment, sublease, or conveyance, attempted or successful, by the lessee of all or any portion of the leasehold or interest therein contrary to the covenants and conditions of this lease. The lessee holds all goods, materials, furniture, fixtures, equipment, machinery, and other property whatsoever on the parcel at the sole risk of the lessee, and shall defend, indemnify and hold the lessor harmless from any claim of loss or damage by any cause whatsoever, including claims by third parties.

24. Insurance. If required by the lessor, the lessee shall obtain insurance in an amount determined by the lessor to be sufficient. The lessor shall be named as an additional insured party of any such insurance. The types and amount of insurance shall be specified in the attached stipulations made a part of this lease agreement and may be adjusted periodically. The lessee shall maintain that insurance as long as required by the lessor. Any insurance acquired by the lessee for the purpose of providing insurance coverage under this lease must be issued by an insurer authorized to do business in the State of Alaska under the provisions of AS 21.09.010 and AS 21.27.010 for the type of policy being written.

25. Bonding. If required by the lessor, the lessee shall furnish a bond, cash deposit, certificate of deposit, or other form of security acceptable to the lessor in an amount determined by the lessor to be sufficient to ensure faithful performance of the covenants and conditions of this lease, and to cover the cost of site cleanup and restoration and any associated costs after termination of the lease. The amount and conditions of the bond shall be specified in the attached stipulations made a part of this lease agreement. The lessee shall maintain the bond as long as the lessor deems necessary, and in the amount required by the lessor, which amount may be adjusted periodically.

26. Environmental Compliance. (a) The lessee shall, at the lessee's own expense, comply with all existing and hereafter enacted environmental responsibility laws ("Environmental Laws"). The lessee shall, at the lessee's own expense, make all submissions to, provide all information to, and comply with all requirements of the appropriate governmental authority (the "Authority") under the Environmental Laws.

(b) Should the Authority require that a remedial action plan be prepared and that a remedial action be undertaken because of the presence of, or any disposal, release, spill, or discharge, or threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of this lease or arises out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease, then the lessee shall, at the lessee's own expense, prepare and submit the required plans and financial assurances and carry out the approved plans. The lessee's obligations under this section shall arise if there is any event or occurrence at the leasehold during the term of this lease, or arising out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease, that requires compliance with the Environmental Laws.

(c) At no expense to the lessor, the lessee shall promptly provide all information requested by the lessor for preparation of affidavits or other documents required by the lessor to determine the applicability of the Environmental Laws to the leasehold, and shall sign the affidavits promptly when requested to do so by the lessor.

(d) The lessee shall indemnify, defend, and hold harmless the lessor from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of or in any way connected with the presence of or any disposal, release, spill, or discharge or any threatened disposal, release, spill, or discharge of or contamination by hazardous materials at the leasehold that occurs during the term of the lease or arises out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease; and from all fines, penalties, suits, judgments, procedures, claims, demands, liabilities, settlements, and actions of any kind arising out of the lessee's failure to provide all information, make all submissions, and take all steps required by the Authority under the Environmental Laws or any other law concerning any spill, discharge, or contamination that occurs during the term of this lease or arises out of or in connection with the lessee's use or occupancy of the land described in section 1 of this lease.

(e) The lessee agrees that it will not discharge or dispose of or suffer the discharge or disposal of any petroleum products, gasoline, hazardous chemicals, or hazardous materials into the atmosphere, ground, wastewater disposal system, sewer system, or any body of water.

(f) In any court action or administrative proceeding, in addition to all other applicable presumptions, it shall be rebuttably presumed that any environmental contamination of the leasehold (i) has been released on the leasehold; (ii) has resulted from acts or omissions of the lessee or its agents; and (iii) has occurred during the term of this lease. The lessee has the burden of rebutting the presumptions by clear and convincing evidence.

(g) This section of this lease does not in any way alter the State of Alaska's powers and rights or the lessee's duties and liabilities under Title 46 (or its successor) of the Alaska Statutes or other state, federal, or municipal statutes, regulations, or ordinances. For example, notwithstanding the provisions of this lease, the State of Alaska shall not be precluded from claiming under AS 46.03.822 that the lessee is strictly liable, jointly and severally, for damages and costs incurred by the state for clean up of contamination on the leasehold. The obligations and provisions of this section 26 shall survive the termination of this lease.

(h) As used in this lease, the term "hazardous materials" means any hazardous or toxic substance, material, or waste that is or becomes regulated by any municipal governmental authority, the State of Alaska, or the United States government.

27. Surrender of Leasehold. Upon the expiration, termination, or cancellation of this lease, the lessee shall peacefully leave and deliver up all of the leasehold in good, sanitary, and marketable condition, order, and repair.

28. Notices. (a) Any notice or demand by the lessee will be made by hand delivery to the Director, Division of Land, or by certified mail, postage prepaid, addressed as follows (or to a new address that the lessor designates in writing), with delivery occurring upon receipt by the lessor:

To the Lessor:

Division of Land, Southeast Region
400 Willoughby Ave., Suite 400
Juneau, Alaska 99801

(b) Any notice or demand by the lessor will be made by delivery as provided in 11 AAC 02.040(c). If delivery is by mail, the notice or demand will be addressed as follows (or to a new address that the lessee or its successor in interest designates in writing):

To the Lessee:

George Jefferson
Thane Ore House Salmon Bake
4400 Thane Road
Juneau AK 99801

 lessee

The lessor will deliver a copy of any such notice or demand to each holder of a security interest in the leasehold whose assignment has been approved by the lessor under section 6 of this lease. Any security interest not approved as provided in section 6 is insufficient to require notice by the lessor under AS 38.05.103.

(c) Any notice or demand regarding the lease must be in writing and will be complete if delivered as set out above.

29. Penalty Charges. The lessee shall pay a fee for any late payment or returned check issued by the lessee as follows:

10.5% (1) Late Payment Penalty: The greater of either the fee specified in 11 AAC 05.010 or interest at the rate set by AS 45.45.010(a) will be assessed on a past-due account until payment is received by the lessor. Acceptance of a late payment or of a service charge for a late payment is subject to the lessor's rights under sections 20 and 21 of this lease.

(2) Returned Check Penalty: A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. If the bank refuses payment, the default termination date remains the same. Late penalties under subsection (1) of this section shall continue to accumulate.

30. Modification. This lease may be modified or amended only by a document signed by both parties. Any purported amendment or modification has no legal effect until placed in writing and signed by both parties.

31. Choice of Law. This lease shall be construed under the laws of the State of Alaska. The lessee confers personal jurisdiction on the courts of the State of Alaska for any litigation under this lease.

32. Severability of Clauses of Lease Agreement. If any clause or provision of this lease is, in a final judicial proceeding, determined illegal, invalid, or unenforceable under present or future laws, then the lessor and the lessee agree that the remainder of this lease will not be affected, and in lieu of each clause or provision of this lease that is illegal, invalid, or unenforceable, there will be added as a part of this lease a clause or provision as similar in terms to the illegal, invalid, or unenforceable clause or provision as may be possible, legal, valid, and enforceable.

By signing this lease, the lessor and the lessee agree to be bound by its provisions.

LESSEE:


GEORGE JEFFERSON, dba THANB ORE HOUSE SALMON BAKE

LESSOR:


JANE ANGVIK, Director, Division of Land

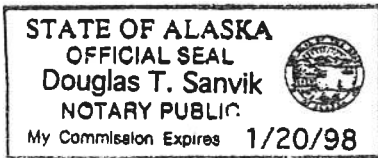
APPROVED:

JOHN T. SHIVELY, Commissioner,
Department of Natural Resources

STATE OF ALASKA)
) ss.
 1st Judicial District)

THIS IS TO CERTIFY that on this 2 day of Jan, 1996, before me personally appeared George Jefferson, known to me to be the owner of Thane Ore House Salmon Bake, who executed the foregoing Lease, and he acknowledged to me that he signed and executed the same freely and voluntarily, for the uses and purposes therein stated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.



Douglas T. Sanvik
 Notary Public in and for the State of Alaska
 My Commission expires: 1/20/98

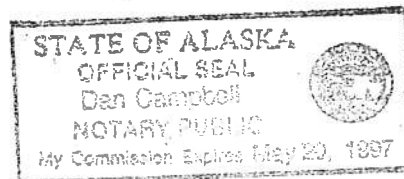
STATE OF ALASKA)
) ss.
 1st Judicial District)

THIS IS TO CERTIFY THAT ON THIS 8TH day of JANUARY, 1996, before me personally appeared ANDREW W. DEKOVICH, of the Division of Land of the Department of Natural Resources of the State of Alaska, who executed the foregoing Lease and acknowledged voluntarily signing the same.

Dan Campbell
 Notary Public in and for the State of Alaska
 My commission expires: 5/20/97

Approved as to form February 9, 1994.

/s/ Elizabeth J. Barry, Assistant Attorney General



After recording in the Juneau Recording District, this document must be returned to the Department of Natural Resources, Division of Land, Southeast Regional Office, 400 Willoughby Avenue, Suite 400, Juneau, Alaska 99801.

AG, lessee

SPECIAL STIPULATIONS

1. **Lease Development.** The development of the Lease area shall be limited in form and scope to the area and improvements specified in the development and operations plan, included as Attachment 'B'. The lessee is responsible for accurately siting development and operations within this area. Use of the area for purposes other than those specified in this agreement is a violation of this lease. Any proposed revisions to the development and operations plan must be approved in writing by the Lessor before the change in use or development occurs. This lease must be utilized for the purpose described in the approved development plan. Failure to make substantial use of the land, consistent with the approved development plan, within five years, will, in the Director's discretion, constitute grounds for cancellation.

2. **Access.** The State of Alaska, or a lessee of Tract B-3, ATS 1328 shall enjoy the right of access, both pedestrian and vehicular from Thane Road to Tract B-3, across the existing driveway in Tract B-1, ATS 1328 and the right to access existing water lines that may cross ATS 1328, Tract B-1 for the purposes of performing maintenance to those water lines. The lessee of Tract B-3, ATS 1328 shall ensure that any maintenance of the water lines shall not unduly impact the improvements, facilities or operations of the lessee within Tract B-1, ATS 1328.

3. **Insurance.** Pursuant to lease condition #24, the Lessee shall secure or purchase at its own expense, and maintain in force at all times during the term of this lease, the following policies of insurance to protect both the Lessee and the Lessor (the State, its officers, agents and employees). Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Lessee's policy contains higher limits, the State shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Leasing Officer prior to occupancy. The certificate must provide for a 60-day prior notice to-the-State in the event of cancellation, non-renewal or material change of conditions. Failure to furnish satisfactory evidence of insurance, or lapse of the policy, are material breaches of this lease contract and shall be grounds, at the option of the State, for termination of this lease agreement. All insurance policies shall comply with, and be issued by, insurers licensed to transact the business of insurance under Alaska Statute, Title 21.

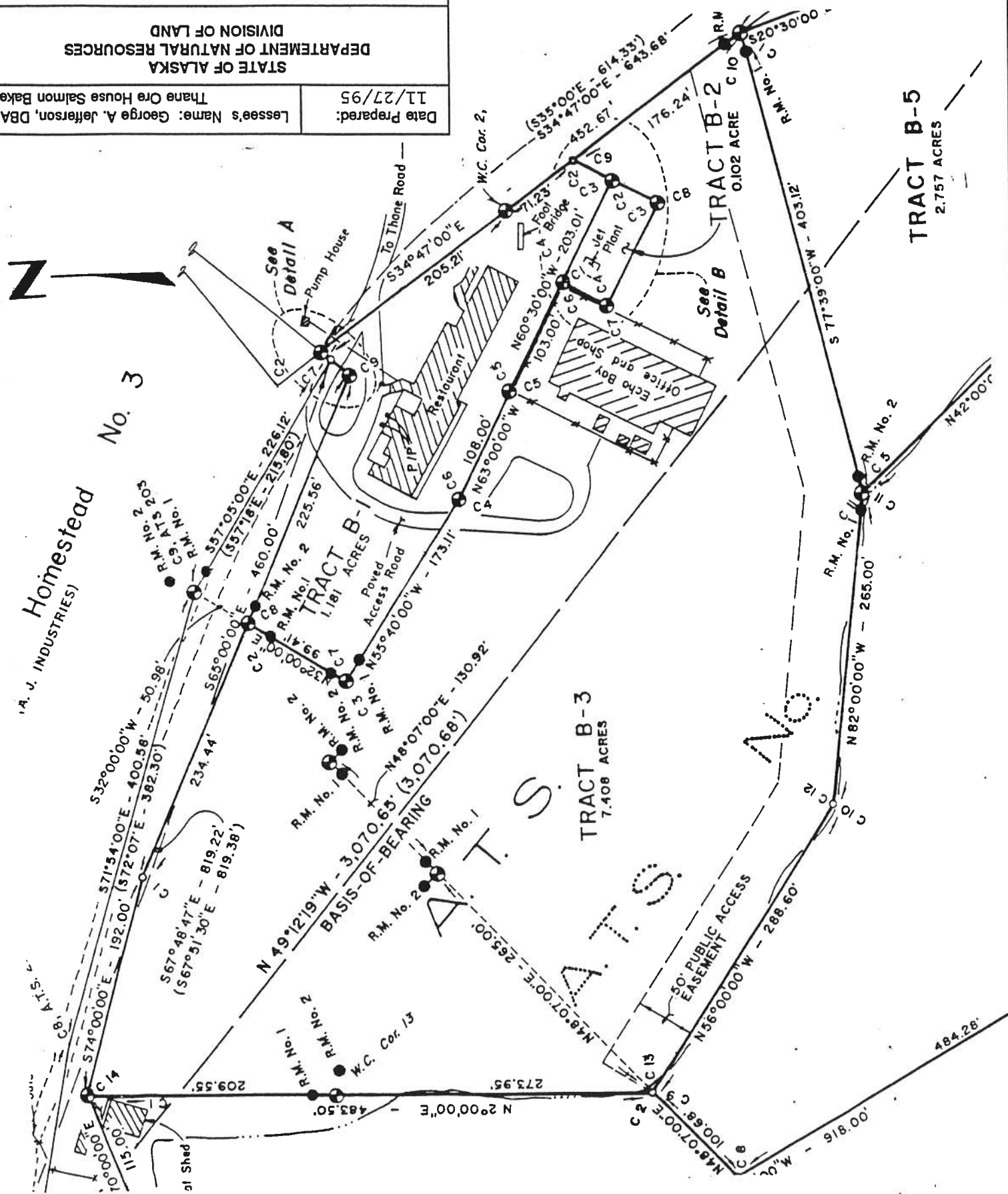
Workers' Compensation Insurance. The lessee shall provide and maintain, for all its employees, Workers' Compensation Insurance as required by AS 23.30.045. Where applicable, coverage must comply with any other statutory obligations, whether Federal (i.e. U.S.L.&H.), or, Jones Act) or other state laws in which employees are engaged in work on the leased premises. The insurance policy must contain a waiver of subrogation clause in favor of the State.

Commercial General Liability Insurance: Such policy shall have minimum coverage limits of \$ 1,000,000 combined single limit per occurrence. It shall provide for fire legal liability coverage in no less an amount as the general liability limits. The policy shall be written on an "occurrence" form and shall not be written as a "claims-made" form unless specifically reviewed and agreed to by the Division of Risk Management, Department of Administration. The State must be named as an additional named insured on the policy with respect to the operations of the lessee on or in conjunction with the leased premises, referred to as **ADL 103289**. Any changes in the development and operations plan would warrant re-examination of the insurance to determine sufficiency. Proof of insurance is required on a yearly basis.

4. **Maintenance.** The State assumes no responsibility for maintenance of improvements constructed on state land nor liability for injuries or damages attributable to that construction.
5. **Performance Guarantee.** Pursuant to Lease Condition #25, the Lessee shall provide a surety bond or other form of security acceptable to the State in the amount of \$ 5,000.00 payable to the State of Alaska. Such performance guaranty shall remain in effect for the term of this Lease and shall secure performance of the lessee's obligations hereunder. The amount of the performance guaranty may be adjusted by the Lessor upon approval of amendments to this Lease, changes in the development plan, upon any change in the activities conducted or performance of operations conducted on the premises. If Lessee fails to perform the obligations under this lease within a reasonable time, the State may perform Lessee's obligations at Lessee's expense. Lessee agrees to pay within 20 days following demand, all costs and expenses reasonably incurred by the State of Alaska as a result of the failure of the lessee to comply with the terms of this lease. The provisions of this lease shall not prejudice the State's right to obtain a remedy under any law or regulation. If the Lessor determines that the Lessee has satisfied the terms and conditions of this lease the performance guarantee may be released. The performance guarantee may only be released in a writing signed by the Lessor or an authorized representative.
6. **Solid Waste** All solid waste and debris generated from the activities conducted under this Lease shall be removed to a facility approved by the ADEC prior to the expiration, completion, or termination of the Lease or activities.. Temporary storage and accumulation of solid waste (prior to its removal) shall conform to the following:
 - Solid waste shall be stored in a manner that prevents a litter violation under AS 46.06.080;
 - Putrescible wastes (material that can decompose and cause obnoxious odors) shall be stored in a manner that prevents the attraction of or access to wildlife or disease vectors; and
 - The premises shall be maintained free of solid waste that might create a health or safety hazard.
7. **Wastewater Disposal.** Disposal of wastewater from any operation associated with this Lease to state lands or waters is specifically prohibited, unless otherwise approved by the Alaska Department of Environmental Conservation.
8. **Fuel and hazardous substances.** No fuel or hazardous substances are to be stored on the subject parcel. Prior written approval from the lessor is required for a change in this restriction. Such approval may include additional stipulations and a change in the amount required for the performance guarantee.
9. **Notification.** The lessee shall immediately notify DNR and DEC by phone of any unauthorized discharge of oil to water, any discharge of hazardous substances (other than oil), and any discharge of oil greater than 55 gallons on land. All fires and explosions must also be reported.

The DNR 24 hour spill report number is (907) 451-2678; the Fax number is (907) 451-2751. The DEC spill report number is (800) 478-9300. DNR and DEC shall be supplied with all follow-up incident reports.

10. **Inspection.** Authorized representatives of the State of Alaska shall have reasonable access to the subject parcel for purposes of inspection. The Lessee may be charged fees under 11 AAC 05.010(a)(7)(M) for routine inspections of the subject parcel, inspections concerning non-compliance, and a final close-out inspection.
11. **Compliance with Governmental Requirements.** The lessee shall, at its expense, comply with all applicable laws, regulations, rules and orders, and the requirements and stipulations included in this Lease. Lessee shall ensure compliance by its employees, agents, contractors, subcontractors, licensees, or invitees.
12. **Destruction of Markers.** All survey monuments, witness corners, reference monuments, mining claim posts, bearing trees, and unsurveyed lease corner posts shall be protected against damage, destruction, or obliteration. The lessee shall notify the Lessor of any damaged, destroyed, or obliterated markers and shall reestablish the markers at the lessee's expense in accordance with accepted survey practices of the Division of Land.



96-000425
u/c

JUNEAU REG. DISTRICT
REQUESTED BY AS/DNR

'96 JAN 18 PM 2 47



Port of Juneau

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

June 20, 2013

Mr. George Jefferson Jr.
4400 Thane Road
Juneau, AK 99801

Dear Mr. Jefferson:

Your tideland lease (ADL #103289) is in a delinquent status. The total overdue at this time is \$6,927.11, including late fees.

This issue may be taken before the Finance Committee on July 23rd, at 5:00 p.m. in CBJ Room 224. If you wish to resolve this issue before the above date, you can pay the full amount of the delinquency.

Please call me at 586-0292 if you have questions.

Sincerely,

Teena Scovill
Teena Scovill
Port Secretary

7010 2780 0000 7476 4982

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Postmark Here	
Sent To <i>Mr. George Jefferson Jr.</i>	
Street, Apt. No. or PO Box No. <i>4400 Thane Rd.</i>	
City, State, ZIP+4 <i>Juneau, AK 99801</i>	

PS Form 3800, August 2006 See Reverse for Instructions

*George J
received letter
on 9/3 letter
was hand delivered
by Carl*



September 12, 2013

Mr. George Jefferson Jr.
4400 Thane Road
Juneau, AK 99801

Dear Mr. Jefferson:

On September 3rd, 2013 you received a letter informing you that your tideland lease (ADL #103289) is in a delinquent status. The total overdue at this time is \$7,101.77 including late fees.

On December 1, 1995 you entered into Lease Agreement ADL No. 103289. As to "Default and Remedies," located at Book 0440 page 353, the lease states:

The lessor may include in the notice of the default or give a separate written notice stating that if the default is not remedied, this shall terminate on a date certain, which shall be at least 60 days after receipt of the first notice. Upon the date specified in such notice, unless the default has been remedied, the lease shall expire automatically without further notice or action by the lessor and this lease and all rights of the lessee under the lease shall terminate. Upon termination of the lease the lessor shall have an immediate right to possession of the leasehold and any possession by the lessee shall be unlawful.

This letter serves as the "separate written notice" informing you that if your lease balance is not paid in full by November 2nd, 2013 your lease will expire "without further notice or action" by the City and Borough of Juneau.

If you wish to resolve this issue, you can pay the November 2nd, 2013.

Please call me at 586-0292 if you have questions.

Sincerely,


Carl Uchytel
Port Director

7012 2210 0000 1752 4622

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Sent To <u>Kevin Higgins ATTN: George Jefferson</u>	
Street, Apt. No., or PO Box No. <u>226 7th St.</u>	
City, State, ZIP+4 <u>Juneau, AK 99801</u>	
PS Form 3800, August 2006 See Reverse for Instructions	

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Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Postmark Here	
Sent To <u>George Jefferson</u>	
Street, Apt. No., or PO Box No. <u>9351 Miner Dr.</u>	
City, State, ZIP+4 <u>Juneau, AK 99801</u>	
PS Form 3800, August 2006 See Reverse for Instructions	

English

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Have questions? We're here to help.

Tracking Number: 70102780000074764975

Requested label is archived.

Restore Archived Details ›

Product & Tracking Information

Available Options

Postal Product:

Features:

Certified Mail™

DATE/TIME	STATUS OF ITEM	LOCATION
September 17, 2013, 8:19 am	Delivered	JUNEAU, AK 99801

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Return Receipt Fee (Endorsement Required)	
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Sent To George Jefferson
 Street, Apt. No. or PO Box No. 4400 Thane Rd
 City, State, ZIP+4 Juneau AK 99801

PS Form 3800, August 2006 See Reverse for Instructions

Amy G. Mead
Municipal Attorney

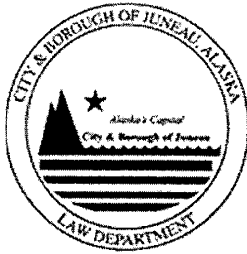
Jane E. Sebens
Deputy Municipal Attorney

Christopher F. Orman
Assistant Municipal Attorney

Robyn L. Carlisle
Assistant Municipal Attorney

Sherri L. Petticrew
Assistant Municipal Attorney

Robert H. Palmer III
Assistant Municipal Attorney



Law Department City & Borough of Juneau

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Litigation Assistant II

Leo Helmar
Legal Assistant II

Audrey Dean
Litigation and Civil
Support Assistant

Samantha L. Sanbei
Litigation and Civil
Support Assistant

CERTIFIED MAIL RETURN RECEIPT REQUESTED

George Jefferson
4400 Thane Rd.
Juneau, AK 99801

Re: ADL #103289

Dear Mr. Jefferson:

Enclosed is a copy of the Affidavit of Termination executed by the City and Borough of Juneau Docks and Harbors Port Director on June 6, 2014. The original document has been submitted for recording in the Juneau Recording District; document #2014-002327-0.

Because you entered your lease in 1995, the pre-1997 version of AS 38.05.090 will apply to the removal and disposition of all personal property. A copy of the statutory provision at issue has been attached to this letter.

The attached version of AS 38.05.090 provides you must remove all improvements within 60 days "if removal will not cause injury or damage to the land." Improvements or chattels (meaning other personal property) remains after 60 days, then those remaining improvements and/or chattels will be managed under the attached version of AS 38.05.090.

If you have any questions, please contact Docks and Harbors Office at 907-586-5255.

Sincerely,

6/9/14

Christopher F. Orman
Assistant City and Borough Attorney

Enclosures:

Affidavit of Termination (June 6, 2014)

Copy of pre-1997 version of AS 38.05.090

cc: Carl Uchtyl, CBJ Docks and Harbors Port Director

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2014-002327-0

Recording District 101 Juneau

06/06/2014 01:22 PM Page 1 of 2



When recorded return to:
Docks and Harbors - Port Director
City and Borough of Juneau
155 South Seward St.
Juneau, Alaska 99801


AFFIDAVIT OF TERMINATION OF LEASE ADL #103289

I, Carl Uchtyl, being first duly sworn, do hereby depose and say:

1. I am the port director for the City and Borough of Juneau.
2. As the port director for the City and Borough of Juneau, I have been given the authority to manage tideland leases.
3. Further as port director, I have the authority to decide whether to terminate a lease.
4. On December 1, 1995, the State of Alaska granted George Jefferson a tideland lease for the following property: Tracts B-1 and B-2, Alaska Tideland Survey 1328, located within Section 5, Township 42 South, Range 68 East, Copper River Meridian according to survey plat filed in the Juneau Recording District on January 19, 1994 as plat #94-2;
5. The lease was titled by the state as ADL #103289.
6. The lease agreement was recorded in the Juneau Recording District on January 18, 1996 as document #1996-000425-0;
7. Paragraph 21(a) of ADL #103289 as to Default and Remedies states:
Time is of the essence in this lease. If the lessee defaults on the performance of any of the covenants and conditions of this lease, and the default is not remedied within 60 days after written notice of such default has been received by the lessee . . . the lessee will be subject to legal or any other administrative action deemed appropriate by the lessor, including termination of this lease.
8. The lease required annual payments on December 1st of each year of \$3,700.
9. On February 8, 2001 the State conveyed management authority of the lease to the City and Borough of Juneau, and in particular the port director for the City and Borough of Juneau;
10. On September 3, 2013, George Jefferson, the lessor of ADL #103289 was informed his lease was in delinquent status in the amount of \$6,927.11.
11. On September 12, 2013, George Jefferson was informed he had sixty days to pay the amount owed or the lease would be terminated.
12. Mr. Jefferson, based on the notice, had until November 2, 2013 to pay the amount owed or his lease would terminate.
13. Mr. Jefferson did not pay the amount owed by November 2, 2013.
14. As of June 5, 2014, Mr. Jefferson has not paid the amount owed.

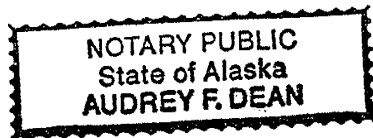
15. As of June 5, 2014, Mr. Jefferson has not contacted my office regarding ADL #103289.
16. Therefore, consistent with Paragraph 21(a) ADL #103289 (recorded document #1996-00425-0) the lease was terminated on November 2, 2013.
17. Consistent with my authority as port director, I have decided to terminate the lease for being delinquent and Mr. Jefferson not paying the amount owed within 60 days of receiving notice of the delinquency.

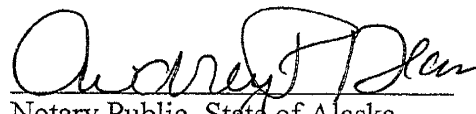
Further Affiant sayeth naught.



Carl Uchytel
Docks and Harbors Port Director

SUBSCRIBED AND SWORN to me on this 5th day of June, 2014.





Notary Public, State of Alaska
My commission expires: 11/18/2014

Ch. 91, § 21, SLA 1997. The pre-1997 version of AS 38.05.090 provides in relevant part:

Removal or reversion of improvements upon termination of leases.

- (a) Improvements owned by a lessee on state land shall, within 60 days after the termination of the lease, be removed by the lessee if removal will not cause injury or damage to the land. The director may extend the time for removing improvements in cases where hardship is proven. The retiring lessee or permittee may, with the consent of the director, sell improvements to the succeeding lessee or permittee.
- (b) If improvements or chattels, or both, having an appraised value exceeding \$10,000 as determined by the director are not removed within the time allowed, the improvements or chattels or both shall, upon notice to the lessee, be sold at public sale under the direction of the director. The proceeds of sale inure to the lessee who placed the improvements or chattels on the land after paying to the state all rents due and expenses incurred in making the sale. If there are no other bidders at the sale, the director may bid in the name of the state. The bid money shall be taken from the fund to which the land belongs and the fund shall receive all money or other value subsequently derived from the sale or leasing of the improvements or chattels. The state acquires all the rights that any other purchaser could acquire by reason of the purchase.
- (c) If improvements or chattels, or both, having an appraised value of \$10,000 or less, as determined by the director, are not removed within the time allowed, they revert to the state and absolute title vests in the state. The preference right lessees of grazing or forest land may follow the provisions for removal of improvements upon termination of the lease as authorized in the cancelled federal lease or permit.
- (d) Improvements of the lessee which have become fixtures of the land shall be purchased by the subsequent purchaser or lessee of the land if the improvements were authorized in the former lease or by permit from the director. Upon the termination of a lease, and at additional times which may be necessary, the value of the authorized fixtures remaining on the land shall be set by agreement between the former lessee and the director or, if agreement cannot be reached, by an independent appraisal made at cost to the former lessee.