

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2011-47

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA CONSENTING TO THE
SECURITY ASSIGNMENT OF A TIDELANDS LEASE TO FIRST BANK BY
WHITECAP PROPERTIES, LLC. REGARDING TIDELAND LEASE NO. ADL 24391**

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code ("SGC").

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is for the Assembly to consent to the security assignment of Tideland Lease No. ADL 24391 ("Tideland Lease") by Whitecap Properties LLC ("Assignee") to First Bank. City and Borough of Sitka ("CBS") is the Grantee regarding this property in Alaska Tideland Survey 559, consisting of approximately .579 acres, based on Patent No. 16062, dated July 15, 1997, issued by the Grantor, State of Alaska, Department of Natural Resources. Based on this ordinance, CBS consents to the security assignment of the Tideland Lease to First Bank for a period of time set out in the Security Assignment Of Tideland Lease, which may not be longer than the remainder of the 55-year lease term.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka, that:

A. The security assignment is agreed to by the Assembly regarding Tideland Lease No. ADL 24391, consisting of approximately 0.579 acres in Alaska Tideland Survey 559, to First Bank by Whitecap Properties LLC;

B. The Municipal Administrator is authorized to execute the attached Consent To Security Assignment Of Tideland Lease; and

C. Assignee Whitecap Properties LLC shall file and pay for the recording of the Consent To Security Assignment Of Tideland Lease.

5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of
Sitka, Alaska this 29th day of November 2011.

Cheryl Westover, Mayor

ATTEST:

Colleen Ingman, MMC
Municipal Clerk

After Recording Return To:
Municipal Clerk
City and Borough of Sitka
100 Lincoln Street
Sitka, AK. 99835

CONSENT TO SECURITY ASSIGNMENT OF TIDELAND LEASE

CITY AND BOROUGH OF SITKA, whose address is 100 Lincoln Street, Sitka, Alaska 99835 ("Grantee"), consents to the Security Assignment of Tideland Lease by WHITECAP PROPERTIES, LLC., whose address is 1107 Edgecumbe Drive, Sitka, Alaska 99835 ("Assignor"), to FIRST BANK, whose address is 2020 Sea Level Drive, Suite 100, Ketchikan, Alaska 99901 ("Assignee"), in the event of default under the tideland lease or under the Note or other instruments of hypothecation evidencing the loan by Assignor. This Consent to Security Assignment of Tideland Lease ("Consent") is based on the Grantee's execution of a Consent To And Assignment And Assumption Of Tidelands Lease with Assignor regarding Tideland Lease No. ADL 24391, dated May 4, 1965 ("Tideland Lease").

As long as Assignee FIRST BANK has not entered into possession of the premises covered by the Tideland Lease for the purpose of operating a business, it shall not be liable for rent or any other obligations of Assignor under the Tideland Lease, and Assignor shall remain liable for rent or any other obligations under the Tideland Lease. In the event of any default under the Tideland Lease, Grantee agrees not to terminate the Tideland Lease or take any action to enforce any claim without giving Assignee FIRST BANK the same written notice and cure period given to Assignor under the Tideland Lease, and the right to cure default as provided by the Tideland Lease. In the event Assignee FIRST BANK enters into possession of the premises covered by the Tideland Lease and cures any default, FIRST BANK shall have all of the rights, as well as all responsibilities and duties, held by Assignor pursuant to the terms of the Tideland Lease.

This Consent to Security Assignment of Tideland Lease shall be recorded by the Assignor, who shall pay the recording costs.

Dated this ____ day of _____, 2011.

GRANTEE:

CITY AND BOROUGH OF SITKA

By: JAMES E. DINLEY

Its: Municipal Administrator

STATE OF ALASKA

)

) ss

FIRST JUDICIAL DISTRICT

)

THIS CERTIFIES that on this ____ day of _____, 2011, before me, the undersigned, a notary public in and for the State of Alaska, personally appeared JAMES E. DINLEY, Municipal Administrator, who by executing this document, acknowledges that he is authorized to execute on behalf of the City and Borough of Sitka, and does so freely and voluntarily.

Notary Public in and for the State of Alaska
My Commission Expires: _____

ASSIGNOR:

WHITECAP PROPERTIES, LLC.

By: _____

Its: _____

STATE OF ALASKA

)

) ss

FIRST JUDICIAL DISTRICT

)

THIS CERTIFIES that on this ____ day of _____, 2011, before me, the undersigned, a notary public in and for the State of Alaska, personally appeared _____, and who by executing this document, acknowledges that he is authorized to execute on behalf of Whitecap Properties, LLC, and does so freely and voluntarily.

Notary Public in and for the State of Alaska
My Commission Expires: _____

LENDOR:

FIRST BANK

By: _____
Its: _____

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this ____ day of _____, 2011, before me, the undersigned, a notary public in and for the State of Alaska, personally appeared _____, and who by executing this document, acknowledges that he is authorized to execute on behalf of First Bank and does so freely and voluntarily.

Notary Public in and for the State of Alaska
My Commission Expires: _____

After Recording Return To:
Municipal Clerk
City and Borough of Sitka
100 Lincoln Street
Sitka, AK. 99835

SECURITY ASSIGNMENT OF TIDELAND LEASE

ADL#24391

For value received, Whitecap Properties, LLC, whose mailing address is 1107 Edgumbe Drive, Sitka, Alaska 99835, the Assignor under the tideland lease designated as ADL No. 24391, and covering the following described property:

Alaska Tidelands Survey No. 559, according to survey plat recorded as Plat 2007-18, Sitka Recording District, First Judicial District, State of Alaska

does assign, for good and valuable consideration, a security interest in the above tideland lease to First Bank, whose mailing address is 2030 Sea Level Dr., Suite 100, Ketchikan, Alaska 99901, and assigns for the term commencing on _____, and expiring on _____. This assignment is made as collateral security for the payment of certain monies that assignor owes assignee.

This Security Assignment of Tideland Lease is only valid upon consent by Grantee City and Borough of Sitka to this assignment.

Assignor:

Whitecap Properties, LLC.

By: _____

Richard A. Riggs

Its: Managing Member

STATE OF ALASKA)
)SS.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____, before me, the undersigned, a notary public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Richard A. Riggs known to me to be the Managing Member of Whitecap Properties, LLC., the Limited Liability Corporation described in the foregoing instrument, and he acknowledged to me that he executed the foregoing instrument freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year last hereinabove written.

Notary Public, State of Alaska
My commission expires _____

Assignee:

First Bank

By: _____
Its: _____

STATE OF ALASKA)
)SS.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____, before me, the undersigned, a notary public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared _____, known to me to be the _____ of First Bank, the corporation described in the foregoing instrument, and he/she acknowledged to me that he/she executed the foregoing instrument on behalf of said corporation freely and voluntarily for the uses and purposes therein mentioned by authority of said corporation.

WITNESS my hand and official seal the day and year last hereinabove written.

Notary Public, State of Alaska
My commission expires _____

NOV. 1. 2011 7:54AM

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NO. 897 P. 2

2011-001402-0

Recording Dist: 103 - Sitka

10/31/2011 10:26 AM Pages: 1 of 19



AFTER RECORDING, RETURN COPY TO:
Municipal Clerk, City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835

CONSENT TO AND ASSIGNMENT AND ASSUMPTION OF TIDELANDS LEASE

This Consent To And Assignment And Assumption Of Tidelands Lease ("Lease Assignment") is executed by City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("Grantee"), Joseph A. Cucchiari, Trustee of the SALVATORE J. CUCCHIARI Trust of 1997, 2967 NW 3rd Street, Meridian, Idaho 83642 ("Assignor"), and WHITECAP PROPERTIES, LLC., 1107 Edgumbe Drive, Sitka, Alaska 99835, ("Assignee"), collectively referred to as "Parties." This Lease Assignment concerns Tidelands Lease No. ADL 24391, dated May 4, 1965 and any amendments, of which City and Borough of Sitka became Grantee, based on Patent No. 16062, dated July 15, 1997, issued by the Grantor State of Alaska, Department of Natural Resources.

In consideration of the sum of Ten Dollars (\$10.00) and other valuable consideration, and based on the authority to assign as set out in the Tidelands Lease at section 13, Grantee consents to this Assignment. Assignor consents to this Assignment, based on the consideration provided by Assignee for assignment of the Tidelands Lease, and based on the Assignee's expressed intent at the time of this Lease Assignment to continue the current use, character and nature of the leased property for the mobile home/modular home park.

Therefore, based on this Assignment, Grantee consents to the assignment of the Tidelands Lease to Assignee, Assignor agrees to assignment of the Tidelands Lease to Assignee, and Assignee agrees to assumption of the Tidelands Lease. By this Assignment, all rights, title and interest held by Assignor in the Tidelands Lease are assumed by Assignee. The Parties agree that this Assignment is made for the purpose of allowing Assignee, its assigns as approved by the Grantee in accordance with the Tidelands Lease, for the remainder of the 55-year lease term, to have and enjoy all rights of possession and use, and to undertake all responsibilities and obligations, which might otherwise flow to or be incumbent upon the Assignor under the Tidelands Lease, subject to the rents, covenants, conditions, and provisions as stated in the Tidelands Lease and any of its amendments.

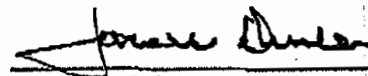
If at any time a default shall be made by the Assignee in payment of any sum due under the Tidelands Lease, it shall be lawful for the Grantee to foreclose as permitted by law. Grantee

and Assignee may maintain such other remedies as the law, this Assignment, and the Tidelands Lease and its amendments may afford.

This Lease Assignment shall be recorded at the Recorder's Office in Sitka, Alaska by the Assignee, who shall pay the recording fees. A copy of this recorded document is to be issued to the Municipal Clerk's office at the address provided above.

GRANTEE:

CITY AND BOROUGH OF SITKA



By: JAMES DINLEY

Its: Municipal Administrator

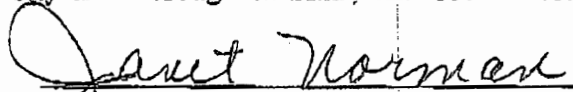
STATE OF ALASKA)

) ss

FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this 21 day of October, 2011, before me, the undersigned, a notary public in and for the State of Alaska, personally appeared JAMES DINLEY, Municipal Administrator, who by executing this document, acknowledges that he is authorized to execute on behalf of the City and Borough of Sitka, and does so freely and voluntarily.





Notary Public in and for the State of Alaska

My Commission Expires: 7-31-14

ASSIGNOR:

SALVATORE J. CUCCHIARI TRUST OF 1997



By: JOSEPH A. CUCCHIARI

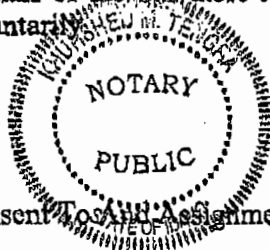
Its: Sole Trustee

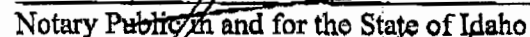
STATE OF IDAHO)

) ss

ADA

THIS CERTIFIES that on this 13th day of October, 2011, before me, the undersigned, a notary public in and for the State of Idaho, personally appeared JOSEPH A. CUCCHIARI, and who by executing this document, acknowledges that he is authorized to execute on behalf of the Salvatore J. Cucchiari Trust of 1997 as its sole Trustee, and does so freely and voluntarily.





Notary Public in and for the State of Idaho

My Commission Expires: 03/26/2013

Consent To Assignment And Assumption Of Tidelands Lease - Page 2



UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on the 4th day of June, 1965,
before me, the undersigned Notary Public, personally appeared A. J. Korman
known to me and known by me to be the Director of the Division
of Lands of the Department of Natural Resources, and acknowledged to me that he executed
the foregoing lease for and on behalf of said State, freely and voluntarily and for the
use and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal,
the day and year in this certificate first above written.

Edith Antikarov
Notary Public in and for the State of Alaska
My commission expires November 9, 1968

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on this 24th day of May, 1965,
before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn,
personally appeared S. J. CUCCHIARI to me
personally known to be one of the persons described in and who executed the within instru-
ment and the said S. J. CUCCHIARI
acknowledged to me that he signed and executed the same freely and voluntarily for the
uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal,
the day and year in this certificate first above written.

R. Nicols
Notary Public in and for the State of Alaska
My commission expires 4/29/67

Approved as to Form:

Ralph E. Moody
Attorney General

By Richard A. Bradley
Title Assistant Attorney General



ASSIGNEE:

WHITECAP PROPERTIES, LLC.

By: [Signature]
 RICHARD A. Riggs
 Itar Manager

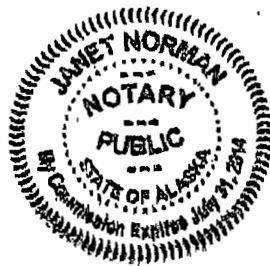
STATE OF ALASKA)

[Signature]
 Todd Fleming Member

FIRST JUDICIAL DISTRICT) ss:

THIS CERTIFIES that on this 28 day of October, 2011, before me, the undersigned, a notary public in and for the State of Alaska, personally appeared TODD FLEMING, and who by executing this document, acknowledges that he is authorized to execute on behalf of Whitecap Properties, LLC, and does so freely and voluntarily.

*Richard A. Riggs



[Signature]
 Notary Public in and for the State of Alaska
 My Commission Expires: 7-31-14



MAR-07-2000 14:42

C&B SITKA PLAN/ASSESS/UT

P. 01

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST REGIONAL OFFICE
DIVISION OF LAND400 WILLOUGHBY AVENUE, SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 465-3400
FAX: (907) 586-2954

August 21, 1997

Gary Paxton, Administrator
City and Borough of Sitka
100 Lincoln St.
Sitka, AK 99835Re.: Conveyance of Tideland Leases ADLs 2483, 19433, 24391, 25318, 31386, 31926,
31996, 32976, 35883, 65550, 79686, 100236, 101561, 101857, 103507, 103916,
104495, 105175.

Dear Mr. Paxton:

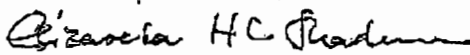
The above referenced leases have now been conveyed by the State of Alaska to the City and Borough of Sitka. The conveyance, effective August 11, 1997, includes all of the grantor's rights, title and interest in and to the surface and subsurface estate.

Administration of above described leases shall also vest in the City and Borough of Sitka. As soon as our contract administration office in Anchorage has completed issuance of patent, they will be sent to you for your record and future reference.

Please be advised that ADL 31926 has a 5-year reappraisal clause in its contract. The next reappraisal should occur on or about 6/13/2000.

Should you have any questions pertaining to these transactions, please contact Ron Schonenbach (Tel. 907 465-4302) or myself (Tel. 907 465-3513).

Sincerely yours,

Andrew W. Pekovich,
Southeast Regional Manager
by: Elizaveta H.C. Shadura
Natural Resource Manager

Enclosures: Copies of Leases, Amendments, and Assignments of above referenced
Tideland Leases

8 of 19
2011-001402-0

TONY KNOWLES, GOVERNOR

DEPARTMENT OF NATURAL RESOURCES

SOUTHEAST REGIONAL OFFICE

DIVISION OF LAND

400 WILLOUGHBY AVENUE, SUITE 400
JUNEAU, ALASKA 99801
PHONE: (907) 455-8400
FAX: (907) 586-2954

August 20, 1997

S.C. Cucchiari
P.O. Box 44
Sitka, AK 99835

Re.: Transfer of Tideland Lease ADE 2439 to the City and Borough of Sitka

Dear Lessee:

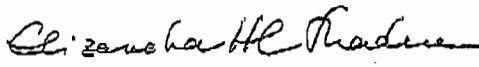
This is to inform you that the above identified tideland lease has been transferred to the City and Borough of Sitka. This makes the City and Borough of Sitka your new landlord and all responsibilities and obligations for your lease are now due to the City and Borough of Sitka.

You will no longer receive a State courtesy billing notice and timeliness of payment will have to be observed by you. We thank you for your business with the State of Alaska and wish you a successful partnership with the new landowner.

Sincerely,

Andrew W. Pekovich,
Southeast Regional Manager

by:



Elizaveta H.C. Shadura
Natural Resource Manager

cc: City and Borough of Sitka



AFTER RECORDING:
RETURN TO:
CITY AND BOROUGH OF SITKA
100 LINCOLN ST
SITKA, AK. 99835

BOOK 126 PAGE 423

State of Alaska



Patent

No. 16052

Knows Ye By These Presents that the Grantor, the STATE OF ALASKA, DEPARTMENT OF NATURAL RESOURCES, 3501 C Street, Suite 900, Anchorage, Alaska 99503-5993, pursuant to AS 22.65.010-140 and the regulations promulgated thereunder, for good and valuable consideration, grants and conveys to the Grantee, the CITY AND BOROUGH OF SITKA, whose mailing address of record is 100 Lincoln Street, Sitka, Alaska 99835, Grantee's successors and assigns, all that real property situated in the Sitka Recording District, State of Alaska, and described as follows:

LOT 98 OF U.S. SURVEY NO. 3928, ALASKA, CONTAINING .10 ACRE, MORE OR LESS, ACCORDING TO THE SURVEY PLAT ACCEPTED BY THE UNITED STATES DEPARTMENT OF THE INTERIOR, - BUREAU OF LAND MANAGEMENT IN WASHINGTON, D.C. ON OCTOBER 5, 1985.

Subject to platted and valid existing easements and reservations.

Net chargeable acreage under AS 22.65.010 is .10 acrs, more or less.

~~Save and Except~~, those restrictions appearing in the Federal Patent or other conveyance by which the Grantor acquired title;

And Further, the Grantor hereby expressly cedes, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fossilizable materials, geothermal resources, and fossils of every name, kind or description, and which may be in or upon said lands above described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fossilizable materials, geothermal resources, and fossils, and it also hereby expressly cedes and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times for the purpose of exploring, developing, drilling, and working mines or wells on these or other lands and taking out and removing therefrom all such oils, gases, coal, ores, minerals, fossilizable materials, geothermal resources, and fossils, and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to, and over said land, whether herein expressed or not,



NOV. 1. 2011- 7:55AM

BOOK 126 PAGE 424

reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

To Have And To Hold the said land, together with the tenements, hereditaments, and appurtenances therunto appertaining, unto the said Grantee and Grantee's successors and assigns forever.

In Testimony Whereof the State of Alaska has caused these presents to be executed by the Director of the Division of Land, Department of Natural Resources, State of Alaska, pursuant to delegated authority, this 15th day of July, 1897.

Jane Angvik
Jane Angvik, Director
Division of Land

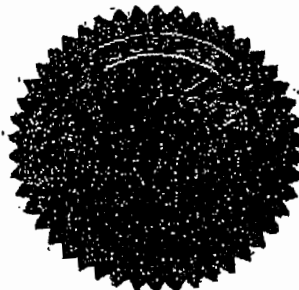
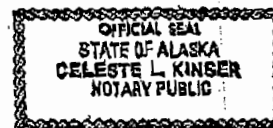
State of Alaska)
) ss.
Third Judicial District)

Witness I do Certify that on the 15th day of July, 1897, appeared before me JANE ANGVIK, who is known to me to be the Director of the Division of Land, Department of Natural Resources, State of Alaska, to execute the foregoing document; that Jane Angvik executed said document under such legal authority and with knowledge of its contents; and that such act was performed freely and voluntarily upon the premises and for the purposes stated therein.

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

Celeste L. Kinsler
Notary Public in and for the State of Alaska

My commission expires: April 4, 2001



Patent No. 16082
ADL No. 106244
Location Index:
T. 56 S., R. 63 E., Q. 4 M.
Sections 1 and 2

Page 2 of 2

97-1407

cc	Sitta	1800
DATE	8-11	12 97
TIME	8:35	A.M.
Requested by	Sitta, City & Borough	
Address		



11 of 19
2011-001402-0

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF FOREST, LAND AND WATER MANAGEMENT

AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT to that certain 55-year lease issued on 5/4/65
and serialized ADL 24391 is executed and made effective as follows:

The above referenced lease agreement is amended in accordance with Chapter 138 of the Session Laws of 1977, as amended by Chapter 182 of the Session Laws of 1978. The lessee has filed with the Lessor a Request for Conversion of Lease on 12/25/78. Under the provisions of these Acts the annual lease rental will be \$ 366.02, effective 2/4/79 for a 25-year period starting with the effective date of this amendment. This rental is subject to adjustment at the expiration of the initial 25-year period, and at intervals of 10 years thereafter, in accordance with the procedures and limitations prescribed by statute.

A ~~quarterly~~ annual rental payment of \$ 366.02 is due on or before May 1st of each lease year until reappraised in accordance with law.

All other terms and conditions of the above-referenced lease agreement are not affected by this amendment, and remain in full force and effect.

This amendment is hereby incorporated into and made a part of the above-referenced lease agreement as of the effective date of this amendment.

LESSEE:

S. J. Peshians
Box 49
6100
Alaska 99835

Date: July 10, 1979

LESSOR:

[Signature]
Chief, Land Management Section
Division of Forest, Land and Water
Management
Alaska Division of Lands

Date: MAR. 2 1979

APPROVED AS TO FORM:

Shelley J. Higgins
Assistant Attorney General
Sept 14, 1978
Date



DL-37a (Tidelands)
Revised December, 1961

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
344 Sixth Avenue
Anchorage, Alaska

Lease No. ADL 24391

LEASE AGREEMENT

THIS INDENTURE made and entered into this 4th day of May 19 65, by and between the STATE OF ALASKA, through the Director of the Division of Lands, with the consent and approval of the Commissioner of the Department of Natural Resources, acting for and on its behalf under and pursuant to Chapter 169, SLA 1959, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR; and S. J. Cucchiari of Box 44, Sitka, Alaska hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Commercial-Industrial and Materials lands on April 5 19 65, pursuant to Chapter 169, SLA 1959, as amended; and

WHEREAS, the Lessor has caused the lands herein demised to be appraised and such appraisal was made and approved on or after March 23-24, 19 65; and

WHEREAS, the Lessor has caused a notice of intent to lease the lands herein demised to be published as required by law or caused notices of intent to lease to be posted as required by law; and

WHEREAS, an auction of the within demised property was held at the time and place designated by notice and said sale was approved by the Director of the Division of Lands, Department of Natural Resources, State of Alaska:

NOW THEREFOR, the Lessor has agreed to let and does hereby let and demise to the Lessee, and the Lessee has agreed to take and does hereby take from the Lessor all that lot, piece, or parcel of land more particularly bounded and described, as follows: ATS 559 attached hereto and made a part hereof. Beginning at W.C.M.C. 8, U. S. Survey No. 1258 which is located on the northern shore of Jamestown Bay near Sitka in Protracted Section 6, T. 56 S., R. 64 E., Copper River Meridian, Alaska, thence:

S. 30° 00' E., 187.30 ft. to M.C. 2, U. S. Survey No. 3476 which is common to Corner No. 1, A.T.S. No. 559, the true point of beginning, thence:

S. 81° 59' E., 181.76 ft. to Cor. No. 2, thence

S. 02° 48' E., 201.90 ft. to Cor. No. 3, thence

S. 68° 58' 22" W., 51.53 ft. to Cor. No. 4, thence

N. 30° 00' W., 283.47 ft. to Cor. No. 1, the true

point of beginning, containing 0.579 acres, more or less. Lat. 57° 02' 45" N., Long. 135° 18' 20" W. at Cor. No. 1.



TO HAVE AND TO HOLD the said demised premises for a term of fifty five
() years commencing on the 4th day of May, 19 65 and ending
at 12 o'clock midnight on the 4th day of May, 2020, unless
sooner terminated as hereinafter provided.

The Lessee shall pay to the Lessor rental as follows: Equal annual
payments, in advance, on or before the 4th day of May of every
year during said term at the rate of One hundred and forty
Dollars (\$140.00) per year, such payments to
be subject to adjustment at each five year interval from the effective date hereof, if the
lease term hereof exceeds five years, such adjustment to be based primarily upon a reappraised
annual rental value of land in a state of improvement similar to that of the land described
herein at the time this lease was entered into.

It is hereby mutually covenanted and agreed that this indenture is made upon the
foregoing, and upon the following agreements, conditions, covenants, and terms, VIZ:

1. The word "Lessor" as and wherever used in the lease, shall be construed to
include, and shall include, bind and insure to the benefit of, the State of Alaska, its
successor and assigns, at any time during the term of this lease or any renewal thereof;
and the word "Lessee" as and wherever used in this lease shall be construed to include and
shall include and bind and insure to the benefit of the Lessee, his successors and assigns.

2. It shall be the responsibility of the Lessee to properly locate himself and
his improvements within the confines of the property leased herein.

3. The Lessor, Alaska, hereby expressly saves, excepts and reserves out of the
grant hereby made unto itself, its lessees, successors, and assigns forever, all oils,
gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or
description, and which may be in or upon said lands above described, or any part thereof,
and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable
materials, and fossils, and it also hereby expressly saves and reserves out of the grant
hereby made, unto itself, its lessees, successors, and assigns forever, the right to enter
by itself, its or their agents, attorneys, and servants upon said lands, or any part or
parts thereof, at any and all times, for the purpose of opening, developing, drilling and
working mines or wells on these or other lands and taking out and removing therefrom all
such oils, gases, coal, ores, minerals, fissionable materials and fossils, and to that
end it further expressly reserves out of the grant hereby made, unto itself, its lessees,
successors, and assigns forever, the right by its or their agents, servants and attorneys
at any and all times to erect, construct, maintain, and use all such buildings, machinery,
roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove
such soil, and to remain on said lands or any part thereof for the foregoing purposes and
to occupy as much of said lands as may be necessary or convenient for such purposes hereby
expressly reserving to itself, its lessees, successors, and assigns, as aforesaid,
generally all rights and power in, to and over said land, whether herein expressed or not,
reasonably necessary or convenient to render beneficial and efficient the complete enjoy-
ment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by Alaska, its lessees, successors
or assigns, until provision has been made by Alaska, its lessees, successors or assigns,
to pay to the owner of the land, upon which the rights herein reserved to Alaska, its
lessees, successors, or assigns are sought to be exercised, full payment for all damages
sustained by said owner, by reason of entering upon said land; provided, that if said
owner for any cause whatever, refuses or neglects to settle said damages, Alaska, its
lessees, successors or assigns or any applicant for a lease or contract from Alaska for



the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director in a company qualified to do business in Alaska or in a form as determined by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said owner full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

4. The lands leased herein have been classified as shown on page 1 of this agreement and in accordance with the Classification Regulations, Title II, Division I, Chapter I, Subchapter I, and any use thereof which shall be in material conflict with said classification shall, if not remedied after due notice thereof has been served on the Lessee, constitute a breach of this lease and the Lessor may thereupon terminate same in accordance with provisions herein contained. The Lessor does not warrant that by such classification the land is ideally suited for the use authorized thereunder and the Lessor gives no guaranty, actual or implied, that the utilization under said classification will be profitable.

5. All coal, oil, gas and other minerals and all deposits of stone or gravel valuable for extraction and utilization and all materials subject to Title II, Division I, Chapters Four (4), Five (5) and Six (6), Alaska Administrative Code, as amended or as shall hereafter be amended are excepted from the operation of this lease. VIZ: The Lessee shall not sell or remove for use elsewhere any timber, stone, gravel, peatmoss, or any other material valuable for building or commercial purposes; provided, however, that material required in the enjoyment of this lease may be used after a written permit therefor has been obtained from the Lessor.

6. The Lessor expressly reserves the right to grant easements or rights-of-way across the land herein leased if it is determined to be in the best interests of the State to do so; provided, however, that the Lessee shall be entitled to compensation for all improvements or crops which are damaged or destroyed as a direct result of such easement or right-of-way.

7. The Lessee shall not commit waste or injury upon the lands leased herein. Any violation of this agreement shall not only subject the offender to civil liability, but upon conviction thereof he may be fined in any sum not exceeding \$1000.00.

8. If the lands leased herein are classified and leased as grazing or agricultural lands the Lessee shall not prevent or deny the lawful pursuit or the hunting of game or the taking of fish; provided, however, the Director, upon request in writing, may allow the lands leased herein, or portions thereof, to be posted to prohibit hunting and fishing when it appears necessary in order to properly protect the Lessee and his property.

9. Should the lands herein leased lie within the jurisdiction of any authorized building or zoning authority they shall be utilized in accordance with the rules and regulations promulgated by said authority.

10. The Lessee shall take all reasonable precaution to prevent, and take all reasonable action to suppress grass, brush and forest fires on the land herein leased.

11. The Lessee shall allow the Lessor, through its duly authorized representative, to enter upon the leased premises, at any reasonable time, for the purpose of an inspection thereof.



12. When the Lessee shall use the lands leased herein to construct any form of hydraulic project or employ any equipment or engage in any activity which will use, divert, obstruct, pollute or change the natural flow or bed of any river, lake or stream or that will utilize any of the waters of the State or materials from any river, lake or stream beds, the Lessee shall, prior to the commencement of any such operations, procure the approval of the Commissioner of the Department of Fish and Game and the original or an image copy thereof shall be filed with the Lessor prior to the commencement of such activity.

13. The Lessee may assign the lands, or portion thereof, herein demised, provided, he first makes application to the Lessor for a permit and the Lessor, in his discretion, may issue such permit if he finds it to be in the best interest of Alaska. Upon an assignment being granted, the assignee thereunder shall become subject to and be governed by the provisions of this lease in the same manner as though he were the original Lessee.

14. This lease may not be modified orally or in any manner other than by an agreement in writing signed by all parties hereto or their respective successors in interest.

15. This lease may be cancelled, in whole or in part, under one or more of the following conditions:

- A. While in good standing by the mutual agreement in writing of the respective parties hereto.
- B. If issued in error with respect to material facts.
- C. If the leased premises are being used for an unlawful purpose.

16. If the Lessee should default in the performance of any of the terms, covenants or stipulations herein contained or of the regulations promulgated pursuant to Chapter 169, SLA 1959, as amended, and said default shall not be remedied within 30 days after written notice of such default has been served upon the Lessee by the Lessor, the Lessee shall be subjected to such legal action as the Lessor shall deem appropriate including but not limited to, the forfeiture of this lease. No improvements may be removed by the Lessee during any period in which this lease is in default. In the event that this lease shall be terminated because of a breach of any of the terms, covenants, or stipulations contained herein the annual rental payment last made by the Lessee shall be retained by the Lessor as liquidated damages.

17. Any notice or demand which must be given or made by the parties hereto shall be in writing, and shall be complete by sending such notice or demand by United States registered or certified mail to the address shown on the lease or to such other address as the parties shall designate in writing from time to time. A copy of any such notice shall be forwarded by the Lessor to any lienholder who has properly recorded his interest in the lease with the Lessor.

18. In the event that this lease is terminated as herein provided, 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 of this lease, the Lessor may immediately, or at any time thereafter, enter or re-enter and take possession of said lands, or any part thereof, and without liability for any damage therefor, remove all persons and property therefrom either by summary proceedings or by a suitable action or proceeding at law; provided, however, that the words "entry" and "re-entry" as used herein, are not restricted to their technical legal meaning. Any entry or re-entry, possession, repossession,



dispossess, and/or dispossession by the Lessor, whether had or taken by summary proceedings, or otherwise, shall not be deemed to absolve, relieve, release or discharge the Lessee, either in whole or in part, from any liability hereunder.

19. Upon the expiration, termination or cancellation of this lease, unless the same has been renewed, the Lessee shall quietly and peaceably leave, surrender, and yield up unto the Lessor all of the leased land on the last day of the term of the lease.

20. The receipt of rent by the Lessor, with or without 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 this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate such terms or covenants or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt by the Lessor of rent or any other sum of money or the termination, in any manner, of the term therein demised, or after giving by the Lessor of any notice hereunder to affect such termination, shall not reinstate, continue, or extend the resultant term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless expressed in writing and signed by the Lessor.

21. The Lessee, after written request therefor has been filed with the Lessor and prior to the commencement of such work, may receive credit toward current or future rentals, provided the contemplated work, to be accomplished on or off the area leased herein, in the discretion of the Lessor, shall result in increased valuation to other State owned lands. The Lessor's authorization to proceed with the work for rental credit, if granted, shall stipulate the type and extent of improvements, standards of construction to be followed and the maximum allowable rental credit therefor; provided further that no rental credit shall inure to the Lessee until the work has been completed and the Lessor has inspected same to determine compliance with the provisions of said authorization.

22. If, upon the expiration of this lease, the Lessee desires a renewal lease on the lands, properties or interests covered herein, he shall within 30 days before the expiration of this lease, make application to the Lessor on Form DL-74 entitled "Application for Renewal of Lease," in which he must certify under oath as to the character and value of all the improvements existing upon the land, the purpose for which he desires a renewal and such other information as the Director of the Division of Lands may require. Along with the application the applicant shall deposit a sum equal to 50% of the current annual rental, as provided herein, but in no event to exceed the sum of \$50.00. The Lessor may thereupon lease said lands in compliance with the provisions herein enumerated, Chapter 169, SLA 1959, as amended, and the rules and regulations promulgated thereunder, allowing a preference right to the Lessee herein.

23. The Lessee hereunder shall, upon the expiration of this lease or the prior termination thereof by mutual agreement, be allowed a preference right to re-lease the lands leased herein if all other pertinent factors are substantially equivalent. If the renewal lease does not require public auction the preference right holder shall exercise his right within 30 days before the expiration of this lease by written notice directed to the Lessor and failure to do so shall result in forfeiture and cancellation of such preference right. In the event that the lease is subject to and is offered at public auction the preference right holder shall, at the close of bidding, indicate his desire to exercise his preference right and meet the highest bid. In the event the preference right holder does not elect to exercise his right and fails to do so at this time his preference right shall be forfeited and forever lost.



24. Improvements owned by a Lessee on Alaska lands shall within 60 days after the termination of the lease be removed by him; provided, such removal will not cause injury or damage to the lands; and further provided, that the Lessor may extend the time for removing such improvements in cases where hardship is proven. The retiring Lessee or permittee may, with the consent of the Lessor, sell his improvements to the succeeding lessee or permittee.

If any improvements and/or chattels having an appraised value in excess of \$10,000.00 as determined by the Lessor are not removed within the time allowed, such improvements and/or chattels shall upon due notice to the Lessee, be sold at public sale under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed such improvements and/or chattels on the lands after paying to Alaska all rents due and owing and expenses incurred in making such sale. In case there are no other bidders at any such sales, the Lessor is authorized to bid, in the name of Alaska, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong and the said fund shall receive all monies or other value subsequently derived from the sale or leasing of such improvements and/or chattels. Alaska shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by reason of said purchase.

If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall revert to and absolute title shall vest in Alaska.

25. If any clause, or provision, herein contained, shall be adjudged to be invalid, it shall not affect the validity of any other clause or provision, of this lease or constitute any cause of action in favor of either party as against the other.

HERRING SPAWN COVENANT:

This lease is issued subject to Section 2, Chapter 34, SLA 1959, as thereafter amended.

It is agreed that the covenants, terms and agreements herein contained shall be binding upon the successors and assigns of the respective parties hereto.

IN WITNESS WHEREOF, the State of Alaska, Lessor, acting through the Director of the Division of Lands of the Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate and the said Lessee has hereunto set his hand, agreeing to keep, observe and perform the rules and regulations promulgated under Chapter 169, SLA 1959, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed; and executed said instrument, in duplicate on the 2nd day of

June, 19 68.

APPROVED:

[Signature]
Acting Director, Division of Lands

COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

[Signature]
LESSEE(S)

