



# City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835

*Coast Guard City, USA*

## Planning and Community Development Department

### **AGENDA ITEM:**

Case No: LM 17-03  
Proposal: Request for lease renewal  
Applicant: Samson Tug & Barge  
Owner: City and Borough of Sitka  
Location: 5309 Halibut Point Road  
Legal: ATS 1571  
Zone: Waterfront District  
Size: Lease parcel: 4.52 acres  
Parcel ID: 2-6025-000  
Existing Use: Industrial – barge landing serving freight and bulk fuel facilities  
Adjacent Use: Commercial, Public  
Utilities: Existing  
Access: Tidelands – via water; Uplands – via Halibut Point Road

### **KEY POINTS AND CONCERNS:**

1. Historical use as a lease parcel – originally owned and leased by state, conveyed to CBS for continued leasing, lease creates revenue for municipality
2. Neighborhood harmony – surrounding uses are commercial and public in use, conditional use permit approved for existing bulk fuel facility on the uplands
3. Scope of Planning Commission's Role – to advise the City Assembly and Planning Director as to compatibility of land use; and to aid the Planning Director and City Assembly in an advisory role as to any appropriate land use concerns related to use or mitigation of those concerns.

### **RECOMMENDATION:**

Staff recommends that the Planning Commission recommend approval of LM 17-03 to the Assembly.

## **ATTACHMENTS**

Attachment A: Vicinity Map  
Attachment B: Aerial Vicinity Map  
Attachment C: Zoning Map  
Attachment D: Current Survey  
Attachment E: Parcel Pictures

Attachment F: Application  
Attachment G: Existing Lease Documents  
Attachment H: Flood Zone Map  
Attachment I: Correspondence  
Attachment J: Mailing List

## **BACKGROUND**

In 1962, Alaska Department of Natural Resources (DNR) owned the 4.52 acre parcel of tidelands adjacent 5309 Halibut Point Road and entered into a 55-year lease agreement with Alaska Lumber and Pulp Company. This lease was set to expire August 13, 2017. In 1982, Alaska Lumber and Pulp Company assigned, as lessee, the lease to City and Borough of Sitka (CBS). In 1994, CBS assigned the lease to Samson Tug and Barge. Also in 1994, Samson Tug and Barge assigned a security interest to National Bank of Alaska. In 1997, DNR assigned lessor's interest to CBS. In 2003, the security interest assignment to National Bank of Alaska was extended to 2023.

In the original lease, the parcel was described by a metes and bounds description. In subsequent surveys, the parcel has been described as ATS 35 and, most recently, ATS 1571.

## **PROJECT DESCRIPTION**

Samson Tug and Barge requests to renew the lease for tidelands adjacent 5309 Halibut Point Road. A commercial dock/barge landing is located on the tidelands and would continue to support Delta Western's existing bulk fuel facility operations and Samson Tug and Barge's freight facility located on the uplands. Freight and cargo services and commercial docks are permitted uses in the Waterfront District, and the bulk fuel facility received the required conditional use permit in 2013. The conditional use permit is in good standing. The lease of uplands between Delta Western and Samson Tug and Barge was executed in 2013 and runs for 30 years with six 5-year renewal options.

The tideland lease expires August 13, 2017. The applicant requests a 55 year lease term to expire in 2072. This would allow for each renewal period in Delta Western's lease to be fulfilled.

In December 2015, the CBS Assessor determined that the valuation of the parcel is \$555,000. This value will be used to determine the lease price.

## **PROCEDURE**

The lease application is coming before the Planning Commission to seek a recommendation of approval to the Assembly. The Harbormaster has determined that the item does not need to be

heard by the Port and Harbors Commission. The lease application will then go to the Assembly for approval of the lease by ordinance, requiring two hearings. If necessary, a month-to-month lease can be executed to bridge the gap from the expiration date until an ordinance can be passed.

Competitive bidding is not required because the applicants are the upland property owners<sup>1</sup>.

The current lease amount is \$11,144 plus tax per year. Samson Tug and Barge is current on lease payments. The current lease expires August 13, 2017.

### **ANALYSIS**

**Project/Site:** ATS 1571 consists of 4.52 acres of tidelands. Approximately 70% of the tidelands are submerged and 30% are filled. A barge landing exists on the tidelands.

**Traffic:** Access to the tidelands will continue to be via water.

**Parking:** Parking is located on the uplands. No change to use is proposed so parking does not need to be reconsidered.

**Noise:** Industrial use is to be expected in the Waterfront District. Operation modifications are not proposed at this time. Future modifications to operations may be subject to the conditional use permit amendment process.

**Public Health or Safety:** Barge landings inherently come with some degree of safety concern and are best regulated by Alaska DEC and USCG.

**Habitat:** Any future construction would need to comply with US Army Corps of Engineers requirements. No construction currently proposed.

**Property Value or Neighborhood Harmony:** Neighboring uses are commercial and public in nature. Industrial uses have occurred on this site since 1962.

**Conformity with Comprehensive Plan:** The proposal conforms to Comprehensive Plan Section 2.4.19 which states, "To consistently follow and enforce land use policies, codes, regulations, and decisions..." by leasing a parcel according to procedures outlined in Sitka General Code Title 18.

### **RECOMMENDATION**

It is recommended that the Planning Commission adopt the staff analysis and move to recommend approval of the lease renewal for ATS 1571 tidelands adjacent 5309 Halibut Point Road.

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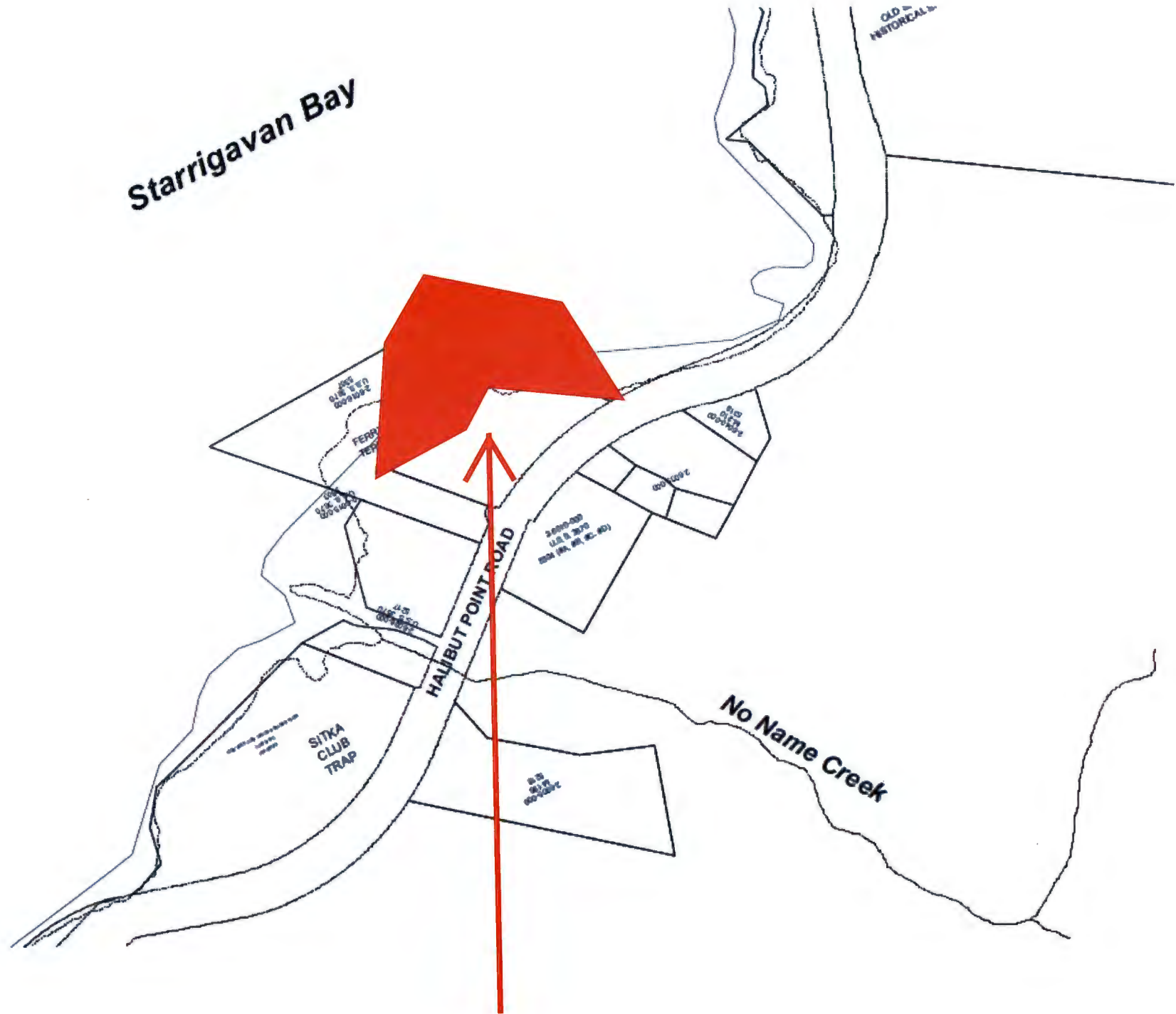
<sup>1</sup> Sitka General Code 18.12.010(E)

### **RECOMMENDED MOTION**

- 1) I move to recommend approval of the lease renewal including a month to month and long-term lease request for 5309 Halibut Point Road. The property is also known as ATS 1571. The request is filed by Samson Tug and Barge. The owner of record is the City and Borough of Sitka.



**Starrigavan Bay**









## City & Borough of Sitka, Alaska

Selected Parcel: 5309 HALIBUT POINT ID: 26025000

Printed 7/5/2017 from <http://www.mainstreetmaps.com/ak/sitka/internal.asp>



This map is for informational purposes only. It is not for appraisal of, description of, or conveyance of land. The City & Borough of Sitka, Alaska and MainStreetGIS, LLC assume no legal responsibility for the information contained herein.

























# CITY AND BOROUGH OF SITKA

## PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT LAND MANAGEMENT APPLICATION FORM

1. Review guidelines and procedural information.
2. Fill form out completely. No request will be considered without a completed form.
3. Submit all supporting documents and proof of payment.

### APPLICATION FOR:

☒ TIDELAND

☒ LEASE

☐ LAND

☐ PURCHASE

**BRIEF DESCRIPTION OF REQUEST:** Renewal of Tideland lease  
No. ADL 02683 / City and Borough of Sitka Tideland  
lease ATS 1571

### PROPERTY INFORMATION:

CURRENT ZONING: waterfront ARE YOU THE UPLAND PROPERTY OWNER? yes

CURRENT LAND USE(S): Marine Transportation PROPOSED LAND USES (if changing): \_\_\_\_\_

### APPLICANT INFORMATION:

PROPERTY OWNER: Samson Tug & Barge Co. Inc

PROPERTY OWNER ADDRESS: 329 Harbor Drive, Sitka, Alaska 99835

STREET ADDRESS OF PROPERTY: 5311 Halibut Pt. Road.

APPLICANT'S NAME: Samson Tug & Barge Co., Inc.

MAILING ADDRESS: P.O. Box 559, Sitka, Alaska 99835

EMAIL ADDRESS: roslyn.dale@samson-tug.com DAYTIME PHONE: 747-8559  
roycelawofficer@gmail.com

### PROPERTY LEGAL DESCRIPTION:

TAX ID: \_\_\_\_\_ LOT: \_\_\_\_\_ BLOCK: \_\_\_\_\_ TRACT: \_\_\_\_\_

SUBDIVISION: \_\_\_\_\_ US SURVEY: \_\_\_\_\_

### OFFICE USE ONLY

COMPLETED APPLICATION		SITE PLAN	
NARRATIVE		CURRENT PLAT	
FEE		OWNERSHIP	



### REQUIRED SUPPLEMENTAL INFORMATION:

- ☒ Completed application form
- ☒ Narrative
- ☐ Site Plan showing all existing and proposed structures with dimensions and location of utilities
- ☒ Proof of filing fee payment \$300.00
- ☒ Proof of ownership (If claiming upland preference) See Property Tax Statement.
- ☒ Copy of current plat

### CERTIFICATION:

I hereby certify that I desire a planning action in conformance with Sitka General Code and hereby state that all of the above statements are true. I certify that this application meets SCG requirements to the best of my knowledge, belief, and professional ability. I acknowledge that payment of the review fee is non-refundable, is to cover costs associated with the processing of this application, and does not ensure approval of the request. I understand that public notice will be mailed to neighboring property owners and published in the Daily Sitka Sentinel. I further authorize municipal staff to access the property to conduct site visits as necessary.

Applicant

Date

Narrative re: renewal of tidelands lease.

Samson Tug & Barge Co. Inc. is Lessee and the City & Borough of Sitka is Lessor under a 55-year tidelands lease entered in 1962 which will expire August 13, 2017 (attached as Exhibit A).<sup>1</sup>

Samson Tug & Barge Co. Inc. is also owner of uplands adjacent to the leased tidelands and operates a commercial port which includes a floating dock, ramps, utilities, and other facilities at the site. Samson has leased a portion of its uplands to Delta Western which has located a fuel tank farm and truck rack on this site with fuel supplied from barges over Samson's floating dock. The Delta Western lease is for a term of 30 years expiring April 30, 2042, followed by six (6) options to renew for periods of five (5) year renewal terms. Should Delta Western exercise all options to renew it would have the right to occupy the leased uplands until April 30, 2072. The Delta Western lease provides that the six options to renew are automatically deemed exercised unless Delta Western gives notice in writing that it does not wish to exercise its right to renewal.

Samson's tidelands lease provides it may be renewed on expiration (August 13, 2017). The renewal terms (clauses 22 and 23 of the tidelands lease) provide that Samson may exercise its right to renew by written notice directed to Lessor "within 30 days before the expiration of the lease". While a literal interpretation of this clause may require Samson to direct its written notice after July 12, 2017 and before August 13, 2017, Samson is giving written notice to Lessor in this application for renewal and will give an additional notice in writing "within 30 days before the expiration of the lease" to satisfy any technical requirements.

Samson has invested substantial sums in improvements of the leased tidelands and adjacent uplands which are essential for its marine transportation business. Delta Western has likewise invested substantial sums in improvements related to its tank farm and fuel operations. The original tidelands lease is silent on the term of renewal which suggests that a true renewal would be just that: renewal of the 55-year lease for an additional term of 55 years.

The present municipal code Section 18.16.210 B states that the term of certain tidelands leases shall be thirty years "unless otherwise determined by the assembly". Samson proposes that the parties agree on a term of fifty-five (55) years for this renewal of its tidelands lease. This would provide a tidelands lease which will expire on August 13, 2072, some three months after the last Delta Western renewal term.

The annual lease payments per the same ordinance are set at 4.5% of a price normally established at auction. In the present circumstance of renewal pursuant to rights contained in the original tidelands lease the Lessee proposes to work with the Lessor to negotiate in good faith the price which is to be used in calculating annual lease payments.

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<sup>1</sup> The original Lessor was Alaska Division of Lands and the original Lessee was Alaska Lumber & Pulp Co. Samson as Lessee and the City as Lessor have obtained their respective status through assignment of the original lease.



**William G. Royce**  
**Attorney at Law**

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Anchorage, Alaska 99501

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Facsimile (907) 278-0877  
roycelawoffice@gmail.com

June 13, 2017

Mr. Brian Hanson  
Municipal Attorney  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, Alaska 99835

Hand Delivered and E-mailed

Re: Samson Tug & Barge Tideland Lease

Dear Brian,

It was good to meet with you last Friday to briefly talk about Samson Tug's application to renew its tideland lease at old Sitka. As we discussed the existing lease was originally between the State of Alaska, Department of Natural Resources, Division of Lands as Lessor and Alaska Lumber & Pulp Co., Inc. as the original Lessee. I have gathered copies of the principal documents and attach the same as (A) through (E) below.

The original 55-year lease runs from August 13, 1962 through August 13, 2017. This lease (Exhibit A) provides Lessee with a right to renew at paragraphs 22 and 23. It appears that this right to renew may be exercised in writing any time before 30 days before the lease expires. The clause discussing the right to renew references a Form DL-74 and provides that renewal must comply with various rules and regulations of the State of Alaska. The parties modified the provisions for setting rent in 1979 (Exhibit B).

The City and Borough of Sitka first came into the chain of title on this leased parcel in 1982 when Alaska Lumber & Pulp assigned its Lessee's rights to the City (Exhibit C). Sitka subsequently assigned its Lessee's rights to Samson Tug & Barge in 1994 (Exhibit D). Finally, in 1997 the State of Alaska gave notice that it had transferred its Lessor's rights to the City and Borough of Sitka (Exhibit E).

Accordingly, under the original lease the City and Borough of Sitka (Lessor through assignment) and Samson Tug (Lessee through assignment) each have obligations and rights. Samson has a right to renew its lease, however some of the State of Alaska procedures may no longer apply as the State of Alaska has transferred its Lessor's rights to the City and Borough of Sitka.

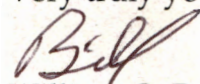
The City has a separate procedure for lease of tidelands which does not appear to contemplate the present situation where an existing lease has specific renewal rights and obligations.

One related issue is that Samson Tug has leased a portion of its owned upland (adjacent to the leased tidelands) to Delta Western which has constructed and now operates a fuel tank farm on that site. The Delta Western lease is dependent on the continuation of the Samson Tug tidelands lease as Delta Western's operation and its lease from Samson Tug requires access to Samson's port facilities and piping operating on or over leased tidelands to receive its fuel from barges. The Delta Western lease was entered in 2013 and runs for an initial term of 30 years followed by six 5-year renewal options, which are deemed automatically exercised unless Delta Western gives advance notice that it desires to terminate. . I have previously provided you with the provisions of the Delta Western lease which concern term of lease and renewals and attach those provisions again here as Exhibit F.

Samson Tug's existing tideland lease runs until August 13, 2017. Samson requests a 55-year renewal of its lease which would extend the term to August 13, 2072. This term allows Delta Western to utilize its full lease term and extensions which would expire April 30, 2072. As I shared in our meeting Samson Tug wants to make the renewal process as simple and fair as possible. The existing lease contemplates that the Lessee exercise the renewal right by simply giving timely notice and depositing 50% of the current annual rental ("not to exceed the sum of \$50.00"). There is a rent adjustment process set out in Exhibit B which can occur at 25 years and 10 year intervals. I recently checked with the Alaska Division of Lands and have confirmed that it presently processes renewals with a maximum term of 55 years. See the present State Application form (Exhibit G).

To get the renewal process started Samson Tug is submitting, together with this letter, a completed City and Borough of Sitka Land Management Application Form. Samson Tug proposes that it work with the City and Borough of Sitka to determine the value of the parcel as the tideland lease is renewed. That value, once agreed, can be used to develop the rental in accordance with the Code provisions. The Code provides that normal terms are to 30-years but that the Assembly may adopt a different term. Samson Tug requests that the term be 55 years for the reasons discussed above. Samson's Sitka management is ready to exchange information and work with the City to promptly develop a fair and reasonable value for the parcel. I am happy to discuss any of the unusual features of this notice of renewal and modifications to help make the process more closely fit the needs of both the Lessor and Lessee.

Very truly yours



William G. Royce





# CITY AND BOROUGH OF SITKA PROPERTY TAX STATEMENT

**TAX YEAR:**  
**January 1 to December 31, 2016**

REMIT TO: 1831  
CITY & BOROUGH OF SITKA  
100 LINCOLN STREET  
SITKA, AK 99835-7594  
BILLING QUESTIONS: 907-747-1853  
PAYMENT QUESTIONS: 907-747-1818  
ASSESSMENT QUESTIONS: 747-1822

SAMSON TUG & BARGE CO.  
P.O. BOX 559  
SITKA, AK 99835-0559

**ACCOUNT NUMBER:**

2-6025-000-000-0000

MAILING DATE: 07/01/2016

MILLAGE RATE: 6.00 MILLS

Note: Taxes are \$6 per thousand based on assessed valuation.

SURVEY	SUBDIVISION	LOT	BLOCK	ADDRESS/LOCATION
3670	USS 3670	PT5		5309 HALIBUT POINT
CURRENT YEAR ASSESSED VALUE				NET TAX FOR 2016
CLASSIFICATION		AMOUNT		
LAND		670,500		10,023.00
IMPROVEMNT		1,000,000		
TOTAL		1,670,500		
DELINQUENCIES				Progressive Penalty: 1st month delinquent = 3% 2nd month delinquent = 7% 3rd month delinquent = 5% 12% Interest per annum
YEAR	AMOUNT	PENALTY & INT	TOTAL	
2015	.00	.00	.00	
2014	.00	.00	.00	

**THIS TAX MUST BE PAID (OR POSTMARKED)  
BY 4:45 PM WEDNESDAY, AUGUST 31, 2016  
OR A PROGRESSIVE PENALTY WILL BE  
IMPOSED.**

**TOTAL DUE: \$ 10,023.00**

Date

Amount Paid

PLEASE KEEP ABOVE PORTION FOR YOUR RECORDS - RETURN BOTTOM PORTION WITH PAYMENT

REMIT TO:  
CITY & BOROUGH OF SITKA  
100 LINCOLN STREET  
SITKA, AK 99835-7594  
PHONE: 907-747-1818

NAME AND ADDRESS (please note any change)

SAMSON TUG & BARGE CO.  
P.O. BOX 559  
SITKA, AK 99835-0559

**Due Date: AUGUST 31, 2016**  
**2016 REAL PROPERTY TAX BILLING**

Address/Location	5309 HALIBUT POINT
Bill Number:	201602888
Account Number:	2-6025-000-000-0000
TOTAL TAX DUE:	\$ 10,023.00
Amount Remitted:*	

\*FAILURE TO PAY FULL AMOUNT BY DUE DATE WILL RESULT IN PENALTIES.

## Documents

- A. Original Tidelands Lease DNR/AL&P 13 August 1962- 13 August 2017
- B. Amendment - Converts to 25 year term for purpose of rental re-evaluation.  
All other terms unchanged
- C. Assignment of Leasee's interest from AL&P to City & Borough of Sitka. January 22, 1982  
Note: error on stated expiration date of *January 22, 2017*
- D. Assignment of Lease City & Borough of Sitka to Samson Tug Feb. 17, 1994  
Note: has correct expiration date of August 13, 2017
- E. Assignment of Lessor's interest from DNR to City & Borough of Sitka Aug 20, 1997
- F. Portion of Delta Western Lease
- G. State of Alaska present land application form.



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

Lease No. ADL 02603

LEASE AGREEMENT

THIS INDENTURE made and entered into this 13th day of August 1962, 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 Alaska Lumber and Pulp Co., Inc. of P.O. Box 1050, Sitka, Alaska, hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Commercial-Industrial lands on May 28 1962, 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 May 28, 1962, 1962; 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:

Commencing at W. C. of U.S. Survey 3670, corner with Lot 4, 5, and 6 at Lat. 57°08'  
N., Long. 135°23' W., thence N. 41°47' W., a distance of 178.74 ft. to a point on  
the mean high tide line thence along the mean high tide line N. 75°17' E., 51.80 ft.  
to Cor. No. 1 of ATS 35 and the actual point of beginning, thence by notes and bounds:  
N. 36°57'30" E., 39.01 ft. to Cor. No. 2, N. 32°07'20" E., 299.30 ft. to Cor. No. 3  
N. 33°52'58" E., 173.74 ft. to Cor. No. 4, S. 63°07'33" E., 447.39 ft. to Cor. No. 5,  
S. 300 ft. to Cor. No. 6, N. 68°45'34" W., 242.17 ft. to Cor. No. 7, N. 56°34'02" W.,  
208.14 ft. to Cor. No. 8, S. 28°39'15" W., 119.80 ft. to Cor. No. 9, N. 85°21'45" W.,  
218.92 ft. to Cor. No. 10, S. 75°17' W., 0.08 ft. to Cor. No. 1, the actual point of  
beginning. Containing 4.52 acres more or less.

A-1

to have and to use the said demised premises for term of Fifty-five  
( 55 ) years commencing on the 13th day of August, 1962 and ending  
at 12 o'clock midnight on the 13th day of August, 2017, 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 13th day of August of every  
year during said term at the rate of Four Hundred and no/100  
Dollars (\$400.00) 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 reappraisal  
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 inure 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 inure 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



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 where the land is situated, as may be necessary to determine the damages which the surface less 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.

shall not 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 Xerox 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.

Improvements owned by a Lessee on Alaska land 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.

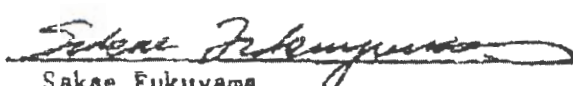
IN WITNESS WHEREOF, the State of Alaska, Lessor, acting through the Director of the Division of Lands of the Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate and the said Lessee has hereunto set his hand, agreeing 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 6th day of September, 1962.

APPROVED:

  
Director, Division of Lands

COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES  
STATE OF ALASKA

ALASKA LUMBER & PULP CO., INC.  
LESSEE(S)

  
Sakae Fukuyama  
Executive Vice President



UNITED STATES OF AMERICA ) ss.  
State of Alaska )

THIS IS TO CERTIFY that on the 24th day of September, 1962, before me, the undersigned Notary Public, personally appeared Roscoe E. Bell 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.

Dee F. Owen  
Notary Public in and for the State of Alaska  
My commission expires E. 27-65

UNITED STATES OF AMERICA ) ss.  
State of Alaska )

THIS IS TO CERTIFY that on this 13th day of September, 1962, before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn, personally appeared Mr. Sakae Fukuyama to me personally known to be one of the persons described in and who executed the within instrument and the said Sakae Fukuyama 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.

RETURNED  
STATE OF ALASKA  
DIVISION OF NATURAL RESOURCES  
POB 107005  
ANCHORAGE AL 99510-7005

Margaret McCaddon  
Notary Public in and for the State of Alaska  
My commissioner expires February 24, 1965

Approved as to Form:

Ralph E. Moody  
Attorney General

By Richard A. Bradley  
Title Assistant Attorney General

cc	N/C
<u>Sitka</u>	REC. DIST.
DATE <u>7-17</u>	<u>1965</u>
TIME <u>10:50</u>	<u>A.M.</u>
Requested By <u>AS/DNR</u>	
Address	

Certified to be  
a True Copy  
C. L. L. L. L.  
P/22/94

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

BOOK 28 PAGE 855

AMENDMENT TO LEASE AGREEMENT

THIS AMENDMENT to that certain 55-year lease issued on August 13, 1962  
and serialized ABL 02483 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 October 10, 1978. Under the provisions of these Acts the annual lease rental will be \$ 2,199.43, effective November 13, 1978 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 \$ 2,199.43 is due on or before August 13th 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:

[Signature]  
J.A. Rynearson  
Senior Vice-President  
Alaska Lumber and Pulp Company, Inc.

Date: \_\_\_\_\_

LESSOR:

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

Date: JAN 30 1979

APPROVED AS TO FORM:

[Signature]  
Assistant Attorney General  
Sept 14, 1978  
Date

To be recorded with the State Recording Division  
Original Lease Book 114 Page 856-858

cc	283	NIC
<u>Stille</u>		
DATE	<u>7-17</u>	<u>1978</u>
TIME	<u>8:50</u>	<u>A.M.</u>
Recorded By	<u>[Signature]</u>	
Address	_____	



See  
Instructions  
on Back

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

ASSIGNMENT OF LEASE

I (we) Alaska Lumber and Pulp Company, Inc.  
mailing address of P.O. Box 10511 - Sitka, Alaska 99835  
hereby assign(s) under that certain lease designated as Lease No. ADL 002 483 covering the following described property:

description attached

Section \_\_\_\_\_ Township \_\_\_\_\_ Range \_\_\_\_\_ Meridian (do) (does) hereby assign, for good and  
valuable consideration, all right, title and interest, and subject to all rents, covenants and conditions, in said lease to assignee  
City and Borough of Sitka  
mailing address of P.O. Box 79 - Sitka, Alaska 99835  
successors and assigns, for the unexpired term thereof commencing on January 22, 1982, and expiring  
on January 22, 2017.

J.A. Rynearson  
ASSIGNOR(S)

Senior Vice-President  
Alaska Lumber and Pulp Company,  
Inc.

STATE OF ALASKA )  
First Judicial District ) ss.

THIS IS TO CERTIFY that on this twenty-second day of January, 1982, before me appeared  
J.A. Rynearson to me known and known to me to be the  
person named in and who executed the assignment and acknowledged voluntarily signing the same.

Michelle J. J.  
Notary Public in and for the State of Alaska  
My Commission expires: 1/26/83

The assignee(s), City & Borough of Sitka, Alaska  
herein expressly assume(s) the obligation to pay any and all prior, or delinquent taxes, liens of any nature, penalties, interest, or any other  
obligations charged against the lands described herein above as of the date of this assignment.

Fermin Gutterez  
Municipal Administrator  
ASSIGNEE(S)

STATE OF ALASKA )  
First Judicial District ) ss.

THIS IS TO CERTIFY that on this 14th day of July, 1983, before me appeared  
FERMIN GUTTEREZ to me known and known to me to be the  
person named in and who executed the assignment and acknowledged voluntarily signing the same.

James J. J.  
Notary Public in and for the State of Alaska  
My Commission expires: 10-31-84

APPROVED:

Robert A. Baker  
Head, Contract Administration  
Division of Forest, Land and Water Management

2-11-88  
Date.

10-117 Rev. 9/80

Certified to be  
a True Copy  
Christa P. P.  
8/22/94

C

93-5-2354

BOOK 111 PAGE 49

See attached  
Instructions

STATE OF ALASKA  
DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF LAND  
P.O. BOX 107005  
ANCHORAGE, ALASKA 99510-7005

## ASSIGNMENT OF LEASE

For value received, I (We) city and Borough of Sitka mailing address of \_\_\_\_\_  
104 LAK ST STE 104 Sitka Alaska 99801

lease(s) under that certain lease designated as AOL No. 7893 covering the following described property: Commencing at W.C. of U.S. Survey 1470, adjacent with Lot 4, S. and 4 at Lat. 57°08' N., Long. 135°23' W., thence N. 41°41' W., a distance of 178.74 ft. to a point on the mean high tide line thence along the mean high tide line N. 75°17' E., 93.07 ft. to Cor. No. 1 of 278 75 and the actual point of beginning, thence by notes and bounds: N. 34°37'30" E., 39.01 ft. to Cor. No. 2, N. 33°07'30" E., 119.30 ft. to Cor. No. 3, S. 33°32'32" E., 172.74 ft. to Cor. No. 4, S. 63°07'33" E., 467.39 ft. to Cor. No. 5, S. 300 ft. to Cor. No. 6, N. 68°45'34" W., 342.17 ft. to Cor. No. 7, N. 34°34'42" W., 204.16 ft. to Cor. No. 8, S. 28°39'15" W., 119.30 ft. to Cor. No. 9, W. 85°31'45" E., 212.92 ft. to Cor. No. 10, S. 75°17' E., 0.00 ft. to Cor. No. 1, the actual point of beginning. Containing 6.32 acres more or less. I hereby assign for good and valuable consideration, all right, title and interest, and subject to all rents, covenants and conditions, in said lease to assignee Hanson Roy and Marge Co., Inc. mailing address of \_\_\_\_\_  
P.O. Box 599 SITKA, AK 99801

and assigns, for the unexpired term thereof, commencing on August 13, 1982, and expiring on August 13, 2017.

IN WITNESS WHEREOF, the Assignor has hereunto set his hand and seal this 17th day of February 1984.

*Barry P. [Signature]*  
City and Borough of Sitka

ASSIGNOR(S)

STATE OF ALASKA

1st Judicial District

THIS IS TO CERTIFY that on this 17th day of February, 1984, before me, personally appeared \_\_\_\_\_ to me and known to me (or proved to me on the basis of satisfactory evidence) to be the person named in and who executed the assignment of lease and acknowledged voluntarily signing the same.

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

*[Signature]*  
Notary Public in and for the State of Alaska  
My Commission Expires 8/29/94

STATE BUSINESS NO CHARGE



BOOK 114 PAGE 945

BOOK 114 PAGE 92

ADL No. 2483

The assignee(s) Sawson Tug and Barge Co., Inc., herein expressly assumes the obligation to pay any and all prior, or delinquent taxes, liens of any nature, penalties, interest, or any other obligations charged against the lands described herein above as of the date of this assignment.

[Signature]  
Sawson Tug and Barge Co., Inc.

(ASSIGNEE(S))

STATE OF ALASKA

Judicial District

THIS IS TO CERTIFY that on this 17 day of January, 1994, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, as such, personally appeared GEORGE SAGGETT known to me and to me known (or proved to me on the basis of satisfactory evidence) to be the PERSON of Sawson Tug and Barge Co., Inc. the corporation which executed the foregoing instrument, and he acknowledged to me that he executed the same for and on behalf of said corporation, and that he is fully authorized by said corporation so to do; and that the corporate seal affixed to said instrument is the corporate seal of said corporation.

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

[Signature]  
Notary Public in and for the State of Alaska  
My Commission Expires: 8/20/94

APPROVED:

[Signature]  
Superior, Contract Administration  
DIVISION OF LAND

6-7-94  
Date

94-2811

cc	3-10	N/C
DATE	8-23	1994
TIME	2:49	PM
Reviewed by	AS/CHR	
Added		

RETURN TO:  
STATE OF ALASKA  
DEPT OF NATURAL RESOURCES  
DIV OF LAND - CONTRACT ADMIN  
P.O. BOX 107005  
ANCHORAGE AK 99510-7005

742

⑤ pgs to Reelyn  
@ 7-5370 fax

ATS 35  
TONY KNOWLES, GOVERNOR

**DEPARTMENT OF NATURAL RESOURCES**

August 20, 1997

SOUTHEAST REGIONAL OFFICE  
DIVISION OF LAND

400 WILLOUGHBY AVENUE, SUITE 400  
JUNEAU, ALASKA 99801  
PHONE: (907) 465-3400  
FAX: (907) 586-2954

Samson Tug and Barge Co., Inc.  
P.O. Box 559  
Sitka, AK 99835

ADL 2483

Re.: Transfer of Tideland Lease ~~ADL 2483~~ 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



JUL 114 PAGE 946



United States of America  
State of Alaska

THIS IS TO CERTIFY that the foregoing is a true, fair and correct copy of the document as it appears in the records and files of my office.

IN THE WITNESS WHEREOF, I have hereunto set my hand and have affixed my official seal of said State of Alaska, this 17th day of April, 1995.  
District Recorder: [Signature]  
By: [Signature]

95-695

cc	n/c
Sitka	REC. DIST.
DATE 4-17	19 95
TIME 11:05	A M
Requested By	ACJ/DNR
Address	

**Samson Tug & Barge Co., Inc.  
and  
Delta Western, Inc.**

**Ground Lease**

**February 15, 2013**



## GROUND LEASE

This Ground Lease is made and executed on February 15, 2013, by and between Samson Tug and Barge Co., Inc., an Alaska Corporation, whose address for all purposes herein is P.O. Box 559, Sitka, Alaska 99835 (Lessor) and Delta Western Inc. (a Washington Corporation registered to do business in Alaska), whose address for all purposes herein is 420 L Street, Ste. 101 Anchorage, AK 99501, (Lessee).

Whereas Lessee wishes to construct and operate a tank farm, truck rack, and fueling depot at the port in Sitka, Alaska; and

Whereas Lessor owns a parcel located at the Port ("Premises") which may be suitable for Lessee's needs; and

Whereas Lessee wishes to lease the Premises from Lessor, and Lessor wishes to lease the Premises to Lessee and to enter into such other agreements as are necessary for the operation of Lessee's tank farm and fueling depot; now, therefore, the Parties agree as follows:

### SECTION ONE: DEMISE, DESCRIPTION, AND USE OF PREMISES

Lessor covenants that Lessor is seized of the demised Premises and has full right to make and enter into this Ground Lease and that the Lessee shall have quiet and peaceable possession of the Premises during the term of this Ground Lease.

Lessor leases to Lessee and Lessee leases from Lessor, for the purpose of conducting the business operations of bulk fuel storage and distribution, and general purposes as more fully described in Section Six below, and for no other purposes, the Premises situated at Lessor's port located near Sitka, Alaska, containing 30,000 square feet, and which are more particularly described in Exhibit A hereto. Subject to the contingencies set forth in Section 5, Lessee has inspected the Premises and accepts the same in its present condition.

### SECTION TWO: TERM

The Initial Term of this Ground Lease shall be for thirty (30) years, commencing on March 1, 2013, and ending on April 30, 2042. As used in this Ground Lease, the expression "term of this lease agreement" refers to the Initial Term and to any renewal of this Ground Lease as provided below.

This Ground Lease and all rights and obligations hereunder are dependent upon the renewal and extension of a lease of adjacent tidelands where Lessor has established a port for its marine operations. The relevant tidelands lease is recorded at Book 114 Page 93, in the records of the Sitka Recording District, First Judicial District, State of Alaska. Lessor has acquired all of original lessee's right there under by assignment. This tidelands lease was for an initial fifty-five (55) year term to expire August 13, 2017. Lessor herein intends to obtain an extension of said tidelands lease as provided herein. In the event

Lessor is unable to obtain an extension of said tidelands lease, this Ground Lease shall terminate when the tidelands lease expires and Lessee herein shall perform all acts required herein on termination including restoration of the premises.

Notwithstanding the above, Lessee may elect to terminate this Ground Lease without penalty at any time during the Initial Tenancy by providing Lessor years/months advance notice of termination, if Lessee determines, in its sole discretion, that the operation of its business at the Premises no longer is economically advantageous. In the event of exercising such option, Lessee shall pay rent through the effective date of early termination and shall return the Premises to Lessor consistent with its redelivery obligations set forth herein.

### SECTION THREE: OPTION TO RENEW

In addition to the Initial Term, Lessee is hereby granted the right to extend the Term of this Ground Lease for six (6) separate, consecutive and additional extension terms ("Extension Tenn(s)"), each for a period of five (years) years. Unless Lessee shall notify Lessor in writing, not less than one hundred eighty (180) days prior to the expiration of the Initial Tenn or any Extension Tenn then in effect, of its intention to terminate this Ground Lease effective as of the end of the Initial Tenn or Extension Term then in effect, Lessee shall be deemed to have exercised its option to renew this Ground Lease for the next ensuing Extension Tenn and Lessee shall not be required to give any notice of its intention to avail itself of such Extension Tenn. Such Extension Terms shall be on the same terms and conditions as set forth in this Ground Lease, except as to the amount of Rent and the length of term and number of extensions, and except that Tenant may terminate any Extension Term by giving Lessor one hundred eighty (180) days written notice.

### SECTION FOUR: RENT



**STATE OF ALASKA DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF MINING, LAND AND WATER**

<input type="checkbox"/> <b>Land Sales and Contract Administration</b> 550 W 7th Ave., Suite 640 Anchorage, AK 99501-3576 (907) 269-8594	<input type="checkbox"/> <b>Northern Region</b> 3700 Airport Way Fairbanks, AK 99709 (907) 451-2740	<input type="checkbox"/> <b>Southcentral Region</b> 550 W 7th Ave., Suite 900C Anchorage, AK 99501-3577 (907) 269-8552	<input type="checkbox"/> <b>Southeast Region</b> 400 Willoughby, #400 P.O. Box 111020 Juneau, AK 99811-1021 (907) 465-3400
---	--	---	--

**APPLICATION FOR PURCHASE OR LEASE OF STATE LAND**

Date \_\_\_\_\_ ADL # (assigned by DNR) \_\_\_\_\_

Applicant's Name \_\_\_\_\_ Doing business as: \_\_\_\_\_

Mailing Address \_\_\_\_\_

City/State/Zip \_\_\_\_\_ E-Mail \_\_\_\_\_

Message Phone ( ) \_\_\_\_\_ Work Phone ( ) \_\_\_\_\_ Date of Birth \_\_\_\_\_

Is applicant a corporation qualified to do business in Alaska? ☐ **yes** ☐ **no**. Is the corporation in good standing with the State of Alaska, Dept. of Commerce and Economic Development? ☐ **yes** ☐ **no**.

Is applicant 18 years or older? ☐ **yes** ☐ **no**. Are you applying for a ☐ **lease** or ☐ **sale**?

**What kind of lease or sale** are you applying for? ☐ **Tideland**; ☐ **Public/Charitable Use**; ☐ **Grazing**; ☐ **Millsite**;  
☐ **Negotiated**; ☐ **Competitive**; ☐ **Non-Competitive**; ☐ **Preference Right**.

**If a lease, how many years** are you applying for? \_\_\_\_\_ **years**. (55 years Max.)

**Legal Description:** Lot(s) \_\_\_\_\_ Block/Tract # \_\_\_\_\_ Survey/Subdivision \_\_\_\_\_

Other: \_\_\_\_\_

Meridian \_\_\_\_\_ Township \_\_\_\_\_, Range \_\_\_\_\_, Section(s) \_\_\_\_\_ Acres \_\_\_\_\_

Municipality \_\_\_\_\_ LORAN Reading (optional) \_\_\_\_\_

Geographic Location: \_\_\_\_\_

What is the proposed use of and activity on the state land? \_\_\_\_\_

Are there any improvements on the land now? ☐ **yes** ☐ **no**. If yes, who owns the improvements, and what is the estimated value? \_\_\_\_\_

If yes, describe any existing improvements on the land. \_\_\_\_\_

Are there any improvements or construction planned? ☐ **yes** ☐ **no**. If yes, describe them and their estimated value. \_\_\_\_\_

State the proposed construction date: \_\_\_\_\_; estimated completion date\*: \_\_\_\_\_

Name and address of adjacent land owners and, if you are applying for tidelands, the name and address of the adjacent upland owners: \_\_\_\_\_

Are you currently in default on, or in violation of, any purchase contract, lease, permit or other authorization issued by the department under 11 AAC? ☐ **yes** ☐ **no**. Within the past three years, has the department foreclosed or terminated any purchase contract, lease, permit or other authorization issued to you? ☐ **yes** ☐ **no**.

**Non-refundable filing fee: \$100**  
(Fee may be waived under 11 AAC 05.010(c))

Date Stamp: \_\_\_\_\_

61



Is the land applied for subject to any existing leases or permits? ☐ yes ☐ no. If yes, ☐ lease or ☐ permit?

Name lease/permit is issued under: \_\_\_\_\_ ADL # \_\_\_\_\_

Do you think you qualify for a non-competitive lease or sale? ☐ yes ☐ no. If yes, under what provision of AS 38.05?

- ☐ AS 38.05.035(b)(2) (to correct an error or omission);
- ☐ AS 38.05.035(b)(3) (owner of bona fide improvements);
- ☐ AS 38.05.035(b)(5) (occupied, or are the heir of someone who occupied the land before statehood);
- ☐ AS 38.05.035(b)(7) (adjacent owner of remnant of state land, not adjoining other state land);
- ☐ AS 38.05.068 and .087 (U.S. Forest Service Permittee);
- ☐ AS 38.05.075(c) (upland owner or lessee);
- ☐ AS 38.05.035(f) (previous federal and state authorization, erected a building and used the land for business purposes);
- ☐ AS 38.05.102 (current long-term lessee or current shore fishery lessee);
- ☐ AS 38.05.255 (millsite lease for mine-related facilities);
- ☐ AS 38.05.810(a)\* (government agency; tax-exempt, non-profit organization organized to operate a cemetery, solid waste facility, or other public facility; or a subdivision's nonprofit, tax-exempt homeowners' association);
- ☐ AS 38.05.810(b)-(d) (non-profit corporation, association, club, or society operated for charitable, religious, scientific, or educational purposes, or for the promotion of social welfare, or a youth encampment);
- ☐ AS 38.05.810(e) (licensed public utility or licensed common carrier);
- ☐ AS 38.05.810(f) (non-profit cooperative organized under AS 10.25, or licensed public utility);
- ☐ AS 38.05.810(h) (Alaska Aerospace Development Corporation);
- ☐ AS 38.05.810(i) (port authority);
- ☐ AS 38.05.825 (municipality applying for eligible tidelands, or tidelands required for private development);
- ☐ other (please explain): \_\_\_\_\_

If you have checked one of the above statutes, attach a statement detailing your qualifications under each requirement of that statute.

Do you think you qualify to lease the land for less than fair market value? ☐ yes ☐ no. If yes, under what provision of AS 38.05?

- ☐ AS 38.05.097 (youth encampment or similar recreational purpose); ☐ other (please explain).
- ☐ AS 38.05.098 (senior citizen discount for a residential lease);

Signature \_\_\_\_\_

Date \_\_\_\_\_

If applying on behalf of an agency, municipality, or organization, state which one \_\_\_\_\_

Title \_\_\_\_\_

#### NOTICE TO APPLICANT:

- \* For applications filed by a municipality under AS 38.05.810, if there is a remaining entitlement of the municipality under AS 29.65, land transferred under AS 38.05.810 shall be credited toward fulfillment of the entitlement.
- \* Construction may not commence until approval is granted by lessor.
- \* This application will not be considered unless it is accompanied by the appropriate filing fee and completed in full. THE FILING FEE WILL NOT BE REFUNDED NOR IS IT TRANSFERABLE. All checks are to be made payable to the Department of Natural Resources.
- \* Include a 1:63,360 USGS map showing location of proposed activities in relation to survey monumentation or fixed geographical features which fully illustrates your intended use, including the location of buildings and improvements and access points, labeled with all dimensions, and a development plan providing a complete list of proposed activities.
- \* The applicant may be required to deposit a sum of money sufficient to cover the estimated cost of survey, appraisal, and advertising. If the land is sold or leased to another party, the deposit will be returned to the applicant.
- \* The filing of this application and payment of the filing fee vests the applicant with no right or priority in the lands applied for. It is merely an expression of the desire to purchase or lease a parcel of land when and if it becomes available. Filing an application serves the purpose of notifying the state that an individual is interested in purchasing or leasing land. It is not a claim, nor does it in any way obligate the state to sell or lease land.
- \* If the application site is in the Coastal Zone, include a Coastal Project Questionnaire ([www.gov.state.ak.us/dgc/Projects/projects.html](http://www.gov.state.ak.us/dgc/Projects/projects.html)).
- \* If the application is for use in conjunction with a guide/outfitter operation, include proof of a guide/outfitter certification for the use area.
- \* If the application is for a commercial fish camp, include a copy of your limited entry permit or an interim-use salmon set net permit.
- \* If applying for a senior citizen discount, include form 102-1042.
- \* AS 38.05.035(a) authorizes the director to decide what information is needed to process an application for the sale or use of state land and resources. This information is made a part of the state public land records and becomes public information under AS 40.25.110 and 40.25.120 (unless the information qualifies for confidentiality under AS 38.05.035(a)(9) and confidentiality is requested). Public information is open to inspection by you or any member of the public. A person who is the subject of the information may challenge its accuracy or completeness under AS 44.99.310, by giving a written description of the challenged information, the changes needed to correct it, and a name and address where the person can be reached. False statements made in an application for a benefit are punishable under AS 11.56.210.

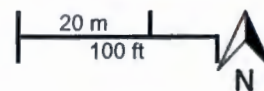




## City & Borough of Sitka, Alaska

**Selected Parcel: 5309 HALIBUT POINT ID: 26025000**

Printed 7/5/2017 from <http://www.mainstreetmaps.com/ak/sitka/internal.asp>



This map is for informational purposes only. It is not for appraisal of, description of, or conveyance of land. The City & Borough of Sitka, Alaska and MainStreetGIS, LLC assume no legal responsibility for the information contained herein.

# Memorandum

**TO:** Maegan Bosak, Planning and Community Development Director

**FROM:** Wendy Lawrence, Assessing Director  
*Wendy Lawrence*

**SUBJECT:** City and Borough of Sitka Tidelands Lease Application – ATS 1571 (which is adjacent to: PID: 2-6025-000 – 5309/5311 HPR (83,635sf owned filled tidelands))

**DATE:** December 29, 2015

The real property described below was inspected on November 30, 2015, for the tideland lease application noted above:

ATS 1571 consists of 4.52 acres (196,891sf) of a combination of filled and submerged city-owned tidelands addressed as 5309/5311 HPR. This leased parcel is located due north and directly adjacent to another filled tideland lot owned by the lease applicant, which is noted as 5309/5311 HPR (PID 2-6025-000) aka Samson Tug & Barge. Samson Tug & Barge is owned and operated by the lease applicants, and this leased parcel provides key access for this business. This leased parcel contains floating docks, pontoons and rock fill area which are used for parking, staging, storage and dock access. This parcel consists of approximately 30% of filled tidelands valued at \$6.97/sf, and approximately 70% of submerged tidelands, valued at \$1.04/sf.

Tidelands within the City and Borough of Sitka are valued according to their classification and upland land modeling. Upland and filled tidelands are valued according to the regular land modeling of the area, unfilled tidelands are valued at thirty percent of the upland rate, and submerged tidelands are valued at fifteen percent of the upland rate. This standard of valuation is used throughout Alaska, with price variances according to upland land values.

This lease renewal valuation is significantly higher than the previous valuation due to a substantially different classification of upland/filled/submerged square footages since the last valuation in 2003, and simply due to market activity from 2003-2015. Average sales prices per square foot range from \$1.60-\$20.60 for this market area, and this parcel's overall price per square foot of \$2.82/sf falls toward the low-end of that range due to this parcel's larger size.

**Recommended Value Conclusion:** land modeling for the Halibut Point Rd-North area yields a fee simple valuation of \$555,500 for this tideland parcel. The lease rate to be applied to this valuation shall be determined by the appropriate authority.



## Samantha Pierson

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**From:** Stan Eliason  
**Sent:** Wednesday, July 05, 2017 9:03 AM  
**To:** Samantha Pierson  
**Cc:** Michael Scarcelli  
**Subject:** Re: Special Port and Harbors Meeting

Samantha, that facility is out of the harbor jurisdiction. I don't feel that I or the commission needs to weigh in on this.

Stan

Sent from my iPhone us my new email address: [stan.eliason@cityofsitka.org](mailto:stan.eliason@cityofsitka.org)

On Jul 5, 2017, at 8:56 AM, Samantha Pierson <[samantha.pierson@cityofsitka.org](mailto:samantha.pierson@cityofsitka.org)> wrote:

Stan,

Samson Tug and Barge has submitted an application for renewal of their tideland lease adjacent 5309 HPR.  
Is it possible to call a special meeting of Port and Harbors Commission to weigh in on this request?

*Sam*

Samantha Pierson  
Planner I  
City and Borough of Sitka  
100 Lincoln Street  
Sitka, AK 99835  
(907) 747-1814

Parcel ID: 26004000  
CITY & BOROUGH OF SITKA  
CITY & BOROUGH OF SITKA  
100 LINCOLN ST  
SITKA AK 99835

Parcel ID: 26006000  
SITKA, CITY & BOROUGH OF  
C/B OF SITKA  
100 LINCOLN ST  
SITKA AK 99835

Parcel ID: 26010000  
ALLEN MARINA, LLC  
ALLEN MARINE, LLC  
P.O. BOX 1049  
SITKA AK 99835-1049

Parcel ID: 26015000  
ALLEN PROPERTIES, LLC  
ALLEN PROPERTIES, LLC  
P.O. BOX 1049  
SITKA AK 99835-1049

Parcel ID: 26016000  
STATE OF ALASKA  
FERRY TERMINAL  
STATE OF ALASKA  
6860 GLACIER HWY  
JUNEAU AK 99801

Parcel ID: 26025000  
SAMSON TUG & BARGE CO., INC  
SAMSON TUG & BARGE CO.  
P.O. BOX 559  
SITKA AK 99835-0559

Parcel ID: 26035001  
BRYANNA GRAHAM  
GRAHAM, BRYANNA, M.  
5316 HALIBUT POINT RD  
SITKA AK 99835

Parcel ID: 26035002  
ARYEH/KAY LEVENSON  
LEVENSON, ARYEH, L./KAY, L.  
11600 MOOSE RD  
ANCHORAGE AK 99516-2477

Parcel ID: 26035003  
ARYEH/KAY LEVENSON  
LEVENSON, ARYEH, L./KAY, L.  
11600 MOOSE RD  
ANCHORAGE AK 99516-2477

Parcel ID: 26035004  
ARYEH/KAY LEVENSON  
LEVENSON, ARYEH, L./KAY, L.  
11600 MOOSE RD  
ANCHORAGE AK 99516-2477

Parcel ID: 26040000  
JACK/TRACY ALLEN  
ALLEN, JACK, S./TRACY, S.  
P.O. BOX 1352  
SITKA AK 99835-1352

P&Z Mailing  
July 7, 2017

INVOICE

CITY AND BOROUGH OF SITKA

100 LINCOLN STREET, SITKA ALASKA 99835

DATE: 7/11/17

To: Samson Tug + Barge

**PAID**

**JUL 11 2017**

**CITY & BOROUGH OF SITKA**

ACCOUNT # 100-300-320-3201.002

PLANNING & ZONING

Variance.....	
Conditional Use Permit.....	
Minor Subdivision.....	
Major Subdivision.....	
Zoning Map Change.....	
Zoning Text Change.....	
Lot Merger.....	
Boundary Line Adjustment.....	
General Permit.....	
Appeal of Enforcement Action (Pending).....	
Other..... <u>lease request</u>	<u>300.00</u>
Sales Tax.....	
TOTAL.....	<u>300.00</u>

Thank you