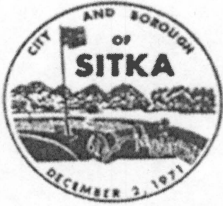


POSSIBLE MOTION

I MOVE TO approve Consents of Assignment of two tidelands leases, seaward of the uplands property located at 204 Siginaka Way, from K&R Enterprises, Inc. to Sitka Tribe of Alaska and authorize the Municipal Administrator to sign these documents.



City and Borough of Sitka

LEGAL DEPARTMENT

100 Lincoln Street • Sitka, Alaska 99835

MEMORANDUM

TO: Mayor and Assembly Members

**FROM: Brian E. Hanson
Municipal Attorney**

DATE: January 16, 2019

SUBJECT: Consent of Assignment of Tidelands leases to STA from K&R

Sitka Tribe of Alaska (STA) seeks consent from the Assembly to assignment of two tidelands leases from K&R Enterprises, Inc. (K&R), to STA. The tidelands leases are located seaward of the uplands property located at 204 Siginaka Way. STA is purchasing the uplands property from K&R, which includes the former U.S. Forest Service building. The tidelands were developed as a parking lot to service the building. The proposed consents and proposed assignment, along with the tidelands leases, are provided with this memo.

Both tidelands leases terminate on October 27, 2037. Both tidelands leases provide that they cannot be assigned "without the consent of the Lessor." See section 2(c) of the leases.

SGC 18.16.130.B grants a preference to upland owners for use of tidelands. K&R is the current owner of the uplands property that obtained the tidelands leases as the preference holder. SGC 18.16.130.C provides that the sale (assignment) of tidelands leases "requires prior assembly approval and possible lease rental adjustment." K&R is in the process of selling the uplands property to STA. Upon consummation of the sale (assignment) of the uplands property, STA would become the "preference holder" as contemplated by SGC 18.16.130.C.

If STA becomes the uplands property owner and, consequently, the preference holder for the seaward tidelands leases, there is no apparent reason not to consent to the assignments of the tidelands leases. The purposes cited by STA in its memo of January 15, 2019, appear legitimate and credible. Therefore, it is my recommendation that the Assembly consent to the assignment of the tidelands leases as requested by STA contingent upon STA becoming owner of the uplands property.

Sitka Tribe of Alaska Legal Department

MEMO

To: Assembly of the City and Borough of Sitka

From: Naomi Palosaari, Tribal Attorney

Date: January 15, 2019

Re: Consent to assignment of tidelands leases

Sitka Tribe of Alaska (STA) is well-known to the Assembly. STA is a federally-recognized tribal government that represents Alaska natives who have lived in the Sitka area since time immemorial. STA contributes to the community of Sitka in many ways: STA provides assistance to seniors, victims of domestic violence and sexual assault, and people in need; is a major employer; provides local transit; monitors and improves the safety and of the water and the health of the natural resources; provides educational support and opportunities, and much more.

Right now, STA is operating out of several locations. STA has long been seeking a building that would allow STA to consolidate operations into a unified location, which would be beneficial to STA's operations but also to tribal citizens and other community members receiving services, since they would be able to access all of the services under one roof. To this end, STA has identified a suitable building and seeks to move forward with the purchase. The owners of the building hold tidelands leases which STA would like to assume as part of the purchase, and this requires the consent of the Assembly.

STA seeks the consent of the Assembly to the assignment of the leases of the tidelands at Parcels 1 and 2, Seaward of Block 9, Replat No. 1, Dan Moller Subdivision, to STA and its lender, First Nations Bank of Alaska (FNBA). Those tidelands were developed into parking for the former Forest Service building at 204 Siginaka Way by the building owners in accordance with the lease terms. STA has entered into a purchase agreement with the owners of the building to purchase the building and the interest of the owners in the leases. The parking lot is essential to the value of the building. Therefore, STA requests that the Assembly consent to the assignment of the leases from the current owner of the building to STA.