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MUNICIPALITY OF ANCHORAGE
ANCHORAGE ASSEMBLY

Assembly Conference Room
First Floor, City Hall

Minutes for Special Meeting of October 13, 2006

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1. CALL TO ORDER

20 The Special Assembly Meeting was convened by Chair Sullivan at 3:00 p.m. in the Assembly Conference Room, First
21 Floor, City Hall, 632 West 6th Avenue in Anchorage, Alaska.

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23 **2. ROLL CALL** A Quorum was achieved with Assemblymembers present.

24
25 PRESENT: Allan Tesche, Janice Shamberg, Paul Bauer, Anna Fairclough, Dan Sullivan, Debbie Ossiander, Chris
26 Birch, Dan Coffey, Ken Stout and Dick Traini.

27 ABSENT: Pamela Jennings, excused.
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29 **2.A PLEDGE OF ALLEGIANCE** Assemblymember Traini led the pledge.
30

31 **3. ORDINANCE FOR INTRODUCTION**

32 3.A. Ordinance No. AO 2006-149, an ordinance approving the acquisition of real property described as
33 Tract B, Muldoon Estates Subdivision, and ht appropriation of an amount not to exceed four million
34 dollars (\$4,000,000). *Public Hearing 10-24-06*

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36 Ms. Fairclough moved, *to introduce AO 2006-149*
37 Ms. Shamberg seconded,
38 and Mr. Tesche was the concurring third.
39

40 To Ms. Ossiander, Heritage Land Bank (*HLB*) Executive Director Robin Ward responded there would be additional
41 information on this land acquisition, as it became available, in a substitute version of the original document. The
42 Assembly had previously approved the acquisition of the back twelve acres of the Alaska Greenhouse site by
43 appropriation of \$1.308 million, using unused park acquisition bonds. Subsequently the federal government had
44 seized the property for illegal activities. The U.S. Attorney's Office had determined that, because the Municipality
45 (*MOA*) had a completed contract for the back twelve acres and had a letter of intent to close on the additional acres,
46 the *MOA* had standing to complete a purchase of the entire parcel. The *MOA* had been working with the estate and
47 lien holders to move forward with a contract for purchase for the entire parcel, with the approval of the U.S. Attorney's
48 Office. The Mann Leiser's estate, involving Alaska Greenhouses, Incorporated (*AGI*), had a first deed of trust on the
49 property, but had not been paid and had initiated foreclosure. With foreclosure there would be an offset bid of the
50 amount of the deed of trust, plus penalties, interest and administrative and attorney's fees, of \$1.4 million. The highest
51 bid above those costs would get title to the property. The Administration was interested in gaining site control of the
52 front acres and had actively been working with Fish and Wildlife, using salmon recovery funds, to research moving and
53 restoring the creek to the south and creating the opportunity to extend Debarr Road through. The Administration was
54 requesting consideration of \$4 million, which would be an inter-fund loan. It would take about two years to complete
55 the work to the front acreage and then the surplus land could be disposed. If closing on the property could not be
56 completed before it went to public auction on the foreclosure, the *MOA* would take the opportunity to bid on the
57 acreage on the 26th. Ms. Ward stated this was a special request for Assembly consideration.
58

59 Mr. Coffey questioned why the *MOA* had not pursued buying the beneficial interest in the deed of trust, instead of the
60 offering the \$4 million. Ms. Ward responded that there was risk with taking municipal funds to buy a note deed of trust,
61 the risk being, the *MOA* would own a deed of trust but would not own the fee title. The US Attorney viewed *AGI* as an
62 innocent seller since when they sold the property they had no idea what the property was to be used for or where the
63 purchase money came from. That makes their deed of trust valid, a clean deed of trust. If the Municipality were to buy
64 the note deed of trust, there would be no guarantee that the *MOA* would be viewed in the same way, as innocent,
65 since we had knowledge of alleged illegal activity.
66

67 Mr. Coffey stated that it was a risky endeavor. Ms. Ward concurred.
68

69 To Chair Sullivan, Ms. Ward responded the appropriation of \$4 million would determine the maximum bid the *MOA*
70 could offer. The U.S. Attorney's Office had indicated that the *MOA* could go forward on a contract of \$5 million. She
71 responded that the already appropriated \$1.3 million and could be used for the balance. Chair Sullivan stated this
72 public knowledge put the *MOA* at a bidding disadvantage, because the other bidders knew the *MOA* limit.
73

74 Mr. Tesche stated that Assembly approval, authorizing the \$4 million, would cover all costs, pursuant to an approved
75 sale by the U.S. Attorney's Office. Ms. Ward concurred. It would be a clean title report, with an insurable title.

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2 Mr. Coffey stated there were two considerations. The back parcel was wet, had deep peat, had been used as a
3 dumping spot from other road projects and was virtually unusable with its current zoning, other than light surface use,
4 like ball fields. As a practical consideration, if the deal all went away, no one would be interested in buying, and the
5 MOA would have the only use for the property. He stated that a small tract that abutted the creek on the northwest
6 corner of the property was privately owned and would prevent the MOA from having full control of the right of way.
7

8 Ms. Shamberg stated that if the MOA did not sell the property it would remain unused, because there was no practical
9 use for it. Ms. Ward responded the front portion was zoned B-3 and would be valuable to surplus and resell. The
10 back acreage was identified for future sports fields. Ms. Ward responded that the federal government seized the
11 property and was interested in converting it to cash. The MOA could give them that opportunity. To Ms. Shamberg's
12 question, Mr. Tesche responded that it could be viewed that, because the MOA had knowledge of criminal activity
13 associated with the property, the MOA could launder money by negotiating with those criminals to get a deal on the
14 property. The statute would therefore not permit the MOA to acquire clean title to the deed of trust.
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16 "Mr. Coffey stated that the policy question remained, whether or not the Municipality should be in the business of
17 buying and selling commercial property in order to acquire a park."
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19 **4. ADJOURNMENT**

20
21 Chair Sullivan called for a motion to adjourn the meeting.

22
23 Mr. Coffey moved, to adjourn the Special Assembly Meeting,
24 Ms. Ossiander seconded,
25 and this motion was passed.

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27 AYES: Tesche, Shamberg, Bauer, Fairclough, Sullivan, Ossiander, Birch, Coffey, Stout and Traini.
28 NAYES: Jennings, excused.

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30 The Special Assembly Meeting was adjourned at 3:15 p.m.
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39 DAN SULLIVAN, Assembly Chair

40 ATTEST:
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47 _____
48 BARBARA GRUENSTEIN, Municipal Clerk
49 Date Minutes Amended (Page 2, Lines 16, 17) and Approved: October 31, 2006
50 MC/BG

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52 *(Approved Meeting Minutes are available in the Municipal Clerk's Office, 632 West 6th Avenue, Suite 250, Anchorage, Alaska, telephone*
53 *(907)343-4505, or on the Municipal Web Site at www.Muni.org and link to Assembly~Minutes~year~month/day)*
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