

Submitted by: Chair of the Assembly at the
Request of the Mayor

Prepared by: Heritage Land Bank

For reading: December 20, 2005

Postponed indefinitely 1/24/06

ANCHORAGE, ALASKA

AR No. 2005-335

**A RESOLUTION AUTHORIZING EMINENT DOMAIN PROCEEDINGS FOR TEN PARCELS
COMPRISING THE SOUTH HALF OF BLOCK 70, ORIGINAL ANCHORAGE TOWNSITE
FOR THE PARKING COMPONENT OF THE NEW CONVENTION CENTER.**

WHEREAS, the Municipality of Anchorage has engaged in negotiations regarding the acquisition of property rights for ten lots as more fully described in the attached memorandum; and,

WHEREAS, the Municipality entered into a Memorandum of Understanding with the Renn Parking Company, Inc. (Renn) on March 2, 2005 regarding the proposed convention center parking use of the south half of Block 70, Original Townsite, under ownership by their subsidiary property management company, McKinley Properties; and

WHEREAS, on August 12, 2005, Renn terminated the MOU with the Municipality, leaving outright sale of the property as the remaining option; and

WHEREAS, the Municipality has made every reasonable effort to acquire the subject properties by negotiated agreement in accordance with applicable law; and

WHEREAS, the purpose for eminent domain proceedings of the subject properties is due to the need to acquire and prepare the parcels in a timely manner for the parking component of the new convention center project; and

WHEREAS, further delay as a result of continued nonproductive negotiation will have a detrimental effect upon the cost and scheduling of the project; and

WHEREAS, the Municipality of Anchorage stated in its Final Offer to Purchase it is prepared to pay Two Million, Three Hundred Sixty-Two Thousand Five Hundred Dollars (\$2,362,500) for the subject properties; now, therefore,

THE ANCHORAGE ASSEMBLY HEREBY RESOLVES:

Section 1. The ten (10) properties described in the accompanying memorandum are to be acquired for site preparation of the convention center project and surface parking, the major portion to be used to provide parking in support of the construction and operation of the convention center on Block 80.

Section 2. The Municipality of Anchorage is authorized to institute eminent domain proceedings, including the use of a Declaration of Taking, against the properties described in the accompanying memorandum.

Section 3. The Preliminary Draft Decisional Document (Exhibit A) has been reviewed and accepted by the Assembly and is approved for use in filing a Declaration of Taking for the property.

Section 4. This resolution shall take effect immediately upon passage and approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this _____ day of _____, 200__.

Chair of the Assembly

ATTEST:

Municipal Clerk



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 943-2005

Meeting Date: December 20, 2005

From: Mayor

Subject: **A RESOLUTION AUTHORIZING EMINENT DOMAIN PROCEEDINGS FOR TEN PARCELS COMPRISING THE SOUTH HALF OF BLOCK 70, ORIGINAL ANCHORAGE TOWNSITE, FOR THE PARKING COMPONENT OF THE CONVENTION CENTER.**

On March 2, 2005, the Municipality of Anchorage entered into a Memorandum of Understanding (MOU) with the Renn Parking Company, whose subsidiary company, McKinley Properties, Inc., is owner of ten lots comprising the southern half of Block 70, Original Townsite, located on West 7th Avenue, between E and F Streets (see Appendix A). The MOU (Appendix B) was drafted in anticipation of a proposed use of the property for the development of a new downtown Convention and Civic Center, subject to approval by area-wide voters of Proposition #2 on April 5, 2005. Once the proposition passed, negotiations began between MOA and Renn Company to provide parking for the convention center as a possible joint venture project.

On August 12, 2005, the Renn Company opted to terminate the MOU, per the terms contained in paragraph 9 of the MOU (see Appendix C, attached). The MOA has the option to convert the transaction to an outright purchase of the properties, per paragraph 10 of the MOU.

On September 13, 2005, MOA submitted a Letter of Intent to Purchase the subject properties, and based the offer amount upon a recent appraisal of same-use properties on Block 80, also located in downtown Anchorage, and noting the desire to negotiate a good-faith purchase with the Renn Company (Appendix D). A counter-offer was received, which was not acceptable to MOA, whereupon MOA submitted a Final Letter of Intent to Purchase on September 22, 2005 (Appendix E). The offer was not accepted and the MOA delivered a Final Offer to Purchase the property on December 12, 2005.

As a result of the failure to come to terms with the Renn Company or its subsidiary property owner of those parcels comprising the south half of Block 70, property owners have requested the use of eminent domain proceedings for tax benefit purposes. With the urgency to proceed with the convention center development project, it has become necessary for MOA to initiate eminent domain proceedings for the public parking.

Pursuant to AMC 25.20.025, Assembly approval is hereby requested to continue the acquisition process through the use of condemnation in order to allow construction to proceed as scheduled.

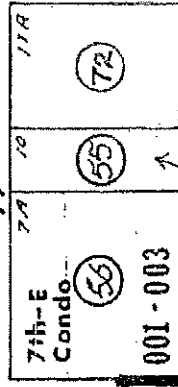
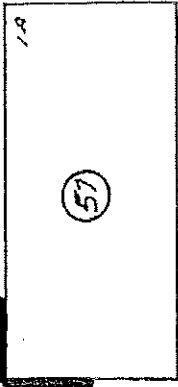
As part of the acquisition process, a Preliminary Draft Decisional Document summarizing the alternative selection process and the history of negotiations with the property owner must be reviewed and approved by the Assembly and is attached as Appendix F. Real Estate Services will provide the property owner with appropriate notice of the Assembly hearing in accordance with AMC 25.20.025(B).

The Administration recommends approval for undertaking the eminent domain process for acquiring those parcels comprising the south half of Block 70, Original Townsite, in Anchorage.

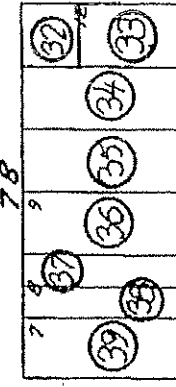
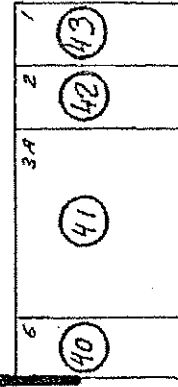
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3 Prepared By: Robin E. Ward, Heritage Land Bank Director
4 Concur: Mary Jane Michael, Economic and Community Development Director
5 Concur: Denis C. LeBlanc, Municipal Manager
6 Concur: Fred Boness, Municipal Attorney
7
8 Respectfully submitted: Mark Begich, Mayor

APPENDIX A

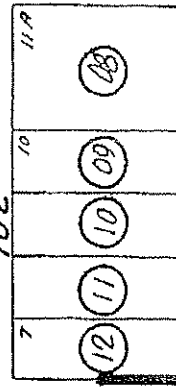
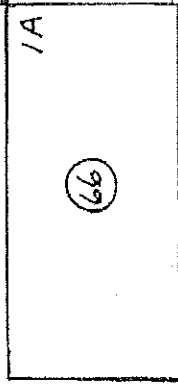
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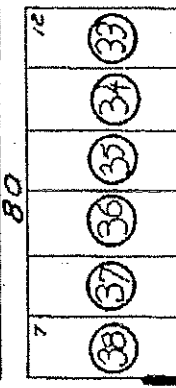
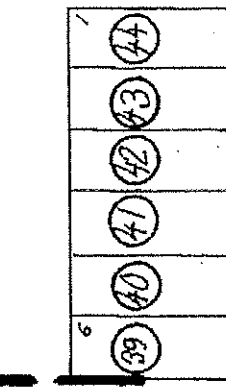
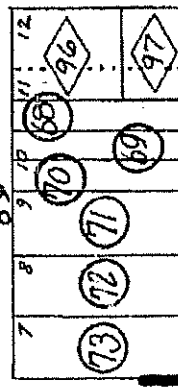
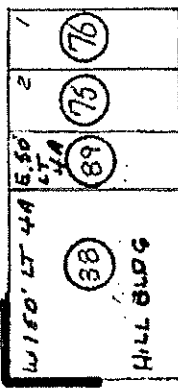
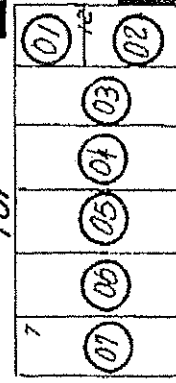
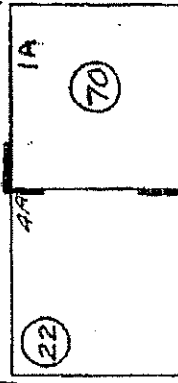
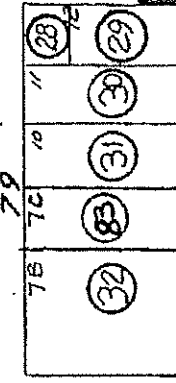
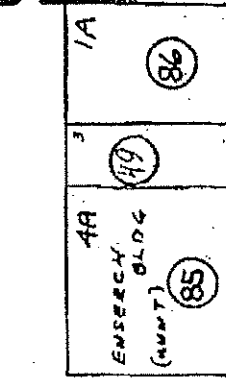
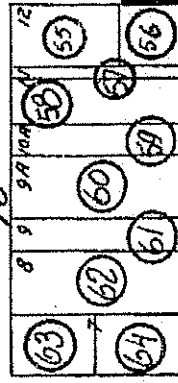
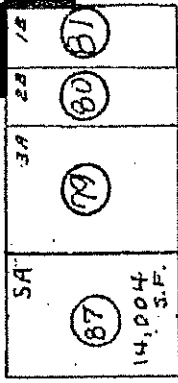
COMMON AREA FOR 7TH & E CONDO



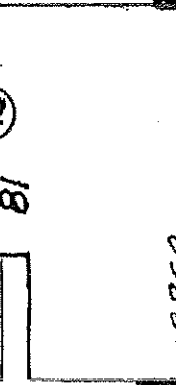
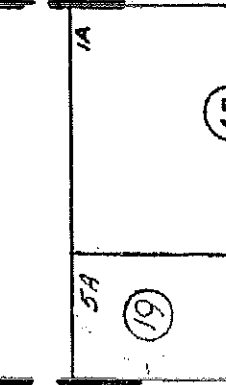
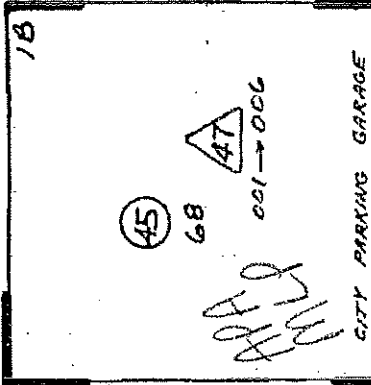
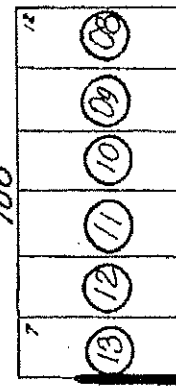
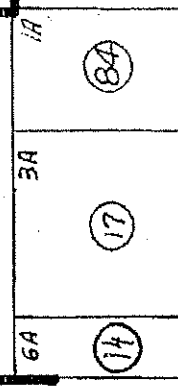
W. 8TH AVE.



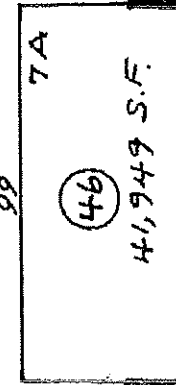
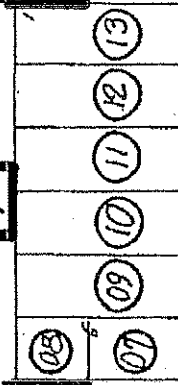
W. 9TH AVE.



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APPENDIX B

MAR. 2. 2005 11:57AM

DIAMOND PARKING 206-285-5598

NO. 7130 P. 2

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding ("MOU") is entered into this 2 day of March, 2005, by and between the Municipality of Anchorage, a home rule municipality ("Anchorage") and The Renn Company, Inc an Alaska corporation ("RCI").

RECITALS

A. RCI is the owner of certain real property located in Anchorage, Alaska, more particularly described as the South one-half of Block 70, Original Townsite of Anchorage (the "Diamond Property").

B. Anchorage is contemplating using certain nearby real property more particularly described as Block 80, Original Townsite of Anchorage, for the development and construction of a new civic and convention center facility, as the same is further described in RFP-24-P009, as amended, modified, and supplemented (the "Convention Center").

C. Anchorage desires to ensure that the Convention Center has adequate, safe and convenient parking in order to maximize the functional utility and community value of the Convention Center for the citizens of Anchorage.

D. RCI is willing to cooperate with Anchorage to provide the required parking for the Convention Center, while reserving to itself the ability to privately develop the Diamond Property through, among other things, retail and other high-quality commercial use, as well as building additional parking generally available to the public and local businesses, above and beyond the needs of Anchorage and the Convention Center.

E. To facilitate the mutual goals of RCI and Anchorage, the parties desire to enter into this MOU to establish a process to allow for public approval and commit to negotiation of a final definitive agreement between them.

AGREEMENT

Now, therefore, the parties hereby set forth below their mutual understanding of the terms and condition to be incorporated into and form a basis for a more definitive agreement for construction and sale to Anchorage of the required parking spaces, and of their future operation and maintenance by RCI.

1. MOU Subject to Voter Approval. This MOU is subject to voter approval of the Ballot Proposition set forth in AO 2005-17. (the "Ballot Proposition"). In the event the voters fail to approve the Ballot Proposition, this MOU shall automatically terminate and neither party shall have any further obligation to the other.

2. RCI to Design Parking Garage. Not later than May 16, 2005, RCI shall present to Anchorage a plan and timetable for construction of a parking garage to be located on the Diamond Property. The proposal shall include not less than six hundred (600) parking spaces and a plan for retail or other high-quality commercial use of the ground level space (which shall not be used for parking). The plan shall provide for construction to be completed not later than completion of construction of the Convention Center, unless the parties mutually agree to a later date for completion of construction. In addition, the plan shall provide for utilization of a portion of the garage as a pedestrian corridor which can be linked: (i) either directly to the Convention Center or to the State Office Building via a sky bridge on the south side (or southwest corner) of the garage; and (ii) on the north side of the

Memorandum of Understanding
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MUNICIPALITY
ANCHORAGE

garage, to an elevated walkway that would connect to the garage at the northwest corner. RCI, however, shall not be responsible for the construction or design costs of any sky bridges or elevated walkways, unless the parties otherwise agree in writing.

3. **Anchorage May Propose Changes.** Anchorage may propose that RCI make changes, including both upgrades and downgrades to its plan. RCI agrees that it will make such changes provided that: (i) such change(s) does not substantially adversely affect the facility in RCI's good faith opinion; and (ii) Anchorage agrees to pay for any additional costs associated with such change(s). In the event the change(s) proposed by Anchorage results in a decrease in the cost of construction, RCI will inform Anchorage of the amount of the decrease associated with the change(s) and allow Anchorage its proportionate share of any savings.

4. **Anchorage to Purchase Spaces.** RCI agrees to sell Anchorage not less than three hundred (300) parking spaces, nor more than three hundred fifty (350) parking spaces. RCI may effect this sale by creating a condominium or by other legal structure acceptable to Anchorage. The parties recognize and agree that Anchorage intends to pay for the parking spaces with bond proceeds from the sale of revenue bonds (by a nonprofit corporation organized for such purpose) and that, accordingly, the sale of the parking spaces must be structured in a manner consistent with IRS requirements for the expenditure of funds from tax exempt bond sales.

5. **RCI Retains Maintenance Responsibility.** In order to ensure that the parking garage is well maintained and operated efficiently and in a consistently high quality manner, RCI requires that it have full and complete responsibility for the maintenance of Anchorage's parking spaces during the life of the garage. Accordingly, the parties agree that Anchorage's purchase price shall take into account the cost of RCI's burden of operating, repairing and maintaining the facility during its life, and a commercially reasonable rate of return for RCI's risk and investment. Anchorage will not be required to pay for the operation, repair or maintenance of the garage.

6. **Anchorage's Rights.** Anchorage shall have complete and unencumbered right to use, lease, or dispose of its parking spaces in any manner it chooses. Notwithstanding the foregoing, the parties intend that the facility should be operated to the maximum extent possible as a single unit and that RCI shall be the operator of the facility. The parties recognize that the use of tax exempt revenue bonds to pay for Anchorage's spaces will impose some limitations upon use of Anchorage's parking spaces and affirm that they do not intend to enter into any agreement or arrangement which would be in violation of IRS regulations relating to tax exempt financing.

7. **Purchase Price.** The parties agree that, at this time, they are unable to negotiate and agree upon a purchase price to be paid by Anchorage for its parking spaces. The parties expect that the cost to Anchorage will be between Fifteen Thousand Dollars (\$15,000.00) and Twenty-two Thousand Dollars (\$22,000.00) per space. The parties agree that RCI will submit with its plan a proposed purchase price and that RCI will substantiate to Anchorage, with documentation reasonably satisfactory to Anchorage, the cost or other basis for its proposed purchase price. Anchorage may accept the proposed purchase price or it may elect to negotiate for a lower price. In the event the parties are unable to agree upon a purchase price, the purchase price shall be determined in accordance with paragraph 8 below.

8. **Appraisal.**

a. RCI and Anchorage shall mutually select an appraiser to determine the fair market purchase price per parking space on a turn-key, fully constructed (in accordance with the agreed upon design) and operational basis, including land costs ("Appraised Value") in accordance with the procedures and subject to the provisions of this paragraph 8.

Memorandum of Understanding

Page 2

b. The mutually selected appraiser shall be a member of the Alaska Society of Real Estate Appraisers or the American Institute of Real Estate Appraisers, or the successor body of either group, with proper M.A.I. or similar designation, and shall have experience in the appraisal of land in Anchorage, Alaska (a "Qualified Appraiser"). The cost of such appraisal shall be equally shared by Anchorage and RCI.

c. The mutually selected Qualified Appraiser shall determine the Appraised Value of the parking spaces and shall prepare a written report setting out the appraiser's conclusions (the "First Appraisal"). The appraiser's conclusion of Appraised Value shall be binding upon RCI and Anchorage, unless either RCI or Anchorage objects to such Appraised Value in writing within thirty (30) days of receipt of the same. In the event either party objects to the Appraised Value of the First Appraisal, RCI and Anchorage shall negotiate between them for a period of five (5) days to attempt to reach an Appraised Value that is mutually acceptable to RCI and Anchorage.

d. In the event no agreement is reached after negotiation based on the First Appraisal, each party may, at its sole cost and expense, select another Qualified Appraiser to perform an additional appraisal setting out that Qualified Appraiser's conclusions (the "Additional Appraisal(s)"). The Appraised Value of the parking spaces shall then be determined to be the average of the First and the Additional Appraisal(s) and the parties shall be fully bound thereby.

e. In the event RCI and Anchorage cannot mutually agree on one Qualified Appraiser under subparagraph 8.b. above, RCI and Anchorage shall each, at their sole respective, separate cost and expense, select their own Qualified Appraisers to perform an appraisal of the parking spaces. The Appraised Value of the parking spaces shall be determined to be the average of the two (2) appraisals obtained by the parties.

f. The Appraised Value shall be determined in accordance with standard methodologies employed by the group set forth in paragraph 8.a. above, as required, and supplemented by the policies of, commercial lenders.

9. Termination of MOU. Once the parties agree upon a purchase price, RCI shall be obligated to construct and operate the parking garage in accordance with: (i) a definitive purchase and sale agreement; and (ii) a management agreement to be negotiated by the parties. Prior to final agreement upon the aforementioned agreements, either party may terminate this MOU by giving the other party thirty (30) days written notice of its election to terminate. In the event either party terminates this MOU, both shall have all rights they otherwise would have possessed regarding the land subject to this MOU, subject to paragraph 10 below. In addition, RCI shall, at Anchorage's election, deliver to Anchorage all work product it has relating to design, construction, cost estimation or other information relating to the parking garage. If RCI elects to terminate this MOU, Anchorage shall reimburse RCI fifty percent (50%) of the costs incurred by RCI to create or acquire such information. In the event Anchorage elects to terminate this MOU, Anchorage shall reimburse RCI sixty percent (60%) of the cost incurred by RCI for all work product RCI created or acquired relating to design, construction, cost estimation or other information pertaining to the parking garage.

10. Conversion Right. In the event of termination under paragraph 9 above, and without affecting RCI's right to reimbursement for its costs and expenses as a condition to its delivery of its design, construction cost estimation or other work product to Anchorage, either party may convert the transaction contemplated by this MOU into an outright sale of the Diamond Property by RCI to Anchorage. Such notice of conversion shall be given within thirty (30) days of delivery of notice of termination and shall specify: (i) the purchase price for the Diamond Property; (ii) a date not less than sixty (60) nor more than ninety (90) days from the date of the conversion notice for Memorandum of Understanding

closing; (iii) allocation of closing and title costs in accordance with usual and customary Alaska practice; and (iv) the title company to act as closing agent. If the non-converting party objects to the stated purchase price, and the parties cannot otherwise agree, then this agreement shall terminate and the parties shall have the rights and obligations set forth in paragraph 9 above and all other rights either of them otherwise have under law with respect to ownership or public acquisition of the Diamond Property.

11. Notices. All notices required or permitted to be given under this MOU shall be in writing and shall be hand-delivered or transmitted by facsimile. If notices are given by hand-delivery, such notices shall be deemed given on the date of actual receipt. If transmitted by facsimile, such notices shall be deemed given on the date of the actual receipt of a complete, legible facsimile transmission, except that if a facsimile transmission is received after business hours or on a weekend or holiday, then the notice shall be deemed given on the next business day following the receipt of the facsimile transmission.

To Anchorage:

Municipal Manager
Municipality of Anchorage
632 W. 6th Avenue, 8th Floor
Anchorage, Alaska 99501
Facsimile No.: (907) 343-4110

With a Copy to:

Municipal Attorney
Municipality of Anchorage
Department of Law
632 W. 6th Avenue, Suite 730
Anchorage, Alaska 99501
Facsimile No.: (907) 343-4550

To RCI:

The Renn Company, Inc.
412 K Street
Anchorage, Alaska 99501
ATTN: Mike Neely
Facsimile No.: (907) 274-1224

With a Copy to:

John H. Tindall, Esq.
Tindall Bennett & Shoup
508 W. Second Avenue, Third Floor
Anchorage, Alaska 99501
Facsimile No.: (907) 278-8536

Either party may change the address to which notices shall be sent by notice in writing to the other party.

12. Attorney Fees. Anchorage and RCI shall each be responsible for their own attorney fees in connection with this MOU.

13. Governing Law. This MOU shall be governed by and construed in accordance with the laws of the State of Alaska.

14. Authority. Anchorage and RCI each represent and warrant to the other that: (i) all necessary action has been taken, and approvals obtained, to enter into this MOU; and (ii) the individuals executing this MOU Memorandum of Understanding
Page 4

have full authority to bind the respective parties as set forth herein.


15. Mutual Agreement. The parties mutually agree that this MOU sets forth the material terms and conditions of the transaction contemplated hereunder and that there will likely be many additional terms and conditions to be incorporated into the final agreement, some of which may not yet be known or anticipated. The parties agree to utilize their best efforts to cooperate in good faith with each other to negotiate and finalize in a timely manner a definitive final agreement.

16. Facsimile Signatures. Facsimile signatures and copies of this MOU shall be treated as originals and the parties shall be fully bound thereby.

17. Counterparts. This MOU may be executed in counterparts which, when taken together, shall constitute one in the same document.

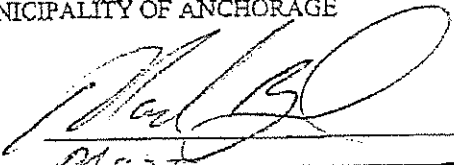
THE RENN COMPANY, INC.

By:
Its:


President

MUNICIPALITY OF ANCHORAGE

By:
Its:


Mayor

**DIAMOND PARKING SERVICES INC**

Office: 452 K Street

• Phone: (206) 285-5596

• Toll-free: 1-800-340-PARK

• Fax: (206) 285-5596

Home Office: 3181 Elliott Avenue
Seattle, WA 98121• (800) 340-PARK or (206) 285-5596
• Fax: (206) 285-5596

August 12, 2005

Via Facsimile & Regular MailMayor Mark Begich
Municipality of Anchorage
P.O. Box 196650
Anchorage, Alaska 99519Re: Memorandum of Understanding between
The Renn Company, Inc. and the Municipality of Anchorage

Dear Mayor Begich:

In accordance with paragraph 9 of the Memorandum of Understanding, dated March 2, 2005, by and between the Municipality of Anchorage ("MOU"), a home rule municipality ("Anchorage") and the Renn Company, Inc., an Alaska corporation ("RCI"), please accept this letter as RCI's thirty (30) day written notice of its election to terminate. Please let us know if Anchorage will be exercising its rights under paragraph 9 and requiring RCI to deliver all of its work product relating to design, construction, costs estimation and other information relating to the parking garage. This information will be delivered upon Anchorage's written request and Anchorage's confirmation of its agreement to pay fifty percent (50%) of RCI's costs in creating or acquiring such information.

It is not without some degree of hesitation that we provide this notice. RCI believes in the Civic and Convention Center and believes that the combination parking/retail facility on our property will add to the uniqueness and success of the Convention Center. However, after much deliberation, we have decided we are best served by continuing to concentrate on our core business -- which is parking cars -- and not participate in the expanded development.

As you know, under paragraph 10 of the MOU, either of us may now convert the joint venture type expanded project contemplated by the MOU into an outright sale of the property in its existing condition to Anchorage within the next thirty (30) days (subject to the terms of that paragraph and mutual agreement on price). We'd be happy to discuss that option with you, as well as a possible land exchange in lieu of a cash transaction.

Please call if you have any questions.

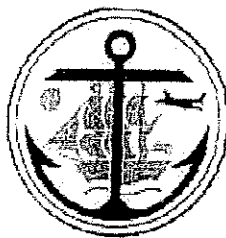
Very truly yours,

THE RENN COMPANY, INC.

Mike Neely
Regional Vice President, Alaska
Diamond Parking Services, Authorized Agentcc: Frederick H. Boness,
Municipal Attorney (via facsimile and regular mail)*The Renn Parking Company, Inc. is doing business as Diamond Parking Service*

Appendix D

Municipality of Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4333
Fax: (907) 343-4526
<http://www.muni.org>

Mark Begich, Mayor

REAL ESTATE SERVICES

September 13, 2005

Diamond Parking Services, Inc.
412 K Street
Anchorage, AK 99501

Dear Sirs:

Attached you will find a Letter of Intent to Purchase for the property proposed to be the site of the new parking structure to support the new convention center. I have also included a copy of the appraisal of the parcels that comprise Block 80, dated June 27, 2005.

The appraisal report for Block 80 valued one half of the entire block for \$1,890,000.00. We are offering an additional \$210,000.00 premium given the importance of the project and your willingness to participate in a sale.

It is our intent to negotiate a sale in good faith and fairness and we also believe that the combination parking/retail facility on this property will add to the success of the convention center project.

We do need to proceed in a timely fashion and would like to have a response by Thursday, September 15th at 5:00 p.m. We will be meeting with the Mayor on the 16th to discuss our progress and options on the parking structure.

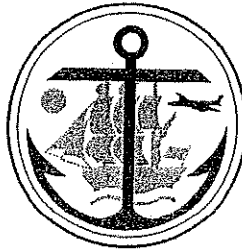
Thank you for your consideration and cooperation.

Sincerely,

Robin E. Ward
Executive Director
Real Estate Services

APPENDIX E

Municipality
of
Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4333
Fax: (907) 343-4526
<http://www.muni.org>

Mark Begich, Mayor

REAL ESTATE SERVICES

FINAL LETTER OF INTENT
TO PURCHASE

September 22, 2005

Diamond Parking Services, Inc.
412 K Street
Anchorage, AK 99501

The purpose of this Final Letter of Intent to Purchase is to set forth the Municipality of Anchorage's (Buyer) interest in purchasing the ten parcels comprising the south one-half of Block 70 for ~~the construction of the~~ parking structure adjacent to the proposed convention center. *surface*

PRICE: The price of the property shall be \$2,362,500.00.

EARNEST MONEY: \$25,000.00 shall be deposited by the Buyer into a trust account at Land Title of Alaska. At closing the earnest money deposit shall be credited against the Purchase Price.

CONTINGENCIES: The purchase of the above described property shall be contingent upon the following:

- (1) Buyer shall have -60- days from the Sellers' acceptance for Buyer completion and approval of their due diligence study on the property. Buyer agrees to provide the Seller all due diligence information upon receipt by the MOA at no cost to the Seller.
- (2) Purchase is subject to Municipal Code requirements.
- (3) Purchase agreement is assignable to the Anchorage Community Development Authority or any other agency or department as designated by the Municipality of Anchorage.

EXCLUSIVE TIME:

The Sellers or their agents shall not negotiate for, or deal in the sale or lease of this property during the 60 day due diligence period. Sellers also agree to cooperate with Buyer in providing access, any knowledge, and information as may be necessary to complete investigations on the property.

CLOSING:

JAN 9, '06

Closing shall occur on or before ~~-30 days from Buyer's waiver or satisfaction of all conditions set forth in the contract.~~ Closing shall occur no later than December 27, 2005.

ENVIRONMENTAL:

Environmental issues, representations and warranties shall be prepared to the mutual benefit of Buyer and Sellers and agreed upon by all parties.

CLOSING COSTS:

Sellers shall provide a Warranty Deed with clear title to the property and shall provide, at Sellers' expense, a Standard Owner's Title Insurance policy issued by Land Title of Alaska in the full amount of the purchase price, containing no exceptions or conditions other than the Permitted Exceptions acceptable to Buyer. Real estate taxes relating to the Property shall be pro-rated and remaining normal closing costs shall be divided equally between Buyer and Sellers.

**PURCHASE AND
SALE AGREEMENT:**

Within -7- business days of the date of mutual acceptance of Letter of Intent, Buyer shall present a Purchase & Sale Agreement to the Sellers containing the full agreement and incorporating all of the terms contained herein and other appropriate provisions.

BROKERS:

Buyer represents and warrants it has not dealt with any real estate brokers or agents acting on its behalf in connection with this transaction. Buyer and Sellers agree to hold each other harmless and indemnify each other from and against any claims from any real estate brokers or agents claiming any form of compensation or commission in regards to this transaction.

FACSIMILES:

Buyer and Sellers agree a facsimile transmission of any original document shall have the same effect as an original.

Signatures required on an original shall be completed when a facsimile copy has been signed and delivered. The parties agree a signed facsimile copy of documents shall be appended to the original thereof, integrated therewith and given full effect as if an original.


NOTICES:

All notices and other communication required or permitted to be given or delivered hereunder shall be in writing and shall be sent by U.S. Certified Mail, postage prepaid and return receipt requested or shall be delivered personally to the party intended.

ACCEPTENCE:

Time is of the essence for performance by the parties under this Letter of Intent to Purchase.

Sincerely,



Robin E. Ward
Executive Director
Real Estate Services

Agreement by:

Diamond Parking Services, Inc.

Appendix E

Municipality of Anchorage



P.O. Box 196650
Anchorage, Alaska 99519-6650
Telephone: (907) 343-4333
Fax: (907) 343-4536
<http://www.muni.org>

Mark Begich, Mayor

REAL ESTATE SERVICES

September 22, 2005

Diamond Parking Services, Inc.
412 K Street
Anchorage AK 99501

Re: Ten parcels comprising the south one half of Block 70, Original Townsite

Dear Sirs:

The Municipality is enclosing the Final Letter of Intent to Purchase on the above subject parcels. You responded to our original Letter of Intent to Purchase on September 15, 2005 with a counter-offer for a land exchange; the counter-offer is not acceptable to the Municipality of Anchorage.

The Municipality is scheduling construction of the parking structure, a component of the convention center project, to begin early spring of 2006. It is imperative the land be acquired shortly to allow preparation of the site.

I am hereby enclosing the Final Intent to Purchase, revised only to change the purchase price. If you choose not to accept the Final Intent to Purchase within thirty (30) days of the date hereof, the matter shall be referred to the Assembly to initiate eminent domain proceedings.

Sincerely,

A handwritten signature in dark ink, appearing to read "Robin E. Ward", is written over the typed name.

Robin E. Ward
Executive Director,
Heritage Land Bank and Real Estate Services

APPENDIX F

DECISIONAL DOCUMENT (PRELIMINARY DRAFT)

- I. PURPOSE**
- II. PROJECT SUMMARY STATEMENT**
- III. GENERAL PROJECT INFORMATION**
 - a. Background**
 - b. Statement of Need**
 - c. Project Design**
 - d. Alternatives Considered**
 - e. Property Information**
 - f. Impact of the Acquisition on the Property**
 - g. Environmental Factors**
 - h. Summary of Landowner's Concerns/City's Responses**
- IV. CONCLUSION**
- V. APPENDICES**
 - A. Area Map**

I. PURPOSE

The purpose of this report is to document the proposed acquisition of title to the south half of Block 70, Old Townsite, Anchorage, Alaska, is in the best interest of the public and the decision to acquire title to the private property has been reached through a systematic process that reasonably considered the needs of the public and of the property owner.

This Decisional Document explains the basis for the decision by the Municipality of Anchorage to acquire private property for the project described below. This document summarizes relevant project background information, identifies factors and limitations which affect the evaluation of public benefits and private loss and details the necessity for acquiring the property by exercising the power of eminent domain.

II. PROJECT SUMMARY STATEMENT

The property will be used as surface parking for the new Civic and Convention Center. The new Anchorage Convention and Civic Center ("Convention Center") will occupy Block 80, Old Townsite, which is currently being used for surface parking for employees and visitors of the Atwood Building located at 550 W. 7th Avenue. In connection with the acquisition of Block 80, the Municipality of Anchorage must agree to provide substitute parking, including handicap parking, for the employees and patrons of the Atwood Building, consistent with state law. The property will also provide parking for the Convention Center.

III. GENERAL PROJECT INFORMATION

a. Background

In anticipation of a successful election for the development of a new downtown Convention and Civic Center the Municipality of Anchorage began working with The Renn Company, Inc., (d/b/a Diamond Parking, Inc.) to secure parking on the southern half of Block 70, Original Townsite, located on West 7th Avenue, between E and F Streets. A Memorandum of Understanding (MOU) was signed on March 2, 2005 and when the proposition was approved by voters, negotiations began in earnest.

The original concept was to develop a parking garage on Block 70 with at least 600 parking spaces and a plan for retail or other high-quality commercial use of the ground level space. The Municipality planned to purchase at least 300 parking spaces and The Renn Company would operate and maintain the building. The MOU included a provision giving each party the option to terminate the agreement

under certain conditions and on August 12, 2005 The Renn Company exercised that option and withdrew from the agreement. The Renn Company advised the Municipality the cost of constructing the parking garage and related facilities was too great.

Discussions continued and on August 22, 2005 The Renn Company, Inc. merged with and into McKinley Properties, Inc. ("McKinley" hereinafter). McKinley maintained that it was not interested in an all cash sale or forced liquidation of its property, preferring instead a land exchange. On September 16 and again on October 18, 2005 McKinley offered to convey Block 70 in exchange for other land owned by the Municipality plus a substantial sum of cash payable by the Municipality for the ten lots comprising the south half of Block 70. None of the proposals exchanged between the parties have been accepted, but negotiations are continuing. A copy of the most recent proposal from legal counsel for the owner is attached.

Construction on the Convention Center is scheduled to begin approximately April 1, 2006, so alternate parking for the people displaced from Block 80 must be secured by that date.

The funding source is the Anchorage Community Development Authority.

b. Statement of Need

Chapter 51 SLA 97 requires at least 40 free parking spaces for public access to the Atwood Building "as close as possible to the building." The Division of General Services of the State of Alaska interprets the Act as meaning handicap and visitor parking spaces must be located within one-half block (150 ft) of the Atwood Building's main entrance. *See*, Dept. of Administration Memorandum dated March 12, 2004, paragraph 10. There are currently 67 building visitor and visitor/employee handicap parking spaces in Lot 80 that must be replaced. The only parking lot that meets this criteria for the Atwood Building is the subject property.

The contract between the Municipality and Alaska Housing Finance Corporation for the acquisition of Block 80 requires the Municipality to provide parking spaces, including the free and handicap parking spaces referred to above, in perpetuity.

c. Project Design

The property is currently being used as surface parking and its intended short term use upon acquisition is the same. Consequently, this project has no design

elements other than as may be necessary to maintain the premises. Upon completion of construction of the Convention Center on Block 80, the Development Authority intends to pursue construction of a parking structure. The Development Agreement for construction of the Convention Center allows ACCT to pursue revenue sources outside of the project financing, such as the State, and present such proposals to the Development Authority for construction following substantial completion of the new Convention Center.

d. Alternatives Considered

All parking areas within two blocks were considered. The Municipality secured 200 parking spaces in the JC Penny Parking Garage. However, the necessity of providing 67 parking spaces within 150 feet of the entrance to the Atwood Building requires the use of Block 70.

Renting or leasing space in Block 70 has been considered. However, in the contract to acquire Block 80, the Municipality contracted with the State of Alaska to provide 300 parking spaces to the State of Alaska in perpetuity and the Municipality believes the only way to meet that obligation is to own the property. Any other arrangement carries the risk of revocation or imposition of excessive lease fees.

There have been numerous discussions on a land swap of the four lots that the Anchorage Community Development Authority owns on 3rd Avenue between G & H Streets for the 10 lots that make of the south one half of Block 70. These four lots are currently being operated as a surface parking lot. The parking surveys show a need for more parking in that area and the Anchorage Community Development Authority has been planning to construct a parking structure on those lots. Diamond Parking would not be willing to build a structure, so discussions have been abandoned.

A discussion of a trade of a 7 acre parcel of land owned by the Municipality of Anchorage for the 10 lots has terminated the week before Christmas when Diamond declared that the municipal parcel would not fit their needs for a self storage facility.

e. Property Information

The real property to be acquired is described as follows:

The North One-Half (N1/2) of Lot 7, the South One-Half (S1/2) of Lot 7, all of Lot 8, the West 25 feet of Lot 9, the East 10 feet of Lot 11, the West 40 feet of Lot 11, the North 90 feet and the South 50 feet of Lot 12, all in Block

70, Original Townsite of Anchorage, Anchorage Recording District, Third Judicial District, State of Alaska, together with

Lots 9A and 10A, Block 70, Original Townsite of Anchorage, according to the official plat thereof, filed under Plat Number C-254A, in the Anchorage Recording District, Third Judicial District, State of Alaska.

A map of the property is attached as Appendix A.

f. Impact of Acquisition on the Property

The impact of acquisition will be a change of ownership from a private entity to the Municipality of Anchorage. It will enable the Municipality to fulfill its commitment to provide handicap and visitor parking to the State of Alaska in perpetuity without risk of interruption or excessive lease fees and it will facilitate staging of materials and supplies during construction of the Convention Center.

The use of the property will remain the same and no substantial alterations of the premises are contemplated. Consequently, acquisition of fee title represents the overall greatest public good and least private injury.

g. Environmental Factors

There are no environmental factors known to affect this property.

h. Summary of Landowner's Concerns/MOA's Responses

To date, the landowner has raised only two concerns about the Municipality's offer to compensate for the permanent acquisition of fee title to the premises. One is that the landowner prefers to swap other property for this land rather than take full payment in cash. The second consideration has been that the amount offered is too low.

Municipality's Response

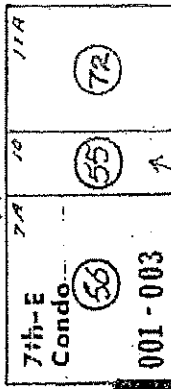
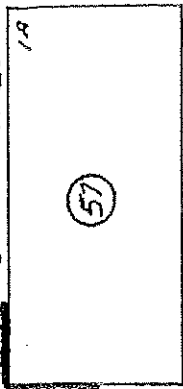
The Municipality has met with McKinley on several occasions to discuss sale of the property, and those negotiations continue. The Municipality's offer is 25% higher than the appraised value of Lot 80, Old Townsite, which is situated across the street from the subject property. The parties continue to negotiate voluntary sale of the property.

IV. CONCLUSION

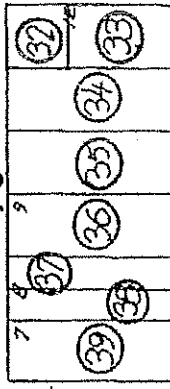
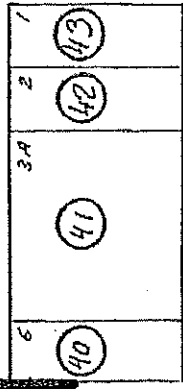
Consistent with its policy for the acquisition of real property, the Municipality of Anchorage has made a diligent, conscientious effort to acquire the south half of Block 70, Old Townsite, through good faith negotiations, and those negotiations continue. However, the scheduling of the Convention and Civic Center project is such that delay in acquiring this parcel will have a detrimental effect upon the cost and scheduling of the project. The Municipality of Anchorage remains amenable to reaching a mutually satisfactory settlement with the owner of the property in lieu of litigation, but to date the owner and the Municipality have not reached agreement. This matter can be resolved in a fair and equitable manner through eminent domain proceedings.

APPENDIX A

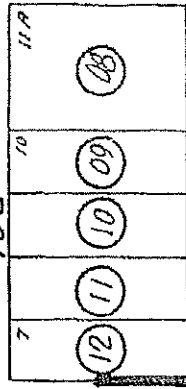
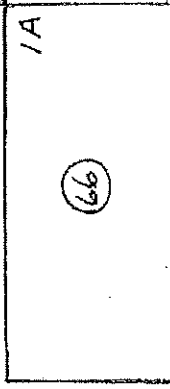
W. 6TH. AVE.



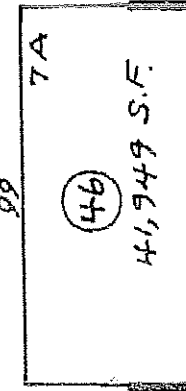
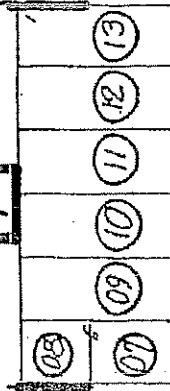
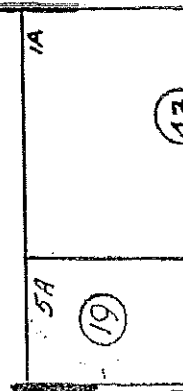
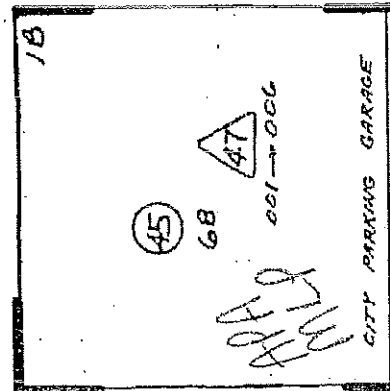
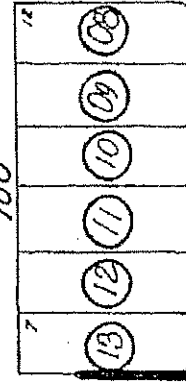
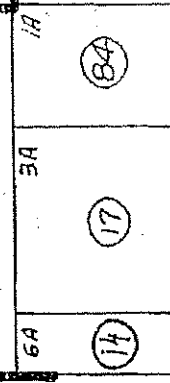
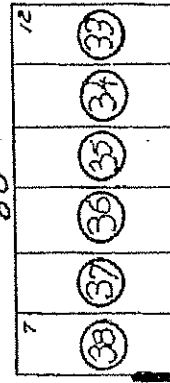
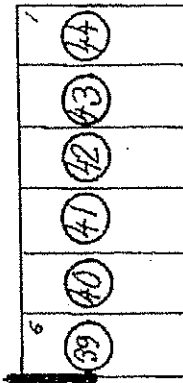
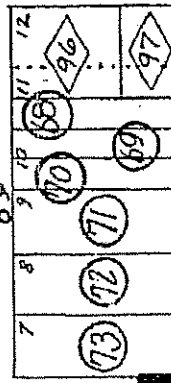
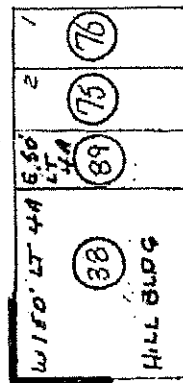
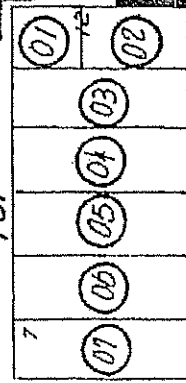
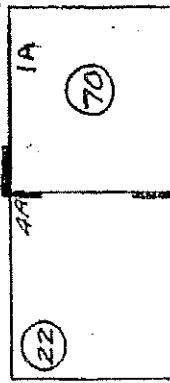
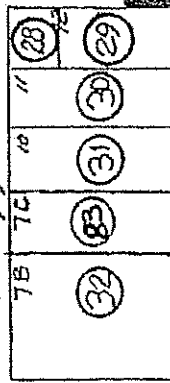
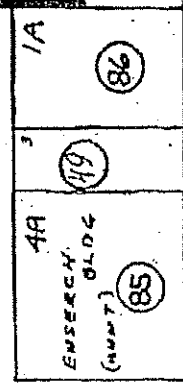
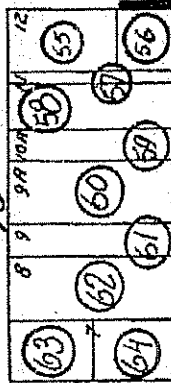
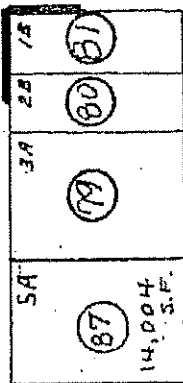
COMMON AREA
FOR 7TH-E CONDO



W. 8TH. AVE.



W. 9TH. AVE.



Content Information**Type:** AR_AllOther - All Other Resolutions**Title:** Eminent Domain for Parking Component of Convention Center**Author:** wardre**Initiating Dept:** HLB**Review Depts:** Legal**Description:** Eminent Domain process for S2 Block 70, Original Townsite property for Parking Component of Convention Center**Keywords:** Parking Convention Center Eminent Domain**Date Prepared:** 10/4/05 2:13 PM**Director Name:** Robin E. Ward**Assembly Meeting Date**
MM/DD/YY: 12/20/05**Public Hearing Date**
MM/DD/YY: 1/10/06**Workflow History**

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
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ECD_SubWorkflow	11/14/05 4:45 PM	Approve	thomasm	Public	003367
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- CONSENT AGENDA - INTRODUCTION