

Submitted by: Chairman of the Assembly
at the Request of the Mayor
Prepared by: Heritage Land Bank
For Reading: March 14, 2006

CLERK'S OFFICE

APPROVED

Date: 4-11-06

ANCHORAGE, ALASKA

No. AO 2006- 48

AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE AUTHORIZING DISPOSAL FROM THE HERITAGE LAND BANK INVENTORY FOR PUBLIC SALE BY COMPETITIVE SEALED BID OF THE MUNICIPAL INTEREST IN HLB PARCEL #3-014, TRACT H, PENLAND PARK SUBDIVISION, PLAT NO. 75-83, A 5.51-ACRE PARCEL LOCATED AT DEBARR ROAD AND COLUMBINE COURT IN ANCHORAGE, FOR AT LEAST FAIR MARKET VALUE.

WHEREAS, the Heritage Land Bank was established to "...manage uncommitted municipal land and the Heritage Land Bank Fund in a manner designed to benefit the present and future citizens of Anchorage, promote orderly development, and achieve the goals of the comprehensive plan"; and

WHEREAS, the HLB, at "the direction of the Mayor and Assembly, may convey HLB land or interests not needed for specific public facilities or purposes. Each disposal shall be in the municipal interest and based at or above fair market appraised value or for other equivalent municipal values or objectives" (AMC 25.40.010E); and

WHEREAS, the subject property is a 5.51-acre tract of land located at DeBarr Road and Columbine Court, zoned D-2 (Residential Development District) improved with eleven 2-story wood-frame apartment buildings; and is subject to a 99-year, below-market lease; and

WHEREAS, the subject property was reviewed by other municipal departments in November, 2005, and as a result the municipal interest in the parcel was declared surplus to municipal need; and

WHEREAS, a fee appraisal of the municipal interest in the subject property is under way, the conclusions of which will help establish a minimum bid price; and

WHEREAS, on December 13, 2005, the Heritage Land Bank Advisory Commission approved HLBAC Resolution 2005-22, recommending Assembly approval for the competitive bid sale of the municipal interest in HLB Parcel #3-014.

NOW THEREFORE THE ANCHORAGE ASSEMBLY ORDAINS:

Section 1. The Heritage Land Bank is hereby authorized to sell via sealed bid sale the Municipality's interest in HLB Parcel #3-014 to the highest qualified bidder, with minimum bid of at least fair market value.

Section 2. This ordinance shall be effective immediately upon passage.

PASSED AND APPROVED by the Anchorage Assembly this 11th day of Apr. 7, 2006.

Anna I. Fairclough
Chairman of the Assembly

ATTEST:

Barbara S. Dwyer
Municipal Clerk

AO Number: 2006- 48 Title: AN ORDINANCE AUTHORIZING DISPOSAL FROM THE HERITAGE LAND BANK INVENTORY FOR PUBLIC SALE BY COMPETITIVE SEALED BID OF THE MUNICIPAL INTEREST IN HLB PARCEL #3-014, TRACT H, PENLAND PARK SUBDIVISION, LOCATED AT DEBARR ROAD AND COLUMBINE COURT IN ANCHORAGE, FOR AT LEAST FAIR MARKET VALUE

CHANGES IN EXPENDITURES AND REVENUES: (Thousands of Dollars)

Prepared by: Robin E. Ward Telephone: **343-4337**

Validated by OMB: _____ Date: _____

Approved by: _____ Date: _____
(Director, Preparing Agency)



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

AM No. 173 -2006

Meeting Date: March 14, 2006

From: Mayor

Subject: AN ORDINANCE OF THE MUNICIPALITY OF ANCHORAGE AUTHORIZING DISPOSAL FROM THE HERITAGE LAND BANK INVENTORY FOR PUBLIC SALE BY COMPETITIVE SEALED BID OF THE MUNICIPAL INTEREST IN HLB PARCEL #3-014, TRACT H, PENLAND PARK SUBDIVISION, PLAT NO. 75-83, A 5.51-ACRE PARCEL LOCATED AT DEBARR ROAD AND COLUMBINE COURT IN ANCHORAGE, FOR AT LEAST FAIR MARKET VALUE.

In 1968, the subject property was leased by the State of Alaska together with other property. The current lease is a ninety-nine year Alaska Division of Lands lease, due to expire in 2070. The parcel (see map, Appendix A), together with other property, was chosen as a land selection; MOA took fee title in 1979, subject to the lease (see Appendix B). Subsequent assignments of lessee's interest transpired, ending with an assignment of lessee's interest to the current lessee, KBL Apartments, a limited partnership, in 1978.

The property is currently zoned D-2 (Residential Development District). The parcel is improved with a 76-unit apartment complex, comprised of eleven 2-story wood-frame buildings. The value of the improvements is not calculated as part of the property to be sold by MOA. Improvements are owned by the lessee.

Weidner Investment Services, Inc. submitted an application to HLB to purchase the subject parcel in December, 2005. The applicant indicated intent to purchase the apartment building complex on the subject parcel. A fee appraisal of the municipal interest in the subject property is now pending; the appraisal's conclusions of value will be used to help determine the minimum bid. Closing costs will be added to the value estimated by the appraisal.

HLB Advisory Commission Resolution 2005-22, approved December 13, 2005, recommended the sale (see Appendix C).

HLB receives below-market lease revenues from this parcel, in the annual amount of \$6,204 per year. The market lease rate may exceed \$32,000 per year, five times the actual revenue coming to HLB. Although HLB would cease to be recipient of the future revenue stream in the event of a disposal, the municipality would receive slightly higher annual tax revenues pursuant to a sale of the land. The Municipal Assessor now assesses the parcel at just below the rate for an ownership held in fee.

The Administration recommends approval for disposal of this property.

Appendices:

Appendix A	Site Map
Appendix B	Lease
Appendix C	HLBAC Resolution 2005-22

1 AM _Sale of KBL Apts Parcel

2 Page 2

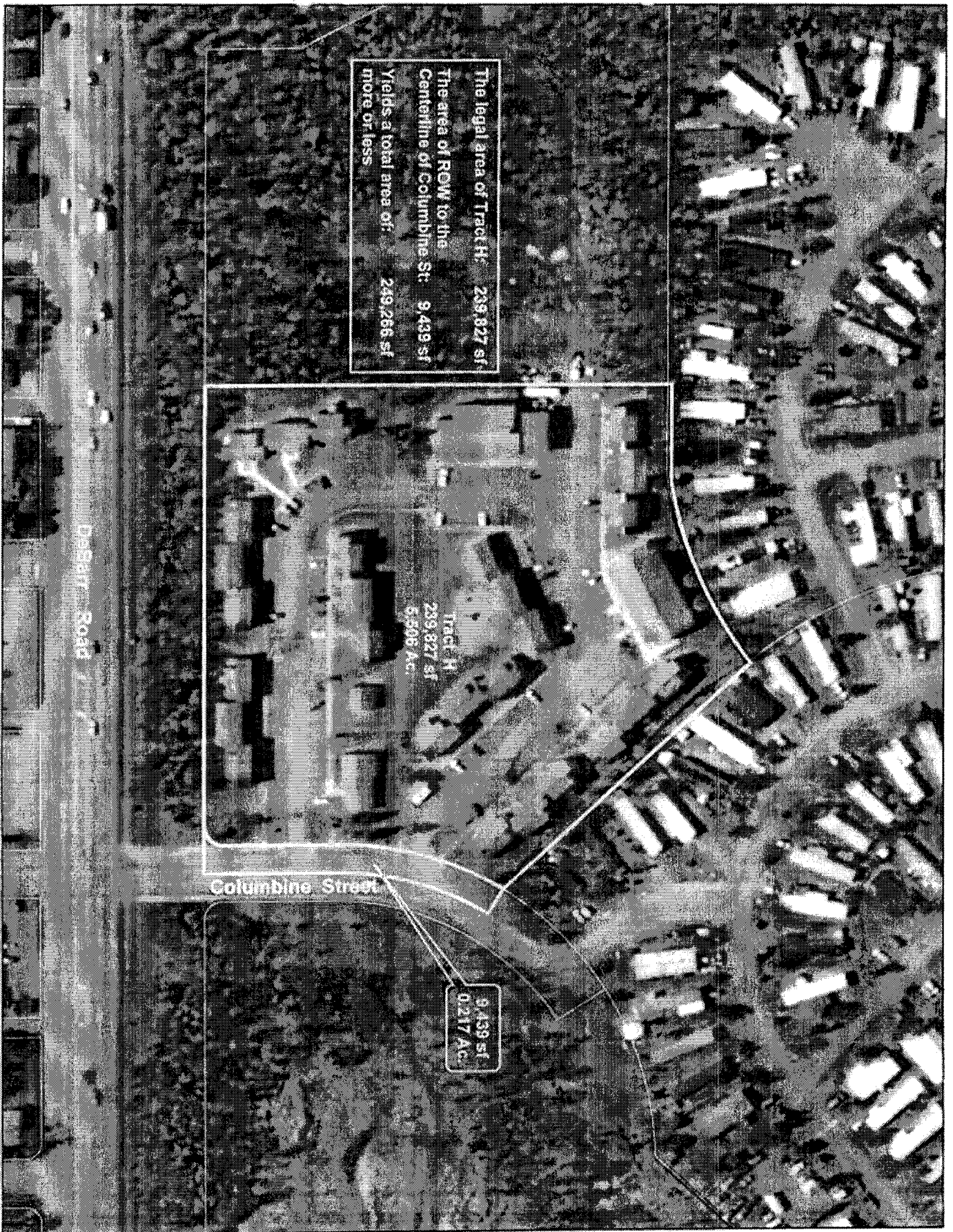
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6 Prepared By: Robin E. Ward, Heritage Land Bank and Real Estate Services Director

7 Concur: Mary Jane Michael, Community and Economic Development Director

8 Concur: Denis C. LeBlanc, Municipal Manager

9 Respectfully submitted: Mark Begich, Mayor

Appendix A



STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS

ASSIGNMENT OF LEASE
SEGREGATED LEASE ADL-200047

40698

1 PERLAND VENTURES, a limited partnership, a/k/a
2 PERLAND VENTURE, an Alaska Limited Partnership, successor
3 in interest to the leased premises under that certain base
4 lease designated Lease ADL-50708 does hereby assign, for
5 good and valuable consideration, all right, title and
6 interest, and subject to all rents, covenants and conditions
7 in said lease and as specifically set forth in this
8 Assignment of Lease, to Special Assignee KRL APARTMENTS,
9 a limited partnership, whose address is 801 Airport Heights
10 Road, Anchorage, Alaska 99501, and its successors and
11 assigns, for the unexpired term thereof, commencing on the
12 effective date hereof and expiring on June 30, 2070, unless
13 sooner terminated pursuant to the provisions of said base
14 lease or this Lease Assignment, in and to that portion of the
15 leased premises and its leasehold interest under said base
16 lease ADL-50708, and in and to that segregated lease
17 ADL-200047, which is described as or which relates to
18 the following-described real property:

19 Tract "H", Penland Park Subdivision,
20 according to Plat 74-256, Anchorage
21 Recording District, Third Judicial
22 District, State of Alaska.

23 1. EFFECT OF ASSIGNMENT. The effect of this
24 assignment will be to assign all of the assignor's right,
25 title and interest as hereinbefore stated, in and to
26 segregated lease ADL-200047 and that certain part of
27 the leased premises described as Tract H, Penland Park
28 Subdivision, according to Plat 74-256 filed in the Office
29 of the District Recorder, Third Judicial District, State
30 of Alaska, which comprises 249,267 square feet, more or
31 less; which Tract "H" is a platted subdivision of the
32 larger parcel leased from the State of Alaska to lessee

11/3/76

4. RENT. (a) The quarterly rent which Special Assignee shall be obligated to pay to the Lessor shall be \$958.80, which is the proportional amount, on a square footage basis, which Tract "H" bears to the total quarterly rent presently payable under base lease ADL-50708, and subject to all the terms and conditions of base lease ADL-50708, segregated lease ADL-200047, and that certain Agreement dated April 2, 1976.

(b) Should Special Assignee be granted a conversion of Segregated Lease ADL-200047 pursuant to the provisions of Chapter 133, SLA 1977, then the rental adjustment periods and fixed rental increases specified in such legislation shall govern the rents due and owing under this Segregated Lease through a date 50 years subsequent to the date of HUD endorsement; whereupon the reappraisal, rental adjustment and rental increase provisions specified in this Assignment and in Base Lease ADL-50708 and the Agreement of April 2, 1976 shall thereafter become applicable.

5. ADDITIONAL PROVISIONS TO FACILITATE HUD FINANCING. Pursuant to paragraph 5 of that certain Agreement dated April 2, 1976; Rider D of Base Lease ADL-50708, and the requirements of the Federal Department of Housing and Urban Development ("HUD"), the State, Penland Ventures, and the Special Assignee hereby agree that, notwithstanding any provisions of Lease ADL-50708 to the contrary, the following provisions, which embody lease terms required by the Department of Housing and Urban Development to obtain eligibility for long-term leasehold financing and mortgage insurance, shall apply to this Assignment under segregated lease ADL-200047 and to Tract "H", Penland Park Subdivision, and shall become effective upon execution of this Lease Assignment by all parties, initial endorsement by HUD and payment of the additional rental specified herein from Penland Ventures to the State. Notwithstanding any other provisions of this lease, if and so long as this leasehold

STATE OF ALASKA
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
323 East Fourth Avenue
Anchorage, Alaska 99501

ADL No. 50708

LEASE AGREEMENT

THIS INDENTURE made and entered into this 1st day of July, 19 71, 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 AS 38.05, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR: and ~~XXXXXX~~ PENLAND, INC. of Box 4-B, Anchorage, Alaska hereinafter referred to as the LESSEE:

WITNESSETH, that whereas the Lessor has classified the lands herein demised as: Residential and Industrial - Commercial lands on June 26, 19 70, pursuant to AS 38.05, 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 27, 19 70; 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 herein 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:

A tract of land located within Section 16, Twp. 13 N., Rng. 3 W., Seward Meridian, Alaska, and being more particularly described by metes and bounds as follows:

Beginning at the section corner common to Sections 15, 16, 21, and 22, Twp. 13 N., Rng. 3 W., Seward Meridian, thence;

N 0° 11' 50" W., a distance of 140.00 feet, said course being along the east section line of the aforesaid Section 16, as established by the United States General Land Office in 1916, thence;

S29° 58' 50" W., a distance of 100.00 feet, said course being parallel to and 140.00 feet north of the south section line of the aforesaid Section 16, as established by the United States General Land Office in 1916, to a point which is the southeast corner of the tract being described and which is the True Point of Beginning for this description, thence;

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

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 successors 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, 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 and 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 so 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 enjoyment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by the Lessor or its Lessees, until provision has been made by the Lessor or its Lessees, to pay to the Lessee of the land, upon which the rights herein reserved to the Lessor or its Lessees, are sought to be exercised, full payment for all damages sustained by said Lessee, by reason of entering upon said land; provided, that if said Lessee for any cause whatever refuses or neglects to settle said damages, the Lessor or its Lessees, or any applicant for a lease or contract from the Lessor or its Lessees for the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director issued by a corporation qualified to do business in Alaska and licensed to sell insurance in Alaska or a bond executed by one or more individual sureties approved by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said Lessee full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

4. The lands leased herein have been classified as shown on Page 1 of this agreement and in accordance with the Classification Regulations, Title 11, Division 1, Chapter 1, Subchapter 1, Alaska Administrative Code 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 hereunder and the Lessor gives no guaranty, actual or implied, that the utilization under said classification will be profitable.

5. Under this lease the Lessee acquires no interest whatsoever in any coal, oil, gas and other minerals or any deposits of stone or gravel valuable for extraction or utilization or any materials subject to Title 11, Division 1, Chapters Four (4), Five (5) and Six (6), Alaska Administrative Code, as amended or as shall hereafter be amended. The Lessee shall not sell or remove or attempt to sell or remove any timber, stone, gravel, peat moss, 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 by the Director 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 the utilization of such easement or right-of-way.

7. The Lessee shall not commit waste or injury upon the property leased herein.

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

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

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

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

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

13. The Lessee may assign the lands, or portion thereof, herein devised, provided, he first makes application to the Lessor for a permit. The Director, in his discretion, may issue such permit if he finds it to be in the best interest of Alaska. No assignment shall be permitted until the assignee thereunder agrees to become subject to and be governed by the provisions of this lease in the same manner as though he were the original Lessee. No such assignment will be effective until the Director signs and issues a written permit therefor.

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

15. The Lessee's rights under this lease may be terminated by the Director, in whole or in part, if the leased premises are held for an individual 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 AS 38.05, 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. 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 leased 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, dispossession, and/or dispossession by the Lessor, whether had or taken by summary proceedings, or otherwise, shall not be deemed to abrogate, 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 on any other sum of money or the termination, in any manner, of the term therein denied, or after giving by the Lessor of any notice hereunder to affect such termination, shall not renege, continue, or extend the resultant term herein denied, 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, AS 38.05, 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 termination of such preference right. In the event that the lease is subject to and is offered at public auction the preference right holder, shall, at the close of bidding, indicate his desire to exercise his preference right and meet the highest bid. In the event the preference right holder does not elect to exercise his right and fails to do so at this time his preference right shall be forfeited and forever lost.

24. Improvements owned by a Lessee on Alaska lands shall within 60 days after 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 the Lessor 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 on such improvements and/or chattels. The Lessor 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 the Lessor.

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.

26. The Lessee agrees to pay all taxes that may be levied against the premises during the term of this lease.

RIDER G

Notwithstanding any stipulation to the contrary in this lease, Lessee may from time to time assign no more than ten portions of the lands herein demised to assignees each of whom shall in the instrument of assignment be denominated a "Special Assignee". No assignment to any such Special Assignee shall be valid until (a) the Special Assignee shall have agreed to be bound by all of the terms of this lease insofar and to the extent that the terms of this lease relate to the lands so assigned [rent and taxes being payable in a proportion equal to the proportion the said lands assigned bear to the whole of the lands leased hereunder] and (b) Lessor shall have agreed to the said assignment, such agreement not to be unreasonably withheld.

Lessor agrees that the lands assigned to a Special Assignee shall be treated by Lessor as if the said lands were originally leased to the said Special Assignee by Lessor. In the event of default by any Special Assignee or its successor or successors in interest, Lessor's remedies shall apply only to the lands assigned to the said Special Assignee and not to the other lands leased to Lessee or assigned to any other Special Assignee.

The foregoing provisions applicable to Special Assignees shall not be deemed to prohibit application of similar treatment to ordinary assignments. All assignments under this lease shall be subject to Section 13 hereof.

SPECIAL STIPULATIONS

The Lessee shall be required to proceed with a development plan and schedule of development upon the area herein described in compliance with the proposal submitted to the Lessor by the Lessee on June 19, 1970. Failure by the Lessee to proceed with said development plan shall result in the cancellation of this agreement and the retention by the Lessor of all monies paid by the Lessee as liquidated damages.

ACCEPTED:

PENLAND, INC.

BY 



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 AS 38.05, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed.

APPROVED:

[Signature]
Chief of Bureau
Division of Lands

Director

[Signature]
COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

UNITED STATES OF AMERICA)
State of Alaska) ss.

[Signature]
LESSEE (S)

appeared *[Signature]*, 19 71,
F. J. KEENAN

[Signature]
Notary Public in and for the State of Alaska
My commission expires 9/1/74

UNITED STATES OF AMERICA)
State of Alaska) ss.

THIS IS TO CERTIFY that on this 20th day of July, 1971, before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn, personally appeared Robert C. Penney to me personally known to be one of the persons described in and who executed the within instrument and the said Robert C. Penney 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.

APPROVED AS TO FORM:

WARREN C. COLVER
ATTORNEY GENERAL

By *[Signature]*
Deputy Attorney General

[Signature]
Notary Public in and for the State of Alaska
My commission expires 6/6/72

Appendix C

Heritage Land Bank Advisory Commission Resolution 2005-22

**A RESOLUTION OF THE HERITAGE LAND BANK ADVISORY COMMISSION
RECOMMENDING ASSEMBLY APPROVAL OF A SALE BY COMPETITIVE BID OF
HLB PARCEL NO. 3-014, COMPRISING 5.51 ACRES AT THE CORNER OF
DEBARR ROAD AND COLUMBINE STREET.**

WHEREAS, "It is the mission of the Heritage Land Bank to manage uncommitted municipal land ... to benefit the present and future citizens of Anchorage, promote orderly development, and achieve the goals of the comprehensive plan." (AMC 25.40.010); and

WHEREAS, the HLB, at "the direction of the Mayor and Assembly, may convey HLB land or interest not needed for specific public facilities or purposes. Each disposal shall be in the municipal interest and based at or above fair market appraised value or for other equivalent municipal values or objectives" (AMC 25.40.010E); and

WHEREAS, the HLB Advisory Commission is required to hold a public hearing, with public notice as specified in this chapter, prior to making a recommendation to the mayor and assembly regarding the disposal of Heritage Land Bank land or an interest in land (AMC 25.40.025A); and

WHEREAS, land disposals under AMC 25.40.025.F include land sales, land exchanges, leases, and easements; and

WHEREAS, November 23, 2005, Weidner Investment Services, Inc., a Washington corporation, applied to purchase the leased fee interest in the subject property, now held by HLB, on which the KBL Apartments complex is situated; and

WHEREAS, KBL Apartments, a Limited Partnership, leases the subject property from HLB under a lease expiring in 2070, payments for which are currently \$4,136 per year, which is substantially below market rate pursuant to a 1971 lease executed by the State of Alaska; and

WHEREAS, an appraisal of the subject property was conducted by Black-Smith, Bethard and Carlson, LLC, on October 6, 2005, estimating a market value for the leased fee estate, and such value will be revisited with said appraisers; and

WHEREAS, an agency review and a public notice mailing of the proposed disposal was conducted in November, 2005, with no objections submitted; and

WHEREAS, the subject property was posted November 21, 2005 in preparation for public hearing on December 13, 2005, thereby meeting the twenty-one day minimum posting requirement,;

HLB AC Resolution 2005-22
Parcel No. 3-014

NOW THEREFORE THE HERITAGE LAND BANK ADVISORY COMMISSION RESOLVES TO RECOMMEND ASSEMBLY APPROVAL FOR A COMPETITIVE BID SALE OF HLB INTEREST IN PARCEL NO. 3-014, SUBJECT TO:

Section 1. Subject property shall be sold for a price of at least fair market value, subject to existing long-term lease, existing and pending easements, utility assessments and obligations and other encumbrances that may exist, and approval by the Anchorage Assembly.

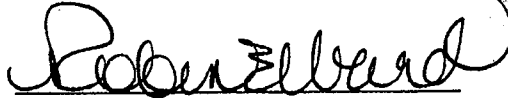
Section 2. This resolution will take effect immediately upon passage and approval.

APPROVED:



Jeffery Blake, Chair
Heritage Land Bank Advisory Commission

ATTEST:



Robin E. Ward, Director
Heritage Land Bank

12/13/05

Date

12/13/2005

Date

Content Information

Content ID : 003751

Type: Ordinance - AO

Title: HLB Property Disposal: Tract H, Penland Park Subd.

Author: vanhornlr

Initiating Dept: HLB

Description: Disposal from HLB inventory for public sale by competitive sealed bid: HLB Parcel #3-014 (Tract H, Penland Park Subdivision)

Keywords: Disposal sealed bid sale 3-014 Tract H, Penland Park Subd

Date Prepared: 3/2/06 2:00 PM

Director Name: Robin E. Ward

Assembly Meeting Date MM/DD/YY: 3/14/06

Public Hearing Date MM/DD/YY: 3/28/06

M.O.A.
 2006 MAR - 6 AM 8:20
 CLERKS OFFICE

Workflow History

<u>Workflow Name</u>	<u>Action Date</u>	<u>Action</u>	<u>User</u>	<u>Security Group</u>	<u>Content ID</u>
AllOrdinanceWorkflow	3/2/06 2:04 PM	Checkin	vanhornlr	Public	003751
HLB_SubWorkflow	3/2/06 2:06 PM	Approve	wardre	Public	003751
ECD_SubWorkflow	3/2/06 2:07 PM	Approve	thomasm	Public	003751
OMB_SubWorkflow	3/3/06 11:05 AM	Approve	mitsonjl	Public	003751
Legal_SubWorkflow	3/3/06 3:03 PM	Approve	fehlenrl	Public	003751
MuniManager_SubWorkflow	3/3/06 4:08 PM	Approve	leblancdc	Public	003751
MuniMgrCoord_SubWorkflow	3/3/06 4:11 PM	Approve	abbottmk	Public	003751