

**VALDEZ OCEAN DOCK LEASE AMENDMENT NO. 7**

**CITY OF VALDEZ**  
**AND**  
**VALDEZ OCEAN DOCK, INC., dba BIG STATE LOGISTICS**

THIS LEASE AMENDMENT NO. 7 is made between the City of Valdez, P.O. Box 307, Valdez, Alaska 99686, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as LESSOR, and Valdez Ocean Dock, Inc., dba Big State Logistics, P.O. Box 71540, Fairbanks, Alaska 99707-1540, hereinafter referred to as LESSEE.

WHEREAS, in 1976, LESSOR entered into a lease, hereinafter referred to as LEASE, with Valdez Alaska Terminals, Inc. of former Parcels No. 1 and 2, Alaska Tideland Survey No. 865 (current Parcel A, Alaska Tideland Survey No. 564), as described in the LEASE and Lease Amendment No. 5 thereto, for a term of 21 years with an additional six (6), five (5) year renewal options; and

WHEREAS, on July 7, 1997 the Valdez City Council approved the assignment of the LEASE from Valdez Alaska Terminals, Inc. to LESSEE; and

WHEREAS, LESSEE has previously exercised four (4) of six (6), five (5) year renewal options under the LEASE; one in 1997, one in 2002, one in 2007, and one in 2012; and

WHEREAS, the LEASE expired on May 31, 2017 without LESSEE exercising a renewal option and has been in holdover subject to all terms and conditions on a month to month basis; and

WHEREAS, LESSEE has requested to exercise renewal option five (5) of six (6) commencing June 1, 2017 and ending May 31, 2022; and

WHEREAS, the leased area under the LEASE was reduced by 1.15 acres pursuant to Resolution #17-26 authorizing a lease with the Valdez Fisheries Development Association, Inc. for Lot 2 Alaska Tideland Survey 564 previously leased to LESSEE under the LEASE; and

WHEREAS, the LEASE was due for reappraisal in 2017 for the purposes of determining fair rental value and Staff ordered an appraisal; and

WHEREAS, the new appraisal was received November 15, 2018 and is appraised at \$95,000 x 6% which equals a new annual lease fee of \$5,700.00 which became effective December 4, 2018; and

WHEREAS, Valdez Municipal Code 4.08.010 formerly defined fair rental value as 6% of the appraised value but was amended in 2012 to define fair rental value as 10% of the appraised value; and

WHEREAS, the percentage of the appraised value was not amended in Paragraph 2 of the LEASE at that time; and

WHEREAS, LESSOR and LESSEE agree that at the expiration of this five (5) year term on May 31, 2022, if LESSEE wishes to extend the lease for another five (5) year term, calculation of fair rental value annually will be 7% of the appraised value at that time; and

WHEREAS, Valdez Municipal Code 4.08.100 states that the LESSEE “shall be required to pay for any and all survey, appraisal or other costs incurred in connection with the application and lease process.”

NOW, THEREFORE, LESSOR and LESSEE agree as follows:

Section 1. The City Council of the City of Valdez, Alaska authorizes Amendment No. 7 of the Lease of Parcel A, Alaska Tideland Survey 564 with LESSEE and authorizes the City Manager or her designee to negotiate said lease renewal exercising lease renewal option number five (5) of six (6) commencing June 1, 2017 and ending May 31, 2022.

Section 2. The legal description in the LEASE as amended by Lease Amendment No. 5, dated January 31, 2011 is amended to reflect the decreased lease area as follows:

Lot 3, Alaska Tideland Survey 564 (See Exhibit A)

Section 3. Paragraph 2 of the LEASE is amended to read:

“LESSEE agrees to pay rent of Five Thousand Seven Hundred Dollars (\$5,700.00) per year until the termination of this Lease on May 31, 2022. This payment shall be made in equal advance annual installments, with the installment for any June-May period due not later than the 1st day of July for that period. This property will be reappraised for the purpose of determining the rental value every five years, and the rental value will be readjusted at that time. LESSEE agrees to pay for cost of appraisal for the purposes of determining fair rental value. If, at the end of this lease term on May 31, 2022, LESSEE wishes to extend the Lease for another five year term, the annual rental rate will be calculated as 7% of the appraised value. If the parties are unable to agree on a new rent figure, then each party shall appoint one appraiser, the two appraisers so appointed shall choose a third, and the decision of the three appraisers as to the rent figure shall be binding on the parties. In no event, however, shall any revised rent figure be less than the original lease rate of Four Thousand Two Hundred Forty Dollars (\$4,240.00) per year. Nothing in this paragraph shall prevent the annual reassessment of the leased premises for tax purposes to determine its true value as provided by law.”

Section 4. All other terms, covenants, and conditions of said Lease, and amendments, shall remain in full force and effect.

IN WITNESS WHEREOF the parties hereto have set their hands and seals as of this 18<sup>th</sup> day of December, 2018:

LESSOR:

CITY OF VALDEZ

An Alaskan Municipal Corporation

By: \_\_\_\_\_  
Jeremy O'Neil, Mayor

Attest: \_\_\_\_\_  
Sheri L. Pierce, MMC, City Clerk

LESSEE:

VALDEZ OCEAN DOCK, INC., dba Big State Logistics  
An Alaskan Corporation

By: \_\_\_\_\_  
Mervin Gilbertson, Chief Executive Officer

APPROVED AS TO FORM:

BRENA, BELL AND CLARKSON, P.C.  
Attorneys for City of Valdez

By: \_\_\_\_\_  
Jon S. Wakeland

STATE OF ALASKA                    )  
  )ss.  
THIRD JUDICIAL DISTRICT        )

THIS IS TO CERTIFY that on this \_\_\_ day of \_\_\_\_\_, 20\_\_, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared **Mervin Gilbertson** known to me and to me known to be the individual named in and who executed the foregoing document and executed the foregoing document as free and voluntary act and deed for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove written.

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Notary Public in and for Alaska

My Commission Expires: \_\_\_\_\_