

CITY OF VALDEZ, ALASKA

RESOLUTION #18-39

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VALDEZ,
ALASKA, AUTHORIZING A LEASE WITH SILVER BAY SEAFOODS, LLC
FOR TRACT E, HARBOR SUBDIVISION

WHEREAS, on September 2, 1969 the City of Valdez entered into a lease for Tract E Harbor Subdivision with Financial Land Investment Corporation, which became Sea Hawk Seafoods; and

WHEREAS, the term of the original lease was for 21 years commencing July 1, 1969 terminating June 30, 1990 with six additional five-year options to renew; and

WHEREAS, Sea Hawk Seafoods sold adjacent parcels to PS, Acquisitions, LLC in 2009 and wished to assign leasehold interest for Tract E to PS Acquisitions; and

WHEREAS, on August 17, 2009, City Council approved the assignment of lease from Sea Hawk Seafoods to PS Acquisitions, LLC; and

WHEREAS, PS Acquisitions, LLC wished to assign leasehold interest to Silver Bay Seafoods, LLC and City Council approved assignment of leasehold interest from PS Acquisitions, LLC to Silver Bay Seafoods, LLC on February 1, 2010; and

WHEREAS, renewal options one through four of the original lease were exercised, with the fifth option expiring on June 30, 2010; and

WHEREAS, in 2014 City Council approved the fifth renewal period from July 1, 2010 through June 30, 2015 and amended the original lease to add five additional five-year renewal options; and

WHEREAS, the sixth renewal option was not utilized and the lease is expired and has been in holdover since June 30, 2015 subject to all terms of conditions on a month to month basis; and

WHEREAS, Silver Bay Seafoods, LLC approached Community Development staff with request to execute a new lease agreement extending the initial term of the lease for twenty-five years, commencing July 1, 2015 and ending on June 30, 2040 with five, five-year options to renew plus the additional five, five-year options to renew as amended in 2014; and

WHEREAS, Silver Bay Seafoods, LLC agrees to pay an annual rent of ten percent (10%) of the fair market appraised value of the Property, in quarterly installments to be made not later than January 1st, April 1st, July 1st, and October 1st,

respectively, during each year of the term of this Lease, including any Extension Period;
and

WHEREAS, Silver Bay Seafoods, LLC shall use the Property for the purpose of operating a seafood processing plant, including housing used in conjunction therewith.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that:

Section 1. The City Manager or her designee is authorized to negotiate a lease with Silver Bay Seafoods, LLC for Tract E Harbor Subdivision

Section 2. The initial term of the lease will be commencing July 1, 2015 and terminating June 30, 2040 with ten additional, five-year options to renew.

Section 3. The rental rate will be based on 10% of the fair market appraised value. Upon approval of the lease, the property will be appraised. The rental rate for the first five years will be 10% of the appraised value. The property will be re-appraised every five years and the rental rate adjusted accordingly. The prior lease was appraised in 2015 and is not due for reappraisal until 2020. Pursuant to Valdez Municipal Code Section 4.08.100, Silver Bay Seafoods, LLC is responsible for the cost of appraisal for the purposes of determining fair rental value.

Section 4. The use of the property will be for the purpose of operating a seafood processing plant, including housing used in conjunction therewith.

Section 5. In conformance with Valdez Municipal Code Section 4.08.160 this lease shall not become effective until public notice has been given for at least thirty days. This resolution shall be posted twice in a newspaper in the city and shall be posted on the official city bulletin board and two other public places in the city for thirty days prior to the effective date of the lease.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, this 20th day of November, 2018.

CITY OF VALDEZ, ALASKA

Jeremy O'Neil, Mayor

ATTEST:

Sheri L. Pierce, MMC, City Clerk