



1 prorated basis, on or before the 10th day of the month; provided,  
2 however, the annual rental shall be subject to adjustment by the  
3 Council on the fifth anniversary of the date of this lease and  
4 each anniversary date thereafter which is divisible by the number  
5 Five (5), in the manner specified in Section 21 of Ordinance  
6 No. 229 of the City of Skagway, as amended by Ordinance No. 243.  
7 In the event the fair market value of the land and improvements  
8 as determined under said section is not acceptable to lessee,  
9 such value shall be subject to determination by the Superior  
10 Court for the State of Alaska upon a petition being filed for  
11 that purpose by the lessee.

12 4. It is agreed by the parties hereto that all of the  
13 provisions of Article III of said Ordinance 229 as amended by  
14 Ordinance No. 243, are hereby specifically made a part of  
15 this lease by reference as if fully set forth herein. Any  
16 amendments to said article or said ordinances made hereafter  
17 shall not affect the terms of this lease. A copy of said  
18 Article III and Ordinance No. 243 are attached hereto.

19 5. The lessee shall have the privilege of dredging a  
20 deep water mooring basin for vessels and may make any and all  
21 types of excavations on the premises. The lessee may raise the  
22 surface of the land by placing fill thereon from such excavations  
23 or dredging or from other sources. The lessee may place such  
24 improvements and structures therein, thereon or over said lands  
25 as it shall determine. The lessee may remove the existing break-  
26 water dike providing the same is replaced in a location satis-  
27 factory to the Corps of Engineers of the Department of the Army,  
28 and providing the same meets the specifications required by said  
29 agency. The lessee may remove, with the permission of the  
30 Alaska Communications System, United States Air Force, the cables  
31 owned by said agency. The lessee may make such changes as it  
32 desires in the location of the outfall sewer which crosses such

1 property as is necessary or desirable for the development of  
2 said lands by the lessee; provided, however, the lessee shall  
3 provide an alternate outfall sewer in a location satisfactory to  
4 the Council and which will be as satisfactory for the purposes  
5 intended as the present sewer outfall. The lessee will provide  
6 adequate drainage for the water flowing onto the land from a  
7 culvert under the approach to the Alaska State Ferry Terminal  
8 or from an alternate culvert to be constructed by lessee, so the  
9 same will not flow into the Small Boat Harbor during freezing  
10 weather unless the culvert is obstructed by ice or other obstruc-  
11 tions. Any other property found on said tract may be removed by  
12 the lessee and disposed of in such manner as the lessee shall  
13 determine.

14 6. The lessee agrees to commence construction of one  
15 or more of the facilities described in this paragraph within six  
16 months from the date hereof and to complete within one year from  
17 the date hereof the expenditure of not less than Five Hundred  
18 Thousand Dollars (\$500,000) in the construction or partial con-  
19 struction of one or more of the following, to wit:

- 20 A spur railroad line
- 21 A bulk mineral storage and handling facility
- 22 A dock and dolphins
- 23 A deep water basin at the face of the dock

24 Lessee agrees to complete all of said facilities at a cost of  
25 not less than Two Million Dollars (\$2,000,000) within two years  
26 from the date hereof. Lessee agrees that all improvements on  
27 said lands other than the excavated basin for vessels and the  
28 fill material placed upon said lands, shall be subject to taxa-  
29 tion by lessor on the same basis as other property in the muni-  
30 cipality. The excavated basin or basins created by dredging,  
31 or otherwise, and the materials excavated therefrom and placed  
32 upon said land shall be a part of the land at all times, shall  
be owned by the lessor and shall be leased hereunder.



1 contained in a resolution adopted by the Council of said City  
2 on the 19 day of March, 1968.

3  
4 CITY OF SKAGWAY

5 By Edward Hanousek  
Mayor

6  
7 And By Lillian Litzenger  
City Clerk

8  
9 PACIFIC AND ARCTIC RAILWAY AND  
10 NAVIGATION COMPANY

11 By A. P. Friesen  
Vice President

12 And By J. G. Downey  
13 Secretary

14 STATE OF ALASKA )  
15 ) ss.  
16 FIRST JUDICIAL DISTRICT )

17 THIS CERTIFIES that on this 19 day of March,  
18 1968, before me, a Notary Public in and for the State of Alaska,  
19 personally appeared ED HANOUSEK and LILLIAN LITZENBERGER to me  
20 known and known to me to be the persons whose names are subscri-  
21 bed to the foregoing instrument, and after being first duly  
22 sworn according to law they stated to me under oath that they  
23 are the Mayor and City Clerk, respectively, of the City of  
24 Skagway, that they have been authorized by said City to execute  
25 the foregoing instrument on its behalf and they executed the  
26 same freely and voluntarily as the free act and deed of said City.

27 WITNESS my hand and official seal the day and year in  
28 this certificate first above written.

29 EE Muhl  
30 Notary Public for Alaska  
31 My commission expires: 19 Dec 71

32 DOMINION OF CANADA )  
PROVINCE OF BRITISH COLUMBIA ) ss.

33 THIS CERTIFIES that before me, a Notary Public in and  
34 for the Province of British Columbia, Canada, personally appeared  
35 A. P. FRIESEN, to me known and known to me to be the person who  
36 executed the foregoing instrument on behalf of Pacific and Arctic  
37 Railway and Navigation Company. He acknowledged to me that he  
38 executed the same freely and voluntarily on behalf of said cor-  
39 poration. He stated to me under oath that he is the Vice  
40 President of said corporation, has been authorized by the Board  
41 of Directors of said corporation to execute said instrument on  
42 its behalf and he has full power and authority to execute the same.

43 WITNESS my hand and official seal this 4th day of  
April, 1968.

44 John S. Butterfield  
45 Notary Public in and for the  
46 Province of British Columbia,  
47 Canada, residing at Vancouver



LEASE OF REAL PROPERTY

This lease made this 1st day of August, 1969, between the CITY OF SKAGWAY, hereinafter called "Lessor", and PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY, a corporation organized under the laws of West Virginia doing business at Skagway, Alaska, hereinafter called the "Lessee",

WITNESSETH:

1. The lessor lets, leases and demises to the lessee the following described real property, to wit:

Beginning at the intersection of the southwesterly extension of the southeast side of Broadway Street and the southeasterly extension of the northeast side of Front Street, in the City of Skagway, Alaska; thence southeasterly along the northeast side of Front Street extended 15.0 feet to the true point of beginning; thence southeasterly along the northeast side of Front Street 35.0 feet; thence at right angles northeasterly 100.0 feet; thence at right angles northwesterly 35.0 feet; thence at right angles southwesterly parallel to and 15 feet from the southeast side of Broadway Street extended 100.0 feet to the point of beginning; except for that portion of said lands in Alaska Tidelands Survey No. 4; situated in Amended U. S. Survey No. 13 in the City of Skagway, Skagway Recording District, First Judicial District, State of Alaska and being a portion of what is commonly known as Lot 7 in Block 45 of Skagway.

Beginning at the intersection of the southwesterly extension of the northwesterly side of Broadway Street and the southeasterly extension of the northeasterly side of Front Street, in the City of Skagway, Alaska; thence northwesterly along said side of Front Street extended 100.0 feet; thence at right angles northeasterly 100.0 feet; thence southeasterly at right angles 100.0 feet; thence southwesterly at right angles 100.0 feet to the place of beginning; situated in Amended U. S. Survey No. 13 in the City of Skagway, Skagway Recording District, First Judicial District, State of Alaska, and commonly known as Lots 11 and 12, Block 44 of the City of Skagway.

2. This lease is for a term commencing on the date

1 hereof and ending at midnight March 18, in the year 2023.

2 3. The lessee agrees to pay and the lessor agrees to  
3 accept as rent for the use of said property and the privilege  
4 granted under this lease, an annual rental of \$630.00, payable  
5 for each calendar year, or a fraction thereof on a prorated  
6 basis, within 30 days from the date hereof for that portion of  
7 the year 1969 which is between the date hereof and the end of  
8 said year and on or before the 30th day of January of each year  
9 thereafter for such calendar year; provided, however, the  
10 annual rental shall be subject to adjustment by the Council on  
11 March 19, 1973 and each March 19th thereafter which is in a  
12 year which is divisible by the number 5, in the manner specified  
13 at this time in Section 21 of Ordinance No. 229 of the City of  
14 Skagway, as amended by Ordinance No. 243. In the event the fair  
15 market value of the land as determined under said section is not  
16 acceptable to lessee, such value shall be subject to determi-  
17 nation by the Superior Court for the State of Alaska upon a  
18 petition being filed for that purpose by the lessee.

19 4. The lessee shall have the privilege of using said  
20 lands for any purpose which is necessary or desirable to the  
21 lessee in connection with its railroad and other transportation  
22 operations. The lessee may place such improvements and  
23 structures thereon as are needed in such operations and the same  
24 may be removed by lessee within 30 days of the termination of  
25 this lease. Said lands shall not be used for other purposes  
26 without permission of lessor.

27 5. The lessee agrees that within 6 months from the date  
28 hereof it will have constructed on each of said lots a railroad  
29 track connecting its main line to the property of Skagway  
30 Terminal Company on Alaska Tidelands Survey No. 4. Lessee agrees  
31 that all improvements on said lands other than the fill material  
32 placed thereon, shall be subject to taxation by lessor on the

1 same basis as other real property in a municipality. Any fill  
2 material placed thereon shall be a part of the land at all  
3 times, shall be owned by the lessor and shall be leased here-  
4 under.

5 6. Lessee may terminate this lease at the end of any  
6 annual period for which rent has been paid, by giving lessor  
7 notice of termination in writing at least 60 days before the end  
8 of such annual rental period.

9 7. So long as the lessee shall comply with all the terms  
10 and conditions of this lease, the lessee may use such property  
11 for the purposes above stated free of any interference or  
12 hindrance by the lessor during the term of this lease. This  
13 lease may be assigned or a portion of the land sublet only for  
14 the purposes and uses permitted under Paragraph 4 hereof.

15 8. In the event of any such assignment of this lease, the  
16 same shall enure to the benefit of, and be binding upon, the  
17 lessee and such assignee. This lease shall also enure to the  
18 benefit of, and be binding upon, any successor to the lessor.

19 9. The address of lessor is P. O. Box 415, Skagway,  
20 Alaska, 99840, and the address of the lessee is P. O. Box 435,  
21 Skagway, Alaska, 99840. Either party may change its address of  
22 record by giving notice thereof in writing to the other party.  
23 These addresses are those to which all notices are to be given  
24 under this lease.

25 10. If the lessee shall default in the performance or ob-  
26 servance of any of the lease terms, covenants, or stipulations,  
27 or the terms of this ordinance, or any of the ordinances of the  
28 City, and said default continues for 30 calendar days after  
29 service of written notice by the City on lessee without remedy  
30 by lessee of the default, the Council shall take such action as  
31 is necessary to protect the rights and best interests of the  
32 City, including the exercise of any or all rights after default

1 permitted by the lease. No improvements may be removed by  
2 lessee or any other person during any time the lessee is in  
3 default.

4 IN WITNESS WHEREOF, the parties hereto have caused this  
5 instrument to be executed by their duly authorized officers as  
6 of the day and year first above written. The officers of the  
7 City of Skagway have executed this lease under an authorization  
8 granted by motion adopted by the Council of said City on the  
9 1st day of August, 1969.

10  
11 CITY OF SKAGWAY

12 BY E. C. Hanousek  
13 Mayor

14 And BY Fred Litzengerger  
15 City Clerk

16 PACIFIC AND ARCTIC RAILWAY AND  
17 NAVIGATION COMPANY

18 BY W. J. Jensen  
19 President

20 STATE OF ALASKA )  
21 ) ss.  
22 FIRST JUDICIAL DISTRICT )

23 THIS CERTIFIES that on this 1 day of August,  
24 1969, before me, a Notary Public in and for the State of Alaska,  
25 personally appeared Edward Hanousek and Lillian  
26 Litzengerger to me known and known to me to be the  
27 persons whose names are subscribed to the foregoing instrument,  
28 and after being first duly sworn according to law they stated to  
29 me under oath that they are the Mayor and City Clerk, respec-  
30 tively, of the City of Skagway, that they have been authorized  
31 by said City to execute the foregoing instrument on its behalf  
32 and they executed the same freely and voluntarily as the free  
act and deed of said City.

WITNESS my hand and official seal the day and year in  
this certificate first above written.

W. J. Jensen  
Notary Public for Alaska  
My commission expires:  
19 Dec 71

1 DOMINION OF CANADA )  
2 ) ss.  
3 PROVINCE OF BRITISH COLUMBIA )

4 THIS CERTIFIES that before me, a Notary Public in and for  
5 the Province of British Columbia, Canada, personally appeared  
6 A. P. FRIESEN, to me known and known to me to be the person who  
7 executed the foregoing instrument on behalf of Pacific and Arctic  
8 Railway and Navigation Company. He acknowledged to me that he  
9 executed the same freely and voluntarily on behalf of said cor-  
10 poration. He stated to me under oath that he is the President  
11 of said corporation, has been authorized by the Board of  
12 Directors of said corporation to execute said instrument on its  
13 behalf and he has full power and authority to execute the same.

14 WITNESS my hand and official seal this 23 day of  
15 January, 1970 ~~1969~~

16 John S. Butterfield  
17 Notary Public in and for the  
18 Province of British Columbia,  
19 Canada, residing at Vancouver.

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FAULKNER, BANFIELD, BOOCHEVER & DOOGAN  
ROOM 201, 311 FRANKLIN ST. PHONE 566-2210  
JUNEAU, ALASKA 99801