



DRAFT MEMORANDUM OF UNDERSTANDING

LEASE FOR CONSTRUCTION AND OPERATION OF ROLL-ON/ROLL-OFF FACILITY

DATED: JULY 10, 2018

This Memorandum of Understanding (MOU) is made on July 10, 2018 by and between Haines Borough (the Borough) and Alaska Marine Lines, Inc (AML). This MOU may be replaced by a lease(s) describing the terms of land lease and transshipment operations.

This MOU is non-binding and is designed to reflect the preliminary understandings between the Borough, a municipal corporation of the State of Alaska, and AML, a private corporation, pertaining to good faith negotiations for the construction and operation by AML of a facility for a freight barge terminal, including loading and unloading freight in the Borough, with controlled access for public use, on Borough tidelands and a lease of those tidelands and adjacent uplands to AML:

- Both the Borough and AML recognize the need for an improved roll-on/roll-off facility (ro-ro) for loading and unloading freight.
- The Borough owns the tidelands immediately north of the existing Borough-owned Lutak Dock identified by AML and the Borough as a preferred location for a new ro-ro.
- The ro-ro will be constructed by AML to AML's design specifications subject to approval by the Borough.
- As provided by HBC 14.16.160, the Borough intends to introduce a non-code ordinance authorizing the Borough Manager to negotiate a lease of tidelands and uplands to AML.
- Terms of the lease shall be subject to HBC 14.16.020 Lands available for leasing; 14.16.030 Applications, fees, terms, payment; 14.16.080 Term of lease; and all applicable provisions of borough code including waiver of specified actions such as application.
- Any proposed lease is subject to approval of the Assembly.
- If a subdivision of the tidelands is deemed warranted by both parties, the borough will subdivide and plat per HBC14.16.040 F. for purposes of this lease. Otherwise, the lease will describe the area of the lease with measurements and written description.
- The scope of work will be described in a lease agreement and will include design, permitting, demolition as necessary, construction, a maintenance and use plan, and financing.

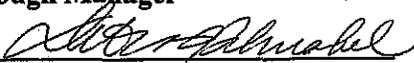
- The lease agreement will describe and guarantee a safe traffic corridor through the leased parcel deemed necessary for authorized users to access the Lutak uplands.
- The lease will include provision for AML to guarantee a rate schedule for reasonable access for third-party use of the ro-ro. Management of third-party use and related liabilities will be negotiated, and described in a lease agreement.
- Short-term lease for construction may begin spring/summer 2019; a long-term lease agreement will follow the completion of construction.
- Within six months before the date of the beginning term of the formal lease(s), the Borough will conduct an appraisal of the tidelands and uplands intended for lease as required by Haines Borough Code (HBC) 14.16.090 Appraisal.
- The Borough shall be compensated for use of tidelands and uplands. Compensation shall be negotiated and may be as provided by HBC 14.16.080 not less than 10% of appraised value annually or may be calculated as wharfage or a combination thereof. Should negotiations fail to produce an agreeable compensation package, this MOU shall be void.
- The tidelands may be leased long-term (35 years) and uplands leased in 10-year, renewable increments up to a maximum term of thirty (30) years. The leases will be structured such that terms and/or extensions are aligned.
- The Borough will research potential benefits for corporate investors resulting from the Borough's recent designation as a federal Opportunity Zone, providing tax incentives to corporate investors in low-income communities.
- This MOU will remain in effect unless terminated by either the Borough or AML by written notice. Notice will be given at least thirty (30) days in advance of the termination date.
- Each side shall bear its own expenses incurred in connection with obligations undertaken in connection with this Memorandum of Understanding.

This Memorandum of Understanding does not obligate the Borough Assembly to approve lease terms negotiated by the Borough Manager.

The Borough and AML may agree to amend this MOU from time to time as actual experience dictates the need for changes or clarification. Any change must be in writing and signed by both parties.

Haines Borough

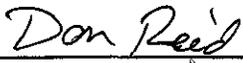
Title: Borough Manager

Signature: 

Attest: 

Alaska Marine Lines, Inc.

Title:

Signature: 

Attest: 