Action Memorandum 15-016

This packet contains:

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Joe Hannan
City Manager

City of Palmer
231 W. Evergreen Avenue
Palmer, Alaska 99645-6952
Phone (907) 761-1317
jhannan@palmerak.org
www.cityofpalmer.org

MEMORANDUM

TO: The Honorable Mayor and Palmer City Council Members

FROM: Joe Hannan, City Manager

RE: Granite Construction Real Estate Exchange Agreement

DATE: April 2, 2015

The Granite Construction real estate exchange agreement from May, 2012 required installation of utilities by October 31, 2012.

There were several discussions between Granite Construction and the City of Palmer about making a cash payment versus construction. There is no agreement.

The question to this Council is, "When do you want the construction to be required?" Granite Construction has requested that work be done at the same time the Alaska Department of Transportation expands the Glenn Highway in this area. That is estimated to occur in 2017. Granite Construction suggests that by waiting, the roadway would be disrupted only once, which would be preferable for travelers and may result in lower construction costs.

The Alaska Department of Transportation has not responded as to whether there could be cost savings.

City of Palmer
231 W. Evergreen Avenue
Palmer, AK 99645
907-745-3271
www.cityofpalmer.org

Amendment #1 to the Real Estate Exchange Agreement and Escrow Instructions Between the City of Palmer and Granite Construction Company

The City of Palmer ("City") and Granite Construction Company ("Granite") hereby agree to amend the Real Estate Exchange Agreement and Escrow Instructions dated May 1, 2012 ("Agreement"). In consideration of the mutual agreements hereinafter set forth, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the City and Granite hereby covenant and agree as follows:

1. Granite is to provide the City with adequate assurances that Granite will install the improvements it promised in the Agreement.

2. Granite reaffirms its promise and obligation to install the improvements specified in paragraph 7.5 of the May 1, 2012 Agreement and further promises that the improvements will be constructed and completed by October 10, 2017. In further consideration of the additional one-year period of performance the City has granted Granite; Granite will provide the City with a performance bond in the amount of $500,000 issued by a performance company rated B+7 or higher in Best's Insurance Ratings.

3. The City and Granite further agree that all of the terms and provisions of the Agreement remain in full force and effect. If Granite does not perform its obligations required by the Agreement and complete the improvements required by the Agreement by October 10, 2017, Granite understands and unequivocally agrees that it will forfeit the performance bond granted to the City for completion of the improvements in addition to being subject to any and all legal and equitable rights the City may assert to enforce the terms of the Agreement.

4. The City and Granite agree that it is to their mutual benefit that any potential claims by the City against Granite arising from or related to this transaction or the Agreement or both in any way whatsoever shall not be asserted in litigation at this present time to encourage overall resolution of Granite's obligations memorialized in the Agreement.

5. The City and Granite further agree that any timing defenses, such as any statute of limitations, laches, statutes of repose, or any failure of the City to institute or commence litigation or other legal proceedings within some specific period before a specified date or before the happening of a specified event, shall be tolled from and including the effective date of the Agreement until and including the expiration date of this tolling agreement which expires on October 10, 2017.

Dated: _____
CITY OF PALMER, ALASKA

_____
DeLena Goodwin Johnson, Mayor

ATTEST:

_____
Janette M. Bower, MMC, City Clerk

Dated:_____
GRANITE CONSTRUCTION COMPANY

_____
Scott D. Wolcott, Vice President

City of Palmer
Action Memorandum No. 15-016

Subject: Authorize the City Manager to Enforce Agreement Provisions with Granite Construction, to include Department of Transportation (DOT) Crossing Permit and Construction Completion within One Year

Agenda of: March 10, 2015 Rescheduled to April 7, 2015

Authorized as amended

Council Action: Postponed to April 14, 2015

Originator Information:

Originator: City Manager

Date: February 19, 2015 **Requested agenda date:** March 10, 2015

Department Information √:

Route to:	Department Director:	Signature:	Date:
	Community Development		
	Finance		
	Public Safety		
	Public Works		

Approved for presentation by:

	Signature:	Remarks:
City Manager	Joseph A. Hansen	
City Attorney		
City Clerk		

Certification of Funds:

Total amount of funds listed in this legislation: $ 0

This legislation (√):

[√] Has no fiscal impact
[ ] Creates a positive impact in the amount of: $
[ ] Creates a negative impact in the amount of: $

Funds are (√):

[ ] Budgeted Line item(s):
[ ] Not budgeted Affected line item(s):

General fund unassigned balance (after requested budget modification): $

Enterprise unrestricted net position (after requested budget modification): $

Director of Finance Signature:

Attachment(s):

- Resolution No. , Authorizing Exchange April 2012
- Appraisal, Executive Summary, November 2014

Summary statement: In 2006 the City and Granite Construction agreed to exchange real estate properties on the Glenn Highway. The exchange included a Granite Construction agreement to install water and sewer lines across the Glenn Highway to the City property by September 2009. In October 2013, Granite Construction offered to pay cash in lieu of constructing the lines. The City considered the offer. Granite Construction had engineered construction drawings prepared and filed preliminary application with the Alaska Department of Transportation for a required highway crossing permit. In November 2014, the Property was appraised at $370,000. In December 2014, Granite withdrew their offer in lieu of cash. Granite Construction representatives have consistently acknowledged their obligation to construct the utilities.

In light of their withdrawal, staff recommends enforcing the exchange agreement provisions and the requirement to complete a crossing permit application with the Department of Transportation and completion of construction within one year.

Administration recommendation: Authorize action memorandum 15-016.

GRANITE™

Alaska Region
11471 Lang Street
Anchorage, Alaska 99515

T 907.344.2593
F 907.344.1562

graniteconstruction.com

February 20, 2015

Mr. Joe Hannan, City Manager
City of Palmer
231 W. Evergreen Avenue
Palmer, Alaska 99645

Re: Real Estate Exchange Agreement

Dear Joe:

As you know, Granite Construction has been attempting to fulfill our land exchange obligations. Attached are two previously sent letters to the City of which we never received a reply. We have also recently withdrawn our second letter which offered up the idea of cash in lieu of constructing the improvements.

Currently, our preference is to build the improvements in conjunction with the upcoming Glenn Highway MP 34-42 Reconstruction Project. We see this as being an opportune time with the least impacts to fulfill the obligations.

We have all shown patience with this project and look forward to hearing concurrence from the City.

Regards,

Steve Connelly

Steve Connelly
Resource Development Manager

Granite is proud to be an Equal Opportunity/Affirmative Action Employer.

APPRAISAL REPORT

2390 S. Glenn Highway, Palmer, Alaska
Township 17N, Range 2E, Section 18, Lot D2

FOR
The City of Palmer
231 W. Evergreen Avenue
Palmer, AK 99645

Attn: Mr. Joe Hannan

Date of Appraisal
November 24, 2014

Date of Inspection
November 04, 2014

Date of Valuation
" As Is" November 4, 2014

B-SBC FILE No.
14-102

BY
Brian Bethard, MAI
General Real Estate Appraiser (Cert. #281)

Denver L. Hudson, MBA
General Real Estate Appraiser (Cert. #952)

BLACK-SMITH, BETHARD & CARLSON, LLC
1199 E. Dimond Blvd., Ste. 200
Anchorage, Alaska 99515

PART I - INTRODUCTION

Appraisers
1199 Dimond Blvd, Suite 200
Anchorage, Alaska 99515
Phone: 907-274-4654
Fax: 907-274-0889
E-mail: bsr@ak.net

BLACK-SMITH, BETHARD & CARLSON, LLC

November 24, 2014

To: The City of Palmer
Attn: Joe Hannan
231 W. Evergreen Avenue
Palmer, AK 99645

Re: **APPRAISAL REPORT**
2390 S. Glenn Highway, Palmer, Alaska

Dear Mr. Joe Hannan,

We are submitting our *Appraisal Report* estimating the as-is market value of the *fee simple* interest in the property identified above. The scope of work is specific to the needs of the client. Our opinion of the "as is" market value as of November 4, 2014is:

Lot D2	**14 Acres***	**$370,000**

*The subject property consists of 14 acres; however, 8.7 acres are comprised of a pond and heavy sloped areas surrounding the pond; therefore the upland area was used for the basis of market value and the contribution of the pond is recognized in the unit value of the uplands.

The value opinions are stated in terms of cash. The market exposure period (looking backward) and the marketing time (looking forward) are both estimated at six months to one year. The value opinions reported are qualified by certain definitions, assumptions, limiting conditions, and certifications. We particularly call your attention to the Assumptions and Limiting Conditions. The report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (2012-2013) for a Summary Appraisal Report. Supporting documentation is retained in the appraiser's files. The depth of discussion contained in the report is specific to the client and the intended use stated. The appraiser is not responsible for unauthorized use of this report.

Sincerely,
BLACK-SMITH, BETHARD & CARLSON, LLC

Brian Z. Bethard, MAI
General Real Estate Appraiser (Cert. No. 281)

Denver L. Hudson
General Real Estate Appraiser (Cert. # 952)

GRANITE™

Alaska Region
11471 Lang Street
Anchorage, Alaska 99515

T 907 344 2593
F 907 344 1562

graniteconstruction.com

September 30, 2013

Mr. Doug Griffin, City Manager
City of Palmer
231 W. Evergreen Ave.
Palmer, Alaska 99645

Dear Doug:

In June of this year, I attended a meeting with you and Dale Morman, President, Anchorage Sand & Gravel (AS&G), to discuss a possible land exchange between the City of Palmer and AS&G. I subsequently received a letter addressed to you from Dale Morman dated August 26, 2013 by carbon copy. In the letter Dale proposed an exchange of AS&G property for the City of Palmer parcel recently acquired in the land exchange between Granite Construction and the City.

As you know, Granite is required per our exchange agreement to construct certain improvements to the City parcel. To this end we have acquired the necessary permits and were prepared to construct the improvements this year. We have not proceeded with the project while awaiting the outcome of exchange discussions between the City and AS&G which will determine to which parcel the improvements will be built.

Granite fully appreciates that such land exchanges take time to study all aspects and vet in the public forum. As the end of the construction season rapidly approaches, we would request, however, a letter from the City stating that such improvements will be constructed by Granite when the final location is determined and weather conditions permit. We have maintained our performance bond to guarantee the construction of these improvements.

Granite would also like to propose an alternative to the construction of the improvements. We could propose a cash offer to the City in lieu of the improvements. Granite requests this option be seriously considered by the City as it would allow this project to be put behind us all and it would allow the City to utilize these funds at its discretion.

Whichever option you wish to move forward with, please let me know shortly.

Thank you for your time,

Steve Connelly

Steve Connelly
Resource Development Manager

GRANITE

Alaska Region
11471 Lang Street
Anchorage, Alaska 99515

T 907.344.2593
F 907.344.1562

graniteconstruction.com

October 3, 2012

Mr. Doug Griffin, City Manager
City of Palmer
231 W. Evergreen Avenue
Palmer, Alaska 99645

Dear Doug:

We began planning the water, sewer, and driveway improvements to the Granite Construction "trade parcel" in early August. We dedicated crews and equipment to the project and they began to familiarize themselves with the scope of the project in anticipation of building it this fall.

In September we asked DOWL to assist us in obtaining the necessary project permits. They provided us with the following necessary permits and timeline for obtaining each:

- Alaska Railroad Permit for work in the ROW - 8 weeks
- DOT Driveway Permit – 8-12 weeks
- DOT Utility Permit – 8-10 weeks
- ADEC Water Permit – 6-8 weeks
- ADEC Sewer Permit – 6-8 weeks

While a number of these permits can be "fast tracked" with an additional application fee, the best the agencies can estimate is that they would still be 4 weeks or more for approval with no guarantee. The railroad in particular has all of their energy focused on repairing flood damage to their infrastructure and has lowered their permit application review to a "time available" basis for their civil engineers.

We have also met several times with DOT and HDL regarding the Glenn Highway MP 34-42 Project. The right-of-way "take" on your property has changed from initial drawings and still appears to be an uncertain work in progress. We want to extend the water/sewer lines outside of the highway ROW so the City will not have to deal with DOT in the future when hooking up to these utilities.

For these reasons, Granite is requesting an extension of the time to construct the water and sewer lines and new driveway. We will continue to seek all permit approvals this year and begin construction in June of next year when the ground is adequately thawed and dried out. We also feel a much better project can be delivered by not working in this year's rain saturated ground. We will maintain our $363,300 bond to guarantee construction of these improvements.

Sincerely,

Steve Connelly

Steve Connelly
Resource Development Manager

REAL ESTATE EXCHANGE AGREEMENT
AND ESCROW INSTRUCTIONS
BETWEEN
CITY OF PALMER
AND
GRANITE CONSTRUCTION

This REAL ESTATE EXCHANGE AGREEMENT AND ESCROW INSTRUCTIONS ("Exchange Agreement"), dated May 1, 2012, is entered into by and between the City of Palmer ("City"), Alaska, a Home Rule Municipal Corporation, existing under the laws of the State of Alaska and Granite Construction Company ("Granite"), a California corporation, as successor by merger to Wilder Construction Company, a Washington corporation, through its Alaska Division, d/b/a Central Paving Products, with an address of 11471 Lang Street, Anchorage, Alaska 99515-3006.

RECITALS

A. City owns fee title to approximately 5.56± acres of real property, located at 2420 S. Glenn Highway near Mile 38.5 of the Glenn Highway, being a portion of Section 18, Township 17 North, Range 2 East, Seward Meridian and legally described on Exhibit A, attached hereto and incorporated herein by reference ("City Property").

B. Granite owns fee title to real property located at 2390 S. Glenn Highway in the Northeast ¼ of the Northeast ¼ of the Southwest ¼ and all of the Northwest ¼ of the Southeast ¼ lying west of the Alaska Railroad, of Section 18, Township 17 North, Range 2 East, Seward Meridian, Palmer Recording District, Third Judicial District, State of Alaska as legally described on Exhibit B, attached hereto and incorporated herein by reference ("Granite Property"). (For purposes of this Exchange Agreement, the City Property and the Granite Property may be referred to individually as the "Exchange Property" or collectively as the "Exchange Properties").

C. City is authorized to exchange real property pursuant to Palmer Municipal Code (PMC) 3.20.080.

D. Granite is authorized to exchange real property pursuant to its Unanimous Written Consent of the Board of Directors of Granite Construction Company, dated May 20, 2011, which elects Officers and grants rights to certain Officers to execute

documents and agreements, such as this, agreements in connection with the operations of Granite Construction Company.

E. On July 26, 2011, City authorized the exchange of the property between City and Granite described in Exhibit A and attached hereto.

NOW, THEREFORE, in consideration of the foregoing and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Granite agree to the exchange of properties on the terms and conditions set forth below:

AGREEMENT

ARTICLE ONE
EXCHANGE OF PROPERTIES

1.1 Legal Description of City Property. City and Granite shall, at their own cost and expense, establish a legal description for the property described in Exhibits A and B, which shall be designated the "City Property" or "Granite Property."

1.2 Mutual Conveyances. City agrees to convey the City Property to Granite and Granite agrees to convey the Granite Property to City on the terms and conditions set forth herein.

1.3 Vacation of Property. City and Granite agree to vacate the exchange properties on or before the date of this Exchange Agreement.

ARTICLE TWO
CONSIDERATION

2.1 Value of Exchange Properties.

2.1.1 City Property. The parties agree that the value of City Property is approximately $241,300.00 for approximately 5.56± acres as determined by the Matanuska-Susitna Borough Real Property Appraisal Detail for Account 17N02E18C009 in its 2011 report.

2.1.2 Granite Property. The parties agree that the value of the Granite Property is approximately $390,000.00 for approximately 14± acres as determined by the Matanuska-Susitna Borough Real Property Appraisal Detail for Account 17N02E18D002 in its 2011 report. Granite will also be adding certain agreed upon improvements to the Granite Property with the connection of water and wastewater lines and the construction of an asphalt driveway.

ARTICLE THREE
CONDITION OF TITLE

3.1 Updated Title Report. City and Granite will provide to each other, five (5) business days prior to the Close of Escrow, an updated title report ("TR") on their respective Exchange Properties reflecting the current status of title on each Exchange Property, together with all underlying documents referred to therein. Any objection must be made before the Close of Escrow.

3.2 City Property.

(a) No Monetary Liens. City shall convey to Granite fee title via warranty deed to the City Property free of all mortgages, deeds of trust, mechanics liens, and all other monetary liens.

(b) No New Liens. City shall not, after full execution of this Exchange Agreement, cause or permit any new liens, covenants, conditions, restrictions, easements or any other matter to encumber title to the City Property by record or otherwise except for matters which do not materially interfere with the use and occupancy of the City or affect the value of the City Property.

3.3 Granite Property.

(a) No Monetary Liens. Granite shall convey to City fee title to the Granite Property via warranty deed free of all mortgages, deeds of trust, Mechanics' liens, and all other monetary liens.

(b) No New Liens. Granite shall not, after full execution of this Exchange Agreement, cause or permit any new liens, covenants, conditions, restrictions, easements or any other matter to encumber title to the Granite Property by

record or otherwise except for matters which do not materially interfere with the use and occupancy of the Granite Property or affect the value of the Granite Property.

3.4 Title Insurance. Close of Escrow is conditioned upon title insurer issuing or being committed to issue, a standard form Owner's Title Insurance Policy for each Exchange Property insuring title to each Exchange Property in the amount of the value of the Exchange Property ("Title Policy") and subject only to the following permitted exceptions ("Permitted Exceptions"):

(a) The lien of current, non-delinquent real estate taxes and assessments on the Exchange Property, if any;

(b) The lien of any supplemental taxes assessed on the Exchange Property, if any;

(c) The Grant Deed for the Exchange Property in the form attached hereto as Exhibit C (for City Property) and Exhibit E (for Granite Property); and

(d) Any other matters requested, caused or approved in writing by the appropriate party.

3.5 Deed. Prior to Close of Escrow, each party shall execute, acknowledge and deliver to Escrow a Deed for the appropriate Exchange Property, in the form attached hereto as Exhibit C (City to Granite) or Exhibit E (Granite to City), as applicable, conveying the Exchange Property to the appropriate party subject to the consents, restrictions, reservations and other matters set forth therein.

ARTICLE FOUR
ESCROW

4.1 Escrow Agent. The parties shall open an escrow with Stewart Title Company, 2601 Denali Street, Anchorage, AK 99503-2738, Attention: Nepal O'Connor, Telephone: 907-274-2562, Facsimile: 866-347-4068 ("Escrow Agent").

4.2 Opening of Escrow. Within three (3) business days after the execution of this Exchange Agreement, a fully executed copy of this Exchange Agreement shall be delivered to Escrow Agent by either party. "Opening of Escrow" means the date Escrow Agent receives the Exchange Agreement. Immediately upon the Opening of Escrow, Escrow Agent shall deliver written notification to both parties.

4.3 Escrow Instructions. Escrow shall be maintained solely for the purpose of holding and disbursing monetary deposits, if any, and documents as directed by City and Granite, and Escrow Agent is hereby directed to disburse funds held by it in accordance with the terms of this Exchange Agreement, or as otherwise instructed in a writing signed by both parties. This Exchange Agreement shall constitute initial escrow instructions to Escrow Agent. The parties shall execute any additional escrow instructions reasonably required by Escrow Agent to consummate the transaction provided for herein, provided, however, such additional escrow instructions shall not modify the provisions of this Exchange Agreement unless they state the modification in full and the specific modification is initialed by both parties.

4.4 Close of Escrow. "Close of Escrow" or "Closing" means the date Escrow Agent concurrently records the two Deeds effecting the exchange described herein: (i) the Deed in favor of City for the Granite Property and (ii) the Deed in favor of Granite for the City Property. Escrow shall close no later than 30 days after the Opening of Escrow ("Closing Date"), unless extended by mutual agreement. In the event Escrow has not closed by the Closing Date, unless extended, Escrow Agent, upon the written request of either party, provided such party is not in default hereunder, shall terminate the Escrow and return all funds and other documents to the party who deposited the same. If the Escrow has failed to close as a result of nonsatisfaction of one or more Closing Conditions, then, after such termination, neither party shall have any further rights or obligations hereunder except as otherwise specified in this Exchange Agreement. If the Escrow has failed to close as a result of a default by a party, such termination shall not affect the parties' rights, obligations, liabilities and remedies under this Exchange Agreement. If neither party elects to exercise its right to terminate this Exchange Agreement and the Escrow as set forth herein, Escrow Agent shall close the Escrow as soon as possible.

4.5 Deliveries to Escrow. Prior to the Closing Date, each party shall timely deliver to Escrow all funds and documents required to complete the Closing under the terms of this Exchange Agreement, including, but not limited to, prorated amounts and other payments required under this Exchange Agreement. Such documents to be deposited into Escrow shall include, but not be limited to Deeds for the City and the Granite Property.

4.6 Completion of Documents. Escrow Agent is authorized to collate counterparts of documents deposited in Escrow, and to otherwise complete such documents where appropriate and consistent with this Exchange Agreement.

4.7 Prorations. The following items shall be prorated in Escrow for each Exchange Property, as of the date of Close of Escrow: borough, city and improvement assessments, if any, based upon the most recent official information available in the office of the taxing entity. All prorations shall be made on the basis of the actual days in the applicable month and a 365 day year, unless the parties otherwise agree in writing. Escrow Agent shall base such prorations upon a proration statement for each property ("Proration Statement"), each executed by both parties and delivered to Escrow Agent prior to the Closing Date. Insurance policies maintained by each owner of the respective property for their property shall be terminated as of the Closing Date, and each party shall be responsible for obtaining replacement policies as the parties deem appropriate.

4.8 Escrow Fees and Costs.

(a) City Fees. City shall pay: (1) the cost of a standard Form Owner's Title Insurance Policy for the City Property (if Granite desires title coverage other than that required by this paragraph, Granite shall instruct Escrow Agent in writing and pay any increase in cost); (2) one-half (1/2) of Escrow Agent's escrow fees; and (3) other charges and expenses, in accordance with the customary practice in Alaska.

(b) Granite Fees. Granite shall pay: (1) the cost of a standard Form Owner's Title Insurance Policy for the Granite Property (if City desires title coverage other than that required by this paragraph, City shall instruct Escrow Agent in writing and pay any increase in cost); (2) one-half (1/2) of Escrow Agent's escrow fees; and (3) other charges and expenses, in accordance with the customary practices in Alaska.

(c) Default. Notwithstanding the foregoing, in the event of a Default by City or Granite hereunder, all cancellation and other escrow charges shall be paid by the defaulting party.

4.9 Distribution of Funds and Documents. At the Close of Escrow, Escrow Agent shall do each of the following:

(a) Concurrent Recordation of Documents. Submit to the State Recorder's Office for concurrent recording the Deed for each Exchange Property and any other documents to be recorded under the terms of this Exchange Agreement, and, after recordation, cause the Recorder to mail the Deeds to the appropriate party and

each other such document to the grantee, beneficiary or person acquiring rights thereunder or for whose benefit said document was recorded.

(b) Non Recorded Documents. Deliver by Federal Express or other overnight courier (or hold for personal pick-up, if requested): (1) the Title Policy for each Exchange Property to the appropriate party; and (2) each other non-recorded document received hereunder to the payee or person acquiring rights thereunder or for whose benefit said document was acquired.

(c) Distribution of Funds. N/A

(d) Conformed Copies. Upon Close of Escrow, Escrow Agent shall deliver to each party copies of all fully executed documents and escrow instructions. Each recorded document shall be conformed to show the recording date and file number.

(e) Closing Statement. As soon as reasonably practicable after the Closing, Escrow Agent shall prepare a final accounting and closing statement for this transaction and send a copy to each party.

ARTICLE FIVE
CONDITIONS TO CLOSE OF ESCROW

5.1 Closing Conditions. Close of Escrow is contingent upon satisfaction or waiver of each of the following conditions ("Closing Conditions") prior to the Closing Date, any determination of satisfaction or waiver to be in the sole, absolute and unrestricted discretion of the party:

(a) Title Matters. Each party's approval of the TR for the appropriate Exchange Property and any supplements to the TR and the title insurer's issuance or commitment to issue the Title Policy described in Article 4.

(b) Completion of Phase 1 Environmental Site Assessment. A Phase 1 Environmental Site Assessment ("Phase 1") has been completed on the Granite Property and provided to the City.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES

6.1 Definitions. For purposes of this Article 6, the following terms shall have the meanings set forth below.

(a) Environmental Laws. "Environmental Laws" shall mean all laws and regulations applicable to the physical condition of the Exchange Property or the presence of any substance thereon, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Sections 9601 et seq.), the Resources Conservation and Recovery Act (42 U.S.C. Sections 6901 et seq.), the Clean Water Act (33 U.S.C. Sections 466 et seq.), the Safe Drinking Water Act (14 U.S.C. Sections 1401-1450), the Hazardous Materials Transportation Act (49 U.S.C. Sections 1801 et seq.), the Toxic Substances Control Act (15 U.S.C. Sections 2601-2692), all applicable State and local laws as any of the foregoing may be amended from time to time, and all regulations and publications implementing or promulgated pursuant to the foregoing.

(b) Hazardous Materials. Hazardous Materials shall include, but are not limited to, substances which are flammable, explosive, corrosive, radioactive, toxic, and any substances defined or regulated as hazardous substances, hazardous materials, toxic substances or hazardous wastes in any of the Environmental Laws. Hazardous Materials shall also include asbestos and those asbestos-containing materials defined and described in Environmental Protection Agency Report No. 56/5-85-024 (June, 1985) or any related or successor report or other applicable government regulations defining or describing such materials, and petroleum and petroleum products, whether or not any of the aforementioned is defined as a hazardous waste or hazardous substance in any Environmental Law.

(c) Owner's Knowledge. References to "Owner's knowledge "matters, "known to Owner," or words of like import mean the actual, current knowledge of the current fee owner of each Exchange Property (as opposed to imputed or constructive knowledge), after due inquiry, but no other duty of inquiry or investigation by either party is implied or required.

6.2 Representations and Warranties. Each party, on behalf of itself and the Exchange Property it currently owns, makes the following representations and warranties:

(a) Authority. Each party represents and warrants, as of the date of execution of this Exchange Agreement and as of Close of Escrow (i) that it has full legal right, power and authority to execute and fully perform its obligations under this

Exchange Agreement and (ii) that the persons executing this Exchange Agreement and other documents required hereunder are authorized to do so.

(b) Hazardous Materials. To the knowledge of each party, (1) their respective Exchange Property is not in violation of any Environmental Laws, (2) neither party, nor to either party's knowledge any third party, has used, manufactured, generated, treated, stored, disposed of, or released any Hazardous Material on, under or about that party's Exchange Property or transported any Hazardous Material over that party's Exchange Property; (3) neither party, nor to either party's knowledge any third party, has installed, used or removed any storage tank on, from or under that party's Exchange Property except in full compliance with all Environmental Laws; (4) to each party's knowledge, there are no storage tanks or wells (whether existing or abandoned) on or under that party's Exchange Property; and (5) to each party's knowledge, there are no Hazardous Materials on or under that party's Exchange Property.

(c) Indemnification. Effective upon Close of Escrow, each party hereby agrees to indemnify, defend and hold harmless the other (including its elected officials, officers, agents, and employees) from and against any and all obligations, liabilities, claims, demands, damages, costs and expenses (including without limitation reasonable attorneys fees and costs) relating to the Exchange Property it is conveying, arising out of or in connection with any act, omission, matter or event that takes place on or before the date of Closing; or resulting from any breach by the party, before or after Closing, of its representations, warranties or covenants contained in this Exchange Agreement.

(d) Real Estate Commissions. Each party represents and warrants to the other party that no brokers or finders have been employed or are entitled to a commission or compensation in connection with this transaction as a result of the action or Exchange Agreement of the indemnifying party. Each party agrees to indemnify, hold harmless, protect and defend the other party (including its elected officials, officers, agents and employees) from and against any obligation or liability to pay any such commission or compensation payable to any other brokers arising from the act or Exchange Agreement of the indemnifying party.

(e) Survival of Warranties and Obligations. The representations and warranties given by the parties in this Article 6, and all obligations under this Exchange Agreement to be performed before or after Close of Escrow, shall survive the Close of Escrow and delivery of the Deeds to each party; provided, however, that all

representations and warranties shall terminate one (1) year after the Closing Date, except for any representation or warranty which either party claims to have been breached, as long as such party has notified the other party in writing of such claim of breach (identifying the breach in reasonable detail) within such one (I) year period.

(f) Non-Merger. All representations and warranties made herein are intended to survive Closing and shall not be merged in the deed except as provided in section 6 or unless otherwise stated in this Agreement. This Agreement shall not be canceled at Closing.

ARTICLE 7
ADDITIONAL OBLIGATIONS

7.1 Conditions to Effectiveness. This Exchange Agreement shall not be binding or effective (i) against City until, pursuant to its governing body it has adopted, by majority vote of its members, a resolution declaring its intention to exchange the property that is contemplated under this Exchange Agreement, approving this Exchange Agreement and authorizing its execution and (ii) against Granite until, its Directors have adopted, by majority vote of its members, a resolution declaring its intention to exchange the property that is contemplated under this Exchange Agreement and has taken all other actions to authorize the exchange of the property and affirm the exchange agreement.

7.2 Access to Exchange Properties. Upon approval by the governing boards of each party as described in paragraph 7.1 above and through the Close of Escrow, each party shall allow the other party, its employees, agents, representatives and contractors reasonable access to the Exchange Properties during normal business hours, upon reasonable notice, for performing all studies, tests and evaluations required by law for certification of the properties as approved school sites and all other engineering studies, surveys, geological work or other studies reasonably desired by either party. Each party shall indemnify, protect, hold harmless and defend the other party from and against any and all liabilities, liens, claims, damages, costs, expenses, suits or judgments (including attorneys' fees and court costs) for personal injury, death or property damage, arising out of the negligence of the entering party or its employees, agents, representatives or contractors, except to the extent caused by the gross or active negligence or willful misconduct of the owner of the property or its employees, agents, representatives or contractors.

7.3 Possession. Possession of each Exchange Property shall be delivered on the Closing Date after recordation of the two Deeds. All risk of loss and damage to the Exchange Properties from whatever source shall be the sole responsibility of the new fee owner after the Close of Escrow.

7.4 Violations. In the event that prior to Closing either party becomes aware of any Hazardous Materials or any other matter affecting either Exchange Property which violates any applicable law, that party shall immediately give the other party notice of such matter.

7.5 Improvements by Granite. After the conveyance of the Granite Property to the City of Palmer by Granite, Granite agrees to make the following improvements to said Granite property with such work to be completed by October 31, 2012, so long as the appropriate permits are reasonably and readily attainable:

(a) Upon receipt of a driveway permit from the Alaska Department of Transportation and Public Facilities, Granite agrees to construct an asphalt access driveway 24 feet in width and 180 feet in length, extending from the Glenn Highway into the Granite Property by 100 feet, as shown on the attached Figure 1. The driveway will be constructed with 24 inches of non-frost susceptible gravel in the base, overlaid with 2 inches of crushed gravel and 2 inches of asphalt on the surface. The first 80 feet of the driveway will be within the existing State Right of Way for the Glenn Highway, and the next 80 feet of the next 100 feet within the Granite Property will be within an area of proposed taking by the State of Alaska for Right of Way expansion. Such driveway shall be without curb, gutter or similar improvements; it being understood that said access may be temporary or otherwise affected by the proposed expansion plans of the Alaska Department of Transportation and Public Facilities for the Glenn Highway. The City of Palmer agrees to accept said Granite Property subject to the implied grant hereby of licenses and temporary construction easements necessary for Granite to enter upon the Granite Property and complete the improvements required hereby. The approximate location of the driveway is shown on Figure 1.

(b) Granite further agrees to construct water distribution and wastewater collection mains connected to the City of Palmer water and wastewater utilities and extend to the Granite Property as shown on Figure 2 for water; and Figure 3 for wastewater. The City of Palmer standard connection permit charges in effect at the time a connection permit is issued shall apply.

(c) At the time of conveyance, the parcel may not be contaminated or contain environmental hazards or material amounts of petroleum products. Any further disturbed portions of the Granite Property, to include all slopes, will be covered with topsoil and seeded with a perennial grass, with the types and methodology in Granite's sole reasonable discretion, similar to what is existing on the former Church parcel. Granite's duties under this subsection shall survive closing and shall not be merged with the deed.

ARTICLE 8
GENERAL PROVISIONS

8.1 Approvals. Whenever any consent, approval or verification of a party is required for the exchange of properties and granting of easements described herein, such party shall not unreasonably withhold or delay such consent, approval or verification.

8.2 Construction. The captions and paragraph headings used in this Exchange Agreement are inserted for convenience of reference only and are not intended to define, limit or affect the construction or interpretation of any term or provision hereof. This Exchange Agreement shall not be construed as if it had been prepared by only one party, but rather as if both parties had prepared the same.

8.3 Counterparts. This Exchange Agreement or any escrow instructions pursuant to this Exchange Agreement may be executed in multiple copies, each of which shall be deemed an original, but all of which shall constitute one Exchange Agreement after each party has signed such a counterpart.

8.4 Entire Exchange Agreement. This Exchange Agreement, together with all Exhibits attached hereto, constitutes the entire Exchange Agreement between the parties with respect to the conveyance of the Exchange Properties.

8.5 Further Assurances. The parties agree to perform such further acts and to execute and deliver such additional documents and instruments as may be reasonably required in order to carry out the provisions of this Exchange Agreement and the intentions of the parties.

8.6 Governing Law/Venue. This Exchange Agreement shall be governed, interpreted, construed and enforced in accordance with the laws of the State of Alaska

and the City of Palmer. Venue is in the Third Judicial District Palmer Alaska or the U.S. District Court for the District of Alaska.

8.7 Modification Waiver. No modification, waiver, amendment or Discharge of this Exchange Agreement shall be valid unless the same is in writing and signed by both parties.

8.8 No Other Inducement. The making, execution and delivery of this Exchange Agreement by the parties hereto has been induced by no representations, statements, warranties or Exchange Agreements other than those expressed herein.

8.9 Notice. Notice to either party shall be in writing, addressed to the party to be notified at the address specified herein, and either (a) personally delivered, (b) sent by an overnight courier service such as Airborne or Federal Express, (c) sent by first-class mail, registered or certified mail, postage prepaid, return receipt requested, or (d) sent by telecopier. Any such notice shall be deemed received: (a) on the date of receipt if personally delivered; (b) on the date of receipt as evidenced by the receipt provided by an overnight courier service, if sent by such courier; (c) three (3) business days after deposit in the U.S. Mail, if sent by mail; or (d) on the date telecopied.

City Address for Notice:

City Manager
231 W. Evergreen Avenue
Palmer, AK 99645-6952

Granite Address for Notice:

Granite Construction Company
11471 Lang Street
Anchorage, Alaska 99515-3006
Attention: Resource Manager

With copy to:

Granite Construction Incorporated
585 W. Beach Street

P.O. Box 50085
Watsonville, CA 95077-5085
Attention: Group Counsel

8.10 Severability. If any term, provision, covenant or condition of this Exchange Agreement is held to be invalid, void or otherwise unenforceable, to any extent, by any court of competent jurisdiction, the remainder of this Exchange Agreement shall not be affected thereby, and each term, provision, covenant or condition of this Exchange Agreement shall be valid and enforceable to the fullest extent permitted by law.

8.11 Successors. All terms of this Exchange Agreement shall be binding upon, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, legal representatives, successors, and assigns.

8.12 Time. Time is of the essence of each provision of this Exchange Agreement, including without limitation all time deadlines for satisfying conditions and Close of Escrow.

8.13 Effective Date. The Effective Date of this Exchange Agreement shall be the date upon which approval has been granted by the governing boards of both parties, as described in paragraph 7.1 above.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

8.14 Exhibits. The following exhibits and figures are attached to and part of this Exchange Agreement:

Exhibit A	Legal Description City Property
Exhibit B	Legal Description Granite Property
Exhibit C	Form of Grant Deed ( )
Exhibit D	Legal Description of City Property Conveyed to Granite
Exhibit E	Form of Grant Deed
Exhibit F	Legal Description of Granite Property conveyed to City
Figure 1	Driveway for Granite Property
Figure 2	Water Main for Granite Property
Figure 3	Sewer Main for Granite property

IN WITNESS WHEREOF, the parties have entered into this Exchange Agreement as of the date first set forth above.

City of Palmer

By: DeLena Goodwin Johnson,
Mayor

Granite Construction Company

SCOTT D. WOLCOTT

By: Scott D Wolcott
VICE PRESIDENT
5-1-12

Attest:

Janette M. Bower, MMC, City Clerk

EXHIBIT A
LEGAL DESCRIPTION
City Property

That portion of the Southeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (SE¼NE¼SW¼), Section 18, Township 17 North, Range 2 East, lying North of the Glenn Highway and that portion of the Northeast one-quarter of the Southeast one-quarter of the Southwest one-quarter (NE¼SE¼SW¼), Section 18, Township 17 North, Range 2 East, lying North of the Glenn Highway, located in the Palmer Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Beginning at the C-N-S 1/64 corner of Section 18, Township 17 North, Range 2 East, Seward Meridian; thence South 00°05'E a distance of 105.38 feet to a point on the Northerly right of way line of the Glenn Highway; thence South 32°55'48" W along said right of way a distance of 367.78 feet; thence North 89°39'01" W 457.74 feet; thence North 00°05' W 410.60 feet; thence East 659.20 feet to the point of beginning, which also appears of record as:

That portion of the Southeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (SE¼NE¼SW¼), Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska; lying North of the Glenn Highway and that portion of the Northeast one-quarter of the Southeast one-quarter of the Southwest one-quarter (NE¼SE¼SW¼), Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska, lying North of the Glenn Highway, located in the Palmer Recording District, Third Judicial District, State of Alaska,

EXCEPTING THEREFROM the following parcel:

Commencing at the C-N-S 1/64 corner of Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska; thence South 00°05' E a distance of 105.38 feet to a point on the Northerly right of way line of the Glenn Highway; thence South 32°55'48" W along said right of way a distance of 367.78 feet to the point beginning; thence South 32°55'48" W a distance of 380.99 feet; thence along a curve to the right having a radius of 2864.79 feet an arc distance of 414.51 feet; thence North 00°05' W a distance of 653.00 feet; thence South 89°39'01" E a distance of 457.74 feet to the point of

beginning, the basis of bearing is the North-South center section line of Section 18 as shown as North 00°05' W on the GLO Survey Plat, dated May 6, 1937.

EXHIBIT B

LEGAL DESCRIPTION

Granite Property

The Northeast one-quarter of Northeast one-quarter of the Southwest one-quarter (NE¼NE¼SW¼) and all of the Northwest one-quarter of the Southeast one-quarter (NW¼SE¼) lying west of the Alaska Railroad, of Section 18, Township 17 North, Range 2 East, Seward Meridian located in the Palmer Recording District, Third Judicial District, State of Alaska,

EXCEPTING THEREFROM that portion conveyed to the State of Alaska by Warranty Deed recorded April 14, 1967 in Book 65D at Page 121.

EXHIBIT C TO EXCHANGE AGREEMENT

FORM OF DEED
(CITY PROPERTY TO GRANITE)

[Title Company to provide]

MAT-SU TITLE INSURANCE AGENCY, INC.
1981 E Palmer-Wasilla Highway, Suite 100, Wasilla, Alaska 99654
Phone: (907) 376-5294 Fax: (907) 376-1237

MS86660/de

STATUTORY WARRANTY DEED
A.S. 34.15.030

The Grantor(s),

City of Palmer, a Home Rule Municipal Corporation, whose address is:

231 W Evergreen Avenue, Palmer, Alaska 99645,

for and in consideration of Ten Dollars ($10.00), and other good and valuable consideration, in hand paid, the receipt of which is hereby acknowledged, conveys and warrants to the Grantee(s),

Granite Construction Company, a California corporation, whose address is:

585 W. Beach Street, Watsonville, CA 95076

the following described real property:

That portion of the Southeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (SE1/4 NE1/4 SW1/4), Section 18, Township 17 North, Range 2 East, lying North of the Glenn Highway and that portion of the Northeast one-quarter of the Southeast one-quarter of the Southwest one-quarter (NE1/4 SE1/4 SW1/4), Section 18, Township 17 North, Range 2 East, lying North of the Glenn Highway, located in the Palmer Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Beginning at the C-N-S 1/64 corner of Section 18, Township 17 North, Range 2 East, Seward Meridian; thence South 00°05' E a distance of 105.38 feet to a point on the Northerly right of way line of the Glenn Highway; thence South 32°55'48" W along said right of way a distance of 367.78 feet; thence North 89°39'01" W 457.74 feet; thence North 00°05' W 410.60 feet; thence East 659.20 feet to the point of beginning, which also appears of record as:

That portion of the Southeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (SE1/4 NE1/4 SW1/4), Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska, lying North of the Glenn Highway and that portion of the Northeast one-quarter of the Southeast one-quarter of the Southwest one-quarter (NE1/4 SE1/4 SW1/4), Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska, lying North of the Glenn Highway, located in the Palmer Recording District, Third Judicial District, State of Alaska,

EXCEPTING THEREFROM the following parcel:

Commencing at the C-N-S 1/64 corner of Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska; thence South 00°05' E a distance of 105.38 feet to a point on the Northerly right of way line of the Glenn Highway; thence South 32°55'48" W along said right of way a distance of 367.78 feet to the point of beginning; thence South 32°55'48" W a distance of 380.99 feet; thence along a curve to the right of having a radius of 2864.79 feet an arc distance of 414.51 feet; thence North 00°05' W a distance of 653.00 feet; thence South 89°39'01" E a distance of 457.74 feet to the point of beginning, the basis of bearing is the North-South center section line of Section 18 shown as North 00°05' W on the GLO Survey Plat, dated May 6, 1937.

Subject to:

Reservations and exceptions as contained in U.S. Patent recorded March 11, 1921 in Book 9 at Page 242 and

Easement: Granted To: Matanuska Electric Association, Inc. Recorded: April 22, 1969 Book/Page: Misc. 13/52 and

Further subject to reservations and exceptions in U.S. and/or State of Alaska Patents and in Acts authorizing the issuance thereof; easements, right-of-ways, covenants, conditions, reservations, notes on plat, and all other restrictions of record, if any.

Date: ~~July~~ August 1, 2012
Grantor(s):
City of Palmer, a Home Rule Municipal Corporation

by: DeLena Goodwin Johnson
DeLena Goodwin Johnson, Mayor

Attest:
Janette M. Bower, MMC, City Clerk

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

The foregoing instrument was acknowledged before me this 1ST day of ~~July~~ August, 2012, by DeLena Goodwin Johnson, the mayor of the City of Palmer, and Janette M. Bower, MMC, City Clerk, on behalf of the corporation.

Notary Public in and for Alaska
My commission expires:

OFFICIAL SEAL
Donna M. Engel
Notary Public-State of Alaska
My Comm. Expires 07/31/16

Date: July, 18 2012
Grantee(s):
Granite Construction Company, a California corporation

by: Scott D. Wolcott
Scott D. Wolcott, Vice President
Land & Quarry

STATE OF California

County of Sacramento

The foregoing instrument was acknowledged before me this 18th day of July, 2012, by Scott D. Wolcott, Vice President Land & Quarry of Granite Construction Company, on behalf of the corporation.

Sandra R. Smithers
Notary Public in and for California
My commission expires: 2/20/14

SANDRA R. SMITHERS
COMM. # 1877932
NOTARY PUBLIC - CALIFORNIA
SACRAMENTO COUNTY
MY COMM. EXP. FEB. 20, 2014

Return to:
Granite Construction Company

585 W Beach Street
Watsonville, CA 95076

EXHIBIT D TO CITY DEED

LEGAL DESCRIPTION OF CITY PROPERTY CONVEYED TO GRANITE

That portion of the Southeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (SE¼NE¼SW¼), Section 18, Township 17 North, Range 2 East, lying North of the Glenn Highway and that portion of the Northeast one-quarter of the Southeast one-quarter of the Southwest one-quarter (NE¼SE¼SW¼), Section 18, Township 17 North, Range 2 East, lying North of the Glenn Highway, located in the Palmer Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Beginning at the C-N-S 1/64 corner of Section 18, Township 17 North, Range 2 East, Seward Meridian; thence South 00°05'E a distance of 105.38 feet to a point on the Northerly right of way line of the Glenn Highway; thence South 32°55'48" W along said right of way a distance of 367.78 feet; thence North 89°39'01" W 457.74 feet; thence North 00°05' W 410.60 feet; thence East 659.20 feet to the point of beginning, which also appears of record as:

That portion of the Southeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (SE¼NE¼SW¼), Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska; lying North of the Glenn Highway and that portion of the Northeast one-quarter of the Southeast one-quarter of the Southwest one-quarter (NE¼SE¼SW¼), Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska, lying North of the Glenn Highway, located in the Palmer Recording District, Third Judicial District, State of Alaska,

EXCEPTING THEREFROM the following parcel:

Commencing at the C-N-S 1/64 corner of Section 18, Township 17 North, Range 2 East, Seward Meridian, Alaska; thence South 00°05' E a distance of 105.38 feet to a point on the Northerly right of way line of the Glenn Highway; thence South 32°55'48" W along said right of way a distance of 367.78 feet to the point beginning; thence South 32°55'48" W a distance of 380.99 feet; thence along a curve to the right having a radius of 2864.79 feet an arc distance of 414.51 feet; thence North 00°05' W a distance of 653.00 feet; thence South 89°39'01" E a distance of 457.74 feet to the point of

beginning, the basis of bearing is the North-South center section line of Section 18 as shown as North 00°05' W on the GLO Survey Plat, dated May 6, 1937.

EXHIBIT _E__ TO EXCHANGE AGREEMENT

FORM OF DEED GRANITE CONSTRUCTION COMPANY PROPERTY TO CITY

[Title Company to provide]

CC

A L A S K A

20-2-016338-0

Recording Dist: 311 - Palmer
8/2/2012 11:02 AM Pages: 1 of 3

CC - 3 pages

MAT-SU TITLE INSURANCE AGENCY, INC.
1981 E Palmer-Wasilla Highway, Suite 100, Wasilla, Alaska 99654
Phone: (907) 376-5294 Fax: (907) 376-1237

MS90432/de

STATUTORY WARRANTY DEED
A.S. 34.15.030

The Grantor(s),

Granite Construction Company , a California corporation, whose address is:

585 W Beach Street Watsonville, CA 95076

for and in consideration of Ten Dollars ($10.00), and other good and valuable consideration, in hand paid, the receipt of which is hereby acknowledged, conveys and warrants to the Grantee(s),

City of Palmer, a Home Rule Municipal Corporation, whose address is:

645 E. Cope Industrial Way, Palmer, Alaska 99645,

the following described real property:

The Northeast one-quarter of the Northeast one-quarter of the Southwest one-quarter (NE1/4 NE1/4 SW1/4) and all of the Northwest one-quarter of the Southeast one-quarter (NW1/4 SE1/4) lying West of Alaska Railroad of Section 18, Township 17 North, Range 2 East, Seward Meridian, located in the Palmer Recording District, Third Judicial District, State of Alaska, EXCEPTING THEREFROM that portion conveyed to the State of Alaska by Warranty Deed, recorded April 14, 1967 in Book 65D at Page 121.

Subject to:

Reservations and exceptions as contained in U.S. Patent recorded March 11, 1921 in Book 9 at Page 242 and

Reservations and exceptions as contained in U.S. Patent recorded July 11, 1936 in Book 14 at Page 217 and

Easement: Granted To: Matanuska Electric Association, Inc. Recorded: April 22, 1969 Book/Page: Misc. 13/52 and

Further subject to reservations and exceptions in U.S. and/or State of Alaska Patents and in Acts authorizing the issuance thereof; easements, right-of-ways, covenants, conditions, reservations, notes on plat, and all other restrictions of record, if any.

Date: June 26, 2012
Grantor(s):

Granite Construction Company , a California corporation

BY: Scott D Wolcott

Scott D. Wolcott, Vice President
Land & Quarry

STATE OF ~~ALASKA~~ California

THIRD JUDICIAL DISTRICT

The foregoing instrument was acknowledged before me this 18th day of July, 2012, by Scott D Wolcott, Vice President Land & Quarry of Granite Construction Company , a California corporation, on behalf of the company.

Sandra R. Smithers

Notary Public in and for ~~Alaska~~ California
My commission expires: 2/20/14

SANDRA R. SMITHERS
COMM. # 1877932
NOTARY PUBLIC - CALIFORNIA
SACRAMENTO COUNTY
MY COMM. EXP. FEB. 20, 2014

Date: ~~July~~ 8/1, 2012
Grantee(s):

City of Palmer, a Home Rule Municipal Corporation

BY: _____
DeLena Goodwin Johnson, Mayor

Attest:

By: _____
Janette M. Bower, MMC, City Clerk

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

The foregoing instrument was acknowledged before me this 1st August day of ~~July~~, 2012, by DeLena Goodwin Johnson, the Mayor and Janette M. Bower, MMC City Clerk, of the City of Palmer, on behalf of the corporation.

_____
Notary Public in and for Alaska
My commission expires:

OFFICIAL SEAL
Donna M. Engel
Notary Public-State of Alaska
My Comm. Expires 07/31/16

Return to:
City of Palmer, a Home Rule Municipal Corporation

645 E. Cope Industrial Way

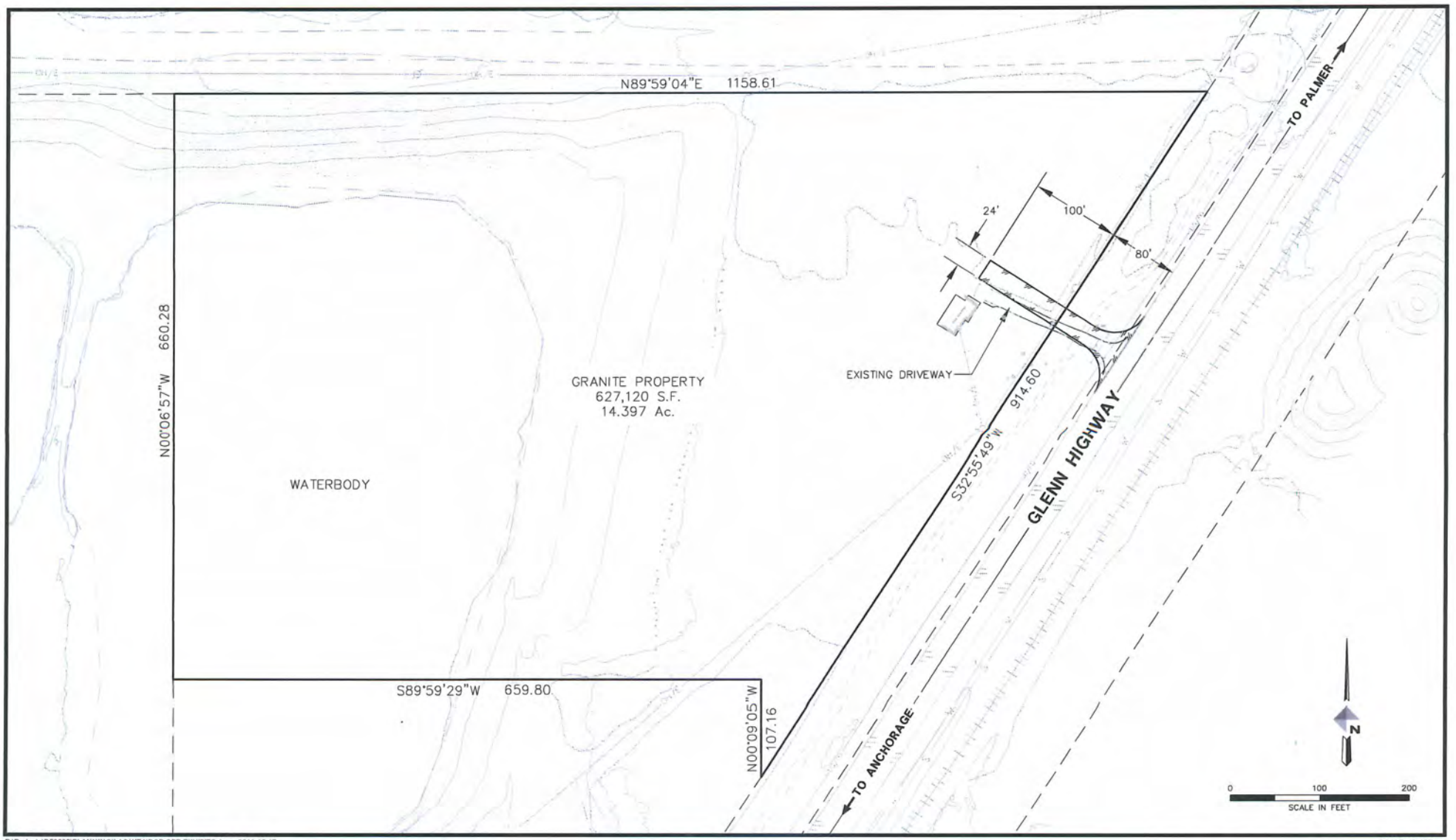
Palmer, Alaska 99645

EXHIBIT _F_ TO DEED

LEGAL DESCRIPTION OF GRANITE PROPERTY CONVEYED TO CITY

The Northeast one-quarter of Northeast one-quarter of the Southwest one-quarter (NE¼NE¼SW¼) and all of the Northwest one-quarter of the Southeast one-quarter (NW¼SE¼) lying west of the Alaska Railroad, of Section 18, Township 17 North, Range 2 East, Seward Meridian located in the Palmer Recording District, Third Judicial District, State of Alaska,

EXCEPTING THEREFROM that portion conveyed to the State of Alaska by Warranty Deed recorded April 14, 1967 in Book 65D at Page 121.



P:\Projects\D59020\PLANNING\LAQUITA\DCP-CPP-EXHIBITS.dwg 2011-10-17

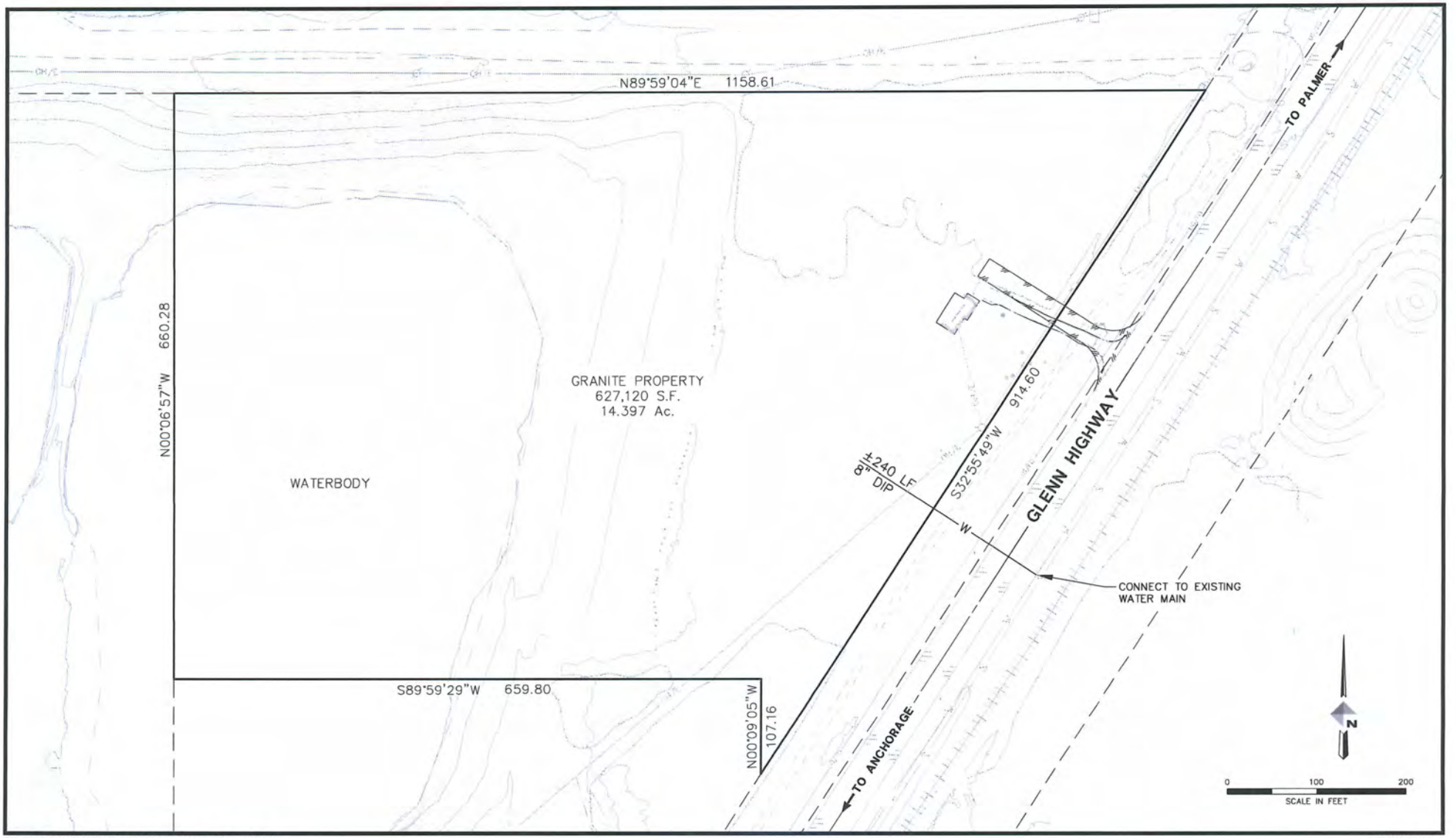
SCALE: 1"=100'

DOWL HKM

DRIVEWAY FOR GRANITE PROPERTY

PALMER, ALASKA

FIGURE 1



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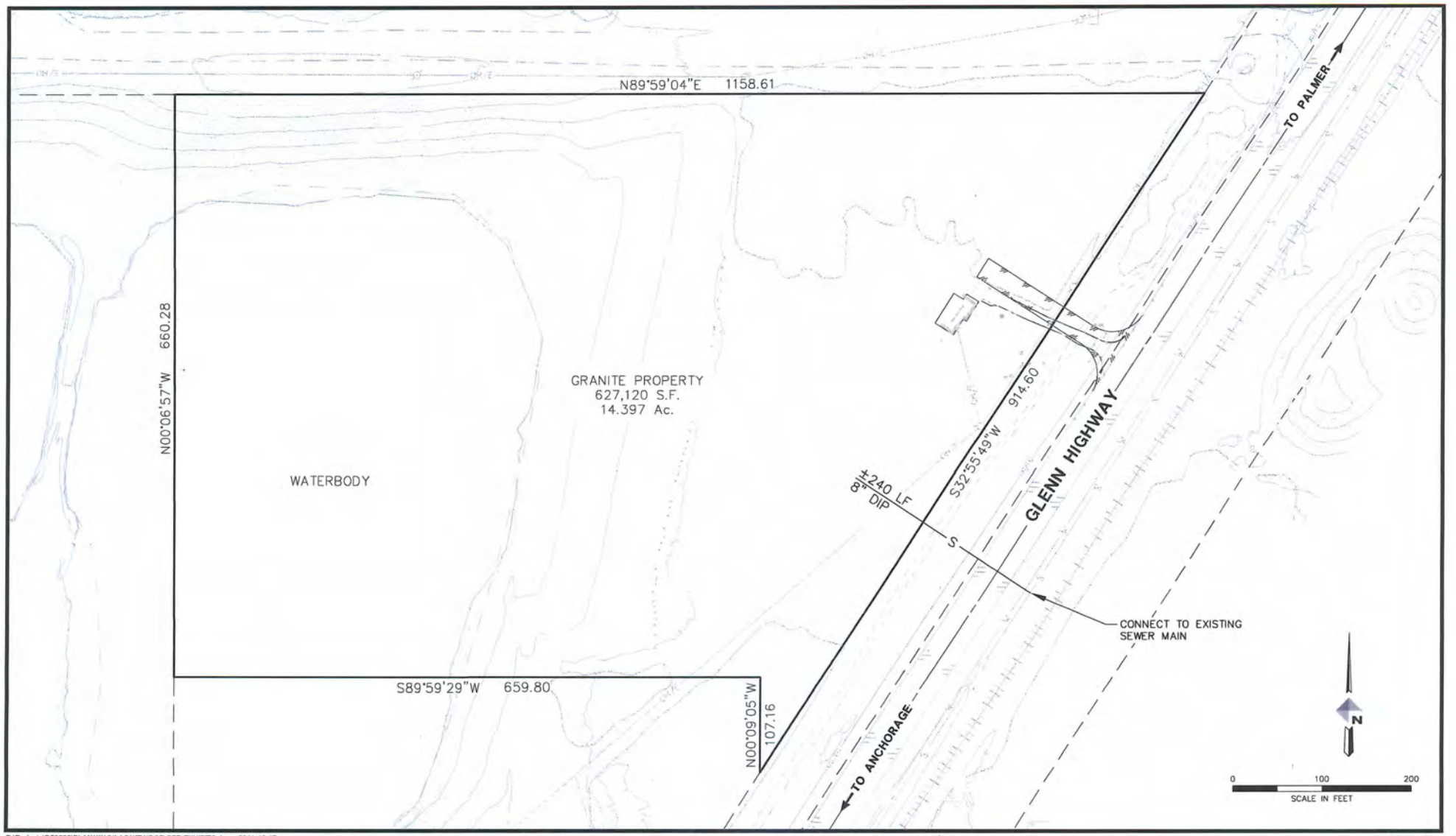
SCALE: 1"=100'

DOWL HKM

WATER MAIN FOR GRANITE PROPERTY

PALMER, ALASKA

FIGURE 2



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SCALE: 1"=100'

DOWL HKM

SEWER MAIN FOR GRANITE PROPERTY

PALMER, ALASKA

FIGURE 3

CITY OF PALMER
INFORMATION MEMORANDUM NO. 12-002
RESOLUTION NO. 12-003

Subject: Resolution No. 12-003: Authorizing the Exchange of a 5.56± Acre Parcel of Land Being a Portion of Section 18, Township 17 North, Range 02 East, Seward Meridian for a 14.39± Acre Parcel Owned by Granite Construction Located in Section 18, Township 17 North, Range 02 East, Seward Meridian in Accordance with Palmer Municipal Code 3.20.080.E

Agenda of: April 10, 2012

Council Action: Adopted

Approved for presentation by:

City Manager Douglas B. Griffin
City Attorney
City Clerk

Certification of Funds:

Total amount of funds listed in legislation: $ 0

This legislation (√):
√ Has no fiscal impact

Creates:
___ A negative fiscal impact in the amount of: $ ___
___ A positive fiscal impact in the amount of: $ ___

___ Funds are budgeted from this (these) line item(s):
➢

___ Funds are not budgeted. Budget modification is required. Affected line item(s):
➢

Unrestricted/undesignated fund balance (after budget modification) $ ___

Director of Finance signature certifying funds: ___

Attachment(s):
- ➢ Resolution No. 12-003
- ➢ Real Estate Exchange Agreement
- ➢ Historical Chronology of Granite Land Exchange
- ➢ Property information and map of 14 acre property Granite proposes to exchange
- ➢ July 11, 2006 Council Special Meeting Agenda, Minutes and Land Exchange Agreement
- ➢ Palmer Municipal Code 3.20 Purchasing

→ Apr

Summary statement: Resolution 12-003 if approved, will finalize the exchange of a 5.56± acre parcel of City owned land for a 14.39± acre parcel currently owned by Granite Construction Company. Following the discussion offer of several options, at their regular July 26, 2011 meeting, Council directed staff to prepare the documents necessary to complete the

exchange of these two parcels.

Background: Wilder Construction Company (now know as Granite Construction Company) first approached the City to discuss a potential land trade in 2005. On July 11, 2006, the Council approved a land exchange with Wilder and in September a Land Exchange Agreement was executed. One of the conditions in the 2006 Land Exchange Agreement required Wilder to subdivide their property before the land exchange could be conveyed. Wilder was not able to complete the Borough's subdivision process before the deadline in the 2006 Agreement.

Granite Construction approached the City with several options to the original land exchange in January 2010 which lead to the City Council's decision on July 26, 2011 to direct the staff to prepare documents to exchange the City's land on the S. Glenn Highway for a 14.39± acre parcel also located parcel on the S. Glenn Highway (MSB Tax I.D. Number 17N02E18D002).

The chronology of the land exchange meeting with Wilder/Granite prepared as background for a Council Special Meeting is attached.

Administration recommendation: Adopt resolution no. 12-003.

Introduced by: City Manager Griffin
Date: April 10, 2012
Action: Adopted
Vote: Unanimous

Yes:	No:
Best	
Erbey	
Vanover	
Combs	
DeVries	
Hanson	
Johnson	

CITY OF PALMER, ALASKA

Resolution No. 12-003

A Resolution of the Palmer City Council Authorizing the Exchange of a 5.56± Acre Parcel of Land Being a Portion of Section 18, Township 17 North, Range 02 East, Seward Meridian for a 14.39± Acre Parcel Owned by Granite Construction Located in Section 18, Township 17 North, Range 02 East, Seward Meridian in Accordance with Palmer Municipal Code 3.20.080.E

WHEREAS, the City of Palmer owns a certain 5.56± acre parcel identified by Matanuska-Susitna Tax Number 17N02E18C009; AND

WHEREAS, Granite Construction owns a certain 14.39± acre parcel identified by Matanuska-Susitna Tax Number 17N02E18D002; and

WHEREAS, on July 26, 2011 the City Council voted to exchange the 5.56± acre parcel of land owned by the City for the 14.39± acre parcel currently owned by Granite Construction; and

WHEREAS, Granite Construction Company has agreed to make certain improvements to the 14.397± acre parcel upon conveyance to the City; and

WHEREAS, Palmer Municipal Code 3.20.080. E. permits the council, after public notice, to approve the conveyance and exchange of a parcel of city property for an equivalent parcel of property owned by another person, subject to such conditions as the council may impose upon the exchange whenever in the judgment of the city council it is advantageous to the City to make the property exchange; and

WHEREAS, THE City Council finds that it is advantageous to the City to exchange its 5.56± acre parcel for Granite's 14.39± acre parcel.

NOW, THEREFORE, BE IT RESOLVED by the Palmer City Council that the City of Palmer authorizes the exchange of a 5.56± acre parcel of land for a 14.39± acre parcel of land with Granite Construction and authorizes the city manager to prepare the documents required to complete this land exchange

Passed and approved by the City Council of the City of Palmer, Alaska this tenth day of April, 2012.

_____
DeLena Goodwin Johnson, Mayor

_____
Janette M. Bower, MMC, City Clerk

Granite Land Exchange **Attachment #1**

Historical Chronology

HISTORICAL CHRONOLOGY

- Wilder Construction (Wilder) works with DOWL Engineers to develop Master Plans for gravel extraction site to help guide mining operations and have useable site upon completion.
- Summer 2005 Trevor Edmondson of Wilder meets with City of Palmer (Palmer) City Manager, Tom Healy, to discuss potential land trade for 5.5 acre Palmer Parcel on Glenn Highway.
- 9/06/05: Formal letter to Tom Healy and City Council proposing land trade.
- 9/27/05: City Council presentation by Wilder. Mayor Combs, "Thanked Central Paving representatives for their presentation and stated that the council would take the proposal under consideration."
- 10/19/15: Palmer letter authorizes Wilder to enter onto Palmer Parcel for exploratory drilling.
- 01/22/06: Black-Smith, Bethard and Carlson (Appraisers) send appraisal scope to Palmer City Manager, Healy.
- 04/19/06: Black-Smith, Bethard and Carlson complete appraisal and it is received by Palmer.
- 07/11/06: City Council meeting action memorandum 06-071 to authorize City Manager to enter into a real estate Exchange and Development Agreement with Wilder (dba Central Paving Products). Motion carried by unanimous voice vote.
- August 2006: Draft Exchange Agreement reviewed by Palmer.
- 09/01/06: Exchange Agreement is executed.
- 09/07/06: Wilder secures a $363,300.00 performance bond to assure the appraised value of the initial 3.04 acres trade parcel, fully served by roads and utilities per the exchange agreement.
- 2006: Exchange parcel expanded to 5.56 acres to match size of Palmer Parcel. The proration of the $1.99 per square foot value to the expanded parcels results in a value of $481,966.00.
- 10/03/06: Wilder makes $152,298.60 royalty payment to City of Palmer, for gravel extracted from their parcel, per agreement.

- 2007/2008: Preliminary grading and engineering plans developed, analyzed, refined for 120 acre parcel, including the proposed trade parcel.
- 01/09/09: Official pre-application meeting with Matanuska-Susitna (Matsu) Borough platting/planning staff to discuss platting of 120 acres to lead to phase one plat creating trade parcel for Palmer (Option #1).
- 2009: Issue of State of Alaska Department of Transportation and Public Facilities (DOT&PF) expansion of Glenn Highway results from pre-application meeting with Matsu Borough. Meet with DOT&PF Project Manager and discuss potential impacts on subject property.
- 2009: Analyze impacts of Glenn Highway expansion on proposed subdivision. Redesign subdivision to recognize potential for future right-of-way take.
- 2009: Meet with DOT&PF Project Manger to discuss potential solutions.
- 11/01/09: Granite Construction Company (purchased Wilder Construction Company) submits formal letter to DOT&PF Project Manger outlining Granite Construction Companies (Granite's) understanding of the highway widening project and additionally, proposes eight key points to be incorporated into a Memorandum of Understanding (MOU) concerning expanded right-of-way.
- 12/11/09: Meet with DOT&PF Project Manager and Ms. Paula Brault of Right-of-Way Section. DOT&PF Project Manager apologizes for effort Granite has put forward as Ms. Brault explains that since the Glenn Highway widening project has not adequately reached a prescribed point in its Environmental Report, that these types of proposals are premature and can not occur.
- 2010: Meet with Palmer City Manager, Bill Allen, and Sandra Garley concerning impacts upon original trade parcel and other possible options, including a portion of the Church property, which Granite now owns.
- 02/16/10: Joint meeting with Palmer Planning and Zoning Commission and Palmer City Council to discuss new trade parcel. Preliminary plat submitted for Church property, soon thereafter.
- 03/25/10: Received platting comments from Matsu Borough staff concerning subdivision of Church property. DOT&PF has indicated interest in a Public Use

Easement (PUE) across the back of the properties to accommodate future access to the north.

- 04/12/10: DOWL/Granite discussions concerning DOT&PF comments on plat.
- 05/10-07/10: Continued efforts to work with DOT&PF on their plat concerns about access across rear property.
- 08/20/10: Meeting with Mr. Lance Wilbur, Southcentral Regional Director for DOT&PF, to discuss staff comments.
- 12/16/10: Presentation and discussion with Garley, Jansen, City Manager.
- 02/22/11: Presentation to Palmer City Council to update them on the status of the project and obtain comments concerning proposed new trade parcel location. Mayor indicates she wants time to get familiar with issue and lot at DOT&PF proposed plans.
- 05/17/11: Palmer City Council meeting to present full range of issues, discuss and answer questions about proposed trade parcel.
- 06/14/11: Palmer City Council work session on land trade. Options are discussed, including new option for the whole Church property, thus eliminating the need for a subdivision and the Matsu Borough's and DOT&PF's ability to exact the PUE along the back of the property. Directed to put together package that compares the options clearly, including appraisals and assessed values.
- 06/17/11: Meet with Garley, Griffin, and City Attorney to exchange information and identify information needed for Palmer City Council.
- 07/26/11: Scheduled Palmer City Council meeting to discuss latest information.

Granite Land Exchange **Attachment #2**

MSB property information sheet and map of 14 acre parcel

Historic information on Trade Property Values

Memo form David Meneses and Tom Cohenour regarding building and 14 acre property

MATANUSKA-SUSITNA BOROUGH

Owner Search | Search |

Real Property Detail for Account: 17N02E18D002

Site Information

17N02E18D002
84393
S17N02E18
TOWNSHIP 17N RANGE 2E SECTION 18
LOT D2

2390 S GLENN HWY

0
None

Tax Digest | Sample Notice | Appealed Notice

Ownership

GRANITE CONSTRUCTION COMP
PO BOX 50085 WATSONVILLE CA 95077-0095

Appraisal Information (Show Building Information)

2011	$365,900.00	$24,100.00	$390,000.00	2011	$365,900.00	$24,100.00	$390,000.00
2010	$365,900.00	$17,100.00	$383,000.00	2010	$365,900.00	$17,100.00	$383,000.00
2009	$365,900.00	$21,050.00	$386,950.00	2009	$365,900.00	$21,050.00	$386,950.00

Assessment

Tax/Billing Information

2011	No	0003	Not Yet Set	Tax Not Yet Set	8/25/2008	WARRANTY DEED (ALL TYPES)
2010	Yes	0003	12.69	$4860.27	6/27/2003	QUITCLAIM DEED (ALL TYPE)
2009	Yes	0003	12.988	$5028.09		

Recorded Documents

Palmer 2008-019455-0
Palmer 2003-017549-0

Tax Account Status †

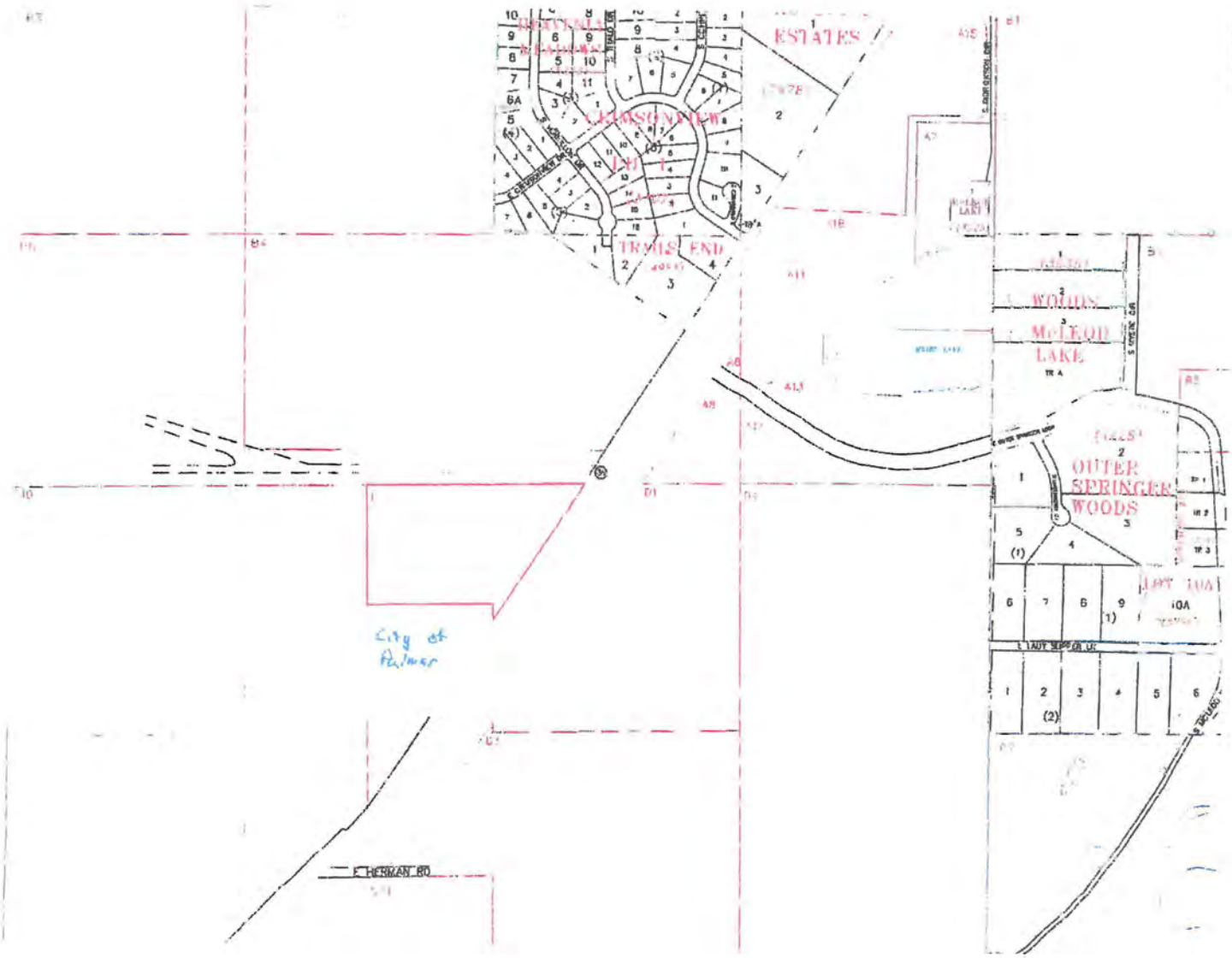
Current	$0.00	$0.00	$0.00	$0.00	$0.00

Land and Miscellaneous

14.00	14.00	Assembly District 002	13-020 Mat-Su Campus	132 Greater Palmer Consol	018 South Colony RSA

Last Updated: 6/1/2011 4:00:45 AM

* Total Assessed is net of exemptions and deferments.
** Payments, interest, penalties, and other charges posted after Last Update Date are not reflected in balances.
† If account is in foreclosure, payment must be in certified funds.


ESTATES
TRAILS END
WOODS
McLEOD
LAKE
OUTER
SPRINGER
WOODS
City of
Palmer
E HERMAN RD

2006 Trade Property Values

Original "Wilder" Parcel

2006 Borough appraisal of the entire 106 acre parcel: $235,200 ($.05/SF)

3.04 trade acres appraised by Black-Smith, Bethard & Carlson in 2006 "based on hypothetical condition that the property is cleared, subdivided and improved with paved access and all utilities as noted in the preliminary development plans, as of the date of value".

Appraisal Value: $363,300 ($1.99/SF)

The final agreement Wilder acreage was expanded to 5.56 acres (242,194 SF)

Expanded appraisal value: $1.99/SF x 242,194 SF= $481,966

City of Palmer Parcel

2006 5.54 acre Borough appraisal: $156,800

Church Parcel

2006 Borough appraisal: $325,400
Granite estimate of driveway and water/sewer mains connection: $180,000

Total Church parcel valuation: $505,400

Subsequent Valuation Information

2008 Granite Construction purchase of Church parcel: $525,000

2010 Statewide Appraisal Services Appraisal Consultation and Market Study for Palmer Master Plan Estimated value ranges were provided "as if the development were existing and complete as depicted on the Master Plan as of July 16, 2010".

The study included the appraisal of the Church property as a 5.5 acre Institutional /Commercial tract. The value range was $598,798 - $718,557 ($2.50 - $3.00/SF)

Steve - Granite

DEPARTMENT OF COMMUNITY DEVELOPMENT

Sandra Garley
Director

David Meneses
Building Inspector

Mail: 231 W. Evergreen Ave.
Location: 645 E. Cope Industrial Way
Palmer, AK 99645-6748
Phone: 907-745-3709
Fax: 907-745-5443
www.cityofpalmer.org

MEMORANDUM

TO: Sandra Garley

FROM: David Meneses

DATE: 6/22/2011

SUBJECT: Building at 2390 S. Glenn Highway

This is to provide information on the structure at the above listed location. The evaluation looked at the current condition of the structure.

The structure is a full concrete basement with a wood frame residential structure above grade.

Foundation: The foundation appears to be poured concrete 8" thick. There were no visible cracks or defect upon inspection.

1st & 2nd Floor: The 1st & 2nd floors are standard wood frame construction. There was no evidence noted that the structure was in failure.

Plumbing: The water piping is CPVC piping. The waste and Vent system is a combination of different pipes. Black Ferris Pipe is used for the gas line system. There would be some repairs need to bring the systems up to code standards.

Electrical: The electrical system in the building would is in need of upgrades to the wiring to meet the current standards. There are many different types of wiring and 2 and 3 prong outlets.

Mechanical: The Heating system is forced air. The furnce appears to be in good condition but should be serviced.

City of Palmer

The opinions shared are based on a visual inspection only. The structure shows no evidence of failure. With some repairs this structure could be used in both residential and office space.

Please let me know if you have any questions.

Sandra Garley

From: Tom Cohenour
Sent: Monday, July 11, 2011 7:40 AM
To: Sandra Garley
Cc: Douglas Griffin; Tom Cohenour
Subject: Granite Land Swap

Sandra,

Steve Connelly, Resource Manager with Granite Construction, and I met at the parcel of land along the north side of Glenn Highway known as the Church property. This parcel of land is approximately 14.39 acres, nearly half of which is under water or land sloping to the water. The land is generally flat and a few feet lower than the Glenn Highway with a wide buffer of trees along the north property line. See attached Preliminary Plat of Granite Lakes Estates Subdivision by DOWL HKM.

Steve and I also visited the 5.56 acre parcel a short distance south of the Church property. This parcel, which is a former gravel pit, has varied elevation contours as can be seen on the attached Existing Contour Map. The land is generally much lower than the highway.

Both the 14.39 acre and 5.56 acre parcel have highway frontage and water frontage. Because approximately half of the 14.39 acre parcel is taken up by water and ground sloping to the water, I would consider both parcels to contain more or less the same useable land area. In my opinion, the 14.39 acre parcel is more attractive for the City to own than the 5.56 acre parcel because of the following:

1. Closer in elevation to the Glenn Highway for ease of traffic ingress & egress.
2. Flat ground with field would be more convenient for immediate City use.
3. House on property which City could rent thereby generating revenue.
4. Good potential for future access road along north property line thereby giving access on two sides.
5. Flat ground less costly to develop than widely varying terrain on former gravel pit parcel.

Attached is a photo showing the approximate boundary of both parcels.

Regards,

Tom

14.39 Acres Granite Lakes Sub..
5.56 Acres (Granite).pdf
Granite Land Swap Parcels.pdf

Thomas E. Cohenour
Director of Public Works
City of Palmer
907-745-3400

14.39 Acres
5.56 Acres

Granite Land Exchange **Attachment #3**

July 11, 2006 Council Agenda and Minutes on prior land exchange

2006 Land Exchange Agreement with Wilder (Granite)

***SPECIAL* CITY COUNCIL MEETING**
6 P.M. TUESDAY, JULY 11, 2006

***REGULAR* CITY COUNCIL MEETING**
7 P.M. TUESDAY, JULY 11, 2006
CITY COUNCIL CHAMBERS
231 W. EVERGREEN AVENUE, PALMER
www.cityofpalmer.org

MAYOR JOHN COMBS
COUNCIL MEMBER KEN ERBEY
COUNCIL MEMBER BRAD HANSON
COUNCIL MEMBER LARRY HILL
COUNCIL MEMBER TONY PIPPEL
COUNCIL MEMBER KATHRINE VANOVER
COUNCIL MEMBER JIM WOOD

CITY MANAGER TOM HEALY
CITY ATTORNEY JACK SNODGRASS
CITY CLERK JANETTE BOWER

"Alaska at its Best!"

SPECIAL MEETING AGENDA
6 P.M.

A. Call to Order

B. Roll Call

C. Pledge of Allegiance

D. Approval of the Agenda

E. Audience Participation

F. New Business
   1. Review and Discussion of the Utility Rate Study (Action may be taken by the Council following the Committee of the Whole)
      a. Committee of the Whole

G. Adjournment

REGULAR MEETING AGENDA
7 P.M.

A. Call to Order

B. Roll Call

C. Pledge of Allegiance

D. Approval of Agenda
   1. Approval of Consent Agenda
      a. Introduction – Ordinance No. 06-016: Amending Palmer Municipal Code Chapter 8.38 (Nuisance – Junk, Litter and Unsightly premises); Specifically to Repeal References to the Clean City Hearing Board and Enacting Language Authorizing Code Violation Citations (IM 06-034)
      b. Action Memorandum 06-073: Authorize Extension of Academy Charter Schools Use of Temporary Structures for the Science Lab and Eight Portable Classrooms for an Additional Three Years

c. Action Memorandum 06-074: Authorize the Advertisement for Bids for the Purchase of Lighting Equipment for the Downtown Street Lighting Projects

2. Minutes of Previous Meetings
   a. June 27, 2006, Special Meeting
   b. June 27, 2006, Regular Meeting

E. Communications and Appearance Requests
1. Sara Jansen – City of Palmer Community Development Coordinator
2. Jeff Barnhart – Palmer Municipal Golf Course

F. Audience Participation

G. Public Hearings
1. **Public Hearing** – Resolution No. 06-001: Establishing Adequate Insurance Requirements for Palmer Municipal Airport Leases (IM 06-003)
2. **Public Hearing** – Resolution No. 06-019: Authorizing the Vacation of a Portion of the Public Right of Way on S. Diomede Street (06-035)
3. **Public Hearing** – Resolution 06-020: Authorizing Approval of a Provisional Certificate of Public Convenience and Necessity for Hill Timber Estates for Public Water Utility Service (IM 06-036)
4. **Public Hearing** – Resolution No. 05-042 (6): Amending the City of Palmer 2006 Fiscal Year Budget (IM 06-037)

H. Bids
1. Action Memorandum 06-075: Award the Bid for the Purchase of a Golf Course Rough Mower and Golf Course Greens Mower and Direct the City Manager to Prepare an Amendment to the 2006 Fiscal Year Budget to Appropriate the Funds not Otherwise Budgeted

I. Action Memoranda
1. Action Memorandum 06-071: Authorize City Manager to Enter Into a Real Estate Exchange and Development Agreement with Wilder Construction Company d/b/a Central Paving Products
2. Action Memorandum 06-072: Authorize City Manager to enter into a Professional Services Agreement with Black-Smith Bethard & Carlson, LLC for Appraisal Services Related to Felton Street
3. Action Memorandum 06-077: Discussion and Possible Action Regarding a Ballot Proposition for the Purpose of Purchasing Property for Public Purposes

J. Unfinished Business
1. Resolution No. 06-017: Confirming the Special Assessment Roll for Street Improvement District 04-1-ST; Known as East & West Eagle Avenue, and Setting the Date of Payment, Providing for Penalties and Interest in the Event of Delinquency (IM 06-031)

H. New Business

I. City Manager's Report

J. City Clerk's Report

K. Mayor's Report

L. Record of Items Placed on the Table

A. CALL TO ORDER

A regular meeting of the Palmer City Council was held on July 11, 2006, at 7 p.m. in the council chambers, Palmer, Alaska.

Mayor Pro-Tempore Pippel called the meeting to order at 7 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Brad Hanson	Jim Wood
Tony Pippel	Ken Erbey
Katherine Vanover	

Also in attendance were the following:

Tom Healy, City Manager
Jack Snodgrass, City Attorney
Dawn Webster, Interim Recording Clerk

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Council Member Wood.

D. APPROVAL OF AGENDA

Council Member Pippel asked for the following modifications to the agenda:

1. Delete Public Hearing Item G.2, Resolution No. 06-019 as this issue has been resolved.
2. Move Action Memorandum 06-074 down to item I.5 under the Consent Agenda.
3. Add Action Memorandum 06-079 as item I.4 under Action Memorandums.

The agenda was approved as amended:

1. Approval of Consent Agenda
   a. Introduction – Ordinance No. 06-016: Amending Palmer Municipal Code Chapter 8.38 (Nuisance – Junk, Litter and Unsightly premises); Specifically to Repeal References to the Clean City Hearing Board and Enacting Language Authorizing Code Violation Citations (IM 06-034)
   b. Action Memorandum 06-073: Authorize Extension of Academy Charter Schools Use of Temporary Structures for the Science Lab and Eight Portable Classrooms for an Additional Three Years
2. Minutes of Previous Meetings – the minutes were approved.
   a. June 27, 2006, Special Meeting
   b. June 27, 2006, Regular Meeting

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Sara Jansen – City of Palmer Community Development Coordinator

Ms. Jansen reported on the following items:

- Staff continues to provide zoning and code information to Palmer residents at the counter;
- Several meetings have been held with the City Manager and ADOT/PF regarding the Palmer/Wasilla Highway improvements;
- The revised Traffic Impact Analysis (TIA), by Lounsbury & Associates for Wal-Mart, has not been submitted to the ADOT/PF for review. Once it is reviewed and approved, David Evans & Associates, traffic engineers, will review it for the city. Following acceptance of the TIA, the city will begin its review of the Large Retail Establishment permit;
- Work continues on the unsightly premises cases, approximately 40 letters have been issued this spring. Tonight's packet contains legislation to revise the Unsightly Premises ordinance;
- Staff continues to work with the Cultural Resources Division at the Borough on design guidelines. Discussion continues with MSB and Eric Knoll regarding application to Congress for a National Heritage area designation;
- The Borough recently began a Regional Airport System Plan; and
- Invited everyone to the unveiling of the Giant Cabbages on Parade this Friday at 12:30 at Friday Fling; and
- Revised parking ordinance will be introduced at the July 25, 2006 meeting.

2. Jeff Barnhart – Palmer Municipal Golf Course

Mr. Barnhart reported on the following items:

- Golf course opened early this year;
- Course is in great shape and business is up, as of yesterday $23,700 for the year;
- Insurance costs have gone down, fuel costs have not;
- Asked for financial help from the city since they can no longer be self-supporting, equipment repair costs exceed funds available.

F. AUDIENCE PARTICIPATION

John Leiner spoke to Action Memorandum 06-071 authorizing the City Manager to enter into a real estate exchange and development agreement with Wilder Construction. He requested that the city not enter into an agreement with Wilder Construction Company until Wilder fixes the water problem that is impacting his land.

Donna Button, of Travel Services, spoke to the issue of sales tax collection by travel agencies. She explained that collection of the tax would be nearly impossible for the travel agencies. She requested that the ordinance be revised to read as the City of Wasilla's reads (ref: WMC 5.15.050 Exemptions #17).

Jill Reese, Palmer Downtown Association (PDA), spoke to Action Memorandum 06-074 regarding street lighting fixtures for downtown. PDA would like to see an overall plan for the lighting before the units are ordered; also would like the city council to see what Bonnie Allen has suggested for the 1930's style of lighting. Would like to have the safety lighting and the decorative lighting all flow together.

David Lundin, HDL Engineering, advised the council of an accidental death today on the Southwest Utility Extension project.

G. PUBLIC HEARINGS

Item 1 – Public Hearing – Resolution No. 06-001: Establishing Adequate Insurance Requirements for Palmer Municipal Airport Leases (IM 06-003)

MOVED BY:	Erby	To adopt Resolution No. 06-001
SECONDED BY:	Vanover	

Mayor Pro-Tempore Pippel opened the public hearing for ordinance no. 06-001. Bob Lutz, D. J. Custom Aircraft, stated he opposes the proposed insurance coverage requirements and the fact that the city wants to open the leases for review when there is no provision to do so.

The City Attorney asked that the motion be postponed until he has had a chance to review each individual lease for appropriate insurance coverage. He will report back to the council in two weeks.

There being no other persons who wished to testify, the public hearing was closed and the matter was brought back before the council.

MOVED BY:	Erby	To postpone discussion until July 25, 2006 when the city attorney will have reviewed the leases.
SECONDED BY:	Vanover	

VOTE ON MOTION: To postpone discussion until July 25, 2006 after the city attorney had reviewed the leases.			
	Yes:		No:
Erbey	Vanover	Wood	
Hanson	Pippel		

Item 2 – Public Hearing – Resolution No. 06-019: Authorizing the Vacation of a Portion of the Public Right of Way on S. Diomede Street (06-035) Withdrawn from Agenda

Item 3 – Public Hearing – Resolution 06-020: Authorizing Approval of a Provisional Certificate of Public Convenience and Necessity for Hill Timber Estates for Public Water Utility Service (IM 06-036)

MOVED BY:	Hanson	To adopt resolution no. 06-020
SECONDED BY:	Erbey	

Mayor Pro-Tempore Pippel opened the public hearing for Resolution No. 06-020. There being no persons who wished to testify, the public hearing was closed and the matter was brought back before the council.

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Wood	
Hanson	Pippel		

Item 4 – Public Hearing – Resolution No. 05-042 (B): Amending the City of Palmer 2006 Fiscal Year Budget (IM 06-037)

MOVED BY:	Hanson	To adopt resolution no. 05-042 (B)
SECONDED BY:	Erby	

Mayor Pro-Tempore Pippel opened the public hearing for Resolution No. 06-016. There being no persons who wished to testify, the public hearing was closed and the matter was brought back before the council.

Finance Director Baugh spoke to an amendment of 2006 the Fiscal Year Budget that was placed on the table. The amendment requested permission to do a budget transfer of two grants received last year for the Museum Object Registration Project and the Map Survey Collection Management over to the Palmer Museum of History and Art.

Primary Amendment #1 to Main Motion		
Moved by:	Hanson	To amend the main motion to include the unspent funds from the 2005 budget into the 2006 budget and transfer to the Palmer Museum of History and Art
Seconded by:	Vanover	

Vote: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Wood	
Hanson	Pippel		

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Wood	
Hanson	Pippel		

H. BIDS

Item 1 – Action Memorandum 06-075: Award the Bid for the Purchase of a Golf Course Rough Mower and Golf Course Greens Mower and Direct the City Manager to Prepare an Amendment to the 2006 Fiscal Year Budget to Appropriate the Funds not Otherwise Budgeted

MOVED BY:	Hanson	To accept the action of action memorandum 06-075
SECONDED BY:	Vanover	

Primary Amendment #1 to Main Motion		
Moved by:	Hanson	To amend the main motion to take the $1,686.32 from the general fund not the golf course funds
Seconded by:	Vanover	

Vote: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Wood	
Hanson	Pippel		

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Wood	
Hanson	Pippel		

I. ACTION MEMORANDA

Item 1 – Action Memorandum 06-071: Authorize City Manager to Enter Into a Real Estate Exchange and Development Agreement with Wilder Construction Company d/b/a Central Paving Products

MOVED BY:	Wood	To accept the action of action memorandum 06-071
SECONDED BY:	Erbey	

Trevor Edmondson, General Manager of Central Paving Products, came forward to answer questions.

Discussion ensued regarding a few minor details that need to be worked out between Wilder Construction Company/Central Paving Products and the city. Attorney Snodgrass will address those issues and expects to have the agreement worked out within the next two weeks.

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Hanson	
Pippel	Wood		

Item 2 – Action Memorandum 06-072: Authorize City Manager to enter into a Professional Services Agreement with Black-Smith Bethard & Carlson, LLC for Appraisal Services Related to Felton Street

MOVED BY:	Wood	To accept the action of action memorandum 06-072
SECONDED BY:	Vanover	

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Hanson	
Pippel	Wood		

Item 3 – Action Memorandum 06-077: Discussion and Possible Action Regarding a Ballot Proposition for the Purpose of Purchasing Property for Public Purposes

Mayor Pro-Tempore Pipple stated that Action Memorandum 06-077 was a discussion issue and requested that the voters be asked to support a bond issue in the amount of $900,000 for the purchase of the twenty-acre Hermon parcel (18N02E33A002). The purchase of additional property for the waste water treatment plant would not be funded under this ballot measure.

The wording for the bond issue would be prepared by Attorney Klinkner.

MOVED BY:	Pippel	Instruct administration to prepare a ballot proposition for the purpose of purchasing property for public purposes in the amount of $900,000 specifically to purchase the Hermon parcel
SECONDED BY:	Vanover	

VOTE ON MAIN MOTION: Motion passed by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Hanson	
Pippel	Wood		

Item 4 - Action Memorandum 06-079: Authorize the Emergency Procurement of a Digital Recording System for the Palmer Communications Center (Item on the table)

MOVED BY:	Vanover	To accept the action of action memorandum 06-079
SECONDED BY:	Hanson	

City Manager Healy stated that he was advised that the digital recording system at the Palmer Communications Center had failed. The system is essential to the function of the center. The request is on an emergency basis for the authorization of the equipment purchase.

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Hanson	
Pippel	Wood		

Item 5 – Action Memorandum 06-074: Authorize the Advertisement for Bids for the Purchase of Lighting Equipment for the Downtown Street Lighting Projects

MOVED BY:	Vanover	To accept the action of action memorandum 06-074
SECONDED BY:	Wood	

Mayor Pro-Tempore Pipple stated that the Palmer Downtown Association would like to retain existing lighting and add the decorative lighting.

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Hanson	
Pippel	Wood		

J. UNFINISHED BUSINESS

Item 1 – Resolution No. 06-017: Confirming the Special Assessment Roll for Street Improvement District 04-1-ST; Known as East & West Eagle Avenue, and Setting the Date of Payment, Providing for Penalties and Interest in the Event of Delinquency (IM 06-031)

MOVED BY:	Hanson	To accept the action of action memorandum 06-071
SECONDED BY:	Erbey	

VOTE ON MAIN MOTION: Motion carried by unanimous voice vote.			
	Yes:		No:
Erbey	Vanover	Hanson	
Pippel	Wood		

K. NEW BUSINESS

L. CITY MANAGER'S REPORT

City Manager Healy reported on the following items:

- The 911 budget was approved
- The sign project at the entrance looks good and the grass is being watered
- He will meet with Joe Lawton on July 12, 2006 regarding the need for a conditional use permit at the fair

- The job as Public Works Director has been offered to Roscoe Barrett who is an instructor at the Job Corp. He had been a waste water operator and a contractor with the State as an inspector. He has accepted the position and will begin work on July 24, 2006.

M. CITY CLERK'S REPORT

Ms. Webster reported that the City Clerk will be returning on July 31, 2006.

N. MAYOR'S REPORT

O. RECORD OF ITEMS PLACED ON THE TABLE

The following items were placed on the table:

- Exhibits A, B and C for the property exchange with Wilder
- Budget amendment items for IM 06-037
- AM No. 06-079 for the emergency purchase of a digital recorder

P. AUDIENCE PARTICIPATION

Q. COUNCIL COMMENTS

Council Member Erbey spoke of the vacant lot at the end of Gulkana and Dahlia where there is a yield sign, city resident would like to see the vegetation trimmed back; and suggested a review of the traffic pattern might be warranted.

Council Member Hansen spoke of stub-outs for water and sewer along Chugach Street. He also stated that there needs to be further discussion and clarification concerning the travel agency sales tax issues.

Mayor Pro-Tempore Pippel spoke to the issue of whether the city council was ever going to issue a smoking ban in the city.

R. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 9:50 p.m.

APPROVED THIS 25th day of July, 2006.

_____
Tony Pippel, Mayor Pro-Tempore

_____
Dawn U. Webster, Interim Recording Clerk

Granite Land Exchange Attachment #4

Fully executed Real Estate Exchange and Development Agreement of September 2006

REAL ESTATE EXCHANGE AND DEVELOPMENT AGREEMENT

THIS REAL ESTATE EXCHANGE AND DEVELOPMENT AGREEMENT (the "Agreement"), is made effective as of the 1st day of September 2006, by and between Wilder Construction Company, a Washington corporation, through its Alaska Division, d/b/a Central Paving Products, with an address of 11301 Lang Street, Anchorage, Alaska 99515-3006 ("Wilder"), and the City of Palmer, a political subdivision of the State of Alaska, with an address of 231 West Evergreen Avenue, Palmer, Alaska 99645-6952.

RECITALS

WHEREAS, Wilder is the owner of a 107 acre tract of real estate in the Matanuska-Susitna Valley near the City of Palmer and abutting the Glenn Highway and upon which Wilder is currently operating a dredge for mining and removal of sand and gravel material ("Wilder Tract"), which tract is legally described as:

> Township 17 N, R2E, Section 18, Lot C10, Seward Meridian, Palmer Recording District, Third Judicial District, State of Alaska; and

WHEREAS, Wilder is nearing the exhaustion of mineable material on its property after which it proposes to develop the property for residential and commercial use; and

WHEREAS, the City of Palmer owns a parcel of land containing approximately 5.56± acres (242,194± square feet) of unimproved vacant land located near Mile 38.5 of the Glenn Highway, being a portion of Section 18, Township 17 North, Range 2 East, Seward Meridian ("Palmer Parcel"), which parcel borders Wilder's above described real property; and

WHEREAS, Wilder is interested in subdividing its 107 acre tract and conveying an approximate 5.56 acre (242,194± square feet) portion thereof ("Wilder Parcel") to the City of Palmer in exchange for the adjacent 5.56 acre Palmer Parcel; and

WHEREAS, the City of Palmer is interested in obtaining the proposed Wilder Parcel after it is partially improved by Wilder to a state suitable for development.

THE PARTIES AGREE AS FOLLOWS:

I. Performance By Wilder

A. Wilder Tract Subdivision and Conveyance of 242,194 Square Feet Parcel. Wilder agrees to pursue the replat and legal subdivision of the Wilder Tract with the Matanuska-Susitna Borough to result in the creation of the Wilder Parcel to be conveyed to the City of Palmer with boundaries extending from the Glenn Highway to fifty feet back from the shore (as established by Wilder's final grading) of the lake on the Wilder Tract, which parcel shall consist of approximately 242,194 square feet with Glenn Highway frontage. The final replat will be deferred until the completion of dredging/mining by Wilder

of this portion of the Wilder Tract, affecting the boundary of the contemplated Wilder Parcel along the existing lake. A depiction of the approximate boundaries and location of the proposed Wilder Parcel to be so platted and conveyed is shown as a blue shaded area marked "CPP" on the attached Exhibit A.

B. Improvements by Wilder. Prior to the conveyance of the proposed Wilder Parcel to the City of Palmer by Wilder, Wilder agrees to make the following improvements to said parcel:

1. Wilder agrees to construct along the south-western boundary of the Wilder Parcel a paved roadway built to City of Palmer commercial road standards (40-foot paved width, curb and gutter and sidewalks, extending from the Glenn Highway to the approximate lake boundary or trail right of way. Such roadway shall be within an 80 feet wide public use right of way easement within the adjacent realty retained by Wilder. It is contemplated by the parties that this roadway will provide the primary access from the Glenn Highway to the proposed Wilder Parcel to be conveyed to the City of Palmer and also to the adjacent realty retained by Wilder. Wilder further agrees to construct another paved roadway built to City of Palmer residential road standards (24-foot paved width, curb and gutter, with a sidewalk on one side) within a 60 feet public use right of way easement reserved across the Wilder Parcel to link with similar roads to be constructed upon Wilder's retained adjacent realty. The City of Palmer agrees to accept said parcel with the appropriate right of way easement reservations allowing the construction of the proposed roads upon the parcel to connect with the adjoining Wilder real estate, provided that the area of the 60-foot right of way easement is excluded from the calculation of the total area of the Wilder Parcel that Wilder will convey to the City of Palmer. The approximate locations of the proposed road right of way easements are shown on the attached Exhibit A.

2. The design standards and guidelines for the improvements to be constructed by Wilder are indicated on the attached Exhibit C.

3. Section IV A. notwithstanding, Wilder shall convey the Wilder Parcel to the City of Palmer in a condition that it may be reasonably developed. Examples of Wilder's duties here include the following, the parcel may not be left lower in elevation than the parcels retained by Wilder; it may not be "elevated" by fill materials; and footers, foundations and underground utilities must be installable without undue concern for a relatively high water table. Also, the parcel may not be contaminated or contain environmental hazards or material amounts of petroleum products. The slopes on the Wilder Parcel from the property line with the Glenn Highway will be 2:1, and the slope of the rest of the Wilder parcel will be between one-percent and four-percent as directed by the City. The Wilder Parcel, to include

all slopes, will be covered with topsoil three inches in depth and seeded with a perennial grass similar to that on the Church parcel adjacent to and north of the Palmer Parcel. In addition, no slope shall be steeper than 4:1 within five feet outside of the northwest (lake side) property line of the Wilder Parcel. Wilder provides a preliminary site and grading plan of the Wilder Parcel showing the elevations of the Wilder Parcel and adjacent property in the attached Exhibit B. Wilder also provides a plan for the final grade of the slope of the submerged lands northwesterly of the Wilder Parcel, such slope to be graded no steeper than a 1.5:1 slope to provide sufficient slope stability to prevent subsidence or collapse of upland areas, as shown on the attached Exhibit B. Subject to the above, Wilder agrees to conform to the grading plan for submerged land as shown in the attached Exhibit B. Wilder's duties under this subsection shall survive closing and shall not be merged with the deed.

4. Wilder further agrees to construct water distribution and wastewater collection mains connected to the City of Palmer water and wastewater utilities and extended to be adjacent and accessible to the Wilder Parcel as shown on Exhibit A.

C. Conveyance of 242,194 Sq. Ft. Parcel. Wilder agrees to convey its above described 242,194 square foot parcel to the City of Palmer contemporaneously with the conveyance to Wilder of the 242,199 square foot Palmer parcel by the City of Palmer after the necessary replat of the Wilder Tract to allow the legal conveyance of the Wilder Parcel. The boundary of the Wilder Parcel to be conveyed to the City of Palmer shall recognize that the 60-foot right of way easement area is not included in the property exchange calculation; that is, the land area conveyed to the City of Palmer is 242,194 square feet exclusive of the area of the 60-foot right of way easement.

D. Wilder agrees to comply with all applicable laws.

II. Performance by City of Palmer.

A. Conveyance of Palmer Parcel. The City of Palmer agrees to convey its above described adjacent parcel to Wilder contemporaneously with the conveyance to the City of Palmer of the approximate 242,194 square feet partially improved Wilder Parcel to the City of Palmer after completion of certain mining activity by Wilder and the necessary replat of the Wilder Tract to allow the legal conveyance of the Wilder Parcel. The City does not warrant the size of its parcel; and the size of the Palmer Parcel is not a matter material to this Agreement.

B. Acceptance of Wilder Parcel and Improvements. The City of Palmer agrees to accept the proposed Wilder parcel subject to the road right of way easement for public use benefiting the proposed Palmer parcel as well as the retained parcels adjoining said parcel.

C. Advance Possession By Wilder of Palmer Parcel.

1. The City of Palmer further agrees to allow Wilder possession of the Palmer Parcel in advance of its conveyance to Wilder for the limited purpose of Wilder's mining and extraction of sand and gravel from said parcel consistent with Wilder's mining plan for Wilder's Tract, including that portion to be conveyed to the City of Palmer. Wilder represents and the City acknowledges that Wilder prefers to extract mineable gravel and sand material from the Palmer Parcel prior to completion of improvements to be constructed by Wilder on the proposed Wilder Parcel to be conveyed to the City of Palmer to facilitate the removal of the dredge and related mining equipment in the most practicable manner.

2. Wilder agrees that it shall defend, hold harmless and indemnify the City of Palmer against all claims, actions, or demands for personal injury or property damage arising from Wilder's use of the Palmer Parcel in advance of the conveyance of said parcel to Wilder. In addition, Wilder shall constantly carry liability insurance in the amount of $1 million with a carrier Best Rated at least A +13 regarding such use, and the policy shall name the City of Palmer as an additional named insured and may not be subject to cancellation without 30 days prior written notice to the City of Palmer. Wilder shall provide the City with proof of such coverage annually and also promptly upon the City's request from time to time.

3. Prior to commencement of mining activity upon the Palmer Parcel by Wilder, Wilder shall prepay to the City of Palmer a royalty of $0.60 per cubic yard of sand and gravel to be removed from the Palmer Parcel, calculated as follows: The sand and gravel subject to the royalty shall be all that sand and gravel on the Palmer Parcel lying above a horizontal elevation that is fourteen feet above the water table elevation (lake surface elevation). Wilder may choose to excavate to a lower elevation, but the royalty to be paid to the City shall apply only to that quantity of sand and gravel reserves estimated to lie within the area described in this subsection. Wilder shall provide a topographic survey of the Palmer Parcel performed by a licensed surveyor or engineer, and shall provide a calculation prepared by a licensed surveyor or engineer of the total volume of sand and gravel reserves available for removal within the area upon which the royalty is to be paid. If the City of Palmer chooses to dispute or question such calculation, it may obtain a similarly calculated survey from a licensed surveyor or engineer at its expense. If the two licensed professional surveyors or engineers cannot thereafter agree on a single estimated quantity of such reserves, then said professionals shall jointly select a third qualified professional to resolve the issue at the expense of both parties to this agreement. The royalty to be paid by Wilder will be the greater of a) the royalty sum calculated at $0.60 per cubic yard on the quantity of sand and gravel reserves determined in this subsection, or b) $127,500, representing a minimum royalty guaranteed by Wilder

hereunder. The royalty shall be paid by Wilder prior to its commencement of any mining activity and no later than the earlier of a) the mutual conveyances of the Palmer and Wilder Parcels to the parties, or b) December 31, 2009.

D. Sewer and Water Connections Benefiting Wilder's Retained Realty. The City of Palmer further agrees that it shall grant connection permits to Wilder for Wilder service or main line extension connections (contemplated to be three in number) with the City of Palmer owned water and sewer mains to benefit Wilder's retained realty on each side of the proposed Wilder Parcel to be conveyed to the City of Palmer upon the normal terms and conditions of the Palmer Southwest Utility Extension utility area in effect at the time of application. The City of Palmer's standard connection permit charges in effect at the time a connection permit is issued shall apply (presently the sewer permit fee is $300 per connection and the water permit fee it $375 per connection). The parties acknowledge that the City of Palmer has laid water and sewer mains adjacent to the Wilder Tract along the Glenn Highway. The parties contemplate that Wilder will require two 12" and one 8" sewer connection and two 12" and one 8" water connection.

III. Timing of Performance. The parties agree to pursue their respective performances in accordance with the following time line, time being of the essence of this Agreement:

A. Upon the prepayment of its royalty obligation under II. C. 3 of this agreement, Wilder will be granted immediate access to the Palmer Parcel in advance of its conveyance to Wilder for the limited purpose of mining with dredge or other equipment and the removal of sand and gravel material, and incidental use for storage of overburden by Wilder.

B. Wilder agrees to diligently pursue the mining of the Palmer Parcel and the portion of the Wilder Tract existing on the North side of the Glenn Highway by December 31, 2008.

C. Wilder will proceed with the legal subdivision and replat of its Tract sufficient to identify and convey the proposed Wilder Parcel, consisting of 242,194 square feet to the City of Palmer no later than December 31, 2009. The parties contemplate preparation of a proposed plat as soon as the boundaries can be ascertained at the conclusion of the mining by December 31, 2008.

D. By September 1, 2009, Wilder contemplates completion of the construction of paved roadways and related improvements, the water and sewer main extensions, and the grading and improvements to or benefiting the proposed Wilder Parcel to be conveyed to the City of Palmer.

IV. Condition of Property.

A. Inspection of Improvements and Condition of Land. The parties agree that each party shall be granted access at all reasonable times to inspect the properties and improvements constructed thereon for acceptance of their condition prior to the mutual conveyances of the parcels. Other than Wilder's obligation to perform certain improvements for the City of Palmer, and Wilder's obligation to provide a stable slope in accordance with generally accepted engineering standards for surface and submerged land adjacent to the Wilder Parcel, and the City of Palmer's grant to Wilder of advance possession for mining prior to its ownership of the Palmer Parcel, neither party makes any representations or warranties regarding condition of the respective parcels of real estate to be exchanged. It is understood that each party herein otherwise assumes risk of the underlying conditions of the real estate and their suitability for the intended purposes contemplated by the respective parties. The City of Palmer makes no warranty regarding the suitability of its parcel for Wilder's purpose, and Wilder makes no warranty regarding the suitability of its parcel to be traded to the City of Palmer for the City of Palmer's purpose other than the agreement to complete the improvements as provided herein. The above disclaimers notwithstanding, each party represents that it has no information that would lead it to suspect that its parcel is not fit for the purposes intended by the other party.

B. Notification of Completion of Improvements. Following the completion of the improvements on or adjacent to the parcel to be conveyed to the City of Palmer by Wilder, Wilder shall give written notice to the City of Palmer advising it of its completion. The City of Palmer will then have an opportunity to inspect the improvements for consistency with the obligations of Wilder hereunder. If the City of Palmer finds the improvements satisfactory, then the City of Palmer shall notify Wilder in writing so that a mutual escrow can be established at McKinley Title and Trust, Inc. for the exchange and recordation of conveyance documents to the respective parcels. If the City of Palmer has any objection to the improvements or condition of the Wilder Parcel, it shall give written notice to Wilder within 30 days of the notice of completion from Wilder. The objection shall be of sufficient specificity to allow Wilder to act upon it by promptly curing or otherwise removing the objectionable condition or notifying the City of Palmer within 10 days thereafter of Wilder's disagreement with such objection. In that event, the parties shall attempt to mediate or otherwise resolve the dispute by any means available, including legal action as a last resort.

C. Condition of Wilder Parcel. Wilder shall leave the Wilder Parcel in a condition that is may be reasonably developed. For example, the parcel may not be left lower in elevation than the parcels retained by Wilder; it may not be "elevated" by fill materials; and footers, foundations and underground utilities must be installable without undue concern for a relatively high water table. Also, the parcel may not be contaminated or contain any environmental hazards or material amounts of petroleum products when Wilder conveys the parcel to the City of Palmer. Wilder's duties under this subsection shall survive closing and not be merged with deed.

V. Title. The parties agree that the conveyances shall be handled by statutory form warranty deeds conveying fee simple title subject only to permitted exceptions and free of all deeds of trust or liens. The parties acknowledge that rights, reservations, restrictions, including oil and gas contained in or reserved in Federal patents and state deeds, reservations for rights of way or public use set forth in this agreement, restrictions to access to the Glenn Highway, reservation of section line easements, and recorded access easements, rights of way, electric, communications, or other utility easements are permissible title conditions for the respective conveyances contemplated herein.

VI. Title Insurance Policy. At closing there shall be issued to each party a standard coverage owner's policy of title insurance dated as of the date of closing and insuring the respective grantee in a dollar amount of approximately $363,300[1] against loss or damage by reason of any defect in grantee's title to the property, subject only to permitted exceptions and title exceptions waived or approved by the grantee pursuant to the terms of this agreement. Each party shall bear its own respective costs of its title policy.

VII. Closing.

A. Closing Date. The parties agree that this transaction will close through the mutual conveyances of record no later than December 31, 2009.

B. Closing Instruments. At closing each grantor will deliver or cause to be delivered to the escrow agent duly executed and acknowledged statutory warranty deed conveying to the grantee fee simple title to the property as provided herein. All real property taxes and assessments will be prorated as of the Closing Date and paid current as of said date.

C. Closing Costs. Escrow fees and other related closing costs shall be divided equally between the parties. There are no brokers or real estate sales agents involved with this transaction and no commission is to be paid. Wilder agrees to pay all costs required for resubdivision of its parcel and any required survey of the parcel to be conveyed to the City of Palmer. The City of Palmer upon request of Wilder, agrees to furnish Wilder a current survey of the boundaries of its parcel to be conveyed to Wilder.

VIII. Bond by Wilder. Wilder agrees to provide the City of Palmer a performance bond in the amount of $363,300 to guarantee its duties under this Agreement and to secure the City of Palmer regarding the value of property taken by Wilder due to Wilder's advance possession and use of the Palmer Parcel and replat of its Tract for conveyance of the proposed Wilder Parcel to the City of Palmer. Wilder further agrees herein to appoint the City of Palmer its attorney-in-fact for purposes of

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1 Appraisal dated April 19, 2006 by Black-Smith, Bethard & Carlson, LLC and additional square footage to proposed Wilder Parcel to be conveyed to City of Palmer.

completing the subdivision necessary to accomplish a replat sufficient to create a legally conveyable parcel of 242,194 square feet as depicted in Exhibit A hereto in the event of Wilder's default in the completion of said subdivision.

IX. Default.

A. Specific Performance. The parties agree that if either party shall default hereunder, the other shall be entitled at its option to specifically enforce the terms of this Agreement in the Alaska Superior Court, Third Judicial District, the parties agreeing that the real property to be exchanged hereunder is unique with specific value to the party to be benefited thereby and that a remedy at law may be otherwise considered inadequate, provided, however, the non-defaulting party retains its right to all other remedies at law or in equity.

B. Failure of Replat. The parties agree that Wilder shall not be in default if it diligently pursues performance hereunder consistent with the time lines set forth herein in accordance with Matanuska-Susitna Borough subdivision and platting standards, and through no fault of its own, a subdivision plat sufficient to allow the conveyance to occur is not approved by governmental authority within a reasonable time due to circumstances beyond Wilder's control. In that event, the parties agree that the parties shall be relieved of their respective obligations hereunder, with the exception that Wilder agrees in that event to pay the City of Palmer the royalty under the terms set out in subsection II. C. 3., above, for the removal of sand and gravel from the City of Palmer parcel, including any sand and gravel removed below the excavation depth described in subsection II.C.3, above, and to also pay the City of Palmer the difference between the value of the Palmer Parcel established by appraisal in 2006 ($363,300) and the value of the Palmer Parcel established by appraisal at the time Wilder is relieved of its obligation; and to grade level or to slope (no greater than 2:1) any land above the lake level; and to place topsoil and seeding on all areas above the lake level.

X. Possession. Each party shall have full and unrestricted possession of its respective parcel as of the date of the mutual conveyances following closing of the exchange transaction. Wilder shall have advance possession limited to the mining and extraction of sand and gravel materials from the Palmer Parcel as set forth herein.

XI. Successors. All terms, conditions and covenants of this Agreement shall extend to and be binding upon the respective heirs, administrators, executors, successors, subtenants, sublessees, and assigns of the parties hereto. However, nothing herein shall be construed to permit the assignment of this Agreement by either party, except that Wilder shall be free to assign its interests under this Agreement only to a major shareholder of Wilder or to another entity or entity to be created which is owned or controlled by Wilder or by a majority shareholder of Wilder, at which

time said successor assignee shall assume all obligations and any residual rights of Wilder to this Agreement but Wilder shall remain liable to the City of Palmer.

XII. Warranties of Title and Authority. Each party hereto represents and warrants that it is the fee simple owner of the property contemplated by this Agreement to be exchanged by it hereunder with rights to all sand and gravel materials therein. Each party further warrants that as of the date of signing of this Agreement it has taken all steps and obtained all necessary approvals by its Board of Directors or governmental council required for the approval of this Agreement.

XIII. Governing Law. This Agreement shall be governed by the laws of the State of Alaska and any litigation to enforce this Agreement shall be brought in the Superior Court for the State of Alaska, Third Judicial District. Venue shall be in Palmer, Alaska, only.

XIV. Attorney Fees. Should any litigation arise involving the interpretation or enforcement of this Agreement, the prevailing party shall be entitled to recover full reasonable attorney fees and costs.

XV. Notice. Any notice by one party to the other under the terms of this Agreement shall be served in person or by mail, postage prepaid, addressed to the parties to receive such notice at the address provided herein:

Wilder Construction Company
Attn: Trevor Edmondson, General Manager
Central Paving Products
11301 Lang Street
Anchorage, Alaska 99515-3006

City of Palmer
Attn:Tom Healy, City Manager
231 West Evergreen Avenue
Palmer, Alaska 99645-6952

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates set forth below.

WILDER CONSTRUCTION COMPANY,
a Washington Corporation
d/b/a Central Paving Products

DATED: 9/1/06

By _____
TREVOR EDMONDSON

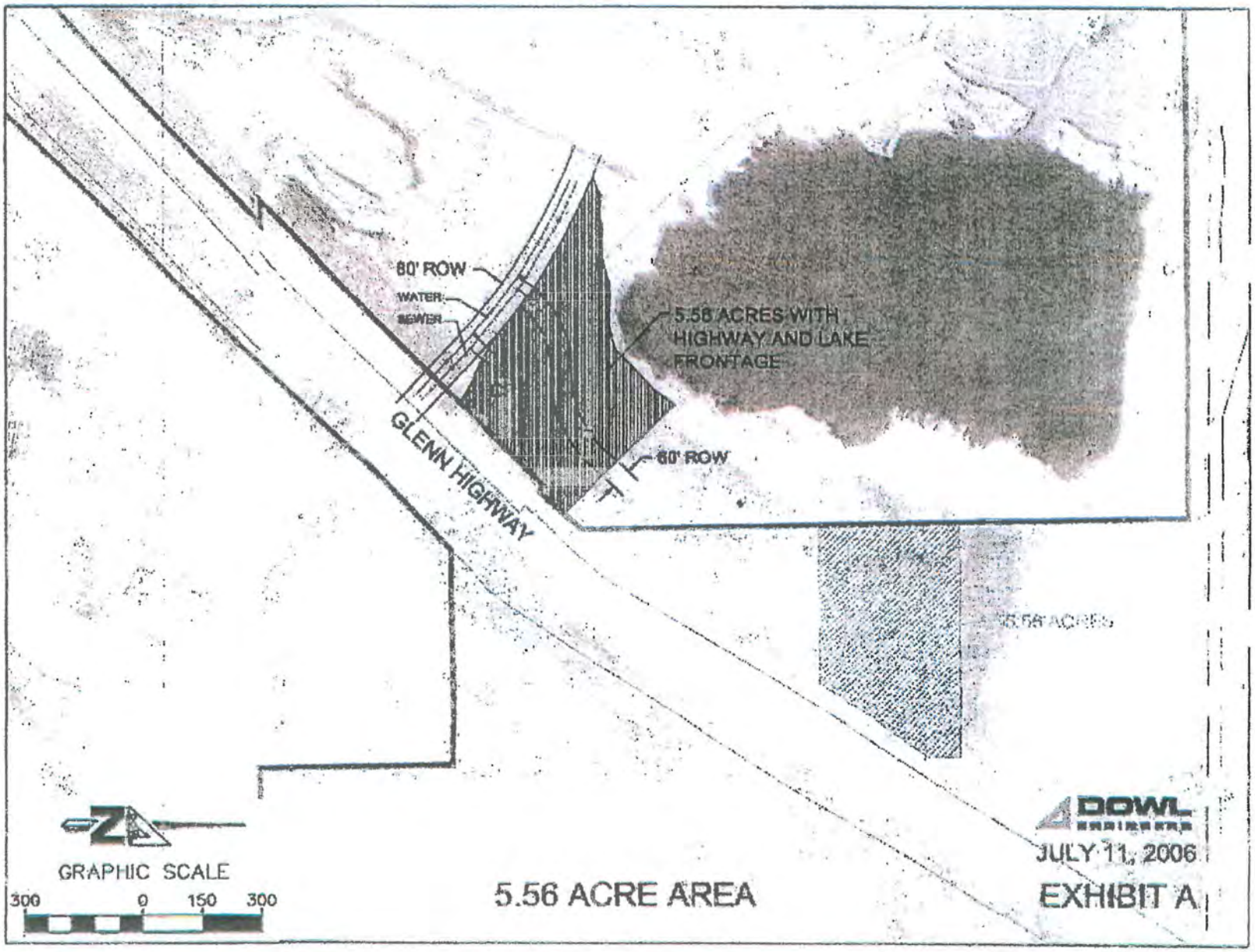
Its GENERAL MANAGER
CENTRAL PAVING PRODUCTS

CITY OF PALMER

DATED: 9/7/06

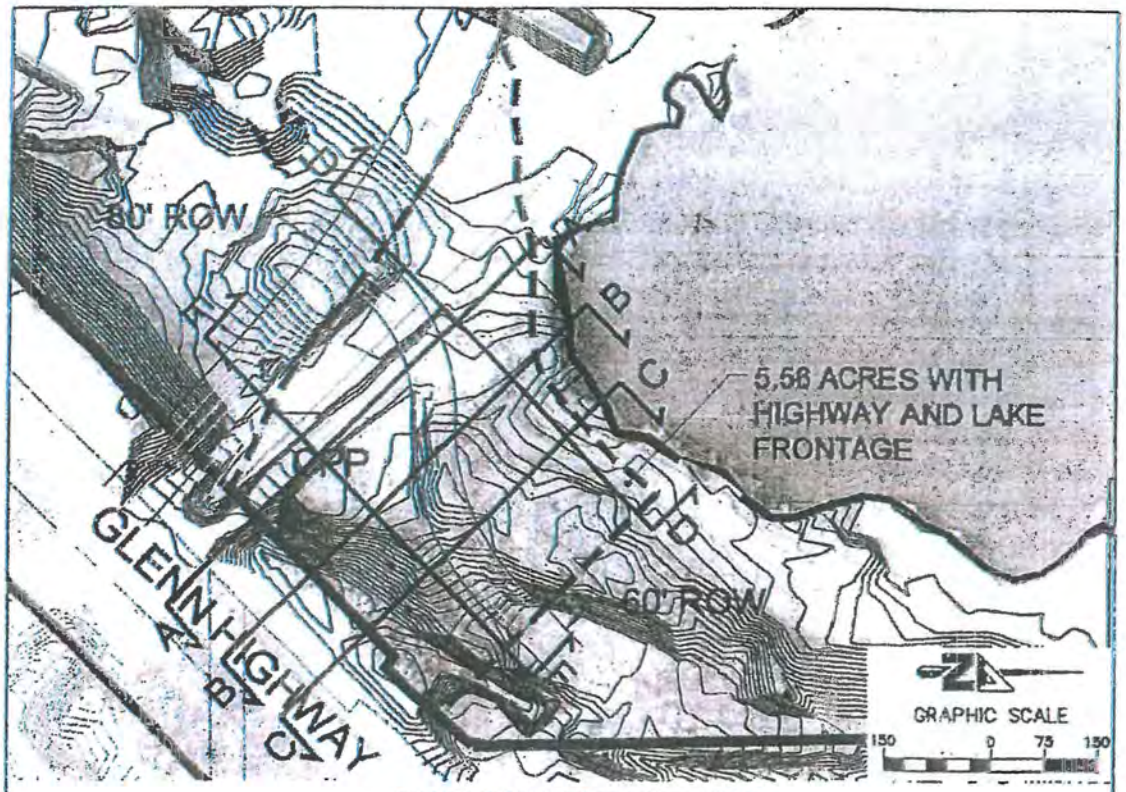
By _____

Its CITY MANAGER



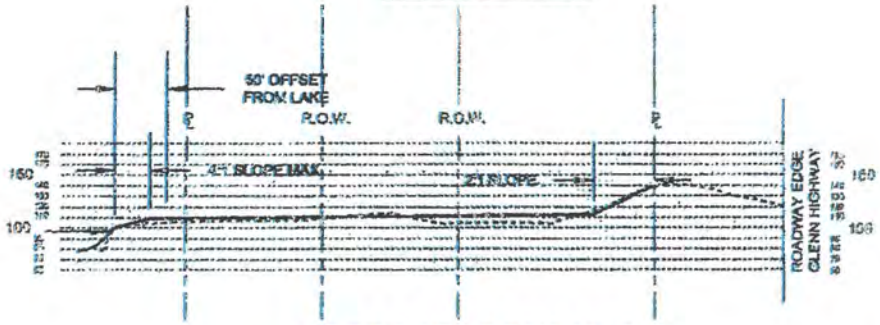
5.56 ACRE AREA

EXHIBIT A



EXISTING CONTOUR MAP

PROPOSED SECTION A-A



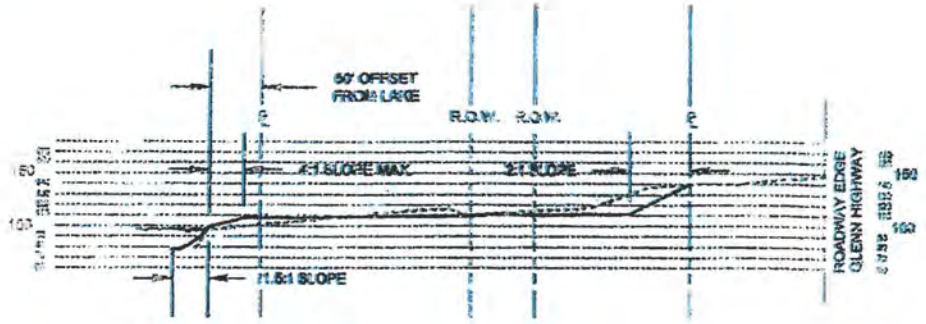
PROPOSED SECTION B-B

CONTOUR INFORMATION

DOWL

AUGUST 17, 2006

EXHIBIT B-1



PROPOSED SECTION C-C

PROPOSED SECTION D-D

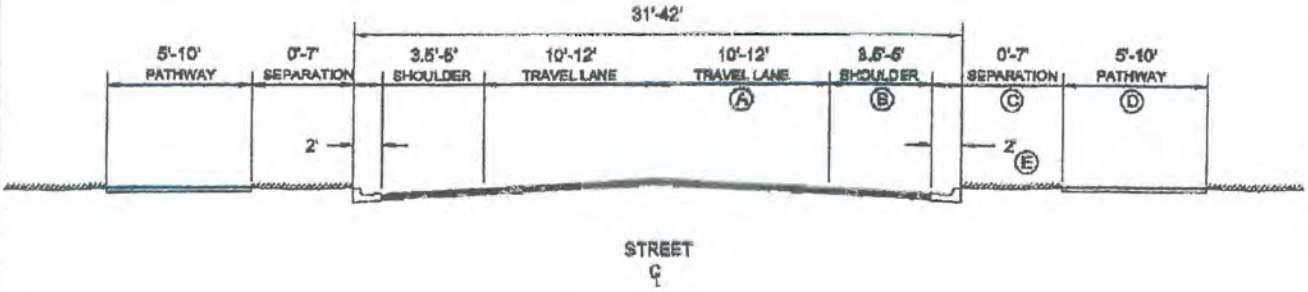
PROPOSED SECTION E-E

DOWL

AUGUST 17, 2006

CONTOUR INFORMATION

EXHIBIT B-2



DOWL ENGINEERS

NOT TO SCALE

TYPICAL COLLECTOR
STREET SECTION

JUNE 20, 2006

EXHIBIT D

Bond No. 104784128

KNOW ALL BY THESE PRESENTS, That we Wilder Construction Company

as Principal, and the

Travelers Casualty and Surety Company of America as Surety, are held and firmly bound

unto City of Palmer

in the just and full sum of THREE HUNDRED SIXTY-THREE THOUSAND THREE HUNDRED AND NO/100THS

$363,300.00) Dollars, for which sum, well and truly to be paid, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Sealed with our seals, and dated this 7th day of September, 2006

THE CONDITION OF THIS OBLIGATION IS SUCH, that, whereas, the Principal has agreed to the completion of

Construction of roadways, water distribution & wastewater collection mains and real estate exchange for "Wilder Tract" per Real Estate Exchange and Development Agreement dated September 1, 2006

NOW, THEREFORE, If the said Principal shall well and truly construct said improvements during the term thereof or any extension of said term that may be granted by Obligee with or without notice to the surety, then this obligation to be void; otherwise, to remain in full force and effect.

Wilder Construction Company
(Principal)

Trevor Edmondson, Manager Central Paving Product

Travelers Casualty and Surety Company of America
(Surety)

Theresa A. Lamb

Theresa A. Lamb Attorney-In-Fact

ST PAUL TRAVELERS

POWER OF ATTORNEY

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

Attorney-In Fact No. 214672

Certificate No. 000476122

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, that Farmington Casualty Company, Travelers Casualty and Surety Company, and Travelers Casualty and Surety Company of America are corporations duly organized under the laws of the State of Connecticut, that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint

Darlene Jakielski, Julie M. Glover, M.J. Cotton, Nancy J. Osborne, S.M. Scott, Steven K. Bush, Michael A. Murphy, Jim W. Doyle, Lawrence J. Newton, Andy D. Prill, Viki Baum, and Theresa A. Lamb

of the City of Bothell, State of Washington, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 22nd day of February, 2006.

Farmington Casualty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.
Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company
Travelers Casualty and Surety Company
Travelers Casualty and Surety Company of America
United States Fidelity and Guaranty Company

State of Connecticut
City of Hartford ss.

By: George W. Thompson, Senior Vice President

On this the 22nd day of February, 2006, before me personally appeared George W. Thompson, who acknowledged himself to be the Senior Vice President of Farmington Casualty Company, Fidelity and Guaranty Insurance Company, Fidelity and Guaranty Insurance Underwriters, Inc., Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, Travelers Casualty and Surety Company, Travelers Casualty and Surety Company of America, and United States Fidelity and Guaranty Company, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

In Witness Whereof, I hereunto set my hand and official seal.
My Commission expires the 30th day of June, 2006.

MARIE C. TETREAULT NOTARY PUBLIC CONNECTICUT

Marie C. Tetreault, Notary Public

58440-8-05 Printed in U.S.A.

Central Paving Products

VENDOR NO.	VEN	NAME	CHECK NUMBER
11601	CITY OF PALMER		536974

TRANSACTION RECORD	REFERENCE	DATE	DESCRIPTION	GROSS AMOUNT	DISCOUNT	RETAINAGE	PREVIOUS	BALANCE	NET AMOUNT
9062461	100306ROYALTY	10/03/06	PREPAID ROYALTY	152,298.60	0.00	0.00	0.00	0.00	152,298.60

÷ .60 = 253,831 C.Y.

VENDOR NO		GROSS AMOUNT	DISCOUNT	RETAINAGE	PREVIOUS	BALANCE	NET AMOUNT
11601		152,298.60	0.00	0.00	0.00	0.00	152,298.60

SUPERIOR FORMS, INC. • 796/341-4013

FZ12439 5-05 MC-DP

FOR SECURITY PURPOSES THE BORDER OF THIS DOCUMENT CONTAINS MICROPRINTING

CENTRAL PAVING PRODUCTS
1301 LANG STREET
ANCHORAGE, ALASKA 99515
OFFICE (907) 563-3654
PLANT (907) 562-2487

Bank of America
Bank of America
North Carolina

68-736
331

536974

DATE	CHECK NO.	AMOUNT
10/03/06	536974	$152,298.60

One hundred fifty-two thousand two hundred ninety-eight and 60 /100 Dollars

PAY TO THE ORDER OF

CITY OF PALMER
231 W EVERGREEN
PALMER, AK 99645

TWO SIGNATURES REQUIRED ABOVE $1,000.00

FACE OF DOCUMENT HAS A GRAY BACKGROUND ON WHITE PAPER

⑈536974⑈ ⑆053107989⑆ 0004801209 53⑈

Granite Land Exchange **Attachment #4**

PMC 3.20 Purchasing

Chapter 3.20
PURCHASING

Sections:

3.20.010 –
3.20.050 *Repealed.*
3.20.060 Disposal of personal property.
3.20.070 Purchase of real property.
3.20.080 Sale or disposition of real property.
3.20.090 Leasing of real property.
3.20.100 –
3.20.150 *Repealed.*

3.20.010 General.
Repealed by Ord. 644. (Ord. 246 § 3, 1982)

3.20.020 Definitions.
Repealed by Ord. 644. (Ord. 511 § 3, 1997; Ord. 246 § 3, 1982)

3.20.030 Time limit.
Repealed by Ord. 644. (Ord. 246 § 3, 1982)

3.20.040 Purchase of personal property.
Repealed by Ord. 644. (Ord. 512 § 3, 1997; Ord. 427 § 3, 1991; Ord. 246 § 3, 1982)

3.20.050 Purchase of personal property – Bidding procedures.
Repealed by Ord. 644. (Ord. 524 § 3, 1997; Ord. 512 § 4, 1997; Ord. 427 § 4, 1991; Ord. 361 § 3, 1987; Ord. 307 § 3, 1985; Ord. 252 § 3, 1982; Ord. 246 § 3, 1982)

3.20.060 Disposal of personal property.
A. Each department shall report on a regular basis to the city manager any items of personal property which are obsolete, surplus, or otherwise do not hold current value to the functions of the department.

B. The city manager shall dispose of personal property valued at less than $10,000 upon the notice and terms the manager considers reasonable. The manager shall take into consideration the value of the article, reason for disposal, and general preference for disposal by competitive bid.

C. The city manager shall obtain council approval of all items valued at more than $10,000 prior to disposal of those items.

D. The city manager, city clerk, city attorney, department heads, and council members are prohibited from purchasing personal property from the city. All other city employees may purchase personal property in accordance with the Charter, Palmer Municipal Code and personnel regulations. (Ord. 08-015 § 3, 2008; Ord. 523 § 3, 1997; Ord. 246 § 3, 1982)

3.20.070 Purchase of real property.

A. Authority to Acquire Property. The city may acquire, own and hold real property within or outside the city boundaries by purchase, gift, devise, grant, dedication, exchange, redemption, purchase of equity of redemption, operation of law, tax or lien foreclosure, adverse possession, condemnation or declaration of taking, annexation, or by any other lawful means or conveyances.

B. Definition of Real Property. As used in this chapter, the term "real property" includes any estate in land, easement, right-of-way, lease, permit, license, franchise, future interest, building, fixture or any other right, title, or interest in land or a building.

C. Form of Acquisition. The city may acquire, own and hold real property by warranty or quitclaim deed, easement, grant, permit, license, deed of trust, mortgage, contract of sale of real property, plat dedication, lease, tax deed, will, or any other lawful method or mode of conveyance or grant.

1. Real property shall be held in the name of "The City of Palmer."

2. Any instrument requiring execution by the city shall be signed by the mayor and attested by the city clerk. The form of any conveyance shall be approved by the city attorney.

D. Form of Ownership. The city may acquire and hold each real property as sole owner or as tenant in common or other lawful tenancy, with any other person or governmental body for any public purpose. The city may hold real property in trust for any public purpose.

E. Rights and Powers. The city shall have and may exercise all rights and powers in the acquisition, ownership and holding of real property as if the city were a private person; provided, however, the city shall not waive any immunities of a municipality regarding the acquisition, ownership and holding of real property unless specifically provided for by resolution concerning the specific property.

F. Dedication by Plat. The city may not acquire any real property by means of a dedication by plat unless the dedication of the real property is accepted in writing and signed by the mayor.

G. Procedure.

1. The city may acquire real property and the council shall approve by resolution the acquisition of real property to be purchased in whole or in part for a cash consideration or exchange of real property.

2. No approval is necessary to acquire any easement, right-of-way, permit, license, or other interest in real property if necessary for a utility or public improvement where the utility or public improvement has been authorized and approved by the council.

3. Prior to approval, the city manager shall furnish the council with an abstract of title, or preliminary commitment for title insurance, the value assessed by the

borough tax assessor or other appraisal of the real property, and a review of any problems in acquisition, but the failure to furnish the council any such material shall not affect the validity of any acquisition or purchase of real property by the city.

4. Unless otherwise provided by the council, the city shall purchase marketable title in the real property.

H. Purchase by Agreement. The council may approve and authorize the purchase of real property by contract of sale, deed of trust, or mortgage.

I. Industrial Sites. The city may acquire, own and hold real property, either inside or outside the city boundaries, for sites available for new industries which will benefit the city.

J. Federal and State Aid. Legislative assent to federal or state aid for the city, including aid given to the city through a department or agency of the federal or state government, is given. The city may apply for, contract, and do all things necessary to cooperate with the United States government and the state of Alaska for the acquisition, holding, improvement, or development of real property within and outside the city boundaries. (Ord. 11-004 § 3, 2011; Ord. 246 § 3, 1982)

3.20.080 Sale or disposition of real property.

A. Authority to Sell or Dispose of Property. The city may sell, convey, exchange, transfer, donate, dedicate, direct or assign to use, or otherwise dispose of city-owned real property by any lawful means or conveyances.

B. Form of Sale or Disposition. The city may sell or dispose of real property by warranty or quitclaim deed, easement, grant, permit, license, deed of trust, mortgage, contract of sale of real property, plat dedication, lease, tax deed, will, or any other lawful method or mode of conveyance or grant. Any instrument requiring execution by the city shall be signed by the mayor and attested by the city clerk. The form of any instrument shall be approved by the city attorney.

C. Rights and Powers. The city shall have and may exercise all rights and powers in the sale and disposal of real property as if the city were a private person; provided, however, the city shall not waive any immunities of a municipality regarding the sale or disposition of real property unless specifically provided for by resolution concerning the specific sale or disposition. The city may sell or dispose of any real property, including property acquired or held for or devoted to a public use, when in the judgment of the city council it is no longer required for municipal purposes.

D. Public and Charitable Conveyances. The council may sell, donate or exchange with the United States, the state, any political subdivision, or a nonprofit organization, city-owned real property without a public sale and for less than the fair market value, whenever in the judgment of the city council it is advantageous to the city to make the conveyance.

E. Property Exchanges. The council may approve, after public notice, the conveyance and exchange of a parcel of city property for an equivalent parcel of property owned by

another person, subject to such conditions as the council may impose on the exchange, whenever in the judgment of the city council it is advantageous to the city to make the property exchange.

F. Grants for Federal and State Programs. The council may grant or devote real property no longer held for public purpose to the United States, the state of Alaska, a local subdivision, or an agency of any of these governments, for a consideration agreed upon between the city and the grantee without a public sale if the grant or devotion is advantageous to the city. Any approval of a federal or state program providing for the participation or cooperation of the city by grant or devotion of the real property is a sale of that real property for the consideration stated in the program.

G. Industrial Sites. Notwithstanding any other subsections of this section, the city may sell, lease or dispose of sites acquired for new industries benefiting the city upon the terms and conditions as the city council considers advantageous to the civic welfare of the city, to a person who agrees to install, maintain and operate a beneficial new industry.

H. Change of Use. Real property acquired or purchased for one city purpose may be appropriated, transferred, assigned, or directed without public sale to another city purpose, whenever the city council determines that the purpose for which the property was acquired or purchased no longer exists, or the property is no longer used or useful for the purpose. No formal conveyance is necessary to dispose of the real property to another city purpose, and the disposition may be made to another purpose with or without legal consideration for the disposition. The city may sell, convey or otherwise dispose of real property no longer used or useful in the operation of a city-owned utility. Real property no longer needed for the purpose for which the real property was acquired or purchased, or utility property no longer used or useful in the operation of a city-owned utility, is no longer property owned, held for or devoted to a public use, and may be sold or disposed of as provided in this chapter if the council determines the real property is not useful to the city for any other purpose.

I. Conveyance of Public Improvement Property Interests. The city council may at any time, without public sale, convey, quitclaim, release, cancel, or otherwise relinquish any real property easement, right-of-way, permit, or license the city may have or hold for the purpose of installing, constructing, or maintaining a public improvement, whenever the interest is no longer used or useful for that purpose.

J. Real Property as Security. The council may pledge, mortgage or otherwise secure city real property for the payment of city bonded or other indebtedness when required, as authorized by law.

K. Public Sale. Unless otherwise provided in this chapter, real property no longer used or useful for a public use or purpose shall be sold to the highest responsible bidder at a public sale. Public sale shall not be required where the real property of the city is subject to any term or condition restricting or limiting the ability of the city to obtain the fair market value of the property.

L. Notice. Unless otherwise provided in this chapter, notice of a proposed public sale of real property shall be published not less than two weeks prior to bid date in a newspaper

of general circulation in the city. The notice shall contain a description of the real property to be sold and the time, date, place and any terms or limitations of the public sale.

M. Fair Market Value. Real property shall be sold for not less than the fair market value. If a public sale does not result in a bid equal to or greater than the fair market value and costs of sale, the council may sell the real property at a private sale or may conduct another public sale. In the event of an authorized private sale or another public sale, the council may approve the sale of the property at the highest price which may be obtained. "Fair market value" as used in this subsection means the price determined in terms of money at which the real property is appraised by a qualified appraiser, or the value assessed by the borough tax assessor.

N. Procedure on Public Sale. The council in the resolution authorizing the sale of real property shall set forth the terms and conditions of the public sale. The council may reserve the right to reject any and all bids received at the public sale, if the highest bid is below the fair market value and costs of sale or is not made by a responsible bidder. The resolution shall provide if the sale is for cash, or cash deposit and a purchase agreement. If the sale is for a cash deposit and a purchase agreement, the city manager shall prescribe the form of the purchase agreement. No sale or purchase agreement will be enforceable against the city unless and until the city council approves such sale or purchase agreement. The approval of any public sale by the council authorizes the city manager to take all steps and execute all instruments to complete and close the sale. The city manager shall conduct the sale, and shall give to the bidder at the auction a receipt for all moneys received by the city. A purchaser at a public sale who fails to make such other cash payments within the times required by the resolution shall forfeit any cash deposit paid to the city.

O. Appraisal. No real property shall be sold at a public sale unless the real property to be sold has been appraised by a qualified appraiser within 180 days prior to the date of the resolution authorizing the public sale.

P. Council Action. No action of the council to dispose of any city interest in real property dedicated to public use shall be final until the resolution to do so has been on file in the office of the city clerk for 30 days. Prior to any council action on the sale of real property, the city manager shall make his recommendation to the city council as to any change of use or merits of the sale or disposition of the real property.

Q. Purchase Agreement. A purchaser of real property from the city may purchase the real property by purchase agreement if provided in the resolution for the sale. Unless otherwise provided in the resolution for the sale, a purchase agreement shall provide for a deed, note and deed of trust. The purchase agreement shall be executed by the mayor, attested by the city clerk and approved as to form by the city attorney.

R. Broker. The city may employ a broker for the sale of real property and may pay the broker a commission for the sale. The employment shall be in the resolution for the sale of the real property and any contract of employment shall be first approved by the city council unless the city council authorized the city manager to execute the contract without approval.

S. Easements and Rights-of-Way. The city may reserve any easement and right-of-way to be used for public improvements and purposes before selling or disposing of city-owned real property. The city council may make such restrictions, limitations, reservations, reversions, or other covenants the council may find advantageous to the city even if the fair market value of the property is affected. The effect of these reservations may be considered in determining the fair market value of the property.

T. City Manager Regulations. The city manager may provide by regulation for the procedures and forms as to applications, surveys, appraisals, auction, bidding, form or substance of purchase agreement, or any other matter involving the sale or disposition of city property not inconsistent with and to implement the intent and purpose of this chapter. The absence of a regulation or an inconsistent resolution shall not invalidate any public sale procedure, or conveyance executed or to be executed by the city, where the requirements of this chapter have been otherwise satisfied. (Ord. 544 § 3, 1999; Ord. 246 § 3, 1982)

3.20.090 Leasing of real property.

A. Property Available for Leasing. All real property which the city owns, or in which the city has right, title and interest, or to which the city may become entitled, may be leased as provided in this chapter. The term "property" as used in this chapter shall include these interests in real property.

B. Term. No lease shall be for a term of more than 20 years unless the council shall determine from the purpose, use of the premises, and nature of improvements which may be placed thereon that a longer term would benefit the city and would be consistent with city planning. A lease shall first be approved by the city council. Any renewal period or option to renew the lease period shall be included in the term of the lease.

C. Appraisals. No property shall be leased or a renewal lease issued unless the property to be leased has been appraised by the city within one year prior to the date contemplated for the commencement of the lease. An independent appraisal shall not be required unless directed by the council, or otherwise required by this chapter.

D. Lease Auction. Unless otherwise provided in this chapter, property shall be leased to the highest bidder at a lease auction.

E. Notice. Unless otherwise provided in this chapter, notice of a proposed lease of property shall be published not less than two weeks prior to bid opening date in a newspaper of general circulation in the city. The notice shall set forth a description of the property with interest therein to be leased, and the time, place, and any terms or limitations of the lease auction. Notice shall not be required if the term of the lease is two years or less. Where the lease contains a provision permitting the renewal, extension or modification of the lease, notice is not required for the renewal, the exercise of the option or the modification. The council may waive the requirement of public notice and auction for a lease of property on which substantial improvements are to be placed, or have been placed, when the council, in its discretion, determines from the circumstances of the transaction, the size, location, nature, rentals, terms, proposed use and purpose of the property that a negotiated lease of the property would not substantially affect the fair rental value of the property.

F. Fair Rental Value. Property shall be leased for a fair rental value. "Fair rental value" is the rental computed from the appraised fair rental value of the property and shall mean the highest price described in terms of money for which the property would rent, if exposed for rent for a reasonable time in the open market, for the use permitted by the city. With approval by the city council, the lease of property may be made for a rental less than the fair rental value to a state or federal agency, state political subdivision or nonprofit organization as may be determined by the city manager to be fair and proper, considering the public interest and the nature of the public use or function of the leased premises. Fair rental value shall not be required where the property interest of the city is subject to any term or condition restricting or limiting the ability of the city to obtain the fair rental value of the property.

G. Adjustment of Rental. A lease having a term of more than two years shall provide for adjustment of rentals at specified intervals during the term of lease, and the intervals shall be every five years. This section shall be incorporated in each lease by reference and enforceable as if fully set forth therein.

H. Renewal of Lease. The renewal or extension of the lease shall be considered as a new lease unless renewal or extension is provided for in the lease.

I. Improvements and Chattels. The lease shall provide the terms, conditions and limitations of the removal or reversion of improvements or chattels upon the lease premises after termination of the lease. The retiring lessee may, with the consent of the city manager, sell the improvements to the succeeding lessee. If the improvements or chattels are not removed within the time set forth in the lease, the improvements and chattels may, upon reasonable notice to the lessee, be sold at public sale to be provided by regulations of the city manager. Proceeds of the sale shall be first applied to the city's costs and expenses of maintaining, removing and selling the improvements and chattels and to rentals for the period of nonremoval. The city may bid at the sale and may be credited with the value of the city's costs, expenses and rentals due resulting from the nonremoval of the improvements or chattels. The city shall have all other rights, both legal and equitable, any other purchaser would have or acquire by reason of the sale. In addition, should the lease so provide, if the improvements or chattels are not removed within the time set forth in the lease, the improvements and chattels may become the property of the city.

J. Inspection. The lessee shall allow an authorized representative of the city to enter the leased premises for inspection at any reasonable time.

K. Easements and Rights-of-Way. The city expressly reserves the right, without compensation or adjustment in rentals to the lessee, to grant surface, underground or overhead utility easements or rights-of-way in or upon the leased property, if the exercise of the right will not unreasonably interfere with lessee's improvements placed upon the property and with the lessee's use of the property.

L. Condemnation. Upon condemnation of the premises or any part thereof by the state, borough, or federal government or agency thereof, including inverse condemnation, the lease shall terminate without any liability to the city. The city shall not be liable in

damages or pay any compensation to the lessee as a result of the condemnation terminating the lease.

M. City Manager Regulations. The city manager may provide by regulations for the procedures and form as to applications, surveys, appraisals, auction, bidding, form and substance of lease, termination, forfeiture or any other matter involving the leasing of city property to implement the intent and purpose of this chapter. The absence of a regulation shall not invalidate any auction procedure or lease executed or to be executed by the city, where the requirements of the chapter have been otherwise satisfied.

N. Approval of City Council. The city council shall approve all leases. All leases shall be approved as to form by the city attorney prior to execution. (Ord. 246 § 3, 1982)

3.20.100 Bidding procedures – Public works projects and buildings.
Repealed by Ord. 644. (Ord. 550 § 3, 1999; Ord. 525 § 4(2), 1997; Ord. 361 §§ 4, 5, 1987; Ord. 345 § 3, 1986; Ord. 311 § 3, 1985; Ord. 267 § 3, 1983; Ord. 246 § 3, 1982)

3.20.110 Professional services.
Repealed by Ord. 644. (Ord. 246 § 3, 1982)

3.20.120 Emergency procedure.
Repealed by Ord. 644. (Ord. 378 § 3, 1987; Ord. 246 § 3, 1982)

3.20.130 Conflict of interest.
Repealed by Ord. 644. (Ord. 246 § 3, 1982)

3.20.140 Joint purchasing.
Repealed by Ord. 644. (Ord. 604 § 3, 2003; Ord. 412 § 3, 1990; Ord. 382 § 3, 1988; Ord. 307 § 4, 1985)

3.20.150 Misrepresentations and fraudulent claims.
Repealed by Ord. 644. (Ord. 604 § 4, 2003)

Compile Chapter

This page of the Palmer Municipal Code is current through Ordinance 11-010 and legislation passed through May 24, 2011.

Disclaimer: The City Clerk's Office has the official version of the Palmer Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

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