

Mayor

James Kallander

Council Members

Keith van den Broek

James Kacsh

David Allison

Bret Bradford

EJ Cheshier

David Reggiani

Robert Beedle

City Manager

Mark Lynch

City Clerk

Susan Bourgeois

Deputy Clerk

Robyn Kincaid

Stu. Co. Rep.

Shyla Krukoff

**CITY COUNCIL PUBLIC HEARING
OCTOBER 05, 2011 @ 7:15 PM
LIBRARY MEETING ROOM**

AGENDA

A. CALL TO ORDER

B. ROLL CALL

Mayor James Kallander, Council members Keith van den Broek, James Kacsh, David Allison, Bret Bradford, EJ Cheshier, David Reggiani, and Robert Beedle

C. PUBLIC HEARING

1. Ordinance 1088..... (page 1)

An ordinance of the City Council of the City of Cordova, Alaska, authorizing the conveyance to Alaska Intrastate Gas Company of approximately 4 acres of tidelands located in ATS 1004

D. ADJOURNMENT

**If you have a disability that makes it difficult to attend city-sponsored functions,
You may contact 424-6200 for assistance.**

All City Council agendas and packets available online at www.cityofcordova.net

A MEMO FROM SUSAN BOURGEOIS, CITY CLERK

DATE: September 30, 2011
TO: Mayor and City Council
SUBJECT: Ordinance 1088

The attached ordinance was approved at first reading by City Council at the September 21, 2011 regular meeting. It comes before Council tonight for a public hearing and second reading.

Recommended Motion: Move to adopt Ordinance 1088

Required Action: Majority roll call vote

**CITY OF CORDOVA
ORDINANCE 1088**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CORDOVA, ALASKA,
AUTHORIZING THE CONVEYANCE TO ALASKA INTRASTATE GAS COMPANY
OF APPROXIMATELY 4 ACRES OF TIDELANDS LOCATED IN ATS 1004**

WHEREAS, pursuant to CMC 5.22.060(A)(1), the City Council directed the City Manager to negotiate directly the disposal of approximately 4 acres of tidelands (the "Property") with Alaska Intrastate Gas Company (the "Purchaser"); and

WHEREAS, it is in the best interests of the City to sell the Property to the Purchaser for not less than its appraised fair market value, and the purchase price for the Property is not less than its appraised fair market value; and

WHEREAS, the form of a Purchase and Sale Agreement and its attachments to be executed in connection with the disposal of the Property by the City is attached to this Ordinance and it appears that such documents are in appropriate form and are appropriate instruments for the purposes intended.

BE IT ORDAINED by the City Council of the City of Cordova, that:

Section 1. The City Manager is authorized and directed to convey the Property to Purchaser in accordance with the terms in the Purchase and Sale Agreement. The form and content of the Purchase and Sale Agreement now before this meeting hereby are in all respects authorized, approved and confirmed, and the City Manager hereby is authorized, empowered and directed to execute and deliver the Purchase and Sale Agreement, its attachments, and a Warranty Deed reflecting the terms in the Purchase and Sale Agreement on behalf of the City, in substantially the form and content now before this meeting but with such changes, modifications, additions and deletions therein as he shall deem necessary, desirable or appropriate, the execution thereof to constitute conclusive evidence of approval of any and all changes, modifications, additions or deletions therein from the form and content of said documents now before this meeting, and from and after the execution and delivery of said documents, the City Manager hereby is authorized, empowered and directed to do all acts and things and to execute all documents as may be necessary to carry out and comply with the provisions of the documents as executed.

Section 2. The disposal of the Property authorized by this ordinance is subject to the requirements of City Charter Section 5-17. Therefore, if one or more referendum petitions with signatures are properly filed within one month after the passage and publication of this ordinance, this ordinance shall not go into effect until the petition or petitions are finally found to be illegal and/or insufficient, or, if any such petition is found legal and sufficient, until the ordinance is approved at an election by a majority of the qualified voters voting on the question. If no referendum petition with signatures is filed, this ordinance shall go into effect one month after its passage and publication.

1st reading: September 21, 2011

2nd reading and public hearing: October 5, 2011

PASSED AND APPROVED THIS 5th DAY OF OCTOBER 2011.

James Kallander, Mayor

ATTEST:

Susan Bourgeois, City Clerk

REAL ESTATE SALE AGREEMENT

Agreement, effective _____ (the "Effective Date"), by and between the City of Cordova, Alaska (hereinafter referred to as "the City" or "Seller") and Alaska Intrastate Gas Company, an Alaska corporation (hereinafter referred to as "AIGCO" or "Buyer").

WITNESSETH:

1. **Sale of Real Property.** AIGCO agrees to purchase, and the City of Cordova agrees to sell and convey to AIGCO 4.21 acres (183,185 sq. ft.) of waterfront tidelands located in ATS 1004 adjacent to the existing fill pad at Ocean Dock, as depicted in the attached Attachment 1, Attachment 2 and Attachment 3. The property (hereafter referred to as "the Property") to be purchased is approximately a 4.21-acre parcel described as follows:

See Attachment 4.

2. **Purchase Price.** The purchase price of the Property shall be as determined on the basis of \$26,125.00 per acre for the approximately 4.21-acre parcel for a total purchase price of \$109,986.00, subject to adjustment as provided under paragraph 8, below.

- 2.1 **Purchase Terms.** The full purchase price to be paid by the Buyer to the Seller for the purchase of the Property shall be paid in cash in two (2) payments, as follows:

- a. One-half of the Purchase Price, in the amount of \$54,993.00, shall be paid at the Closing of this transaction by wire transfer of immediately available funds to an account designated by Seller prior to Closing, or by delivery of a cashier's check payable to order of Seller at Closing.
- b. The second one-half of the Purchase Price, in the amount of \$54,993.00, shall be paid by Buyer within 90 days after closing. To secure such obligation Buyer shall execute a note and deed of trust in favor of Seller encumbering the Property.

- 2.2 **Performance Deed of Trust.**

- a. Buyer shall enter into a Performance Deed of Trust from Buyer, as Trustor, to Title Company, as Trustee, with Seller as Beneficiary, in the form attached hereto as Attachment 5 and to secure the obligations of Buyer to develop the Property as provided in Section 7 of this Agreement and the Performance Deed of Trust.
- b. The Performance Deed of Trust shall be delivered at or prior to closing by Buyer to escrow agent.

3. **Title.** Seller shall convey to Buyer good and marketable title in and to the Property by Warranty Deed with full warranties of title, free and clear of all encumbrances, excepting the following (the "Permitted Exceptions"):

- a. Reservations and exceptions in U.S. Patent and/or in Acts authorizing the issuance thereof;
- b. Miscellaneous easements, covenants, conditions, restrictions of record, including notes on plats of the Property which do not materially impair the value of the Property or its suitability for continued use as a commercial property by Buyer.
- c. All exceptions depicted in a preliminary title report from the Title Insurer as defined in Section 3.2 of this Agreement.
- d. Reservations and exceptions required under Alaska law and the laws of the City of Cordova, Alaska, including but not limited to the Public Trust Doctrine, AS 38.05.820, and Article VIII, Section 3 of the Alaska Constitution.

3.1 Title Policy. Seller will provide to the Buyer an ALTA owner's title insurance policy (the "Title Policy") issued by a title insurer mutually agreed upon by the parties (the "Title Insurer"). On the Closing Date, the Seller will cause the Title Policy to be issued to the Buyer in an amount equal to the purchase price containing only the above-mentioned title exceptions and any other exceptions to coverage waived or approved by the Buyer.

3.2 Title Defects. In the event Seller is unable on the Closing Date to deliver good and marketable title to the Property because of any defect in the title to the Property excepting the Permitted Exceptions, Buyer may elect any one of the following procedures:

- a. Accept the subject real property subject to such defects;
- b. Extend closing for such time as may be mutually agreeable to the parties to afford Seller time for curing said defects up to thirty (30) days; or
- c. Terminate this Agreement upon notice to Seller.

3.3 If Buyer makes the election set forth in subparagraph 3.2b., at the expiration of said thirty (30) day extension if such title defects have not been cured, Buyer may then elect either of the other procedures provided above as subparagraphs 3.2a. or 3.2c. If Buyer shall make the election set forth in subparagraph 3.2c., upon delivery of such notice, this agreement shall terminate.

4. Closing. The Buyer and the Seller agree that the purchase will be consummated as follows:

4.1 Title Transfer. The Seller agrees to convey title to the Property to the Buyer at Closing.

4.2 Closing Date. This transaction shall close on or before the expiration of sixty (60) days from and after the Effective Date of this Agreement (the "Closing Date"). Either party shall have the right to extend closing for an additional thirty (30) days upon two (2)

business days' advance written notice to the other. The closing will take place at the offices of the Title Insurer.

- 4.3. **Closing Costs.** Buyer shall pay the fee for recording the Deed, the premium for the Title Policy, and for all fees and costs Seller incurred to third-parties in the transaction, including without limitation costs of appraisal, attorneys' fees and costs, closing costs and escrow fees. Buyer shall bear the expense of their own counsel. Unless otherwise specified herein, if the sale of the Property contemplated hereunder does not occur because of a default on the part of Buyer, all escrow cancellation and title fees shall be paid by Buyer; if the sale of the Property does not occur because of a default on the part of Seller, all escrow cancellation and title fees shall be paid by Seller.
5. **Possession.** Possession of the Property will be delivered to the Buyer on the Closing Date.
6. **Risk of Loss.** All risk of loss with respect to the Property shall be borne by the Seller until closing on the Closing Date and shall transfer to the Buyer upon completion of closing.
7. **Property Development.** Buyer shall place fill on the Property and create a pad for use by Buyer in association with its intended development of the Property with a gas utility send out facility as depicted, in concept, in Attachment 1, Attachment 2 and Attachment 3. In association with such development, Buyer and Seller agree as follows:
- a. **Fill Material to be Provided by City.** The City will provide fill material at no additional cost or expense to Buyer from the Fleming Spit quarry area in sufficient quantity to permit Buyer to create a 4.21 acre fill pad on the Property. Buyer will quarry (blast), remove and transport the fill materials from the Fleming Spit quarry to the Property at its sole cost and expense. Buyer shall fill the Property no more than three (3) years after the Effective Date of this Agreement.
 - b. **Survey.** After installation of the pad, Buyer will procure a survey of the area of the fill pad, including the full extent of the toe of such fill area upon the tideflats, to establish a precise description of the parcel and its boundaries, and to determine the total tideflat acreage covered by the fill. Buyer shall pay for the full costs of such survey and a copy of it shall be provided to the Seller. Buyer shall prepare an amendment to this Agreement incorporating the new property description, at its own expense, to be approved by the City Manager.
 - c. **Permitting.** Buyer shall acquire all required building, zoning and other permits for development of the Property and the City Administration shall support Buyer's permit applications. Buyer shall complete permitting on the overall project no more than two (2) years after the Effective Date of this Agreement.
 - d. **Substantial Completion.** Substantial completion of the send out facility must be complete no more than five (5) years after the Effective Date of this Agreement.

- e. **Adjacent City Tideland Development.** Concurrent with Buyer's project, the City intends to engage in a similar fill project that will surround three (3) sides of the Property. Buyer agrees to coordinate its efforts to acquire required permits with the City's efforts to acquire permits related to its fill project. The parties agree to cooperate with one another in that regard so that any and all required permits may be timely issued to the Buyer and to the City, respectively, and each party's project might be completed as soon as possible and within the timelines set out in subparagraph 7.c., above.
- 8. **Adjustment of Purchase Price.** In the event the survey procured by Buyer under subparagraph 7.b above shows that the fill pad covers more than 4.21 acres but no more than 4.5 acres, the amount of acreage over and above 4.21 acres but not 4.5 acres shall be prorated at the rate of \$26,125.00 per acre and the amount determined thereby shall be paid by Buyer to Seller, in cash, within 30 days after completion of the survey. In the event the survey procured by Buyer under subparagraph 7.b above shows that the fill pad covers less than 4.21 acres, the amount by which the actual acreage is less than 4.21 acres shall be pro-rated at the rate of \$26,125.00 per acre and the amount determined thereby shall be paid by Seller to Buyer, in cash, within thirty (30) days after completion of the survey. In the event that the fill pad exceeds 4.5 acres Seller has no obligation to sell the additional filled area to Buyer.
- 9. **Representations and Warranties.**
 - 9.1 **General Warranties of Seller.** Seller hereby represents and warrants to Buyer as follows:
 - a. Seller's Disclosure Statement shall disclose any and all material physical or mechanical defects on the Property or in any improvement erected upon the Property which are known to Seller as of the Closing Date.
 - b. All the documents executed by the Seller which are to be delivered to Buyer at Closing will be duly executed and delivered by Seller; will be legal, valid, and binding obligations of Seller; will be sufficient to convey title to Buyer as agreed herein; and do not now and at the closing will not violate any provisions of any agreement to which Seller is a party or is otherwise subject to.
 - 9.2 **Seller's Environmental Warranties.**
 - a. As used in this paragraph 9.2, the following terms shall have the following meanings:
 - (1) "Hazardous Materials" means any dangerous, toxic or hazardous pollutant, contaminant, chemical, waste, material or substance as defined in or governed by any federal, state or local law, statute, code, ordinance, regulation, rule or other requirement relating to such substance or otherwise relating to the environment or human health or safety, including without limitation any waste, material, substance, pollutant or contaminant

that might cause any injury to human health or safety or to the environment or might subject the Company to any imposition of costs or liability under any Environmental Law.

- (2) "Environmental Laws" means all applicable federal, state, local and foreign laws, rules, regulations, codes, ordinances, orders, decrees, directives, permits, licenses and judgments relating to pollution, contamination or protection of the environment (including, without limitation, all applicable federal, state, local and foreign laws, rules, regulations, codes, ordinances, orders, decrees, directives, permits, licenses and judgments relating to Hazardous Materials in effect as of the date of this Agreement).
 - (3) "Release" shall mean the spilling, leaking, disposing, discharging, emitting, depositing, ejecting, leaching, escaping or any other release or threatened release, however defined, whether intentional or unintentional, of any Hazardous Material.
- b. To Seller's knowledge, the Property is in material compliance with all applicable Environmental Laws.
 - c. To Seller's knowledge, Seller has obtained, and maintained in full force and effect, all environmental permits, licenses, certificates of compliance, approvals and other authorizations material to the conduct of its business and the ownership or operation of the Property (collectively, the "Environmental Permits") and has conducted its business in compliance with all terms and conditions of the Environmental Permits.
 - d. To Seller's knowledge, except as set forth in the Seller's Disclosure Statement: (i) no Hazardous Materials have been generated, treated, contained, handled, located, used, manufactured, processed, buried, incinerated, deposited, stored, or released on, under or about any part of the Property, (ii) the Property and any improvements thereon, contain no asbestos, urea, formaldehyde, radon at levels above natural background, polychlorinated biphenyls (PCBs) or pesticides, and (iii) no aboveground or underground storage tanks are located on, under or about the Property, or have been located on, under or about the Property and then subsequently been removed or filled. If any such storage tanks exist on, under or about the Property, such storage tanks have been duly registered with all appropriate governmental entities and are otherwise in compliance with all applicable Environmental Laws.
 - e. Except as disclosed by Seller to Buyer, Seller has not received any written notice alleging in any manner that Seller is, or might be potentially responsible for any Release of Hazardous Materials on or from the Property, or any costs arising under or violation of Environmental Laws.

- f. The Property is not and has not been listed on the United States Environmental Protection Agency National Priorities List of Hazardous Waste Sites, or any other list, schedule, law, inventory or record of hazardous or solid waste sites maintained by any federal, state or local agency.
- g. Seller has disclosed and delivered to Buyer all environmental reports and investigations which Seller has obtained or ordered with respect to the Property.
- h. To Seller's knowledge, no part of the Property has been used as a landfill, dump or other disposal, storage, transfer, handling or treatment area for Hazardous Materials, or as a gasoline service station or a facility for selling, dispensing, storing, transferring, disposing or handling petroleum and/or petroleum products.

9.3 General Warranties of Buyer. Buyer hereby represents and warrants that all the documents executed by the Buyer which are to be delivered to Seller at closing will be duly executed and delivered by Buyer and will be legal, valid, and binding obligations of Buyer.

10. Miscellaneous. It is further agreed as follows:

10.1 Time. Time is of the essence of this Agreement.

10.2 Notice. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Agreement will be in writing and will be deemed to have been given when personally delivered or five (5) days after mailing if mailed by first class mail, return receipt requested, or upon confirmation of successful transmission, if sent by facsimile, or other electronic transmission device. Notices, demands and communications to Buyer and Seller will, unless another address is specified in writing, be sent to the address indicated below:

Notices to Buyer:

Francis L. Avezac
President
Alaska Intrastate Gas Company
645 "G" Street, Suite 732
Anchorage, Alaska 99501

Notices to Seller:

Mark Lynch
City Manager
City of Cordova
P.O. Box 1210
Cordova, Alaska 99574

With Copy To:

John W. Colver
Jones & Colver, LLC
3201 "C" Street, Suite 203
Anchorage, Alaska 99503

10.3 Survival. The covenants, representations and warranties of the Buyer and the Seller herein contained will be effective on the date hereof, on the closing date and will survive closing.

- 10.4 Brokerage.** Neither Seller nor Buyer has dealt with any broker in connection with this transaction, and each party agrees to indemnify, defend, and hold harmless the other from any claim made by any broker alleging entitlement to any fee or commission as a result of having dealt with the indemnifying party.
- 10.5 Integration.** This instrument constitutes the entire agreement between the Buyer and the Seller in regard to Buyer's purchase of the Property from Seller and there are no agreements, understandings, warranties or representations between the Buyer and the Seller regarding this transaction except as set forth herein. The parties have not executed any other documents contemporaneously herewith regarding any other aspects of their mutual transactions.
- 10.6 Binding Effect.** This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of the parties hereto.
- 10.7 Modifications.** This Agreement shall not be modified other than by a written instrument, executed by both parties.
- 10.8 Governing Law.** This Agreement shall be governed by and interpreted in accordance with Alaska law. Any litigation arising out of or in connection with this Agreement shall be conducted in the Superior Court for the Third Judicial District at Anchorage, Alaska. The parties specifically agree that the jurisdiction and venue of such court are proper and further agree to submit themselves to the jurisdiction of that court.
- 10.9 No Presumption against Drafter.** The parties hereto hereby acknowledge that this transaction is the result of arm's-length negotiations between the parties hereto, in which Seller and Buyer have each taken part, and that the terms and conditions are not to be and shall not be construed against either party either by reason of such party's responsibility for drafting the documents related to this transaction or for any other reason. Each party has had full opportunity to review this transaction with legal and tax counsel of their choice. Therefore this Agreement and each and every other document related to this transaction or executed pursuant to the terms of this Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing an instrument to be drafted.

IN WITNESS WHEREOF, this instrument has been executed by the parties effective as of the date set forth above.

SELLER:

BUYER:

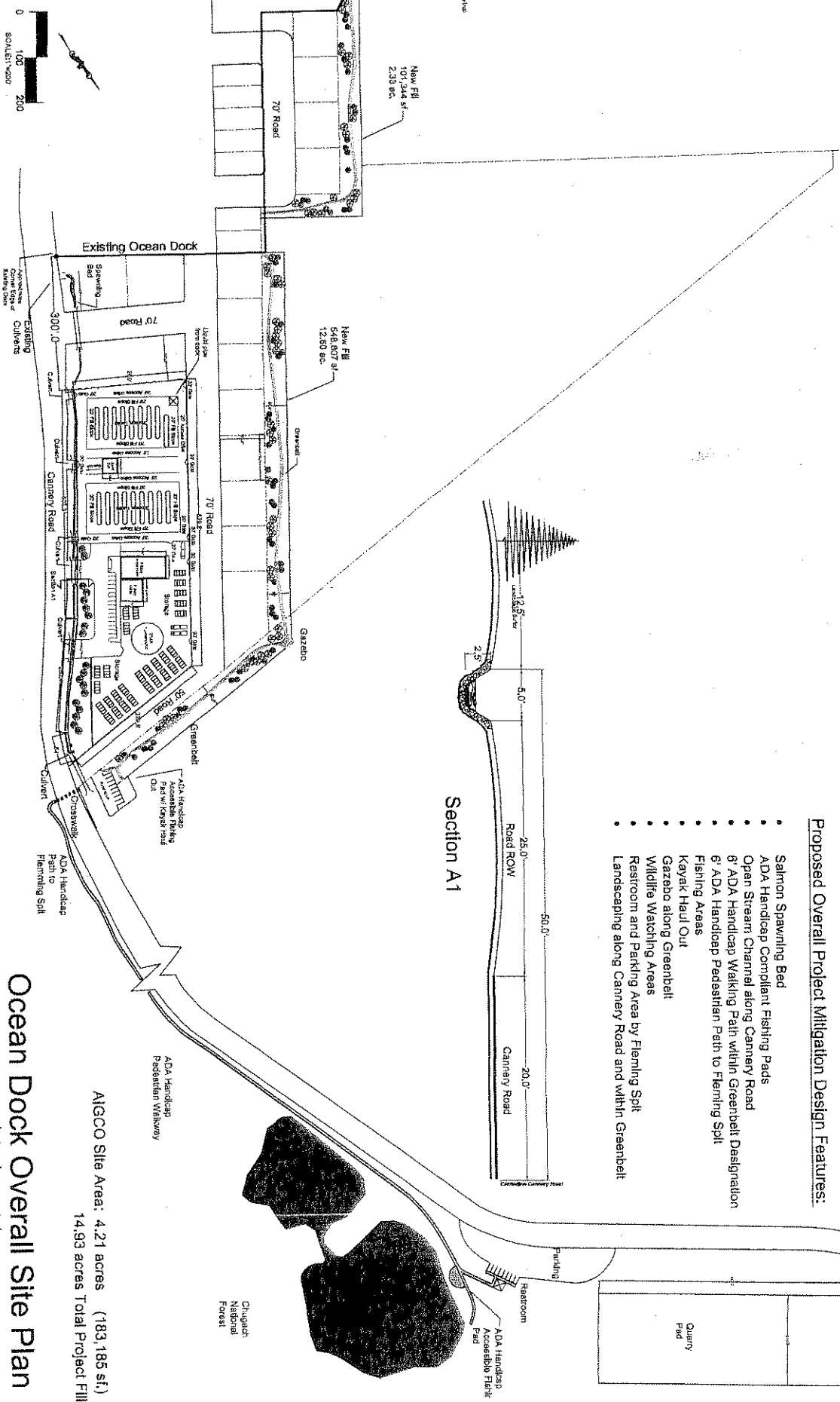
CITY OF CORDOVA

ALASKA INTRASTATE GAS COMPANY

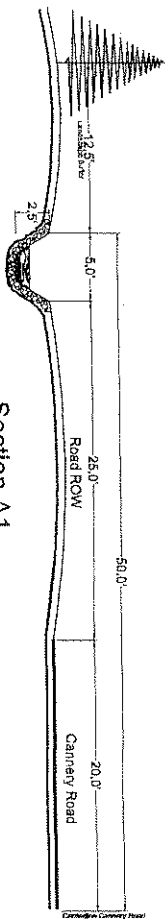
By: _____
Its: _____

By: _____
Its: _____

This map was created for illustrative purposes only.



Section A1



Proposed Overall Project Mitigation Design Features:

- Salmon Spawning Bed
- ADA Handicap Compliant Fishing Pads
- Open Stream Channel along Canney Road
- 6' ADA Handicap Walking Path within Greenbelt Designation
- 6' ADA Handicap Pedestrian Path to Fleming Spit
- Fishing Areas
- Kayak Haul Out
- Gazebo along Greenbelt
- Wildlife Watching Areas
- Restroom and Parking Area by Fleming Spit
- Landscaping along Canney Road and within Greenbelt

Ocean Dock Overall Site Plan

Attachment 1

ALCO Site Area: 4.21 acres (183,185 sq. ft.)
14.93 acres Total Project Fill

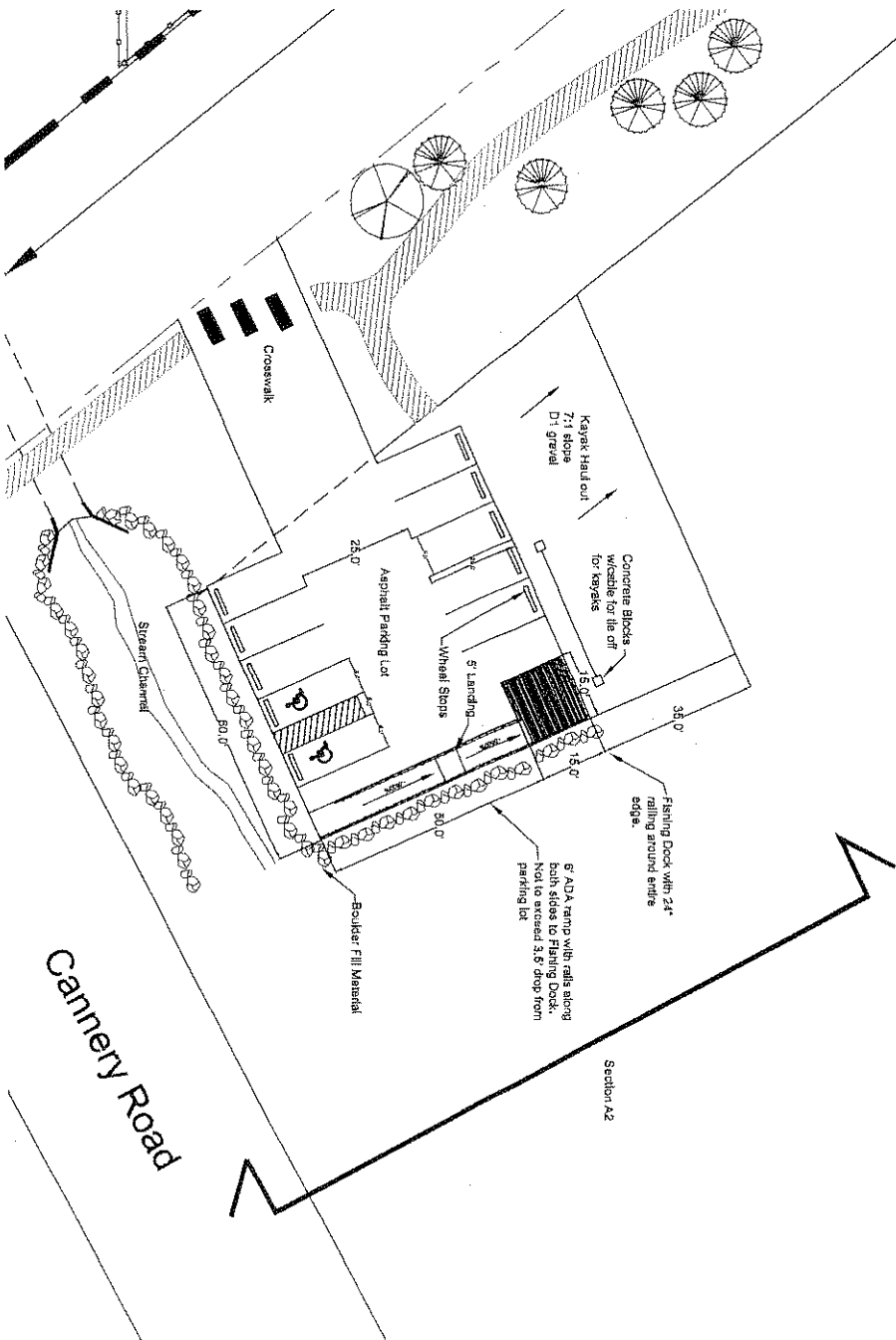
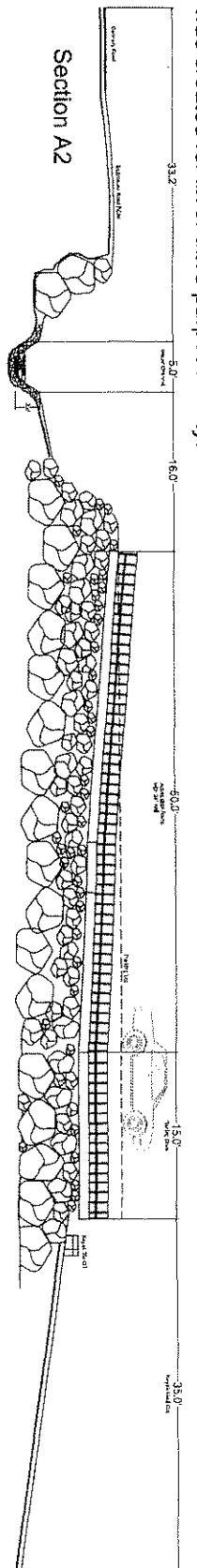
12



SCALE: 1" = 120'

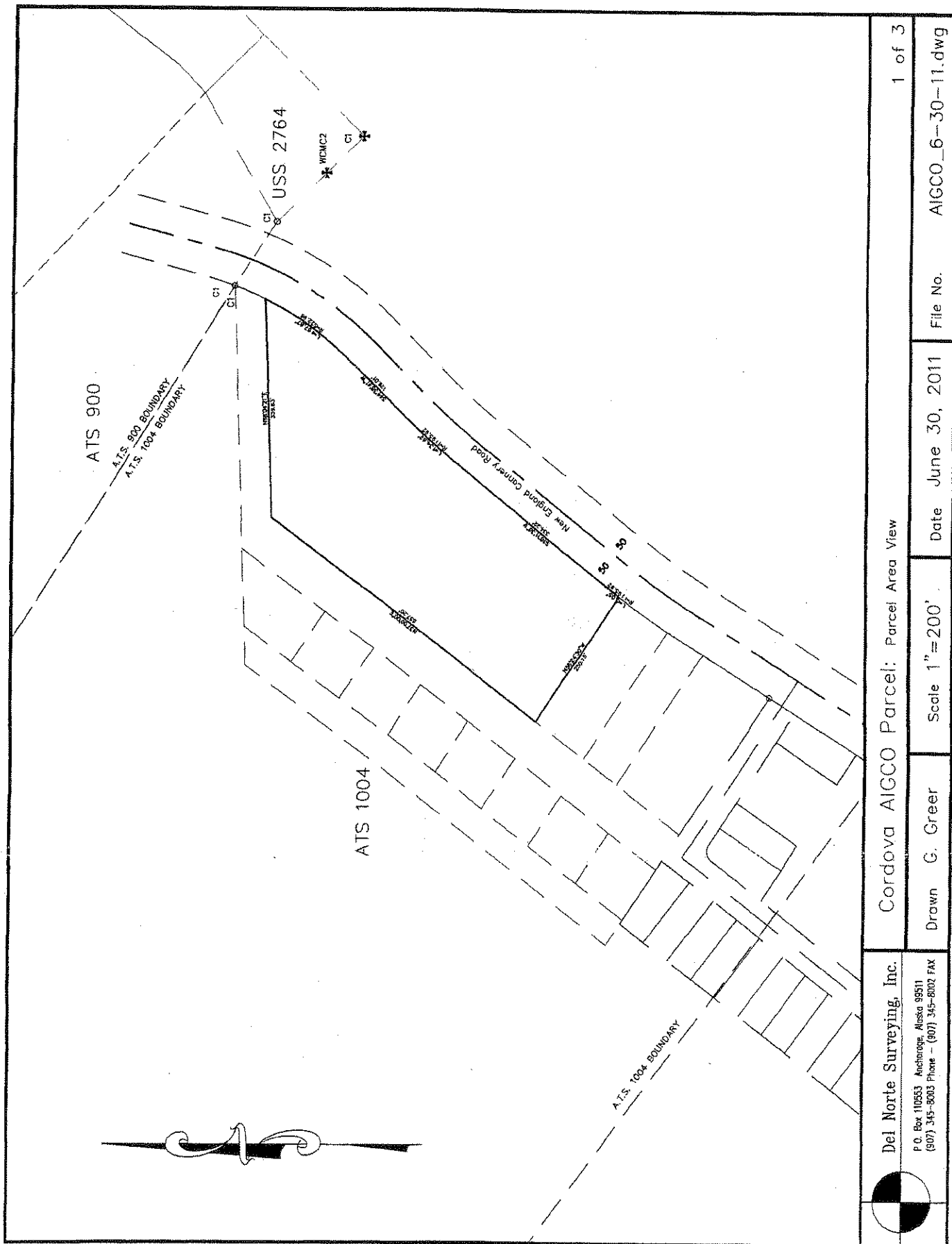
ALGO Ocean Dock Site Plan Attachment 2

This map was created for illustrative purposes only.

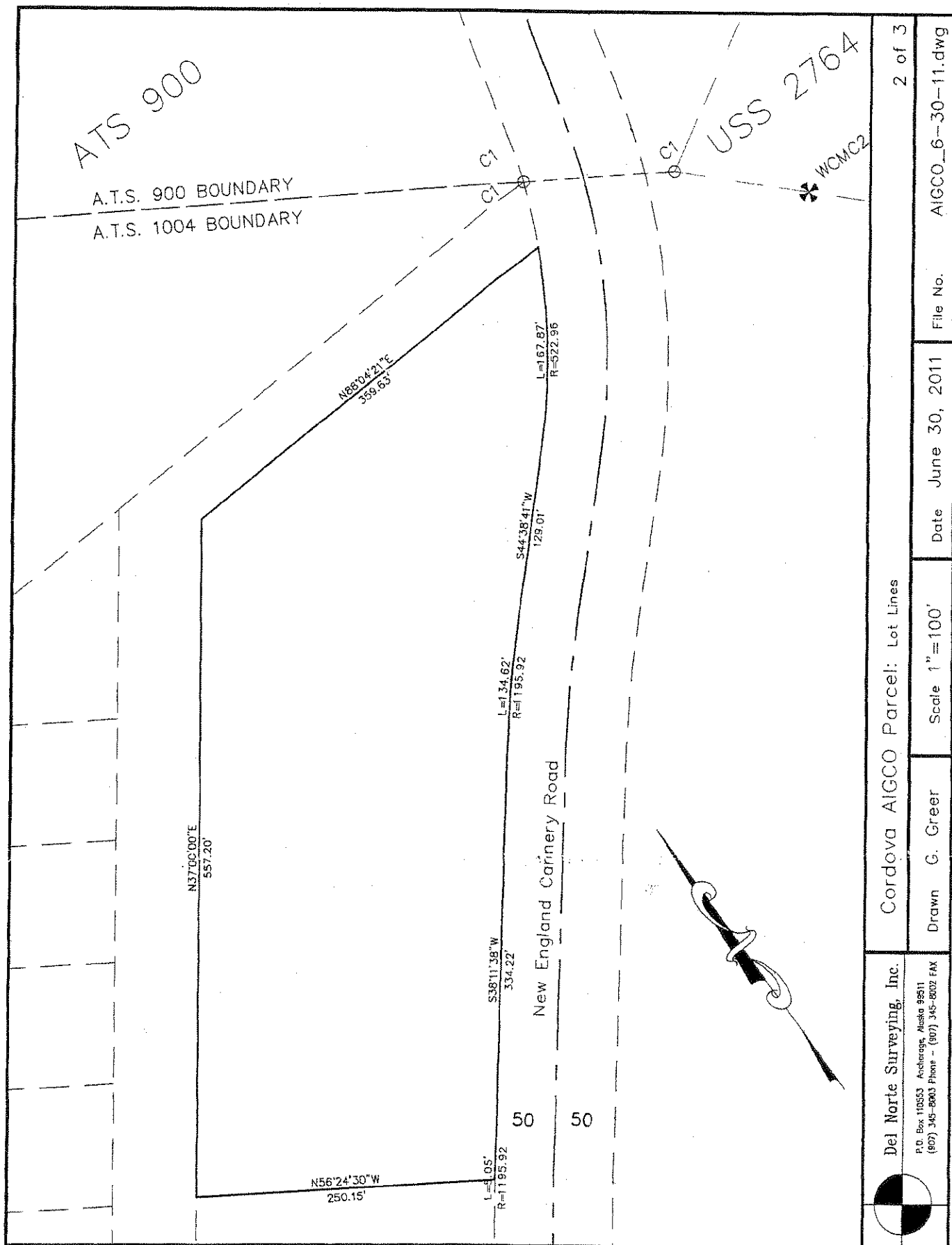



ADA Fishing Dock and Kayak Haul Out

Attachment 3



<div data-bbox="1372 1795 1469 1904" data-label="Image"> </div> <div data-bbox="1388 1491 1485 1785" data-label="Text"> <p>Del Norte Surveying, Inc. P.O. Box 118553 Anchorage, Alaska 99511 (907) 345-8003 Phone - (907) 345-8000 FAX</p> </div>	<div data-bbox="1437 147 1497 1470" data-label="Text"> <p>Cordova AIGCO Parcel: Parcel Area View</p> </div> <div data-bbox="1437 1470 1497 1904" data-label="Text"> <p>Drawn G. Greer Scale 1"=200'</p> </div>	<div data-bbox="1437 147 1497 903" data-label="Text"> <p>Date June 30, 2011</p> </div> <div data-bbox="1437 903 1497 1470" data-label="Text"> <p>File No. AIGCO_6-30-11.dwg</p> </div>	<div data-bbox="1372 147 1437 903" data-label="Text"> <p>1 of 3</p> </div>
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<div>  <div> Del Norte Surveying, Inc. P.O. Box 110553 Anchorage, Alaska 99511 (907) 345-5803 Phone - (907) 345-5802 FAX </div> </div>		<div> <div>Cordova AIGCO Parcel: Lot Lines</div> <div> <div>Drawn G. Greer</div> <div>Date June 30, 2011</div> </div> </div>		<div> <div>2 of 3</div> <div>File No. AIGCO_6-30-11.dwg</div> </div>
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AIGCO Parcel

A tract of land within the easterly portion of Alaska Tidelands Survey No. 1004, per Plat 76-2, filed in the Cordova Records Office on May 5, 1976 and the easterly portion of Alaska Tidelands Survey No. 900, per Plat 77-2, filed in the Cordova Records Office on February 18, 1977 and more particularly described as follows:

COMMENCING FOR REFERENCE at the brass cap monument W.C.M.C. No. 2 U.S. Survey No. 2764;

Thence N 45°02' W, 115.50' to Corner 1, Tract A, Alaska Tidelands Survey No. 900;

Thence N 57°30' W, 125.47' to Corner 1, Tract B, Alaska Tidelands Survey No. 900 which is coincident with Corner 1, Alaska Tidelands Survey No. 1004 and is a point on the westerly Right of Way of New England Cannery Road (Orca Road);

Thence along a curve to the right, coincident with the westerly Right of Way of the New England Cannery Road, having a radius of 522.96 feet, an arc length of 55.26 feet, a chord bearing of S 23°13'33" W, and chord length of 55.24 feet to the TRUE POINT OF BEGINNING for this description;

Thence along a curve to the right, coincident with the westerly Right of Way of the New England Cannery Road, having a radius of 522.96 feet, an arc length of 167.87 feet, a chord bearing of S 35°26'56" W, and chord length of 167.15 feet;

Thence S 44°38'41" W, 129.01 feet continuing coincident with the westerly Right of Way of the New England Cannery Road;

Thence along a curve to the left, having a radius of 1195.92 feet, an arc length of 134.62 feet, a chord bearing of S 41°25'12" W, and chord length of 134.55 feet;

Thence S 38°11'38" W, 334.22 feet;


Thence along a curve to the left, having a radius of 1195.92 feet, an arc length of 5.06 feet, a chord bearing of S 38°04'22" W, and chord length of 5.05 feet, from which the most easterly corner of the Ocean Dock Subdivision, per Plat 83-7, filed in the Cordova Records Office on July 26, 1983, bears S 33°06'04" W, 302.82 feet, said point being the intersection of the easterly Right of Way of Sea Gull Avenue and the westerly Right of Way of New England Cannery Road;

Thence departing the westerly Right of Way of the New England Cannery Road, N 56°24'30" W, 250.15 feet across tidelands;

Thence N 37°00'00" E, 557.20 feet across tidelands;

Thence N 88°04'21" E, 359.63 feet across tidelands to the POINT OF BEGINNING and the TERMINUS of this description.

Containing 4.00 acres, more or less.

	Del Norte Surveying, Inc.		Cordova AIGCO Parcel: Parcel Description		3 of 3
	P.O. Box 110553 Anchorage, Alaska 99511 (907) 345-8003 Phone -- (907) 345-8002 FAX		Drawn G. Greer	Date June 30, 2011	
				File No. AIGCO_6-30-11.dwg	

ATTACHMENT 5

CORDOVA RECORDING DISTRICT

Recording requested by and
after recording, return to:

Thomas F. Klinkner, Esq.
BIRCH HORTON BITTNER & CHEROT
1127 W. 7th Avenue
Anchorage, AK 99501

PERFORMANCE DEED OF TRUST

This PERFORMANCE DEED OF TRUST (this "Deed of Trust") is made this ____ day of _____, 2011 (the "Effective Date"), by ALASKA INTRASTATE GAS COMPANY, an Alaska Corporation (the "Trustor"), whose address is 645 G Street, Suite 732, Anchorage, Alaska 99501, to PACIFIC NORTHWEST TITLE OF ALASKA, INC. (the "Trustee"), whose address is 3201 C Street, Suite 110, Anchorage, Alaska 99503, for the benefit of the CITY OF CORDOVA (the "Beneficiary"), whose address is P.O. Box 1210, Cordova, Alaska 99574.

1. GRANT. In consideration for the acceptance by Trustee of the trust hereunder, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to secure the obligations of Trustor described herein, Trustor hereby grants, bargains, sells, and conveys to Trustee, in trust, with the power of sale, all of Trustor's estate, right, title, and interest in and to the following property:

See Exhibit A.

Together with all improvements now or hereafter erected on the property, and all easements, rights, appurtenances, and rents, all of which shall be deemed to be and remain a part of the property covered by this Deed of Trust (collectively, the "Property").

2. COMMENCEMENT AND SUBSTANTIAL COMPLETION OF CONSTRUCTION; OPERATIONAL OBLIGATIONS. On or before the date five (5) years after the Effective Date, Trustor shall substantially complete construction of the Facility on the Property as required under the Real Estate Agreement signed by the parties on _____, 2011. Upon written request of Trustor received by Beneficiary not less than six (6) months before the expiration of the five (5) year period to attain substantial completion, Beneficiary may extend the period to attain substantial

completion by up to an additional two (2) years if it finds that Trustor has made satisfactory progress toward substantial completion. For purposes of this Section 2 and Section 7.2 of this Performance Deed of Trust, the term "substantially complete" shall mean the stage of progress of construction when the Facility is sufficiently complete so that the facility is capable of being used by Trustor for its intended purposes.

3. COMPLIANCE WITH LAWS. Trustor shall comply with all federal, state, and local laws affecting the Property, neither commit nor permit any illegal act thereon or waste thereof, and shall keep all improvements on the Property in good working condition and repair.

4. WARRANTIES AND COVENANTS OF TRUSTOR. Trustor warrants, covenants, and agrees as follows:

4.1 Warranties

4.1.1 Trustor has full power and authority to grant the Property to Trustee.

4.1.2 Trustor has undertaken its obligation under this Deed of Trust primarily for commercial, industrial or business purposes, and not primarily for personal, family or household purposes.

4.2 Preservation of Lien. Trustor will preserve and protect the priority of this Deed of Trust as a first lien on the Property unless the Beneficiary subordinates its interest in writing.

4.3 Construction. Trustor shall commence and complete construction of the Project, and will otherwise fulfill all of its covenants and obligations to Beneficiary in accordance with the terms and conditions of this Deed of Trust.

4.4 Right of Inspection. Trustor shall permit Beneficiary, or its agents, at all reasonable times, to enter upon and inspect the Property for purposes of ensuring Trustor's compliance with this Deed of Trust.

4.5 Further Assurances. Trustor will, at its own expense, from time to time execute and deliver any and all instruments of further assurance and do any and all such acts, or cause the same to be done, as Trustee or Beneficiary deem necessary or advisable to grant to Trustee the Property or to carry out more effectively the purposes of this Deed of Trust.

4.6 Legal Actions. Trustor will appear in and defend any action or proceeding before any court or administrative body purporting to affect the security hereof or the rights or powers of Beneficiary or Trustee; and will pay all costs and expenses, including cost of evidence of title, title insurance premiums, and any fees of attorneys, appraisers, environmental inspectors, and others, incurred by Beneficiary or

Trustee, in a reasonable sum, in any such action or proceeding in which Beneficiary or Trustee may appear and in any suit brought by Beneficiary or Trustee to foreclose this Deed of Trust and in any nonjudicial foreclosure of this Deed of Trust.

4.7 Taxes, Assessments and Other Liens. Trustor will pay with interest, not later than the due date, all taxes, assessments, encumbrances, charges, and liens on the Property or any part thereof which at any time appear to be or are alleged to be prior and superior hereto, including without limitation any tax on or measured by rents of the Property, this Deed of Trust, or any obligation or part thereof secured hereby.

4.8 Expenses. Trustor will pay all costs, fees, and expenses reasonably incurred by Beneficiary or Trustee in connection with this Deed of Trust.

4.9 Sale, Transfer, or Encumbrance of Property. Subject to Section 7 hereof, Trustor shall not, without the prior written consent of Beneficiary, which consent shall not be unreasonably withheld, sell, transfer or otherwise convey the Property or any interest therein, further encumber the Property or any interest therein, cause or permit any change in the entity, ownership, or control of Trustor or agree to do any of the foregoing. Consent to any one such occurrence shall not be deemed a waiver of the right to require consent to any future occurrences.

5. DEFAULT. In the event Trustor fails to commence or substantially complete the construction of the Facility within the times set forth in Section 2 hereof, or if Trustor violates any other term of this Deed of Trust, Beneficiary may declare Trustor to be in default of this Deed of Trust without any notice or demand of any kind, both of which are hereby expressed waived.

6. REMEDIES UPON DEFAULT.

6.1 Foreclosure of Deed of Trust. Upon the occurrence of any event of default under this Deed of Trust, Beneficiary may cause the Property to be sold by foreclosing this Deed of Trust in any manner then permitted by law. Trustee may act as agent for Beneficiary in conducting any such sale.

6.2 Remedies Cumulative. The rights and remedies accorded by this Deed of Trust shall be in addition to, and not in substitution of, any rights or remedies available under now existing or hereafter arising under applicable law, in equity, or otherwise. All rights and remedies provided for in this Deed of Trust or afforded by law or equity are distinct and cumulative and may be exercised concurrently, independently, or successively. The failure on the part of Beneficiary to promptly enforce any right hereunder shall not operate as a waiver of such right and the waiver of any default shall not constitute a waiver of any subsequent or other default.

7. TRUSTEE.

7.1 General Powers and Duties of Trustee. At any time or from time to time, upon an event of default, without liability therefor and without notice and without affecting the liability of any person for the satisfaction of obligations secured hereby, and upon written request of Beneficiary, payment of its own fees and presentation of this Deed of Trust, Trustee may:

7.1.1 Join in any subordination or other agreement affecting this Deed of Trust or the lien or charge thereof; or

7.1.2 Reconvey, without warranty, all or any part of the Property.

7.2 Reconveyance. Upon the Trustor's satisfactory performance of the obligations set forth in Section 2 hereof, Beneficiary shall request Trustee to reconvey the Property. Trustee shall reconvey the Property without warranty to the person or persons legally entitled to it. Such person or persons shall pay any recordation costs. Beneficiary may charge such person or persons a fee for reconveying the Property.

7.3 Powers and Duties on Default. Upon written request therefor by Beneficiary specifying the nature of the default, or the nature of the several defaults, Trustee shall execute a written notice of default and of its election to cause the Property to be sold to satisfy the obligation secured hereby, and shall cause such notice to be recorded and otherwise given according to law.

Notice of the sale shall have been given as then required by law and not less than the time then required by law having elapsed after recordation of such notice of default, Trustee, without demand on Trustor, shall sell the Property at the time and place of sale specified in the notice, as provided by statute, either as a whole or in separate parcels and in such order as it may determine, at public auction to the highest and best bidder for cash in lawful money of the United States, payable at the time of sale. Trustor agrees that such a sale (or a sale pursuant to judicial foreclosure) of all the Property as real estate constitutes a commercially reasonable disposition thereof. Trustee may postpone the sale of all or any portion of the Property, and from time to time thereafter may postpone such sale, as provided by statute. Trustee shall deliver to the purchaser its deed and bill of sale conveying the Property so sold, but without any covenant or warranty, express or implied. The recital in such deed and bill of sale of any matters or facts shall be conclusive proof of the truthfulness thereof. Any person other than Trustee, including Trustor or Beneficiary, may purchase at such sale.

After deducting all of the costs, fees, and expenses of Trustee and of this trust, including the cost of title search and title insurance and reasonable attorneys' fees in connection with the sale, Trustee shall pay the proceeds of the sale to the Beneficiary.

7.4 Acceptance of Trust. Trustee accepts this trust when this Deed of Trust, duly executed and acknowledged, is made a public record as provided by law.

7.5 Reliance. Trustee, upon presentation to it of an affidavit signed by Beneficiary setting forth facts showing a default by Trustor under this Deed of Trust, is authorized to accept as true and conclusive all facts and statements therein, and to act thereon hereunder.

7.6 Replacement of Trustee. Beneficiary may, from time to time, as provided by statute, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.

8. HAZARDOUS SUBSTANCES.

8.1 Covenants and Agreements. Trustor hereby covenants and agrees as follows:

8.1.1 Trustor will not cause or permit any Hazardous Substance to be brought upon, kept, used, or generated by Trustor, its agents, employees, contractors, or invitees, in the operation of the Property unless the use or generation of the Hazardous Substance is necessary for the prudent operation of the Property in the ordinary course of Trustor's business and operations and in compliance with all Environmental Laws.

8.1.2 Trustor will at all times and in all respects and at its own expense comply with all Environmental Laws.

8.1.3 At any time, and from time to time, if Trustee so requests, Trustor shall forward to Trustee the most recent environmental review, audit, assessment and/or report relating to the Property procured by Trustor, at the sole cost and expense of Trustor.

8.1.4 Trustor will, at its sole expense, take all actions as may be necessary or advisable for the clean-up of Hazardous Substances on or with respect to the Property, including without limitation all removal, containment and remedial actions in accordance with all applicable laws, and shall further pay or cause to be paid all clean-up, administrative and enforcement costs of governmental agencies with respect to Hazardous Substances on or with respect to the Property if obligated to do so by contract or by law. Trustor will immediately notify the Trustee should Trustor become aware of any actual or potential liability, lien, or violation with respect to Hazardous Substances stored, disposed or released in, on or about the Property. Trustee may require from Trustor assurances that Trustor is taking all actions as may be reasonably required for the clean-up of Hazardous Substances in or with respect to any of the Property; provided, that for all purposes under this Section. Trustor shall, upon the Trustee's request therefor, provide the Trustee with, and the Trustee shall be fully protected in relying upon, without further investigation or further duty to determine

whether any removal, containment and/or remedial actions are satisfactory, either (A) the written approval of such actions by any independent environmental consultant selected by Trustor and not objected to in writing by Trustee or Beneficiary within thirty (30) days after receipt of notification of Trustor's selection; or (B) written notice from Trustor that Trustor is contesting in good faith any such requirement by appropriate legal proceedings.

8.2 Definitions. As used in this Section 8:

8.2.1 "Environmental Laws" means all laws and regulations, now or hereafter in effect, with respect to Hazardous Substances, including without limitation the Comprehensive Environmental response, Compensation, and Liability Act, as amended (42 U.S.C. Section 9601, et seq.), the Resource Conservation and Recovery Act, as amended (42 U.S.C. Section 6901, et seq.), the Clean Water Act, as amended (33 U.S.C. Section 1321, et seq.), the Clean Air Act, as amended (42 U.S.C. Section 7401, et seq.), and the Toxic Substances Control Act, as amended (15 U.S.C. Section 2601, et seq.), and any state or local similar laws and regulations and any so-called local, state or federal "superfund" or "superlien" law.

8.2.2 "Hazardous Substance" means any substance or material now or hereafter defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any Environmental Laws. Trustor is expressly permitted to engage in the handling, transferring, storing or processing of propane, methane, butane or any other natural gas product on the Property so long as it does so in compliance with all applicable Environmental Laws.

9. CONDEMNATION. Trustor shall promptly notify Beneficiary of any action or proceeding relating to any condemnation or other taking, whether direct or indirect, of the Property or any part thereof, and Trustor shall appear in and prosecute any such action or proceeding unless otherwise directed by Beneficiary in writing. Upon the occurrence and continuance of a default under this Deed of Trust, Trustor authorizes Beneficiary, at Beneficiary's option, as attorney-in-fact for Trustor, to commence, appear in, and prosecute, in Beneficiary's or Trustor's name, any action or proceeding relating to any condemnation or other taking of the Property whether direct or indirect, and to settle or compromise any claim in connection with such condemnation or other taking.

10. MISCELLANEOUS.

10.1 Time of Essence. Time is of the essence of this Deed of Trust.

10.2 Binding Upon Successors and Assigns. Subject to the provisions of applicable law with respect to successor trustees, this Deed of Trust shall be binding on and inure to the benefit of the parties, their successors, and assigns.

10.3 Beneficiary's Right to Perform Obligations of Trustor. If Trustor fails to perform the covenants and agreements contained or incorporated in this Deed of Trust, or if any action or proceeding is commenced which affects the Project or title thereto or the interest of Beneficiary therein (including without limitation any bankruptcy, insolvency, arrangement, reorganization or other debtor relief proceeding or eminent domain proceeding), then Beneficiary, at Beneficiary's option may make such appearance, disburse such sums, and take such action as Beneficiary deems necessary, in its sole discretion, to protect Beneficiary's interest, including without limitation: (i) disbursement of attorneys' fees and expenses; (ii) entry upon the Property to make repairs; and (iii) procurement of satisfactory insurance. Trustor shall reimburse Beneficiary for all reasonable costs incurred by Beneficiary in taking any said action, together with interest from the date of expenditure until repaid at two percent per annum over the rate of interest announced by the Trustee as its prime rate from time to time, but in any event, not greater than the maximum rate of interest permitted by Alaska law. Such sums shall become a part of the obligations of Trustor secured by this Deed of Trust and be payable by Trustor on demand. Trustor agrees that the amounts described in this Section constitute necessary expenditures for the preservation of Beneficiary's security and, to the extent permitted by law such amounts shall have a lien priority date as of the date of recording of this Deed of Trust.

Such action by Beneficiary shall not constitute a waiver of the default or any other right or remedy which Beneficiary may have on account of Trustor's default. Nothing in this Section 10.3 shall require Beneficiary to incur any expense or take any action.

10.4 Notices. Notices under this Deed of Trust shall be in writing and shall be sufficiently given if addressed and mailed by first-class, certified or registered mail, postage prepaid, to a party at the address set forth above, or such other address as a party may indicate by written notice to the others. All notices shall be deemed served upon deposit of such notice in the United States Postal Service in the manner above provided.

10.5 Captions. All captions used in this Deed of Trust are intended solely for convenience of reference and shall not limit, expand or otherwise affect any of the provisions of this Deed of Trust.

10.6 Invalid Provisions to Affect No Others. If any of the provisions contained in this Deed of Trust shall be invalid, illegal or unenforceable in any respect, the validity of the remaining provisions contained herein shall not be affected thereby.

10.7 Changes in Writing. This Deed of Trust and any of its terms may only be changed, waived, discharged or terminated by a writing signed by Beneficiary.

10.8 Applicable Law. This Deed of Trust, and the terms and conditions herein shall be construed, applied and enforced in accordance with the laws of the State of Alaska.

10.9 Parties Interested Herein. Nothing in this Deed of Trust, express or implied, is intended or shall be construed to give to any person, other than Trustor, Beneficiary and Trustee any right, remedy or claim under or by reason of this Deed of Trust. The covenants, stipulations and agreements in this Deed of Trust contained are and shall be for the sole and exclusive benefit of Trustor, Beneficiary and Trustee, and their successors and assigns.

IN WITNESS WHEREOF, the Trustor has executed this Agreement as of the date first above written.

TRUSTOR:

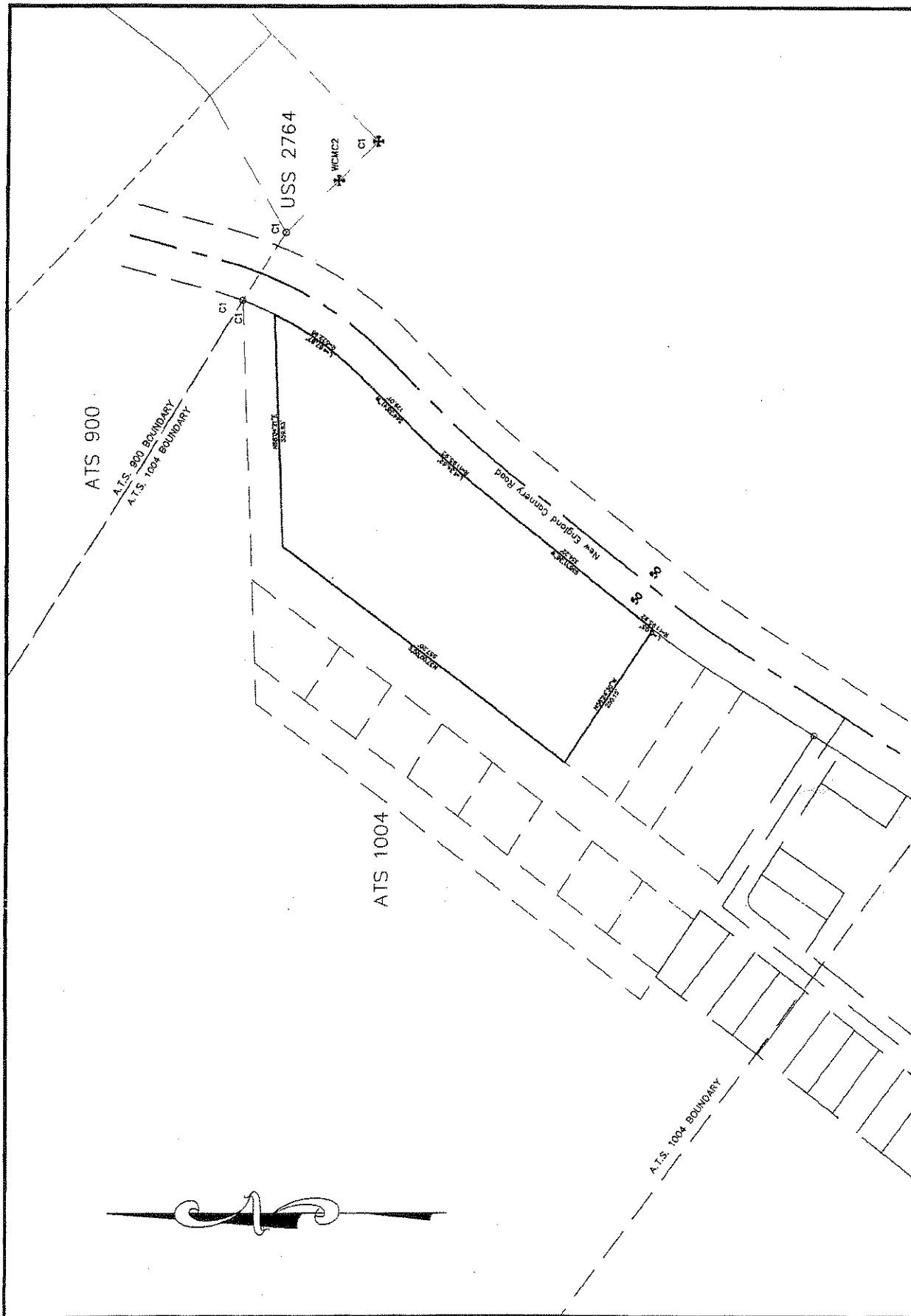
ALASKA INTRASTATE GAS COMPANY

By: _____
Francis L. Avezac, President

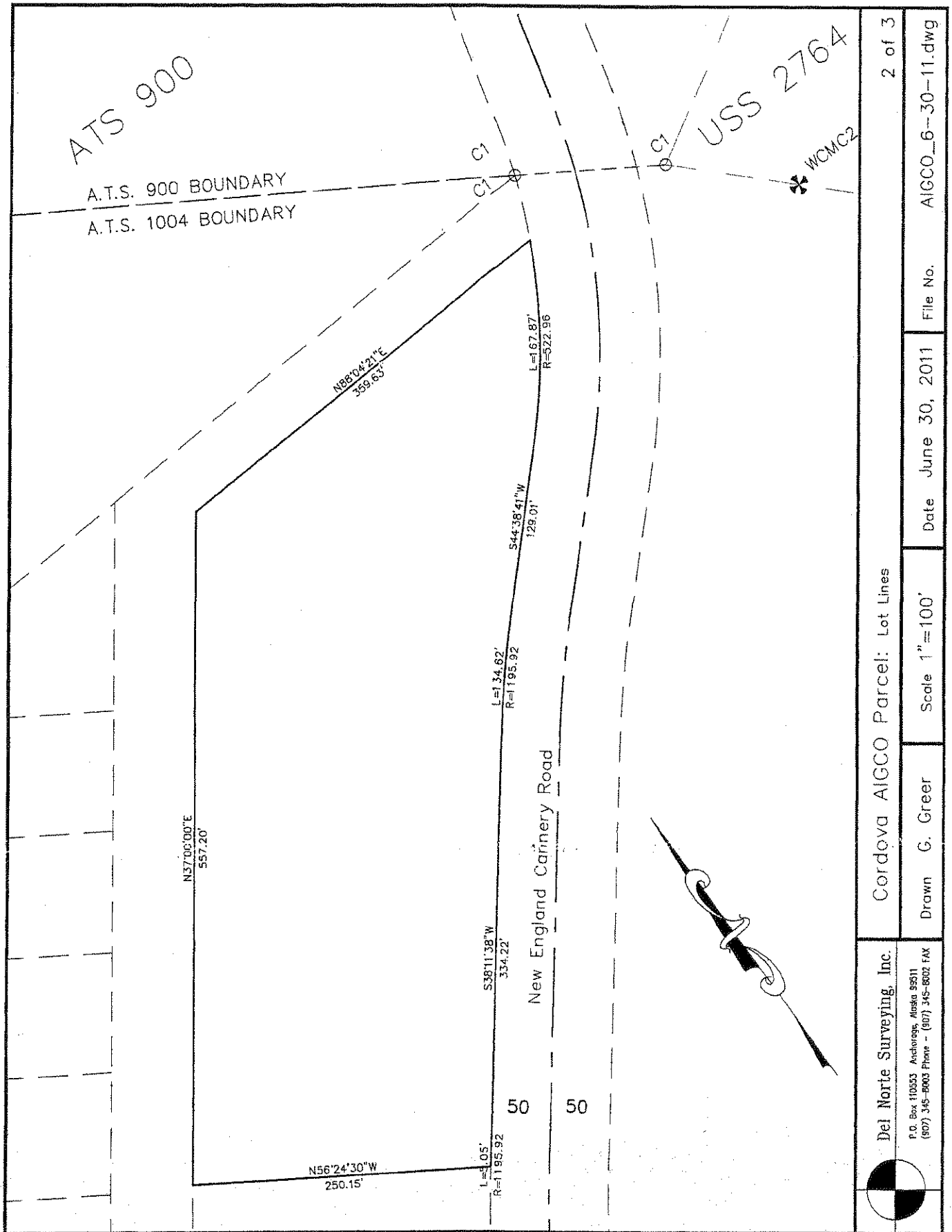
STATE OF ALASKA)
) ss:
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2011, by Francis L. Avezac, President of ALASKA INTRASTATE GAS COMPANY, an Alaska Corporation, on behalf of said Corporation.

Notary Public in and for Alaska
My commission expires: _____



Del Norte Surveying, Inc.		Cordova AIGCO Parcel: Parcel Area View		1 of 3	
P.O. Box 110553 Anchorage, Alaska 99511 (907) 345-8003 Phone - (907) 345-8002 FAX		Drawn	G. Greer	Date	June 30, 2011
		Scale		File No.	AIGCO_6-30-11.dwg



AIGCO Parcel

A tract of land within the easterly portion of Alaska Tidelands Survey No. 1004, per Plat 76-2, filed in the Cordova Records Office on May 5, 1976 and the easterly portion of Alaska Tidelands Survey No. 900, per Plat 77-2, filed in the Cordova Records Office on February 18, 1977 and more particularly described as follows:

COMMENCING FOR REFERENCE at the brass cap monument W.C.M.C. No. 2 U.S. Survey No. 2764;

Thence N 45°02' W, 115.50' to Corner 1, Tract A, Alaska Tidelands Survey No. 900;

Thence N 57°30' W, 125.47' to Corner 1, Tract B, Alaska Tidelands Survey No. 900 which is coincident with Corner 1, Alaska Tidelands Survey No. 1004 and is a point on the westerly Right of Way of New England Cannery Road (Orca Road);

Thence along a curve to the right, coincident with the westerly Right of Way of the New England Cannery Road, having a radius of 522.96 feet, an arc length of 55.26 feet, a chord bearing of S 23°13'33" W, and chord length of 55.24 feet to the TRUE POINT OF BEGINNING for this description;

Thence along a curve to the right, coincident with the westerly Right of Way of the New England Cannery Road, having a radius of 522.96 feet, an arc length of 167.87 feet, a chord bearing of S 35°26'56" W, and chord length of 167.15 feet;

Thence S 44°38'41" W, 129.01 feet continuing coincident with the westerly Right of Way of the New England Cannery Road;

Thence along a curve to the left, having a radius of 1195.92 feet, an arc length of 134.62 feet, a chord bearing of S 41°25'12" W, and chord length of 134.55 feet;

Thence S 38°11'38" W, 334.22 feet;


Thence along a curve to the left, having a radius of 1195.92 feet, an arc length of 5.06 feet, a chord bearing of S 38°04'22" W, and chord length of 5.05 feet, from which the most easterly corner of the Ocean Dock Subdivision, per Plat 83-7, filed in the Cordova Records Office on July 26, 1983, bears S 33°06'04" W, 302.82 feet, said point being the intersection of the easterly Right of Way of Sea Gull Avenue and the westerly Right of Way of New England Cannery Road;

Thence departing the westerly Right of Way of the New England Cannery Road, N 56°24'30" W, 250.15 feet across tidelands;

Thence N 37°00'00" E, 557.20 feet across tidelands;

Thence N 88°04'21" E, 359.63 feet across tidelands to the POINT OF BEGINNING and the TERMINUS of this description.

Containing 4.00 acres, more or less.

	Del Norte Surveying, Inc.		Cordova AIGCO Parcel: Parcel Description		3 of 3
	P.O. Box 110553 Anchorage, Alaska 99511 (907) 345-8003 Phone -- (907) 345-8002 FAX	Drawn G. Greer	Date June 30, 2011	File No. AIGCO_6-30-11.dwg	