

SB

284

STEVE COWPER
GOVERNOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

284

April 29, 1987

The Honorable Jan Faiks
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Senator Faiks:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to a grant of state land to the City of Nome. Unless this bill passes this session, the Alaska State Building Authority (ASBA) will have to pay \$50,000 to the City of Nome in settlement of a legal dispute.

In 1968, ASBA and the City of Nome entered into a cooperation agreement with respect to the Beringvue Housing Project in Nome. Because ASBA is exempt from local taxes, and because the City of Nome provides municipal services to the Beringvue project, ASBA agreed to make "Payments in Lieu of Taxes" (PILOT payments) to cover the cost of municipal services for the Beringvue project. The city subsequently sued for underpayment of the PILOT payments.

In 1982, ASBA settled the dispute with Nome in an agreement containing a provision under which ASBA would undertake a reasonable and diligent effort in good faith to acquire fee simple title in the name of the City of Nome to a particular piece of property in Nome known as Other State Land 417 (OSL 417). If ASBA does not obtain fee simple title for Nome before November 1987, ASBA is to make an alternative payment to Nome in the amount of \$50,000 as full and final payment of the dispute.

At the time of the agreement, it was anticipated that the Department of Natural Resources could, under existing statutory authority, convey fee simple title to the property. The parties to the agreement now believe that such a conveyance of the property would be subject to a reverter clause required by AS 38.05.810(a) which would provide for the re-

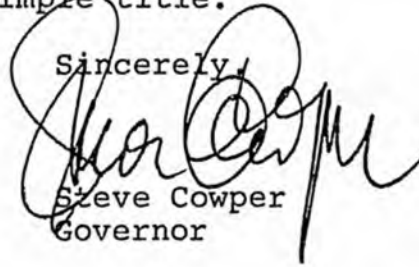
ob. 13

Honorable Jan Faiks

Page 2

version of the title of the real property to the state if the City of Nome stopped using the property for public purposes. The City of Nome is unwilling to accept transfer of the property with the reverter clause, and continues to insist on a transfer of fee simple title.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper". The signature is written in a cursive style with a large initial "S" and "C".

Steve Cowper
Governor

304

STATE OF ALASKA 1987 LEGISLATIVE SESSION
FISCAL NOTE

REQUEST: _____
Revision Date: 5B284
Title: Relating to Nome Land Grant
Sponsor: Governor
Requestor: _____

Bill Version: 773-87-155
Publish Date: _____
Agency Affected: Comm. & Econ. Dev.
BRU: ASBA
Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

| OPERATING | FY 87 | FY 88 | FY 89 | FY 90 | FY 91 | FY 92 |
|-------------------|-------|-------|-------|-------|-------|-------|
| PERSONAL SERVICES | | | | | | |
| TRAVEL | | | | | | |
| CONTRACTUAL | | | | | | |
| SUPPLIES | | | | | | |
| EQUIPMENT | | | | | | |
| LAND & STRUCTURES | | | | | | |
| GRANTS, CLAIMS | | | | | | |
| MISCELLANEOUS | | | | | | |
| TOTAL OPERATING | -0- | -0- | -0- | -0- | -0- | -0- |
| CAPITAL | -0- | -0- | -0- | -0- | -0- | -0- |
| REVENUE | -0- | -0- | -0- | -0- | -0- | -0- |

FUNDING: (Thousands of Dollars)

| | | | | | | |
|---------------|-----|-----|-----|-----|-----|-----|
| GENERAL FUND | | | | | | |
| FEDERAL FUNDS | | | | | | |
| OTHER | | | | | | |
| TOTAL | -0- | -0- | -0- | -0- | -0- | -0- |

POSITIONS:

| | | | | | | |
|-----------|-----|-----|-----|-----|-----|-----|
| FULL-TIME | -0- | -0- | -0- | -0- | -0- | -0- |
| PART-TIME | | | | | | |
| TEMPORARY | | | | | | |

ANALYSIS :

[Empty box for analysis]

Prepared by: Barbara Morse-Quinn, Exec. Director Phone: 562-2813
Division: Alaska State Building Authority Date: April 24, 1987
Approved by Commissioner: J. Anthony Smith, Commissioner Date: April 24, 1987
Agency: Department of Commerce and Economic Development

Distribution (by preparer):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)
Senate Secretary
0003k42487a

FYI

MEMORANDUM

DEPARTMENT OF NATURAL RESOURCES

State of Alaska

DIVISION OF LAND & WATER MANAGEMENT

TO: Carol Shobe, Manager *CS*
Title and Contracts Unit

DATE: January 15, 1987

THRU: Jean Whitney, NRM I *JW*
Title Analysis

FILE NO.: 7-830-5
2039A

TELEPHONE NO.: 762-2310

FROM: Pat Murnan, NRT *PM*
Title Analysis *P. Murnan*

SUBJECT: Reindeer Slaughterhouse

Issue

To research and verify title on OSL 417, the Reindeer Slaughterhouse in Nome.

Description of Land Analyzed

T. 11 S., R. 34 W., K.R.M.
U.S. Mineral Survey 1339
Block 135, Townsite of Nome

Chronology of Events

- 1/21-24/1899 Claim located for the Arthur, Broncho, Cephei, Dandy, Eureka, Famous, Golden and Harriet Placer, and Iris, Jonah, Koyuk and Last and Beach Claim Vega Placer.
- 4-13-1905 Official Plat of the Townsite of Nome, Alaska, surveyed and platted under direction of Porter J. Coston, Townsite Trustee.
- 4-18-1908 Trustee's Deed
 Grantor: Porter J. Coston, as Trustee for the Townsite of Nome.
 Grantee: Christina MacLean and Sarah Fill.
 Legal: Block 135, Townsite of Nome and additional lands.
 Reservations: None.
- 1-29-1923 U.S. Mineral Survey 1339 approved. This is a plat of the claim of Nome and Sinook Mining Company known as the Arthur, Broncho, Cephei, Dandy, Eureka, Famous, Golden and Harriet Placer, and Iris, Jonah, Koyuk and Last and Beach Claim Vega Placer.
- 7-14-26 Federal Patent 982319
 Grantor: U.S.A.
 Grantee: Nome and Sinook Company
 Legal: U.S. Mineral Survey 1339
 Reservations: FIRST. That the grant hereby made is restricted in its exterior limits to the boundaries of the said mining premises, and to any veins or lodes of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, which may have been discovered

Carol Shobe
Page 2
January 15, 1987

SECOND. That should any vein or lode of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, be claimed or known to exist within the above described premises at said last named date, the same is expressly excepted and excluded from these presents.

THIRD. That the premises hereby conveyed shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local laws, customs, and decisions of the courts. And there is reserved from the lands hereby granted a right-of-way thereon for ditches or canals constructed by the authority of the United States.

FOURTH. That in the absence of necessary legislation by Congress, the Legislature of Alaska may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to the complete development thereof.

6-20-34

Deed

Grantor: Nome and Sinook Company
Grantee: Hammon Consolidated Gold Fields
Legal: Arthur, Bronco, Cephei, Dandy, Eureka, Famous,
Golden and Harriet Placer, and Iris, Jonah, Koyuk
and Last and Beach Claim Vega Placer mining claims.

Subject to: A lease granted by the Nome and Sinook Company to Center Creek Dredging Company on September 30, 1920, for the term of fifteen years from the date thereof, expiring at noon on the thirtieth day of September, 1935, which said lease was assigned to Nome Mines, Incorporated, the said claims having been further sublet by Nome Mining Incorporated to Hammon Consolidated Gold Fields by indenture dated April 29, 1925.

Carol Shobe

Page 3

January 15, 1987

6-1-37

Deed

Grantor: Hammon Consolidated Gold Fields

Grantee: United States Smelting Refining and Mining Company.

Legal: All mines, mining grounds and mining claims, all lands or other real estate and all other real property wherever situated, either within or without the Territory of Alaska, owned by the Hammon Consolidated Gold Fields on the date of this deed.

Note: This deed is made by Hammon Consolidated Gold Fields to United States Smelting Refining and Mining Company, owner of all its capital stock, for the purpose of completely liquidating Hammon Consolidated Gold Fields.

10-29-68

Deed

Grantor: United States Smelting Refining and Mining Company.

Grantee: State of Alaska.

Legal: A portion of Block 135 Nome Townsite, described by metes and bounds situated in Arthur Broncho, etc. M.S. 1339.

Reservations: None.

1968

The State legislature appropriated \$75,000 to the Department of Economic Development to initiate a Reindeer Processing Program with the intent that the facility "be turned over to private industry as soon as practicable".

6-30-69

Memorandum of Agreement

Between the Department of Economic Development and the Department of Natural Resources. It was agreed that the Department of Natural Resources would manage and operate the reindeer facility.

8-15-74

The Nome Reindeer Slaughterhouse was transferred from the Department of Economic Development to the Department of Natural Resources.

4-1-86

Memorandum of Agreement, Nome Reindeer Slaughterhouse between Department of Natural Resources, Division of Agriculture and University of Alaska, Institute of Arctic Biology.

The Division of Agriculture hereby grants to the University the authority to operate and manage the Nome reindeer slaughter facility.

Carol Shobe
Page 4
January 15, 1987

Summary

The 1908 Trustee's Deed and the 1926 Federal Patent appear to be in conflict. I talked to Floyd Darby of Lawyer's Title. He has been doing extensive work in the Nome area for the past several years. He explained that there were many invalid Trustee Deeds issued because the Trustee Patent was preempted by the location notices of mining claims.

According to the notation on the plat of U.S. Mineral Survey No. 1339, the claim was located January 21-24, 1899. The official plat of the Townsite of Nome was approved by the Townsite Trustee, Porter J. Coston, on April 13, 1905, and the Certificate was issued to the Townsite Trustee on January 6, 1906 by a metes and bounds description.

This parcel serialized as OSL 417 on the state's records, is depicted as Block 136 on the status plat (Suppl. Sheet No. 10, T. 11 S., R. 34 W., K.R.M.). The townsite of Nome (U.S.S. 451) was resurveyed in 1958. As a result of this survey, Block 135 was changed to Block 136. This explains why the State status plat shows OSL 417 as Block 136 rather than Block 135. Mr. Darby said there is some question as to the accuracy of the 1958 resurvey. He has found numerous errors on it.

The chain of title tracked here stems from the 1926 Patent. Without being able to research records in the Nome Recorder's office, we will be unable to determine if a separate chain exists which stems from the 1908 Trustee's Deed.

Don Leach at the BLM Fairbanks District Office (356-2025) informed me that there are quite a few cases similar to this in Nome where two different conveyances were issued for the same piece of property. His research indicates both conveyances are valid and the parties have learned to live side by side.

! If the State conveys this land it should be done by quitclaim deed. There should also be a covenant in the conveyance guaranteeing the facility would be maintained for the advancement of reindeer husbandry.

PM:eg

MEMORANDUM of AGREEMENT

NOME REINDEER SLAUGHTER HOUSE

between

Department of Natural Resources
Division of Agriculture

and

University of Alaska
Institute of Arctic Biology

Upon properly signed acknowledgement of the conditions of this agreement by officials of the University of Alaska, the Division of Agriculture hereby grants to the University the authority to operate and manage the Nome Reindeer slaughter facility under the following conditions:

1. The coordinator of the University of Alaska, Fairbanks, Reindeer Program will be responsible for the facility management.
2. Maintenance, repair, utilities, security and general operation will be provided by the University of Alaska, Fairbanks.
3. Facility will be maintained and made available, under reasonable conditions, for use as compatible with the reindeer industry and development of the economy of the area.
4. Any use agreement between the University of Alaska, Fairbanks and a third party must be approved in advance by the Division of Agriculture.
5. Any third party use must be by written agreement with the University.
6. Use of the plant will be coordinated with the Reindeer Herders Association at Nome.
7. Uses other than by the University of Alaska, Fairbanks will be under an established schedule of fees and deposits.
8. The Division of Agriculture will maintain fire insurance on the facility.
9. Use of the facility for temporary or permanent residency will be prohibited unless such use is required by the University of Alaska, Fairbanks in carrying out its reindeer research program.
10. Live animals will be permitted only in the kill room portion of the facility.

11. Use of the facility for general purpose meetings will be prohibited. Use for educational functions will be allowed only under the direct supervision of the coordinator, and only for those subjects directly related to the use of the building by the University of Alaska, Fairbanks, Reindeer Research Program.
12. The terms of this authority will be three years, beginning June 30, 1986 or until both parties agree to other terms. The agreement may be cancelled upon 30 days notice by either party, and may not be extended or continued only for programs of benefit to the reindeer industry in Alaska.
13. Any permanent changes or improvements must be approved by the Division of Agriculture in advance.

These conditions should not restrict the use of the facility for the uses for which it was intended, and in fact proper adherence to the requirements for proper security and maintenance should insure more advantageous use in the future. It will be important that the facility be maintained to meet the Department of Environmental Conservation meat inspection requirements, including maintenance of the inspectors office.

Agreed to by:

Bill L. Hovén

Director - Division of Agriculture

3/29/86

Date

Joe Nava

Executive Officer - Institute of Arctic Biology

1 April '86

Date

MEMORANDUM

State of Alaska

DEPARTMENT OF
NATURAL RESOURCES

AUG 26 1968

Honorable Walter J. Hickel, Governor
State of Alaska

RECEIVED
JUNEAU, ALASKA

DATE: August 22, 1968

FROM: Robert W. Ward, Commissioner
Department of Administration

SUBJECT: Department of Economic Development,
Request for Revision of 1968-69
Reindeer Slaughter Program.

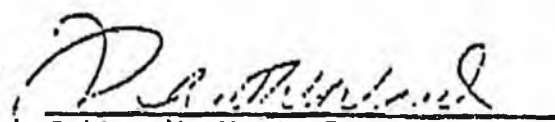
The 1968 Legislature appropriated \$75,000 to the Department of Economic Development to initiate a Reindeer Processing Program, within the Industrial Development Division. In funding this program, it was the express intent that any facility constructed or operated by the state be taken over by private industry as soon as practicable.

Although the original plan was to convert an existing cold storage plant at Golovin for this purpose, Economic Development has determined that the establishment of a new facility in the Nome area would provide a more expedient location for the program. At the present time only one reindeer herder is known who will use a facility at Golovin, and an existing slaughter company is planning to renovate the Golovin warehouse to meet this need.

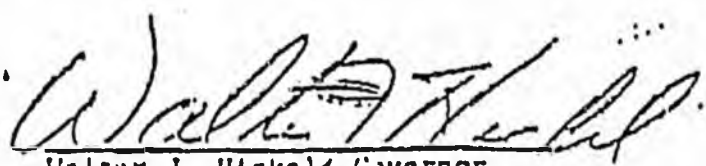
Conversely, a number of herders have agreed to sell their reindeer at Nome, and better utility and transportation facilities are available there. Since no private developer is interested in constructing a physical plant in Nome at this time, it will be necessary to utilize part of the \$75,000 grant for capital expenditures, in contrast to the original plan to use the entire amount for operating capital. A substantial balance of this amount would still be available as operating capital, however.

It is planned to seek a federal EDA loan or grant to sustain this program on a more permanent basis. In the interim, however, it appears necessary for the state to pursue the program as outlined above.

A copy of Economic Development's report on this matter is attached for your information. Since this request does not obligate additional state funds, your approval to revise the scope of the reindeer program is recommended in accordance with the provisions of Executive Order No. 20.


Robert W. Ward, Commissioner
Department of Administration

Approved this 26 day of August, 1968.


Walter J. Hickel, Governor
State of Alaska

CAPE HOME

Serial No. 14-1723

1111-211 PAGE 74
Cape Nome Recording Office

D E E D

THIS INDENTURE, between UNITED STATES SMELTING REFINING AND MINING COMPANY, a Maine corporation, hereinafter called "Grantor", and the STATE OF ALASKA, hereinafter called "Grantee":

W I T N E S S E T H

That the said Grantor, in consideration of the sum of One Dollar (\$1.00), lawful money of the United States of America, and other valuable considerations in hand paid by the said Grantee the receipt whereof is hereby acknowledged, does hereby convey and quitclaim unto the said Grantee all interest which the Grantor has in the following described real estate situated in Arthur Broncho, etc. M.S. 1339, State of Alaska:

That portion of Block 135 Nome Townsite, U. S. Survey 451 more particularly described as follows:

Commencing at Corner No. 11 of the Arthur, Broncho, Cephei, Dandy, Eureka, Famous Golden and Harriet Placer, M.S. 1339 from which U. S. L. M. 1-C bears S 72°55' W 1155 feet more or less, proceed S 14°13' W 192 feet to a point on the line between Corner No. 11 and Corner No. 12 of Arthur, Broncho, Cephei, Dandy, Eureka, Famous, Golden and Harriet Placer, M.S. 1339, the true place of beginning, which is Corner No. 1 of Slaughter House Site; proceed S 14°13' W 175 feet to Corner No. 2; thence N 64°41' W 287 feet to Corner No. 3; thence N 25°19' E 170 feet to Corner No. 4; thence S 64°41' E 252 feet to the true place of beginning the whole thereof containing 1.052 acres more or less.

TOGETHER with all and singular, the tenements, hereditaments, and appurtenances therunto belonging, or in any wise appertaining, and the reversions, and remainder and remainders, rents, issues and profits thereof.

RESERVING AND EXCEPTING, however, any reservations to the United States of America that may be set forth in the United States Patent Deed to the said mining claim.

TO HAVE AND TO HOLD all and singular the said premises together with the appurtenances and privileges thereunto incident unto the said Grantee and to its successors and assigns forever.

IN WITNESS WHEREOF, the said Grantor has executed this deed as of the 22nd day of October, 1968.

| |
|--|
| RECORDED - FILED |
| Case Name <u> </u> REC. DIST. <u> </u> |
| DATE <u>Nov. 1</u> 19 <u>68</u> |
| TIME <u>11:15</u> A.M. |
| WITNESSED BY <u>The Public Administrator</u> |
| <u> </u> |
| <u> </u> |

UNITED STATES SMELTING REFINING AND MINING COMPANY

By J. George Gange
J. George Gange, Senior Vice President

And by Henry C. Stanberg
Henry C. Stanberg, Assistant Secretary

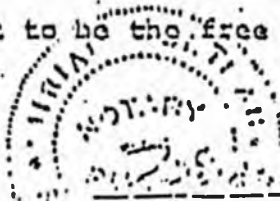
Executed in the presence of:

-
-



STATE OF NEW YORK)
) ss
COUNTY OF NEW YORK)

On this 22nd day of October, 1968, before me appeared J. George Gange and Henry C. Stanberg, to me personally known, who being by me duly sworn, did say that they are, respectively Senior Vice President and Assistant Secretary of United States Smelting Refining and Mining Company, and that the seal affixed to said instrument is the corporate seal of said corporation and that said instrument was signed and sealed behalf of said corporation by authority of its Board of Directors and said J. George Gange and Henry C. Stanberg acknowledged said instrument to be the free act and deed of said corporation.



SNAKE RIVER

$N 66^{\circ} 38' W 257.35'$

$S 64^{\circ} 11' E 47.75'$

$S 61^{\circ} 11' E 252'$

EXISTING CITY
SERVICED

NEW 60'
ADDITION

STREET

$N 25^{\circ} 00' W$
will have 1/4 sec
219.35'

$S 25^{\circ} 00' E$

$N. 61^{\circ} 11' W. 257'$

60' X TH

Holding Area

| | | | | | | | | | | | | | |
|-------|-------|-------|-------|---|---|---|---|---|----|----|-------|-------|-------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 50.36 | 49.69 | 50.31 | 50.00 | | | | | | | | 50.00 | 50.00 | 50.00 |

STREET

136

564.32



FYI

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES - Division of Land and Water Management

TO: Dick LeFebvre
Deputy Director

DATE: January 26, 1987

THRU: Gary Gustafson, Chief
Land Management

FILE NO: OSL 417

TELEPHONE NO: 762-2326

FROM: Carol Shobe, Manager *CS*
Title/Contracts Unit

SUBJECT: Reindeer Slaughter
House in Nome

The following is an analysis of actions related to a settlement of litigation, not involving DNR, naming the Reindeer Slaughter House in Nome as part of the settlement.

Background:

The 1968 Legislature appropriated \$75,000 to the Department of Economic Development to initiate a Reindeer Processing Program, within the Industrial Development Division, with the intent that the facility be turned over to private industry as soon as practicable.

On October 29, 1968, United States Smelting, Refining and Mining Co. granted to the State of Alaska a portion of Block 135 Nome Townsite, described by metes and bounds, situated in Arthur Broncho, etc. M.S. 1339.

A two story structure was constructed on the land and on June 30, 1969 a Memorandum of Agreement was signed between the Department of Economic Development and the Department of Natural Resources. It was agreed that the DNR would manage and operate the reindeer facility primarily because DNR was administering the Wholesome Meat Act of 1967.

On April 25, 1972 advice was given by the AG's office as to the meaning of the statement in the legislation that the facility "be turned over to private industry as soon a practicable", "This statement of purpose seems broad enough to cover either sale or lease to either a private company or a non-profit association such as the Reindeer Herders Association."

On August 25, 1972 a lease was issued for a period of five years to the Reindeer Herders Association of Nome.

On August 15, 1974 the Nome Reindeer Slaughter House was transferred from the Department of Economic Development to DNR.

On April 1, 1986 a Memorandum of Agreement was signed between DNR, Division of Agriculture and the University of Alaska, reviewed by the Reindeer Herders Association of Nome. The University of Alaska is responsible for maintenance, repair, utilities, security and general operation of the facility. The Division of Agriculture will maintain fire insurance on the facility. The facility will be maintained for uses compatible with the reindeer industry and development of the economy of the area. Use of the plant will be coordinated with the Reindeer Herders Association of Nome. The term of the agreement is for three years beginning June 30, 1986.

Current Situation

This office was contacted by Attorney Francine Harbour of the law firm of Wanamaker, DeVaux and Crabtree representing the Alaska State Housing Authority (the Authority). Apparently "the Authority" built some low income housing in Nome that resulted in the City of Nome suing the Authority and the City winning. On November 22, 1985 a stipulation of Settlement and Release Agreement was signed between the City of Nome and the Authority for City of Nome v. Alaska State Housing Authority, No. 2 NO-80-02 Civil. The Agreement which DNR was not a party to states as follows:

- "1. ASHA shall undertake a reasonable and diligent effort in good faith to acquire, either in the name of or for immediate conveyance to Nome, all of the real property interest of the State of Alaska in that certain real property more particularly described as Block 135, U.S. Survey No. 451 as amended ...
2. If the above described property interests in Block 135 are not conveyed to Nome so that Nome achieves fee simple title to said property subject only to reservations and exception as contained in the U.S. Patent and acts relating thereto, within twenty-four months of the date of execution of this agreement, ASHA shall pay to Nome Fifty Thousand Dollars ..."

The law firm representing the Authority determined that DNR is the record owner of the parcel; contacted the Property Appraisal Division of the City of Nome for a 1986 valuation of \$40,300 for the land, and \$289,900 for the building with a total value of \$330,200; and researched various methods of acquiring the land from DNR for the City of Nome.

Preliminary discussions with the attorney indicates that we have few opportunities to convey the subject land seralized as OSL 417 to the City of Nome other than (1) an .810(a) conveyance subject to a public use reverter clause and a possible covenant that it must allow the continued use of the site for the reindeer industry; (2) a conveyance for fair market value; (3) a conveyance authorized by special legislation. The attorney indicated that the City of Nome would not accept the land with any reverters or covenants and that the fair market value of a preliminary figure of \$330,200 was unacceptable. The attorney desires that our staff provide her with a written narrative of the meaning of the "unrestricted public use and access" language in the reverter clause required in a conveyance under AS 38.05.810(a) and the source in law or policy of this requirement. She also requested that we review AS 18.55.28 the statute from the Authority's enabling legislation authorizing any agency of the state to "donate ... property to the authority ... without appraisal, public notice or advertisement or bidding." She felt this statute may support a request for a waiver of the public use reverter clause.

Summary:

1. The Title Administration Sub-Unit has completed the attached title analysis. It appears that the state has sufficient interest in the land to issue a QCD if it is so determined. There is a question raised in the chain of title which should be checked in the Nome Recorders Office which requires travel. If the land leaves state ownership this issue should be checked.

2. A response is necessary to the law firm representing the Authority informing them that either DNR cannot accomodate their request, or request that a formal application be submitted on which to make a best interest determination.

(a) A response is necessary as to the meaning of the "unrestricted public use and access" language in the reverter clause required in a conveyance under AS 38.05.810(a).

3. In reviewing this parcel of land, it may be appropriate to include this parcel in the University of Alaska settlement since the University is managing the land under a current Memorandum of Agreement.

| | |
|--------------------------------------|---------------------------------|
| DELIVER TO: <u>CAROL WILSON</u> | LOCATION: <u>JLD</u> |
| FROM: <u>Salli SIMPSON</u> | LOCATION: <u>AKL</u> |
| TELEPHONE/TELECOPIER # _____ | TOTAL NUMBER OF PAGES <u>13</u> |
| TRANSMITTING ON/SPEED _____ | DATE <u>5/4</u> TIME _____ |
| PHONE FOR PROBLEMS-NAME/NUMBER _____ | |
| COMMENTS _____ | |



alaska title
guaranty
agency, inc.

RECEIVED

'85 NOV 26 A9:33

711 GAFFNEY, P.O. BOX 7129, FAIRBANKS, ALASKA 99707

WARRANTY PHONE 484-7701

LITIGATION REPORT

Richard Crabtree
1031 West 4th, Suite 401
Anchorage, Alaska 99501

Date: November 22, 1985
Order No. 4128851

Dear Sir:

This is a Litigation Report as of November 21, 1985 at 8:00 A.M.
on the following described property:

All that portion of patented placer mining claim(s)
known as Arthur, Broncho, Cephei, Dandy, Eureka, Famous, Golden
and Harriet Placer designated by the Surveyor General as
Mineral Survey No. 1339, being more particularly described
in that (those) certain patent(s) from the United States
of America to Nome and Sinook Company, dated July 14, 1926 and
recorded August 18, 1926, included within the following described land:

That portion of Block One Hundred Thirty-five (135), NOME TOWNSITE,
U.S. Survey 451, Nome Recording District, Second Judicial District,
State of Alaska, more particularly described as follows:

COMMENCING at Corner No. 11 of the Arthur, Broncho, Cephei, Dandy,
Eureka, Famous Golden and Harriet Placer, M.S. 1339 from which
U.S.L.M. 1-C bears South 72°55' West 1,155 feet more or less;
PROCEED South 14°12' West 192 feet to a point on the line between
Corner No. 11 and Corner No. 12 of Arthur, Broncho, Cephei, Dandy,
Eureka, Famous, Golden and Harriet Placer, M.S. 1339, the true
place of beginning, which is Corner No. 1 of Slaughter House Site;
PROCEED South 14°13' West 175 feet to Corner No. 2;
THENCE North 64°41' West 287 feet to Corner No. 3;
THENCE North 25°19' East 170 feet to Corner No. 4;
THENCE South 64°41' East 252 feet to the true place of beginning.

EXCEPTING THEREFROM any veins or lodes of quartz or other rock in place
bearing gold, silver, cinnabar, lead, tin, copper or other valuable deposits
within the land above described which may have been discovered or known to
exist prior to July 14, 1926.

This Agency agrees that title to the property described herein is
vested on the date shown above in: STATE OF ALASKA

continued--

(A)

cc: Acha; 11/26/85

SUBJECT only to the exceptions shown herein:

1. The provisions and reservations contained in the patent from the United States of America, dated July 14, 1926 recorded August 18, 1926 in Book 211, page 315, as follows:

FIRST. That the grant hereby made is restricted in its exterior limits to the boundaries of the said mining premises, and to any veins or lodes of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, which may have been discovered within said limits subsequent to and which were not known to exist on July 12, 1923.

SECOND. That should any vein or lode of quartz or other rock in place bearing gold, silver, cinnabar, lead, tin, copper, or other valuable deposits, be claimed or known to exist within the above described premises at said last named date, the same is expressly excepted and excluded from these presents.

THIRD. That the premises hereby conveyed shall be held subject to any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local laws, customs, and decisions of the courts. And there is reserved from the lands hereby granted a right of way thereon for ditches or canals constructed by the authority of the United States.

FOURTH. That in the absence of necessary legislation by Congress, the Legislature of Alaska, may provide rules for working the mining claim or premises hereby granted, involving easements, drainage, and other necessary means to the complete development thereof.

2. Subject property is not being carried on the tax rolls of the City of Nome.
3. Any matters which may be disclosed by a true and accurate survey of subject property.
4. The affect if any of what is common and customarily referred to as the "Plat of the Townsite of Nome Dependent Resurvey" which reflects subject property as lying within Block 136 of the Town of Nome.

continued--

5

Litigation Report

4128851

Page No. THREE

5. Any adverse claim to any portion of said premises lying below the mean high water line of Smoke River.
6. Rights of the public and/or governmental bodies, in and to any portion of the herein described property lying within a public road or road right-of-way.
7. Parties in possession.

This report is restricted to the use of the addressee and is not to be used as a basis for closing any transaction affecting title to said property. Liability of the Agency is limited to the compensation received therefor.

CHARGE: \$1,003.00

ALASKA TITLE GUARANTY AGENCY, INC.

By:

J. Daniel Leland

ejr
PRE6
END

(6)



May 14, 1987

The Honorable Arliss Sturgulewski
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811 (Mail Stop 3100)

Attn: McKai Campbell

Re: SB 284

Dear Senator Sturgulewski:

Thank you for your assistance regarding our efforts on SB 284. It is our understanding that representatives of the City of Nome are committed to working with the Reindeer Herder's Association to fashion a mutually acceptable accommodation concerning the parties' rights and expectations regarding Block 135 in Nome. Even though this accord is not expected prior to the end of this legislative session, we are encouraged by the prospect of passage of SB 196 which would allow the parties to pursue their goals administratively.

We will continue our efforts for as long as such efforts appear helpful. We appreciate you working with us to facilitate a transfer of the property to the City of Nome.

Sincerely,

ALASKA STATE BUILDING AUTHORITY

Barbara Morse-Quinn
Executive Director

BMQ:mrm



May 13, 1987

The Honorable Arliss Sturgulewski
Alaska State Senate
P.O. Box V
Juneau, Alaska 99811

Dear Senator Sturgulewski:

This letter is to transmit the attachment which was mistakenly left off our letter to you of May 11, 1987. We apologize for this attachment not being included in our earlier letter and for any inconvenience it has caused.

Sincerely,

ALASKA STATE BUILDING AUTHORITY

Barbara Morse-Quinn
Executive Director

BMQ/laj

Encl.

BERING STRAITS REGIONAL HOUSING AUTHORITY

Regular Meeting
of the
Board of Commissioners
April 14, 1987

Resolution 87-07

WHEREAS, high heating bill remain the greatest drain on income for Rural Alaska Residents, and

WHEREAS, programs such as the Low Income Household Energy Assistance Program (LIHEAP) and Power Cost Equalization (PCE) help Rural Alaska residents pay energy bills, and

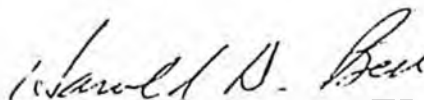
WHEREAS, even with these programs, many low income Rural Alaska residents must use large amounts of their limited cash to buy heating oil, and

WHEREAS, new high efficiency heating equipment could reduce oil consumption in thousands of rural homes by 30 - 50% , and

WHEREAS, these high efficiency units cost \$500 to \$1,000 and most Rural Alaska residents do not have sufficient capital to purchase these units,

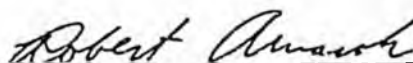
NOW THEREFORE, be it resolved that the Board of Commissioners of the Bering Straits Regional Housing Authority support the idea of the State of Alaska establishing a Low Interest Revolving Loan Fund that would enable people to reduce their heating oil consumption and save money;

Passed and approved by the Board of Commissioners of the Bering Straits Regional Housing Authority this 14 day of April, 1987.



Chairman (Harold Bell)

SEAL

Attest: 

Secretary (Robert Amarok)

Alaska Dept / AREA proposal

FY1 + comments

Paul Sp - 445-5652

REVOLVING LOAN FUND
TO PROMOTE EFFICIENT USE OF HEATING OIL IN RURAL ALASKA

SUMMARY: Establish a revolving loan fund which would enable rural residents to borrow up to \$1000 to purchase either a high efficiency heater or a high efficiency (retention-head) burner.

The loan fund should be administered by the Department of Community and Regional Affairs. Contracts to approve loans and collect payments should be given to rural oriented social service agencies or rural municipal governments.

Loans should be provided for a two and one half year period at five percent interest.

The size of the fund would depend upon the approach:

A single agency fund of \$100,000 could reach 225 households in an eight year period.

A statewide multi-agency fund of \$500,000 could reach 1164 households in an eight year period.

PROBLEM STATEMENT:

High heating bills remain the greatest drain on income for rural residents. In times of economic distress, rural residents have the ability to cut back and/or do without many items that require cash. Heat, however, is essential and in many areas of the state heat is synonymous with heating oil which can only be obtained with cash.

Various programs help rural residents pay energy bills. The Low Income Household Energy Assistance Program (LIHEAP) and the Power Cost Equalization (PCE) program provide significant help for large numbers of rural residents each year. The Low Income Weatherization Program has gradually helped lower consumption and energy bills in many communities.

Even with these programs, many low income rural residents must use large amounts of their very limited cash to buy heating oil. This situation contributes to the poverty of the individual families and the community as a whole.

Money spent for oil has very little positive effect on the local village economy. Dollars are "exported" to oil companies and only a small percentage circulates in the village or state to provide jobs and other economic benefits.

This situation could be very positively changed if heating equipment in rural areas was improved. New high efficiency heating equipment could reduce oil consumption in thousands of rural homes by thirty to fifty percent!

The most common type of oil heater in rural Alaska is the drip pot burner. Some recently built HUD houses have furnaces or boilers. Virtually all of the drip pot burners could be replaced with high efficiency heaters (Monitors or comparable) and many oil burners in the furnace and boilers systems could be replaced with high efficiency burners.

These replacement units could pay for themselves through reduced energy bills in one to three years.

The cost of these high efficiency units ranges from \$500 to \$1000. Though some rural homeowners have purchased these items on their own, many do not have sufficient capital or are unwilling to spend such a large amount of their limited funds for something that is not an essential need. (A heater is essential but replacing it is not unless it breaks.) Another factor is the fact that many people still do not know enough about the new technology.

The need for efficient heating equipment in rural Alaska is very significant. The Alaskan Statewide Housing Needs Study, Phase I Report, November, 1982, indicated that there were 7,913 occupied housing units in "remote" areas of the state. The study provided not data about the number of drip pot burners. However, Rural CAP research and experience suggests that drip pot burners or inefficient burners are used in approximately fifty percent of these homes.

The study indicated that there were 28,355 "rural" housing units in Alaska in 1980. It would be safe to conclude that fifteen to twenty-five percent of these use drip pot heaters or inefficient burners.

The Department of Energy weatherization program does allow replacement of drip pot heaters and oil burners. However, this measure has only been authorized in since 1986. In addition, though many people could use the new technology, limited funds often prevent the program from supplying the heaters. Though several items can qualify under the energy saving guidelines, comfort is often a consideration that dictates installing new windows and doors instead of replacing the heating unit.

It is difficult to predict the number of rural people who would use a loan program. Previous energy conservation loan programs have not served rural people well because they were difficult to apply for and to obtain since many people could offer no collateral. Lack of information has also been a factor.

Borrowing money has also been inconsistent with native cultural habits though many do get loans to purchase commercial fishing equipment.

PROPOSAL BENEFITS:

A low interest revolving loan fund would enable people to significantly reduce their heating oil consumption and save money. In order to be most effective, the program should be operated through agencies that

have regular on-site contact with rural people. This would ensure that the program was well publicized. It would also help ensure repayment of the loans.

Quite likely, the program would have a high default rate. Even so, the state should view the program as a way to help rural residents deal with high energy bills in a more productive way than by giving grants or subsidies.

A loan program would have the additional benefit of giving rural people a degree of ownership of their problem. It would provide an incentive to take responsibility for their situation and provide a way for them to help themselves.

FINANCIAL ANALYSIS:

Two scenarios would be feasible. One option would provide a \$100,000 fund to one agency. A second option would appropriate \$500,000 which should be distributed to several agencies.

The attached rough calculations evaluate a ten year period. After the eighth year loans would not be made. Collection efforts would continue until the end of the tenth year. All remaining funds would be returned to the State and the program would end.

These calculations assume the following:

1. Each loan would be for \$1000, 2.5 years, at 5% interest. Repayment of the loan would be monthly.
2. The fund would be banked so as to draw interest at 10%.
3. Costs of operating the program would be 15% of the amount loaned for that year. After the eighth year it would be a fixed amount.
4. All loans would be made at the beginning of the year. (This would likely not be the case but it simplifies calculations.)
5. The default schedule would be:
 - 50% repaying the complete loan.
 - 15% repaying 75% of the loan.
 - 15% repaying 50% of the loan.
 - 10% repaying 25% of the loan.
 - 10% repaying 0% of the loan.

Given these assumptions, a \$500,000 fund would enable the state to finance approximately 1164 units for a total cost of \$385,281.00. A \$100,000 fund would finance approximately 225 units for a total cost of \$82,125.

A larger program could be instituted if demand for the loans warranted it and the state chose to do so.

ALASKA STATE BUILDING AUTHORITY
TELECOPY COVER SHEET

TO: McKai Campbell
FROM: Barbara Morse - Juina
DATE: 5/8/87

This telecopy is transmitted from:

XEROX 7010 (High Speed Automatic - Group 3 Machine) Telecopy
#(907) 786-6248.This telecopy consists of 7 pages, including this cover
sheet. If transmission is not properly received, please contact
Therese Simmonds at (907) 786-6224.PLEASE DELIVER A.S.A.P.

Thank you.

SPECIAL COMMENTS:



May 8, 1987

The Honorable Arliss Sturgulewski
Alaska State Senator
P.O. Box V
Juneau, Alaska 99811 (Mail Stop 3100)

Attn: McKai Campbell

Re: SB 284

Dear Senator Sturgulewski:

Thank you for assistance with regard to SB 284. Enclosed please find additional background information for Committee review. We look forward to participating in a teleconference, tentatively scheduled for Tuesday, May 12, 1987 at 3:30 p.m. It is my understanding that representatives from the Department of Natural Resources (DNR) and the City of Nome are available for teleconference participation as well. Copies to the City of Nome have been forwarded to Brooks Chandler, City Attorney. In addition we have used the following distribution list for this information:

Bill Miles, Chairman of the ASBA Board
John Williams, Deputy Commissioner of Commerce and
Economic Development
Rod Swope, Office of the Governor
Tom Hawkins, Division of Land and Water Management, DNR
Dean Brown, Division of Agriculture, DNR
Senator Willie Hansley
Senator John Binkley
Representative Al Adams
Representative Heinrich Springer
Larry Davis, Reindeer Herders Association
Don Hutson, Public Health Service

I look forward to hearing from your office soon.

Sincerely,

ALASKA STATE BUILDING AUTHORITY

Barbara Morse-Quinn
Executive Director

BMQ:mrq

Enclosures



CITY OF NOME

P.O. BOX 281 - NOME, ALASKA 99762
TELEPHONE (907) 443-3242

May 7, 1987

← hand delivered
to Larry sh

Mr. Larry Davis
President/Chairman
REINDEER HERDERS ASSOCIATION
c/o Kawerak, Inc.

[copy
via hand delivery to Jake Olanna
sh]

Dear Mr. Davis:

The Alaska State Building Authority (formerly Alaska State Housing Authority) in settlement of a lawsuit agreed to pursue transfer of property title from the State of Alaska to the City of Nome. The property in question is located near and under the Reindeer Slaughter Plant. In the proposed transaction, Nome will receive title to the property, both land and buildings.

We are aware that there is an existing lease^{*} for the use of the building. It is certainly Nome's intention to continue that lease^{*} and to work with the Reindeer Herders Association toward the continuation of the economic development of reindeer as a local resource.

In order for this transaction to be recommended by the state administration, it is necessary to have a letter of non-objection from the Association. We would certainly appreciate your support of this transfer. I will be happy to meet with you to discuss the matter further.

It is our hope that your letter will be received at your earliest convenience. A committee hearing is scheduled on the matter for 3:30 Friday afternoon. It would be helpful if you could also attend that hearing.

Thank you for your consideration.

Sincerely,

CITY OF NOME


John K. Handeland, Mayor
Acting City Manager

* also includes
University of Alaska

SB 284 POSITION PAPER

The Litigation

In 1980 the City of Nome sued the Alaska State Building Authority. The lawsuit arose from a 1968 agreement authorizing the Authority to build up to 200 units of low-income housing in Nome. The City based its claim for damages on the Authority's inability to build more than 50 units; an inadequacy of payments in lieu of taxes to meet Nome's costs in providing municipal services to the project; and a delay in returning the property to the tax rolls from public ownership by the Authority.

In 1984, the Authority sought settlement of the law suit by transfer of the project to the City. When federal regulations concerning the outstanding development costs (paid through the federal budget process) prevented transfer of the project to local control, the Authority was requested by the City to assist with the transfer of the State's interest in Block 135 to Nome. Although Nome considered \$50,000 grossly inadequate and would not settle the lawsuit for that amount, in November 1985 the City accepted \$50,000 as the penalty figure to the Authority if, despite the Authority's efforts, the transfer was not completed by November 1987. In December 1985, the Authority began research with DNR which has resulted in the legislation before you today.

The State's Interest

The Authority supports the transfer of the State's interest in Block 135 to local ownership by the City of Nome. Located on Block 135 is a facility used seasonally for the slaughter of reindeer by the Reindeer Herder's Association.

Although we have no private appraisal of the property, the City assessed valuation on all of Block 135 is currently \$40,300 for the land. Since the State's interest in Block 135 is limited to the Slaughterhouse parcel alone, the valuation of the State-owned land is \$24,150.

The Slaughterhouse facility is in quonset hut configuration, 40' x 80', with a plywood floor, and two small sheds. It carried an assessed valuation at the time of settlement of \$33,400, but the slaughterhouse was revalued at \$30 per square foot after settlement. We do not give the current slaughterhouse valuation (\$96,000) particular import since transfer of the property to local control does not contemplate a change in use of the facility. The current valuation lists replacement cost at \$32,000.

Parties of Interest

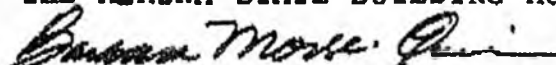
Transfer of the property to local government ownership would not alter the interests of the present user group. The City of Nome

SB 284 Position Paper
May 8, 1987
page two

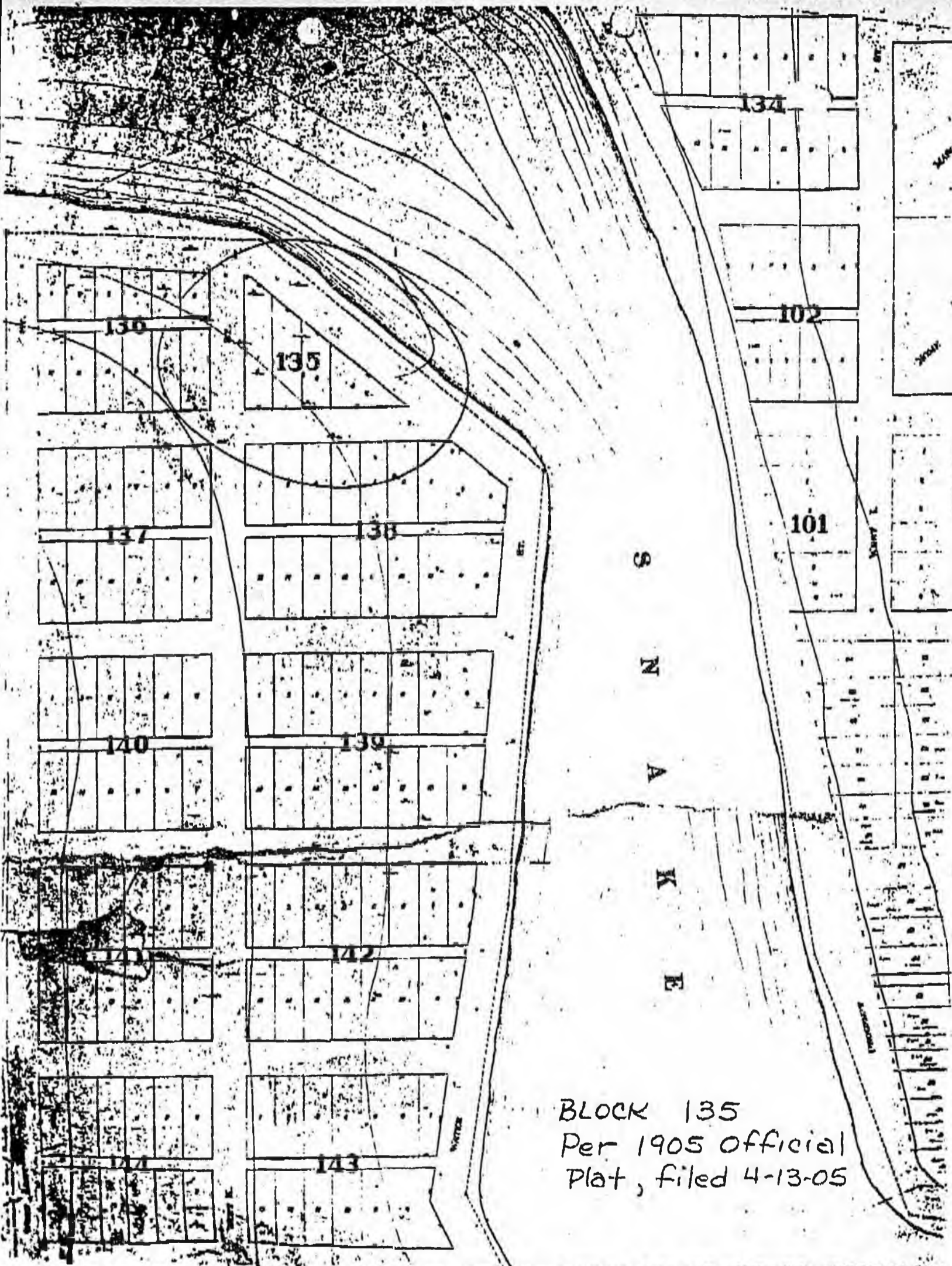
has given written commitment to the Reindeer Herder's Association to fully honor their use of the facility. Nome has agreed to take the property subject to any intermediate leases through the University of Alaska, Institute of Arctic Biology. The Reindeer Herder's Association is to send written comment under separate cover.

Respectfully Submitted,

THE ALASKA STATE BUILDING AUTHORITY



Barbara Morse-Quinn
Executive Director



BLOCK 135
 Per 1905 Official
 Plat, filed 4-13-05

4 March 1988

Mr. Tom Hawkins, Director
Division of Land & Water Management
DNR- State of Alaska
P.O. Box 107005
Anchorage, Alaska 99510-7005

Ref: State land/real property-Nome

Dear Mr. Hawkins:

Efforts by the Rules Committee by request of the Governor to pass Senate Bill No. 284 " to provide a state land grant to the City of Nome " would have satisfied debt, un-related to the property, the Nome Reindeer Slaughter Plant facility, and would have been a detrimental set-back to future development of the Reindeer Industry in regards to processing and marketing of the products.

In Governor Cowper's message accompanying the bill he stated
"Unless this bill passes this session , the Alaska State Building Authority (ASBA) will have to pay \$50,000.00 to the City of Nome in settlement of a legal dispute" . . ." If ASBA does not obtain fee simple title for Nome before November 1987, ASBA is to make an alternative payment to Nome in the amount of \$50,000.00 as full and final payment of the dispute." . . .

The Governor's message is clear and concise. Why should there be any discussion at the City of Nome level when the bill failed to pass in committee action?

The question arises, why does the membership of the Reindeer Herder's Association, Inc. have to vote to choose a City of Nome lease version v.s. a State of Alaska -University lease version. When the bill failed, 1) the City of Nome had no future involvement in the Nome Reindeer Slaughter Plant facility in regards to management or operation, 2) the City of Nome has no direct business being involved in a regional agricultural industry and 3) it is not a function of local city government to operate or maintain a regional private industry entity although the property does exist within the corporate boundaries and subject to some regulation conditions, although minor.

It is the primary responsibility of agencies of the State of Alaska, i.e. DNR-Div. of Ag; Div. of Lands & Water Management; Dept. of Econ. Devel.; Dept. of Environ. Cons. to advise, assist, promote development; regulate and other responsibility to the industry-private sector for public benefit to the greatest extent possible. Economic opportunity must be emphasized. All at the STATE level of effort and ability with human and financial resources as available. On the other hand, this is not to say that the Federal government does not have obligations, whether moral and /or financial and responsibilities as mandated by the "Reindeer Industry Act of 1937 as amended" a VALID, and existing law.

The first 8-9 years after the Nome Reindeer Slaughter Plant was constructed in 1967-1968 were difficult times due to remote-control management authority of the properties and lack of funding adequate to support the facility locally. It was not until Mr. Welch E. Brogan, owner-operator of Cinnabar Game Ranch- Corvin Springs, Montana came to Nome in 1975 and began purchasing reindeer meat from regional reindeer

herders. His experience with specialty Western Game Meats and live animals brought him to NW Alaska to develop an Alaskan grown specialty meat, Reindeer, market both within the State of Alaska and the nation. Having market ability and markets for the product, Mr. Brogan worked with several state officials, meat inspection personnel from both the State of Alaska and the U.S.D.A. federal program to gain state recognized certification of the Nome Reindeer Slaughter Plant under his supervision and direction. His involvement with the facility was secondary initially as he was an "outsider" and consequently the UA-Fairbanks was given control of the plant and Cinnabar Game Ranch, Mr. Brogan, sub-let from the University and they shared the use of the facility year around. Not to say that they were not problems to overcome. The primary use for many years was a support facility for the UA-F Research and Applied Science Program for the Reindeer Herder's Association and Mr. Brogan's processing of reindeer meat was secondary since both involved seasonal use. Mr. Brogan funded more than his fare share of expenses to keep the plant going on a day to day basis. The heat was kept on 24 hours a day and water circulation was constantly monitored. Credit should be given where credit is due. My hat goes off for Mr. Brogan.

However, for the past 12-13 years leadership and direction, be as it may be called, has never supported his cause, one expert in private industry trying to make a difference to better the Industry. We have difficulty understanding their representation of the members of the RHA. A review as to the "consent", "coordination" regarding this issue is appropriate and necessary to resolve internal problems which block progress which should benefit the entire membership whether he or she has a small struggling herd or a large profit making ag. business.

Future leases need review with necessary amendments to protect the rights of both parties. Consent and coordination by the Reindeer Herder's Association must be clear, concise, objective, and realistic. Rome was not built in one day. It is inappropriate to have so few make decisions which will effect the livelihood of so many. Although it is an internal industry problem, it must be brought out into the open, unfortunately. We are discussing State Public lands and cannot bury our heads in the sand.

The REAL issue is management of a STATE- owned plant by remote-control with limited or no funds. Give it to the guy and it is a thorn once removed. No way! We need alternative solutions to this problem. Mr. Brogan has made his offer and support of the facility as an invested, interested private industry operator. Now we need the support and assistance from the various agencies at the State level; the Interior Department- B.I.A. and a cooperative-effort of all members of RHA.

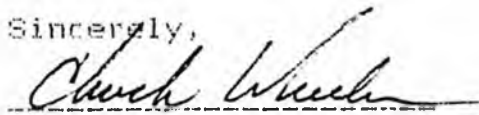
The Nome Reindeer Slaughter Plant is the only facility on the North American Continent built for the purpose of processing reindeer meat in NW Alaska. Let us not forget this fact. We should be proud to continue support and assistance to its perpetuality. We cannot afford to lose an outlet for processing reindeer meat and storing its by-products which is so important to the small individual herder-operator even though it may have its limitations or disadvantages today, which can be improved in the future. Its all we have at present. As a present and past user, we expect to use it in the future and cannot function efficiently and economically without the facility.

We advocate keeping it within State management and authority until positive alternative solutions are agreeable with both the parties.

directly effected by any changes in the near future.

Thank you for your consideration.

Sincerely,



Chuck Wheeler
Box 915
Nome, Alaska 99762
443-5533

Manager, Menadelook Herd/Teller
Corporate Agent, U-Jin Ent., Inc/
SFO, Ca./NW Ak- antler exporter
Consultant- Reindeer Operations/
Helicopter Support activities
Past Manager-NANA Development/AJV
Kakaruk Reindeer
Past Board member/Sec.-RHA

-2345

443-5201 work message(10am-4pm)

cc: Governor Steve Cowper
Senator Frank Murkowski
Senator Ted Stevens
Representative Don Young
Senator Willie Hensley
Representative Heinrich Springer
Representative Albert Adams
Commissioner Judith Brady-DNR
Senator Arliss Sturgulewski
Jake Olanna, Director-RHA
Jim Dau, CES-UAF- Nome
Welch E. Brogan-Cinnaber Game Ranch
Menadelook Herd/Teller
Kakaruk Reindeer/Teller
U-Jin Enterprises, Inc/SFO
Wheeler & Associates/Nome
file