

PROPOSITION #3
Waterfront Lease with Petro 49
Terms and Conditions

The following list of terms and conditions has been compiled to inform the voters of Skagway regarding Proposition #3, the proposed waterfront lease with Petro 49. These general terms have been adopted by the Assembly per Ordinance No. 23-20 and further negotiated by staff. This lease must be approved by voters at the October 3, 2023 regular municipal election in order for the Municipality to execute a lease with Petro 49.

- The leased area is approximately 2.19 acres of property at Petro 49's current location;
- The following improvements are included in the lease: 14 petroleum products storage tanks, office/warehouse building, two truck loading racks, and pumping station;
- The lease term would be for approximately 35 years, beginning upon certification of the election results (if approved by voters), and continuing through March 31, 2058;
- Petro is required to make capital investments of no less than \$13 million during the term of the lease;
- Petro is granted the right to use and operate the fuel pipelines;
- Petro is granted the right to use the existing road at the southwest border of the property;
- Initial annual rent shall be \$269,600 plus applicable sales tax;
- The property will be reappraised and annual rent accordingly adjusted every five (5) years during the lease term;
- If Petro shall holdover after the expiration of the lease term, such tenancy shall be from month-to-month;
- Petro shall pay all applicable charges, fees, and levies set forth in Port of Skagway Tariff No. 3;
- Petro is not permitted to construct improvements on the Property during the lease term without the written consent of the Municipality;
- Petro is responsible for keeping the leased property, pipelines, and all buildings and improvement thereon in good condition and repair during the lease term, ordinary wear and tear excepted;
- Petro will have the obligation to maintain the fuel tanks according to the highest industry standards;
- Prior to the expiration of the Lease term, Petro may remove machinery, building, improvements, fixtures, and equipment constructed or installed by Petro during the lease term on the leased property;
- Any buildings, improvements, fixtures, machinery, equipment, or other items of real or personal property constructed or installed by Petro on the leased property during the Lease Term, which are not removed prior to expiration of the Lease, shall become the property of the Municipality, unless the Municipality requires Petro to remove the same.