

AGENDA ITEM



**KENAI PENINSULA BOROUGH**

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MEMORANDUM

KPB  
CLERK'S OFFICE

DALE BAGLEY  
MAYOR

**TO:** Gary Superman, Assembly President  
Members, Kenai Peninsula Borough Assembly

**THRU:** DLB Dale Bagley, Mayor

**FROM:** MB Max Best, Planning Director  
P.O. Paul Ostrander, Land Management Officer

**DATE:** December 7, 2004

**SUBJECT:** Ordinance 2004-37, lease of land to Marathon Oil Company

Please find some minor amendments to Ordinance 2004-37. The formula for the lease rate should be clearly stated (see Section 5); the language added to Section 6 avoids the need to incorporate all the lease terms in the ordinance, and Marathon, rather than the borough, made the application (offer) to lease.

Please amend Sections 5, 6, and 7 as follows:

**SECTION 5.** Based on the foregoing, the mayor is hereby authorized, pursuant to KPB 17.10.100 (I) to lease the land described in Section 1 above to Marathon Oil Company for an annual rental of \$12,200.00 for the first six years of this lease, which is based on the appraised fair market value of this property. The lease provides for five renewal options of five years each, which may be exercised at the lessee's option. The annual lease rental for each of the five-year renewal option terms shall be **[DETERMINED BY A] 10 percent of** fair market value appraisal. The authorization is for lease solely to Marathon Oil Company and it may not assign any rights to negotiate or enter an agreement for lease to any other person or entity. Once entered, the lease may be assigned or subleased pursuant to the terms of the lease agreement.

**SECTION 6.** The mayor is authorized to sign any documents necessary to effectuate this ordinance **including a lease with substantially similar terms to the one attached.**

**SECTION 7.** Marathon Oil Company shall have until July 1, 2005 to **[ACCEPT THIS OFFER TO LEASE BY EXECUTION OF] execute** the lease document.