FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2021 – 28

AN ORDINANCE PROVIDING FOR THE SALE OF CERTAIN BOROUGH-OWNED LANDS
(WEST 30TH AVENUE DEVELOPMENT), SETTING THE DATE OF SALE AND PRESCRIBING
TERMS OF SALE AND WAIVING FNSBC 20.20.080(B)(1) REGARDING THE RATES OF
INTEREST FOR OVER-THE-COUNTER LAND SALES

WHEREAS, The Fairbanks North Star Borough (Borough) has identified a
need for a fair market value auction of Borough-owned land to the public; and

WHEREAS, Fairbanks North Star Borough Code (FNSBC) 20.20.030 requires
Assembly approval of intended sales by ordinance; and

WHEREAS, FNSBC 20.20.030(A) requires that the Assembly fix the terms of
all sales by ordinance. The ordinance shall contain the date of the sale, the method or
methods of sale, the manner in which payment is to be made, the interest to be conveyed,
the instrument of conveyance to be used, and any other term the Assembly deems
appropriate; and

WHEREAS, The Borough’s Division of Natural Resources Development held
an open house for the area where the land is proposed for sale so that affected residents
could provide comments on the proposal; and

WHEREAS, The Borough is the owner of certain real property known as
Tract H-3, ASLS No. 87-17, Section 16, T.1S., R.1W., F.M., as shown on Exhibit Map “A”
attached hereto; and
WHEREAS, The Division of Natural Resources Development has reviewed records for the property and there are no known interests which impact, or are impacted by, the proposed sale; and

WHEREAS, If the property does not sell at auction, the unsold parcels will be offered for sale through the over-the-counter program; and

WHEREAS, FNSBC 20.20.080(B)(1) states that for over-the-counter sales of land, rates of interest on shall not be more than six percentage points above nor less than two percentage points above the prevailing Federal Reserve discount rate to member banks; and

WHEREAS, In the current interest rate environment, this condition results in an interest rate substantially below the current market in Fairbanks.

NOW, THEREFORE, BE IT ORDAINED by the Assembly of the Fairbanks North Star Borough:

Section 1. Classification. This ordinance is not of a general and permanent nature and shall not be codified.

Section 2. FY22 Sale Parcels. The Borough Mayor is hereby authorized to offer for sale at a sealed bid auction to be conducted between September 15, 2021 and October 15, 2021, the West 30th Avenue Development, a subdivision of Borough parcel (Attachment 1) described as Tract H-3, ASLS No. 87-17, Section 16, T.1S., R.1W., F.M., individual parcels described as follows:

<table>
<thead>
<tr>
<th>Parcel Name</th>
<th>Acreage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lot 1</td>
<td>2.52</td>
</tr>
<tr>
<td>Lot 2</td>
<td>2.10</td>
</tr>
</tbody>
</table>
Lot 3 2.09  
Lot 4 2.09  
Lot 5 2.08  
Lot 6 2.54  
**Total-6 parcels** 13.42 acres

Section 3. **Terms.** The Terms of the auction are as follows:

A. The minimum bid will be at fair market value, as determined by independent appraisal.

B. Five percent (5%) of the bid amount will be submitted by certified check or credit card authorization with the bid.

C. At signing of the purchase and sale agreement, successful bidders may pay in full or, if a buyer desires seller financing, the buyer will provide a minimum additional five percent (5%) of the bid amount for a total down payment of ten percent (10%) of the purchase price.

D. Should a buyer desire seller financing, the balance shall be paid on a monthly basis in accordance with a standard loan amortization schedule for a period of ten (10) years at approximately two (2) percentage points below the average interest rate charged by Fairbanks lenders for raw land. The average interest rate shall be determined by an informal survey of Fairbanks lenders by the Division of Natural Resources Development. A deed of trust and promissory note with the Borough as beneficiary will be required.

E. At the option of the purchaser, payment of unpaid balances may be accelerated without penalty.

F. Fee simple ownership shall be conveyed to the purchasers by quit claim deed.

G. Participants in the auction must be at least eighteen (18) years of age. No person who is delinquent in any property tax or other financial obligation to the Borough may participate.

H. The following persons are ineligible to participate in the auction either in their own name or in the name of their spouse, dependent child or solely owned or family-owned
business: the Borough Mayor, the Borough Chief of Staff, and all employees of the Division of Natural Resource Development. This restriction shall not apply to properties which do not sell at auction and are subsequently placed for over-the-counter sale.

Section 4. Over-the-counter Sale. Any parcels not sold at the auction may be reoffered through the over-the-counter sale program. These parcels will be sold at fair market value and the terms of the sale are as described above in Section 3 Parts D through F.

Section 5. Waiver of FNSBC 20.20.080(B)(1). For over-the-counter sales of land, having the interest rate set at not more than six percentage points above nor less than two percentage points above the prevailing Federal Reserve discount rate to member banks, is waived. The terms in Section 3, Part D, above, shall be carried over to any over-the-counter sale made under Section 4, above.

Section 6. Mining Claims and other Third-Party Interests. The Division of Natural Resources Development has reviewed records for the properties and there are no existing mining claims or other third-party interests known to the division within the proposed sale properties which the division believes impact or are impacted by the proposed sale.

Section 7. Effective Date. This ordinance is effective at 5:00 p.m. on the first Borough business day following its adoption.


Mindy O’Neall
Presiding Officer
ATTEST:

April Trickey, CMC
Borough Clerk

APPROVED:

Jill S. Dolan
Borough Attorney