



MEMORANDUM

Department of Natural Resources

STATE OF ALASKA
Division of Agriculture

TO: Franci Havemeister
Director

DATE: August 28, 2013

FROM: Amanda Swanson
ARLF Loan Officer

SUBJECT: Umnak Island Lease
Bering Pacific Ranches
Alaska Natural Meats

Umnak Island ARLF Lease Memo Including Brief History

Fort Glenn, Umnak Island is a National Historic Landmark as it was used as a World War II Airbase and Army Garrison. The base received little use after the war and the outer lying land surrounding the airport has been grazed by cattle since the late 1940s. Around the 1960s, ownership of the base was transferred to several Native Corporations and the State of Alaska Department of Transportation.

On October 9th, 1970, the Department of Transportation and Public Facilities, Division of Airport Leasing (DOT&PF) agreed to lease an 80' X 140' parcel of land to the Aleutian Livestock Corporation (Terry and Nancy Miller). The lease was for a ten year term with an annual rental of \$560.00. The purpose for the lease was for renovation of an existing building to be used as a slaughter house for the rendering of cattle, which would be the responsibility of the Lessee. The ARLF loaned money to Terry Miller to build the slaughter facility and ARLF took an Assignment of the DOT&PF lease as part of the collateral. Terry Miller later went through a bankruptcy and the ARLF gained the lease interest to protect its collateral, the slaughterhouse.

On February 2, 1982, DOT&PF issued a perpetual management agreement to the Department of Natural Resources, Division of Agriculture (DNR), for 6,597.89 acres of land identified as Tract 1 Parcel B, Umnak Airport (Fort Glenn). The title to the land remains in DOT&PF's name. The purpose of the agreement was to allow the Division of Agriculture to utilize the above portion of land, including buildings, for agricultural use and development. Per the Assignment and Agreement dated February 4, 1982 between DOT&PF and DNR, "at such time as the Division of Agriculture ceases to use the premises for agricultural purposes it shall vacate the premises and the complete jurisdiction, control and administration shall revert to DOT&PF." DNR is responsible for the implementation and management of any lease on the property. Due to the historical significance (Fort Glenn is one of the most intact World War II installations in the country), the National Park Service must be included in management decisions before ranching or farming operations are increased.

On November 18, 1987, the Division of Agriculture signed a lease agreement for the Umnak Airport property with Mr. & Mrs. Maynard & Mr. Russell. The lease agreement had an annual payment of \$2,000.00 and included the use of the buildings on the property. The lease agreement was renewable at the option of the Lessee for ten one year terms provided payment was made in advance and notice of the

intent to renew was given by the Lessee to the Lessor not less than 60 days prior to the end of the current term plus a renewal option for an additional ten one year terms.

On February 3rd, 1995, Bering Pacific Ranches LTD DBA Alaskan Natural Meats, Inc. assumed the lease and continued to use the building on the property as a slaughter facility. The terms of the agreement were essentially the same as those listed above and allowed for ten one year renewable terms. The lease provided the Lessee first option to enter into a new lease agreement with Lessor under mutually acceptable terms and conditions as long as the Lessee was not in default or in breach of any term in the current lease.

On April 25, 1995, Alaska Natural Meats was approved for an ARLF Product Processing loan in the amount of \$250,000.00. Collateral for the loan included all machinery, equipment and supplies; all livestock, offspring of livestock, and products and proceeds of livestock; and all materials, lumber, parts, supplies, equipment, fixtures, whether or not attached to or part of the structures known as the Umnak Island Ft. Glenn Slaughter and Ranch Houses.

On September 4th, 2008 Bering Pacific Ranches LTD DBA Alaska Natural Meats, Inc. requested and were approved a long term lease for the Umnak Airport property, which was recorded as ARLF Lease #20043. The initial term of the lease was for 25 years which began January 1st, 2007 and will terminate December 31st, 2031. If the lessee is not in default or breach of any term of this lease, Lessee shall have first option to renew under mutually acceptable terms and conditions. The annual rent for the lease shall be \$3,926.00 with adjustments made every five years to fair market value as determined by the appropriate State Agency beginning January 1, 2012 and subsequently adjusted January 1, 2017, January 1, 2022, and January 1, 2027.

Bering Pacific Ranches LTD is a Canadian Company which owns Alaska Natural Meats, an Alaskan Corporation. Originally in 1995, the DOT&PF land lease and the ARLF asset slaughter facility were two separate leases. In 2008 ARLF wrote only one lease agreement between both Bering Pacific Ranches and Alaskan Natural Meats and the Division of Agriculture and ARLF for both the land lease and use of the ARLF asset slaughter facility.

Bering Pacific Ranches LTD DBA Alaska Natural Meats, Inc. continues to operate the slaughter facility and maintain their lease. Alaska Natural Meats, Inc. continues to maintain their current note with ARLF. DOT&PF has previously favored transferring ownership of the parcel to DNR; however DNR rejected the offer due to land reclamation issues of debris and/ or contamination related to WWII military occupation.