

ASSEMBLY

Matt Cooper, Presiding Officer
Christopher Quist, Deputy Presiding Officer
Marna Sanford
Frank Tomaszewski
Mindy O'Neill
Jimi Cash
Liz Lyke
Leah Berman Williams
Aaron Lojewski

**BOROUGH MAYOR**

Bryce J. Ward

BOROUGH ATTORNEY

Jill S. Dolan

BOROUGH CLERK

April Trickey, CMC

FAIRBANKS NORTH STAR BOROUGH

Special Assembly Meeting

Called by Matt Cooper, Presiding Officer

December 19, 2019

Mona Lisa Drexler Assembly Chambers

907 Terminal Street, Fairbanks, AK

5:30 p.m.

1. CALL TO ORDER**2. ROLL CALL****3. CITIZENS' COMMENTS – Comments limited to items on the agenda only. Each person's comments limited to 3 minutes.**

A citizen may speak on agenda items not scheduled for public hearing (Ordinances being advanced to a public hearing on a different date). Citizens' comments on board of adjustment matters are not permitted.

4. APPROVAL OF AGENDA AND CONSENT AGENDA

(Approval of the consent agenda passes all routine items indicated by an asterisk (*) on the agenda. Consent agenda items are not considered separately unless an Assemblymember(s) so requests. In the event of such a request, the item is returned to the general agenda.)

5. COMMUNICATIONS TO THE ASSEMBLY

- a. Memorandum from Jill S. Dolan, Borough Attorney, requesting consent to appeal to Alaska Supreme Court regarding religious and charitable purpose exemption for Victory Ministries. **(Page 3)**

6. CONSIDERATION OF CALENDAR – New Business – Ordinances To Be Introduced and Advanced to Public Hearing

- *a. ORDINANCE NO. 2019-49. An Ordinance Approving The Monetary Provisions Of The Agreement With Corvias Air Force Living LLC For Payment In Lieu Of Taxes ("PILOT") For Property Leased On Eielson Air Force Base Pursuant To The Military Housing Privatization Initiative Act, And Authorizing The Mayor To Sign The Agreement.
(Sponsor: Mayor Ward)
(Refer to the Special Finance Committee on December 19, 2019; Advance to January 9, 2019 for Public Hearing) (**Page 4**)


7. ADJOURNMENT



Fairbanks North Star Borough Department of Law

907 Terminal Street • PO Box 71267 • Fairbanks, AK 99707 - (907) 459-1318 FAX 459-1155

MEMORANDUM

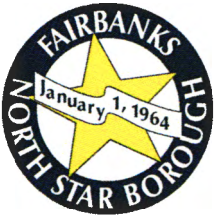
TO: Assembly members
FROM: Jill S. Dolan, Borough Attorney 
DATE: December 12, 2019
SUBJECT: Victory Ministries – Appeal to Alaska Supreme Court

FNSBC 2.12.010(D) requires this office to obtain the consent of the majority of the assembly prior to filing an appeal of any civil action.

In December 2018 the Borough Assessor, after an investigation, revoked the religious and charitable purpose exemption for the Camp Li-Wa properties. Camp Li-Wa, Inc. and Victory Ministries, Inc. ("Victory") appealed the revocation of their exemption to the Superior Court. One argument Victory made through motion practice was that it should have been able to first appeal to the BOE.

On December 9, 2019, Judge McConahy dismissed the appeal, ruling that the Borough had misstated its own code and that Victory should have been able to first appeal to the BOE. The Borough's current practice and interpretation of FNSBC 8.16.040 is to provide appeal rights to the Superior Court for all exemptions except those that may be directly appealed to the BOE under a separate code provision, such as the farm use exemption and the senior citizen/disabled veteran exception. *See* 8.16.010(A)(2), (3).

The BOE board members have expertise in real property valuation and have historically not decided appeals of tax exemption issues. Judge McConahy's decision would permit all exemption issues to be appealed to the BOE, contrary to how the Borough interprets its own code. Accordingly, I request your consent to appeal this decision to the Alaska Supreme Court.



Fairbanks North Star Borough Mayor's Office

907 Terminal Street PO Box 71267 Fairbanks, Alaska 99707-1267 (907)459-1300 FAX (907)459-1102

MEMORANDUM

To: Fairbanks North Star Borough Assembly

From: Bryce Ward, Mayor *Qw for BW*

Date: December 19, 2019

Subject: Ordinance No. 2019 – 49
Corvias Air Force Living PILOT settlement agreement

Attached is an ordinance that if adopted would approve the monetary terms of a Payment In Lieu of Taxes (PILOT) agreement with the Eielson Air Force Base privatized military housing owner Corvias Air Force Living (Corvias). This ordinance would also allow the Mayor to sign the PILOT agreement.

In 2013, military housing at Eielson Air Force Base was privatized and in 2014, Borough Administration began efforts to negotiate a PILOT agreement with Corvias. On December 6, 2019, the Administration reached a tentative PILOT agreement with Corvias – the terms of the PILOT agreement are attached.

I urge your approval of this ordinance.

Attachment: Ordinance
2019 Corvias PILOT Agreement

By: Bryce Ward, Mayor
Introduced: December 19, 2019

FAIRBANKS NORTH STAR BOROUGH

ORDINANCE NO. 2019 - 49

AN ORDINANCE APPROVING THE MONETARY PROVISIONS OF THE AGREEMENT WITH CORVIAS AIR FORCE LIVING LLC FOR PAYMENT IN LIEU OF TAXES ("PILOT") FOR PROPERTY LEASED ON EIELSON AIR FORCE BASE PURSUANT TO THE MILITARY HOUSING PRIVATIZATION INITIATIVE ACT, AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT

WHEREAS, The Alaska Constitution and state law makes private leaseholds, contracts, or interests in land or property owned by the United States, the State, or its political subdivisions, taxable to the extent of the interests; and

WHEREAS, The Alaska Legislature enacted AS 29.45.030(a)(8) which exempts property if the taxing authority enters into an agreement for the payment in lieu of taxes ("PILOT") for property located on a military base and leased pursuant to the Military Housing Privatization Initiative Act; and

WHEREAS, A similar PILOT agreement exists involving military housing units on Fort Wainwright; and

WHEREAS, A copy of the negotiated PILOT agreement is attached as Exhibit 1.

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

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT
Text to be *added* is underlined
Text to be *deleted* is [BRACKETED, CAPITALIZED]

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

Section 2. Approval of the Monetary Terms of the PILOT. The Fairbanks North Star Borough Assembly approves the monetary terms of the attached PILOT agreement.

Section 3. Authorization to Sign the PILOT agreement. The Fairbanks North Star Borough Assembly authorizes the Borough Mayor to sign the attached PILOT agreement between the Borough and Corvias Air Force Living LLC.

Section 4. Effective date. This ordinance shall be effective at 5:00 p.m. on the first Borough business day following its adoption.

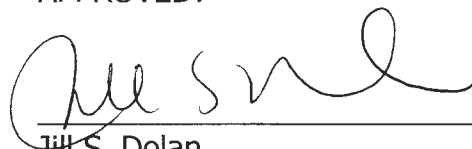
ADOPTED THE _____ DAY OF _____, 2019.

Matt Cooper
Presiding Officer

ATTEST:

APPROVED:

April Trickey, CMC
Borough Clerk



Jill S. Dolan
Borough Attorney

AMENDMENTS ARE SHOWN IN LEGISLATIVE FORMAT
Text to be *added* is underlined
Text to be *deleted* is [BRACKETED, CAPITALIZED]

Exhibit 1 to Ordinance No. _____
PILOT Agreement with Corvias Air Force Living, LLC

**AGREEMENT
PROVIDING FOR PAYMENTS IN LIEU OF TAXES
BETWEEN
CORVIAS AIR FORCE LIVING, LLC
AND THE FAIRBANKS NORTH STAR BOROUGH**

THIS AGREEMENT PROVIDING FOR PAYMENTS IN LIEU OF TAXES ("Agreement") is made this _____ day of _____, 2019 by and between CORVIAS AIR FORCE LIVING, LLC (CORVIAS), a Delaware limited liability company ("Leaseholder"), and the FAIRBANKS NORTH STAR BOROUGH, an Alaska municipal corporation ("FNSB"). Leaseholder and FNSB may be referred to jointly as the "Parties," and each separately may be referred to as a "Party."

RECITALS

A. Whereas, Leaseholder owns, manages and maintains certain military housing units located on Eielson Air Force Base pursuant to a contract and lease with the United States of America, acting by and through the Secretary of the Air Force, entered into pursuant to the Military Housing Privatization Initiative codified at 10 U.S.C. § 2871 - 2885 (the "MHPI"); and

B. Whereas, the Alaska Legislature has enacted AS 29.45.030(a)(8), which exempts property if the taxing authority enters into an agreement for the payment in lieu of taxes ("PILOT") for property located on a military base and leased pursuant to the MHPI.

WITNESSETH:

In consideration of the mutual covenants hereinafter set forth, the Parties hereto do agree as follows:

Section 1 - DEFINITIONS

Whenever used in this Agreement, if a definition is provided below, that definition is controlling. Otherwise, terms shall have any legal definition provided by legal authorities, or their ordinary meaning. The term:

(a) "Basic Allowance for Housing" or "BAH" shall have the meaning set forth in 37 U.S.C. § 403.

(b) “Composite BAH” shall mean the weighted average BAH for the entire Project, calculated on the basis of the housing demographic matrix developed pursuant to the Lease and as shown in Appendix 1. If non-BAH rent is paid for any housing on the Project, then the Composite BAH calculation shall also include any and all such rents, as shown in Appendix 1, which is hereby incorporated by reference.

(c) “Lease” shall mean the lease agreement between the Secretary of the Air Force and CORVIAS AIR FORCE LIVING LLC, as amended, and recorded as Instrument number 2013-016511-0, dated September 6, 2013, Office of the Recorder of the State of Alaska, Fairbanks Recording District, and attached as Exhibit A to this Agreement and includes the entire Project.

(d) “Project” shall mean all interests of Leaseholder in the land, improvements, buildings, structures, fixtures, alterations and associated personal property in each case to the extent located at Eielson Air Force Base, subject to the Lease and referred to in the Lease as “Leased Premises and Leased Premises Improvements.”

(e) “Rental Unit” shall mean living quarters of one household on Eielson Air Force Base.

(f) “Taxing Body” shall mean the FAIRBANKS NORTH STAR BOROUGH, in which the property subject to the Lease is situated.

Section 2 - TERM

This Agreement shall become effective on the date it is executed by the last Party to do so (the “Effective Date”) and shall continue in force until terminated in accordance with Section 5 or the duration is changed pursuant to Section 4(d).

Section 3 - OBLIGATION OF CORVIAS AIR FORCE LIVING, LLC TO MAKE PAYMENTS IN LIEU OF TAXES

(a) So long as

(i) the land at Eielson Air Force Base that is subject to the Lease is owned by the federal government; and

(ii) the Lease remains in force and effect with respect to the applicable land and improvements at Eielson Air Force Base;

FNSB agrees that it will not levy or impose any real or personal property taxes upon the Project or upon the Leaseholder with respect to the Project on behalf of the taxing body.

During such period, the Leaseholder shall make annual payments in lieu of such taxes (herein called “Payments in Lieu of Taxes” or “PILOT”) and in payment for the public services and facilities furnished from time to time without other cost or charge for or with respect to such Project.

(b) Leaseholder shall pay FNSB an annual PILOT amount of \$600,000.00 per year as adjusted in accordance with Section 3(c). Payment of the annual PILOT amount must be made on July 1 2020, for the first year, and by July 1 in each year thereafter.

(c) By June 10, 2025 and every fifth anniversary thereafter, the annual PILOT amount payable by Leaseholder to FNSB under Section 3(b) shall be adjusted by the percentage change in (i) the Composite BAH and (ii) the number of total rental units between June 30, 2020 and the expiration of each such five-year period. The adjustment percentage shall be calculated by (i) subtracting the June 30, 2020 Composite BAH from the May 31 Composite BAH at each fifth anniversary and dividing that difference by the June 30, 2020 Composite BAH plus (ii) the result of subtracting the June 30, 2020 number of total rental units from the number of total rental units on May 31 at each fifth anniversary. The adjustment amount shall be calculated by multiplying the adjustment percentage by the \$600,000 annual PILOT amount at the Effective Date and then rounding to the nearest \$10.

For example, with the following assumptions*, at the tenth anniversary (the second fifth anniversary), the calculations would be as follow:

	<u>June 30, 2020</u>	<u>May 31, 2030</u>
Composite BAH	\$1,970	\$2,200
Total number of rental units	910	980

*The June 30, 2020 and May 31, 2030 values are for demonstration purposes only; note that the PILOT adjustment may increase or decrease the annual payment amount, depending on the changes to the Composite BAH and total rental units.

percentage change in Composite BAH = $(\$2,200 - \$1,970) \div \$1,970 = 11.67\%$

percentage change in total rental units = $(980 - 910) \div 910 = 7.69\%$

overall percentage adjustment = $11.67\% + 7.69\% = 19.36\%$

adjustment amount = $\$600,000 \times 19.36\% = \$116,160$

new PILOT amount = $\$600,000 + \$116,160 = \$716,160$

rounded to the nearest \$10 = \$716,160

Appendix 2, with the formula calculations for the five-year anniversary adjustments, is hereby incorporated by reference.

(d) Leaseholder shall certify the accuracy of the current Composite BAH and the number of total rental units relied on in subsection 3(c) for the quinquennial adjustment of the annual PILOT amounts payable by Leaseholder to FNSB.

(e) Leaseholder shall provide monthly to the FNSB Chief Financial Officer, in writing, the total number of rental units in the Project, the monthly Project occupancy of military personnel by rank and BAH, and the number of units in the Project that are being rented to tenants who are not BAH recipients (or BAH recipient dependents) and the total amount of non-BAH rents paid for any rental units in the Project. Leaseholder shall provide these monthly reports to FNSB in writing in the form reflected at Appendix 1. All occupancy, BAH, and rent data provided by Leaseholder to FNSB shall be current to within 30 days of the date that Leaseholder provides such data to FNSB.

(f) Leaseholder shall provide to the FNSB Chief Financial Officer, in writing, the data described in subsection (e) above as of June 30, 2020 and every month-end thereafter. Month-end data prior to execution of this Agreement shall be provided to FNSB within 30 days of the execution of this Agreement. Thereafter, month-end data shall be provided to FNSB within 30 days of the month-end date.

Section 4 - AMENDMENTS

(a) This Agreement shall only be amended, modified or changed by a writing, executed by authorized representatives of the Parties, with the same formality as this Agreement was executed, including approval by the Fairbanks North Star Borough Assembly if the amendment results in any monetary adjustment.

(b) The only representative of FNSB authorized to sign any amendment, modification or change to the terms and conditions of this Agreement is the Mayor of FNSB or his/her duly appointed designee. The only representative of Leaseholder authorized to sign any amendment, modification or change to the terms and conditions of this Agreement is an officer of the Leaseholder, or his/her duly appointed designee. Upon execution of this Agreement, Leaseholder shall provide to FNSB corporate documents sufficiently identifying all officers of the Leaseholder and any duly appointed designee thereof. Upon any change to its officers of the Leaseholder and any duly appointed designee thereof, Leaseholder must provide written notification to FNSB.

(c) Any attempt to amend, modify, or change this Agreement by either an unauthorized representative or unauthorized means shall be void.

(d) Any change in the duration of this Agreement must be approved in writing by FNSB and attached hereto as an amendment.

5. (e) This Agreement may be terminated in accordance with provisions of Section 5.

Section 5 - TERMINATION

This Agreement may be terminated:

- (a) By mutual consent of the Parties expressed in writing.
- (b) By FNSB if (i) the Lease is terminated; (ii) Corvias Air Force Living, LLC no longer owns or retains interest in any part of the Project; or (iii) any of the fee interest in the real property subject to the Lease is no longer owned by the United States.
- (c) For cause, by either Party where the other Party fails in any material way to perform its obligations under this Agreement. Termination under this paragraph is subject to the condition that the terminating Party notifies the other Party in writing of its intent to terminate, stating with reasonable specificity the grounds for termination, and the other Party fails to cure the default within sixty (60) days after receiving the written notice. FNSB's right to terminate this Agreement for non-payment of amounts due under this Agreement is in addition to all other rights FNSB has to collect amounts due it under this Agreement.
- (d) Automatically on September 1, 2063.

Section 6 - EFFECTS OF TERMINATION

Immediately upon the effective date of termination, the Project and the possessory interests on the federal land thereon shall become taxable to the extent otherwise provided by law, and FNSB shall assess and levy real and personal property taxes pursuant to state and local laws on the next assessment date. The annual PILOT payment due in the calendar year in which the termination is effective shall be payment for that full year. However, nothing in this Section 6 or in any other provision of this Agreement shall preclude (or be deemed or construed to preclude) the Leaseholder from contesting the validity, application, imposition, assessment or levy of real and/or personal property taxes on the Leaseholder's possessory interests on the federal land at Eielson Air Force Base pursuant to the Lease or otherwise with respect to the Project upon such termination.

Section 7 - INSPECTION AND RETENTION OF RECORDS

- (a) Leaseholder shall maintain any records to which FNSB has the right to request, inspect, and/or otherwise review relating to this Agreement for a period ending three years after the effective date of termination of this Agreement in accordance with Section 5.

(b) Upon request, and within a reasonable time, Leaseholder shall submit any documents relating to its activities under this Agreement to FNSB, in such form and at such times as FNSB may reasonably require for purposes of enforcing this Agreement. If any such documents include documents the Leaseholder considers “confidential,” Leaseholder shall mark such documents “confidential” prior to submittal to FNSB. FNSB shall keep such documents confidential, to the extent permitted by law, and will notify Leaseholder if any public records request is made that pertains to such documents so that Leaseholder may petition the court for a protective order.

(c) Upon request, and within a reasonable time, Leaseholder shall allow FNSB or any designee to inspect copies of financial reports (including any supplemental schedules) submitted to the Secretary of the Air Force. FNSB may, at its option, permit Leaseholder to submit its records to FNSB in lieu of the retention requirements of this section.

(d) If for any reason Leaseholder ceases operations under this Agreement or the Lease before the end of any record retention period provided for in such Lease, Leaseholder shall nevertheless continue to retain copies of all records described in this Section for the remainder of such record retention period.

(e) If Leaseholder fails to adequately protect relevant records and information from fire, theft, damage, deterioration or any other type of loss, or fails to submit to FNSB documents or information required by this Agreement, FNSB may, in a reasonable manner, unilaterally project the information required to calculate the PILOT under Section 3 and require payment of such PILOT in that amount.

Section 8 – ASSIGNMENTS, REVERSIONS AND OWNERSHIP

(a) The Leaseholder will notify FNSB at any time any Project property reverts to the federal government or is otherwise transferred, conveyed, or assigned to any third party. Such reversion, transfer, conveyance, or assignment to a third party (other than a full reversion to the United States) shall not release the Leaseholder of its obligations under this Agreement unless such release is consented to in writing by FNSB.

(b) If after the effective date of this Agreement, the federal government acquires ownership in the Project or in Corvias Air Force Living, LLC, or otherwise forms a joint venture between the federal government and Corvias Air Force Living, LLC that owns the Project, as expressly reflected in a duly executed document recorded in the State of Alaska, the Parties agree to reduce the PILOT amount to reflect the federal government’s express exempt ownership interest. For example, a 25 percent ownership interest obtained by the federal government would result in a 25 percent reduction in PILOT annual payment amount.

(c) Except as otherwise allowed in writing by FNSB, any assignment by Leaseholder of its obligations under any part of this Agreement or any delegation of duties under this Agreement shall be void, and any attempt by Leaseholder to assign any part of its interest or delegate its duties under this Agreement shall give FNSB the right to immediately terminate this Agreement without any liability to FNSB. Notwithstanding the foregoing, Leaseholder may assign this Agreement to an affiliate in the event the affiliate enters into the Lease, provided the assignee agrees in writing to assume all of Leaseholder's duties and obligations hereunder, and FNSB approves the assignment. Such approval shall not be unreasonably withheld.

Section 9 – LITIGATION AND PAYMENT OF PAST YEARS' TAXES

The Parties acknowledge that, concurrent with execution of this Agreement and as an essential element of this Agreement, the Parties will sign and file with the courts stipulated dismissals of all currently-pending litigation with prejudice, to include case numbers 4FA-15-01906CI [Consolidated with 4FA-15-02222CI and 4FA-16-01992CI], 4FA-17-02252CI, 4FA-18-02311CI, 4FA-19-01558CI, 4FA-19-02297CI, and S-17324. The Parties agree to bear each party's own attorney's fees and litigation costs. The Parties further agree as an essential element of this Agreement that Leaseholder will bring no future claims regarding valuation or taxability of the Project, nor any related claims, and that all such claims that Leaseholder may have or later acquire are waived by virtue of entering into this Agreement for so long as this Agreement is effective.

The Parties further acknowledge that an essential element of this Agreement requires Leaseholder to make a single lump-sum payment of \$7,000,000 to FNSB within 30 days of execution of this Agreement in settlement of taxes, penalties, and interest for tax years 2015, 2016, 2017, 2018, and 2019.

Section 10 - PERMITS AND LAWS

Leaseholder shall acquire and maintain in good standing all required permits, licenses and other entitlements necessary to its performance under this Agreement.

Section 11 - NONWAIVER

The failure of FNSB at any time to enforce a provision of this Agreement shall in no way constitute a waiver of such provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of FNSB thereafter to enforce each and every provision hereof.

Section 12 - JURISDICTION; CHOICE OF LAW

Any civil action arising from this Agreement shall be brought in the Superior Court

for the Fourth Judicial District of the State of Alaska at Fairbanks. The laws of the State of Alaska and the FAIRBANKS NORTH STAR BOROUGH shall govern the rights and obligations of the Parties under this Agreement.

Section 13 - SEVERABILITY

With the express exception of Leaseholder's payment obligations to FNSB under Sections 3 and 9 of this Agreement, if any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall in no way be affected or impaired thereby, and such remaining provisions shall remain in full force and effect. The invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable provision, which, being valid, legal and enforceable comes closest to the intention of the Parties underlying the invalid, illegal or unenforceable provision.

Section 14 - INTEGRATION

This instrument and all appendices and amendments hereto embody the entire Agreement of the Parties. There are no promises, terms, conditions or obligations other than those contained herein; and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the Parties or their principals and agents hereto.

Section 15 – CHANGES TO THE LAW OR OTHER LEGAL CHALLENGE TO TAXABILITY OR VALUATION

Should a change to the law, whether state or federal, result in a PILOT structure that would result in Leaseholder paying an annual amount lower than required by this Agreement, the Parties agree that payment under this Agreement will be adjusted to the lower amount.

If a court other than the Alaska Supreme Court finds that the provision of 29.45.030(a)(8) authorizing this PILOT Agreement is invalid, to the extent FNSB has standing to do so, FNSB agrees to appeal such decision to a higher appellate court unless the Parties agree no appeal shall be taken. In the event the Alaska Supreme Court finds the provision of AS 29.45.030(a)(8) authorizing this PILOT Agreement is invalid or unlawful, the Parties shall seek to remedy the invalidity, if possible, and continue this Agreement in effect. If continuing the Agreement in effect is not possible under the terms of the Court's decision, then this Agreement shall terminate and the obligation of Leaseholder for future taxes shall depend upon the state of the law as it exists after termination.

A subsequent court or administrative body determination concerning taxability and/or valuation of the property or similarly situated property shall have no effect on this

Agreement or any obligation hereunder unless specifically ordered by the Court. No party to this Agreement shall request or otherwise move for such an order. The parties specifically waive any right to a refund, deduction or increase in payment which may arise from any subsequent court order.

Section 16 - NOTICES

Any notice required pertaining to the subject matter of this Agreement shall be personally delivered, sent via facsimile (FAX) or mailed* by prepaid first class registered or certified mail, return receipt requested to the following addresses. Reports required by Subsections 2(e) and 2(f) may, alternatively, be e-mailed.

Leaseholder: Name of Leaseholder: Corvias Air Force Living, LLC
By:
Title of Agent:
Mailing Address:
Physical Address:
City, State ZIP:
Phone:

And,

FNSB: Name of Agent: Bryce Ward
Title: Mayor
Physical Address: 907 Terminal Street
Mailing Address: P.O. Box 71267
City, State, ZIP: Fairbanks, Alaska 99707
Phone, FAX: (907) 459-1300/P; (907) 459-1102/F

FNSB: Name of Chief Financial Officer: Debra L.R. Brady
Title: Chief Financial Officer
Physical Address: 907 Terminal Street
Mailing Address: P.O. Box 71267
City, State, ZIP: Fairbanks, Alaska 99707
Phone, FAX: (907) 459-1376/P; (907) 459-1379/F
E-Mail Address finance@co.fairbanks.ak.us

*Notice is effective upon the earlier of receipt or five (5) days after proper posting.

IN WITNESS WHEREOF, the Parties have executed this Agreement to be effective as of the Effective Date.

LEASEHOLDER
CORVIAS AIR FORCE LIVING, LLC,
a Delaware limited liability company

TAXING BODY
FAIRBANKS NORTH STAR BOROUGH

By: _____
Name:
Title:

By: _____
Name: Bryce Ward
Title: Mayor

STATE OF _____)
) ss
COUNTY OF _____)

Personally appeared before me, _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged upon oath that such person executed the within instrument for the purposes therein contained, and who further acknowledged that such person is the Authorized Representative of CORVIAS AIR FORCE LIVING, LLC, the within named limited liability company, and is authorized by the maker or by its constituent, the constituent being authorized by the maker, to execute this instrument on behalf of the maker.

Witness my hand, at office, this _____ day of _____, 2019.

Notary Public in and for _____
My commission expires: _____

STATE OF ALASKA)
) ss
FOURTH JUDICIAL DISTRICT)

THIS CERTIFIES that on the _____ day of _____, 2019, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared Bryce Ward, known to me to be the Mayor of the FAIRBANKS NORTH STAR BOROUGH, named in the foregoing instrument, and acknowledged to me that he, in his official capacity, is authorized by the FAIRBANKS NORTH STAR BOROUGH to execute the foregoing instrument as the free act and deed of the said FAIRBANKS NORTH STAR BOROUGH for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary Public in and for Alaska

My commission expires:

Appendix 2 to 2019 Corvias PILOT Agreement
Eielson Air Force Base Military Housing
Five Year Anniversary Adjustments of PILOT

PILOT Years	PILOT Adjustment (E_) % Calculation	PILOT Due
Year 1	n/a	600,000
Year 2	n/a	600,000
Year 3	n/a	600,000
Year 4	n/a	600,000
Year 5	n/a	600,000
Year 6	$E1 = ((BAH5 - BAH0) / BAH0) + ((TRU5 - TRU0) / TRU0)$	$600,000 * (1 + E1)$
Year 7	$E1 = ((BAH5 - BAH0) / BAH0) + ((TRU5 - TRU0) / TRU0)$	$600,000 * (1 + E1)$
Year 8	$E1 = ((BAH5 - BAH0) / BAH0) + ((TRU5 - TRU0) / TRU0)$	$600,000 * (1 + E1)$
Year 9	$E1 = ((BAH5 - BAH0) / BAH0) + ((TRU5 - TRU0) / TRU0)$	$600,000 * (1 + E1)$
Year 10	$E1 = ((BAH5 - BAH0) / BAH0) + ((TRU5 - TRU0) / TRU0)$	$600,000 * (1 + E1)$
Year 11	$E2 = ((BAH10 - BAH0) / BAH0) + ((TRU10 - TRU0) / TRU0)$	$600,000 * (1 + E2)$
Year 12	$E2 = ((BAH10 - BAH0) / BAH0) + ((TRU10 - TRU0) / TRU0)$	$600,000 * (1 + E2)$
Year 13	$E2 = ((BAH10 - BAH0) / BAH0) + ((TRU10 - TRU0) / TRU0)$	$600,000 * (1 + E2)$
Year 14	$E2 = ((BAH10 - BAH0) / BAH0) + ((TRU10 - TRU0) / TRU0)$	$600,000 * (1 + E2)$
Year 15	$E2 = ((BAH10 - BAH0) / BAH0) + ((TRU10 - TRU0) / TRU0)$	$600,000 * (1 + E2)$
Year 16	$E3 = ((BAH15 - BAH0) / BAH0) + ((TRU15 - TRU0) / TRU0)$	$600,000 * (1 + E3)$
Year 17	(c)	(c)

- (a) Composite BAH Year 1 shall be the amount on June 30, 2020 and every successive year's Composite BAH on May 31 shall be the amount determined using Appendix 1 as the pattern
- (b) Total Rental Units (TRU) Year 1 shall be the amount on June 30, 2020 and every successive year's TRU on May 31 shall be the amount determined using Appendix 1 as the pattern
- (c) The same pattern continues for PILOT adjustment every 5 years.