

Non-Code Ordinance

By: Administration  
Introduced: March 12, 2018  
Public Hearing: April 9, 2018  
Adopted: April 9, 2018  
Yes: Dryden, Graham, Harvey, Ledford, O'Barr  
No: None  
Absent: Burney

**City of Wasilla  
Ordinance Serial No. 18-13**

**An Ordinance Of The Wasilla City Council Authorizing The Sale Of The Meta Rose Square Property Located At 290 N. Yenlo Street In The Amount Of \$975,000 To Sung Son Yu, Under Wasilla Municipal Code Chapter 5.32 Sales Or Lease Of Public Lands; Authorizing The Mayor To Execute And Deliver A Contract For The Sale; And Providing For Related Matters.**

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WHEREAS, a Letter of Intent to Purchase the Meta Rose Square property located at 290 N. Yenlo Street was provided to the Administration on February 12, 2018, by Sung Son Yu in the amount of \$975,000; and

WHEREAS, WMC 5.32.100(A)(1)(e) provides that the mayor may, with approval of the city council by ordinance, negotiate a sale or exchange of city land without public auction or sealed bid if for a particular, stated purpose in the best interests of the city, and the council approves the sale with appropriate findings and conditions; and

WHEREAS, the Meta Rose Square property was purchased by the City in 2009, for \$1.5 million with the intent to consider the site for a new public library; and

WHEREAS, the Meta Rose Square property was eventually found not suitable for a new library, and a new library was constructed in 2016; and

WHEREAS, on February 22, 2016, the City Council awarded a contract to Jack White Commercial & RE/MAX Dynamic of the Valley real estate agents to assist in the marketing and sale of the Meta Rose Square property; and

WHEREAS, on November 20, 2017, the Administration received an updated Summary Appraisal Report for the Meta Rose Square property showing the Estimated Market Value Lease Fee Interest “As Is” at \$975,000; and

WHEREAS, WMC 5.32.030 Appraisal Required, states that no land shall be sold or exchanged for less than the approved minimum appraised or assessed value; and

WHEREAS, it is in the best interest of the City to sell the Meta Rose Square property and return it to the private sector for management and use; and

WHEREAS, the following findings are hereby declared by the City Council:

1. The November 10, 2017 Summary Appraisal Report is approved in accordance with WMC 5.32.030.
2. The Meta Rose Square property is best managed and used by the private sector.; and

WHEREAS, the following conditions of sale are hereby declared by the City Council:

1. The Buyer’s due diligence period shall be 45 days.
2. The earnest money deposit shall be \$20,000.
3. The commission shall be five (5) percent.
4. The Buyer shall provide the Seller a letter from the lender stating the lender’s opinion of the Buyer’s credit worthiness within five (5) business days of the execution of a Purchase and Sale Agreement.
5. The Seller shall provide the Buyer all available building documents and reports for the Buyer’s due diligence.
6. A Phase 1 Environmental Report and Building Condition Report shall be at the Buyer’s expense.

NOW, THEREFORE, BE IT ORDAINED by the Wasilla City Council:

**Section 1. Classification.** This is a non-code ordinance.

**Section 2. Authorization of Sale.** Based upon the findings stated above, the City is authorized to sell the Meta Rose Square property located at 290 N. Yenlo Street in the amount of \$975,000 to Sung Son Yu subject to the conditions stated above.

**Section 3. Authorization of Purchase and Sale Agreement.** The Mayor is authorized, empowered and directed to develop with the counterparty a Purchase and Sale Agreement on behalf of the City, and from and after execution and delivery of said document, the Mayor is hereby authorized, empowered and directed to carry out and comply with provisions of the agreement.

**Section 4. Authority of Officers.** The Mayor is authorized and directed to do and perform all things and determine all matters not determined by this ordinance, to the end that the City may carry out its obligations under the Purchase and Sale Agreement and ordinance.

**Section 5. Effective date.** This ordinance shall take effect upon adoption by the Wasilla City Council.

ADOPTED by the Wasilla City Council on April 9, 2018.

  
BERT L. COTTLE, Mayor

ATTEST:

  
JAMIE NEWMAN, MMC, City Clerk

[SEAL]

CITY OF  
**WASILLA**  
 • ALASKA •

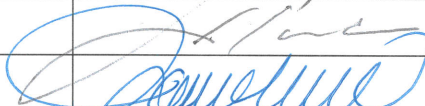
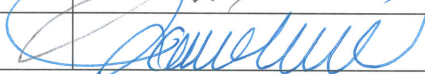
**CITY COUNCIL LEGISLATION STAFF REPORT**

**Ordinance Serial No. 18-13: An Ordinance Of The Wasilla City Council Authorizing The Sale Of The Meta Rose Square Property Located At 290 N. Yenlo Street In The Amount Of \$975,000 To Sung Son Yu, Under WMC 5.32.100, Sale Or Lease Of Public Lands; Authorizing The Mayor To Execute And Deliver A Contract For The Sale; And Providing For Related Matters.**

Originator: Public Works Director

Date: February 28, 2018

Agenda of: March 12, 2018

Route to:	Department Head	Signature	Date
X	Public Works Director		2/28/18
X	Finance Director		2-28-18
X	Deputy Administrator		2/28/18
X	City Clerk		2/28/18

Reviewed by Mayor Bert L. Cottle: 

**Fiscal Impact:**  yes or  no \$922,483.50 (net income)

**Account name/number:** Proceeds of Asst Disp./Sales of Gen. CP Assets 001-0000-392.10-00

**Attachments:** Ordinance Serial No. 18-13 (1 page); Letter of Intent to Purchase (4 pages);  
 Review of Sale Conditions (5 pages); Summary Appraisal Report (3 pages);  
 Estimated Combined Statement (1 page)

**Summary Statement:** This ordinance is presented in accordance with WMC 5.32.100.A.1(e) for the sale of the Meta Rose Square property. The administration received a Letter of Intent to Purchase the property on February 12, 2018 by Sung Son Yu in the amount of \$975,000. The offer was reviewed by the City's real estate agents and they recommended a few changes to the proposed conditions of sale. The recommended conditions of sale have been incorporated into this ordinance. The offer is the minimum that can be accepted in accordance with WMC 5.32.030 Appraisal Required. This ordinance declares that the stated purpose of the sale is to return the property to the private sector for management and use.

The following are the last 2 years of actual revenue and expenses for this property:

Fiscal Year	Revenue	Expenses
2016	\$166,441	\$90,400
2017	\$175,227	\$100,254

This does not reflect indirect costs of City wages and salaries that are expended managing the property. In addition, the City has not been able to sustain full occupancy of the leased spaces.

The Meta Rose Square property was purchased for \$1.5 million in 2009. The proceeds of the sale would be allocated as specified below based on the funding sources of the 2009 purchase:

State of Alaska-Stimulus Funding	\$213,770
Land Bank	\$50,000
General Fund	\$658,713.50
Total Proceeds	\$922,483.50

It is noted that the Stimulus Funding may need to be returned to the State of Alaska through Grant #ARRA 800273. Once a sale occurs, the Administration will confirm the status of the grant with the State of Alaska and determine if funds need to be returned. The allocation of proceeds will be presented to the City Council in a separate action once the disposition of the Stimulus Funding is determined.

**Recommended Action:** Adopt ordinance.

February 12, 2018

Andrew Ingram  
Jack White Commercial  
3801 Centerpoint Drive  
Suite 101  
Anchorage, AK 99503

**RE: Letter of Intent to Purchase 290 Yenlo Street Wasilla, AK aka Meta Rose Square (the "Property").**

Dear Andrew:

My Client (the "Buyer" as listed below) is interested in purchasing the above-mentioned Property and has authorized me to provide you with this Letter of Intent to Purchase.

Upon agreement and execution of this Letter of Intent, my client is prepared to provide a formal Purchase and Sale Agreement that shall include (but not be limited to) the following terms and conditions:

- Offering Price:** Nine Hundred Seventy Five Thousand Dollars (\$975,000.00).
- Buyer:** Sung Son Yu (name of the actual owning entity to be determined).
- Due Diligence:** Buyer shall have a 60-day due diligence period to complete its review of all documents pertaining to the property and its' operation. The due diligence period will commence upon Buyer receiving the "Building Documents" from Seller. Building Documents shall consist of (but not be limited to): copies of all reports, tenant leases, inspections and other information in the possession or control of Seller relating to the Property together with copies of all plans, operating statements, engineering/architectural reports and environmental reports. The Building Documents will be mentioned and further defined in the formal Purchase and Sale Agreement.
- Earnest Money Deposit:** Within five business days following mutual execution of the Purchase and Sale Agreement, \$10,000 shall be deposited in escrow at Alyeska Title Guaranty Agency. Said amount shall be refundable if buyer, for any reason, decides not to proceed with the

Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

transaction prior to expiration of the due diligence period.

**Closing:**

Closing will occur within 30 days following the expiration of the due diligence period, however, upon written notice, either party shall have the option to extend any act within the Purchase and Sale Agreement for a period not to exceed 15 days.

**Sales Commission:**

A sales commission of 6% of the gross sales price to be paid at Closing by Seller to Jack White Commercial and Commercial Real Estate Alaska and be evenly split between the two brokerages.

**Representation:**

Buyer and Seller agree and acknowledge that Brian Edmondson of Jack White Commercial, Inc. is the licensee and representative of Buyer but may provide assistance to Seller and that Andrew Ingram of Jack White Commercial and Terry Ellis of Re/Max is the licensee and representative of Seller but may provide assistance to Buyer. Each party confirms that that prior oral and/or written disclosure of representation was provided to them as required by Alaska Statute 08.88.600. Each party acknowledges that they have received a copy of the Alaska Real Estate Commission Consumer Pamphlet.

**This offer shall be subject to the following terms and conditions:**

1. Condition of title being satisfactory to buyer and its attorney.
2. The execution and delivery of a contract of sale satisfactory to both parties and their respective attorneys.
3. This transaction shall be contingent through Closing upon (but not limited) Buyer obtaining financing acceptable from its Lender, however, within 14 days of execution of a formal Purchase and Sale Agreement, Buyer shall provide to Seller, a letter from Buyer's lender stating lender's opinion of Buyer's credit worthiness and Buyer's ability to close on this transaction.
4. Review and approval of all documents and reports (Building Documents).
5. Buyer (at Seller's expense), obtaining an acceptable Phase 1 Environmental Report and an acceptable Building Condition Report from its engineer(s) during the Due Diligence Period.

Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

This letter of intent shall be non-binding on either party and is solely an expression of interest by both parties concerning the purchase of the property(s). It will be superseded by a formal "Purchase and Sale" Agreement to be executed by both parties.

This proposal is valid through 5:00 PM February 20, 2018 after which time, if not accepted or modified, it will become null and void.

I look forward to hearing from you at your earliest convenience.

Sincerely,

Brian Edmondson, Assoc. Broker  
Jack White Commercial

Accepted and Agreed to:

\_\_\_\_\_  
Seller:

\_\_\_\_\_  
Buyer:

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date:

Seller's Initials: \_\_\_\_\_

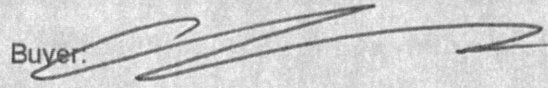
Buyer's Initials: \_\_\_\_\_



Accepted and Agreed to:

Seller:

Buyer:



Date:

Date:

February 12th, 2018

Seller's Initials:

Buyer's Initials:

K.S.Y

## Archie Giddings

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**From:** Hanna Dickinson <hanna@jwstaff.com>  
**Sent:** Tuesday, February 20, 2018 3:22 PM  
**To:** Archie Giddings; Joan Miller  
**Cc:** Brian Endsley; Terry Ellis; Andrew Ingram  
**Subject:** Re: Offer to Purchase Meta Rose Square  
**Attachments:** Offer to Purchase Meta Rose Square - Sung Son Yu - REDLINE.doc

Archie & Joan,

Please see the attached letter of intent to purchase with redline edits, these are the changes we suggest making. Please review and let us know if we are approved to present the buyer with these changes on your behalf.

Below is a list of the redline changes we made to the letter of intent:

- Due Diligence period changed from 60 days to 45 days
- Earnest money deposit changed from \$10,000 to \$20,000
- Commission amount changed from 6% to 5%
- On item 3 of the conditions, changed the time frame for Buyer providing to Seller a letter from the lender stating lenders opinion of Buyer's credit worthiness from 14 days to 5 days
- On item 4 of the conditions, added "if available" to make it read as follows: "review and approval of all documents and reports (Building Documents) if available."
- On item 5 of the conditions, changed to have the Phase 1 be a Buyer's expense rather than a Seller's expense.

Thank You,

Hanna Dickinson  
Licensed Assistant  
Jack White Commercial  
3801 Centerpoint Dr. Ste. 101  
Anchorage, AK 99503  
Direct: 907-273-7345  
Cell: 907-399-7600  
Fax: 907-762-1838  
Email: hanna@jwstaff.com

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**From:** Andrew Ingram <[akcommercialproperties@gmail.com](mailto:akcommercialproperties@gmail.com)>  
**Date:** Tuesday, February 13, 2018 at 3:03 PM  
**To:** Archie Giddings <[agiddings@ci.wasilla.ak.us](mailto:agiddings@ci.wasilla.ak.us)>, Joan Miller <[jmiller@ci.wasilla.ak.us](mailto:jmiller@ci.wasilla.ak.us)>  
**Cc:** Brian Endsley <[brianendsley@gmail.com](mailto:brianendsley@gmail.com)>, Hanna Dickinson <[hanna@jwstaff.com](mailto:hanna@jwstaff.com)>, Terry Ellis <[terry@terryellisalaska.com](mailto:terry@terryellisalaska.com)>  
**Subject:** Offer to Purchase Meta Rose Square

Archie & Joan,

I am pleased to present you with the attached offer to purchase for Meta Rose Square.

Call to discuss.

Thanks,

Andrew

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Andrew Ingram

[www.akcommercialproperties.com](http://www.akcommercialproperties.com)

Commercial Real Estate Sales and Leasing

907-762-5877 office direct

907-830-7319 cell

3801 Centerpoint Dr. Ste 101

Anchorage AK 99503

February 12, 2018

Andrew Ingram  
Jack White Commercial  
3801 Centerpoint Drive  
Suite 101  
Anchorage, AK 99503

**RE: Letter of Intent to Purchase 290 Yenlo Street Wasilla, AK aka Meta Rose Square (the "Property").**

Dear Andrew:

My Client (the "Buyer" as listed below) is interested in purchasing the above-mentioned Property and has authorized me to provide you with this Letter of Intent to Purchase.

Upon agreement and execution of this Letter of Intent, my client is prepared to provide a formal Purchase and Sale Agreement that shall include (but not be limited to) the following terms and conditions:

- Offering Price:** Nine Hundred Seventy Five Thousand Dollars (\$975,000.00).
- Buyer:** Sung Son Yu (name of the actual owning entity to be determined).
- Due Diligence:** Buyer shall have a ~~4560~~-day due diligence period to complete its review of all documents pertaining to the property and its' operation. The due diligence period will commence upon Buyer receiving the "Building Documents" from Seller. Building Documents shall consist of (but not be limited to): copies of all reports, tenant leases, inspections and other information in the possession or control of Seller relating to the Property together with copies of all plans, operating statements, engineering/architectural reports and environmental reports. The Building Documents will be mentioned and further defined in the formal Purchase and Sale Agreement.
- Earnest Money Deposit:** Within five business days following mutual execution of the Purchase and Sale Agreement, ~~\$20,000~~10,000 shall be deposited in escrow at Alyeska Title Guaranty Agency. Said amount shall be refundable if buyer, for any reason, decides not to proceed with the

Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

transaction prior to expiration of the due diligence period.

**Closing:**

Closing will occur within 30 days following the expiration of the due diligence period, however, upon written notice, either party shall have the option to extend any act within the Purchase and Sale Agreement for a period not to exceed 15 days.

**Sales Commission:**

A sales commission of 56% of the gross sales price to be paid at Closing by Seller to Jack White Commercial and Commercial Real Estate Alaska and be evenly split between the two brokerages.

**Representation:**

Buyer and Seller agree and acknowledge that Brian Edmondson of Jack White Commercial, Inc. is the licensee and representative of Buyer but may provide assistance to Seller and that Andrew Ingram of Jack White Commercial and Terry Ellis of Re/Max is the licensee and representative of Seller but may provide assistance to Buyer. Each party confirms that that prior oral and/or written disclosure of representation was provided to them as required by Alaska Statute 08.88.600. Each party acknowledges that they have received a copy of the Alaska Real Estate Commission Consumer Pamphlet.

**This offer shall be subject to the following terms and conditions:**

1. Condition of title being satisfactory to buyer and its attorney.
2. The execution and delivery of a contract of sale satisfactory to both parties and their respective attorneys.
3. This transaction shall be contingent through Closing upon (but not limited) Buyer obtaining financing acceptable from its Lender, however, within 54 days of execution of a formal Purchase and Sale Agreement, Buyer shall provide to Seller, a letter from Buyer's lender stating lender's opinion of Buyer's credit worthiness and Buyer's ability to close on this transaction.
4. Review and approval of all documents and reports (Building Documents) if available.
5. Buyer (at BuyerSeller's expense), obtaining an acceptable Phase 1 Environmental Report and an acceptable Building Condition Report from its engineer(s) during the Due Diligence Period.

Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

This letter of intent shall be non-binding on either party and is solely an expression of interest by both parties concerning the purchase of the property(s). It will be superseded by a formal "Purchase and Sale" Agreement to be executed by both parties.

This proposal is valid through 5:00 PM February 20, 2018 after which time, if not accepted or modified, it will become null and void.

I look forward to hearing from you at your earliest convenience.

Sincerely,

Brian Edmondson, Assoc. Broker  
Jack White Commercial

Accepted and Agreed to:

\_\_\_\_\_  
Seller:

\_\_\_\_\_  
Buyer:

\_\_\_\_\_  
Date:

\_\_\_\_\_  
Date:

Seller's Initials: \_\_\_\_\_

Buyer's Initials: \_\_\_\_\_

**SUMMARY APPRAISAL REPORT  
“META ROSE SQUARE”  
(Existing and Complete Multiple Lease Bay Facility)**

**Lot 5A, Block 1, Fred Nelson RSB  
290 N. Yenlo St.  
Wasilla, Alaska 99654**

**Value Estimate Effective Date: November 10, 2017  
Report Preparation Date: November 20, 2017  
(File No. 1244-17)**

(front building elevations looking westerly)



**CLIENT: CITY OF WASILLA**

## Statewide Appraisal Svcs.

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November 20, 2017

Archie Giddings, Public Works Director  
City of Wasilla  
290 E. Herning Ave.  
Wasilla, Alaska 99654

RE: Summary Appraisal Report  
"Meta Rose Square"  
290 N. Yenlo St.  
Wasilla, Alaska 99654 (File No. 1244-17)

Dear Mr. Giddings:

Following this transmittal letter is a summary appraisal report of the real property comprising the "Meta Rose Square" in downtown Wasilla. Readers are advised that I appraised this property on January 26, 2015; I have provided no other services regarding this property, of any type, since that date. There are no apparent changes to the site since the 2015 assignment; the building is impacted by more deferred maintenance, and most significantly vacancy has increased each year since, with similar rental rates. Following are summarized main differences between this analysis, and that conducted for the 2015 assignment:

- Above-Grade: As in the original assignment, an "extraordinary assumption" is made that suite sizes as reported are correct, as indicated by the 2017 rent roll. Leases include mezzanine area, which have been segregated from floor size. While some tenants utilize mezzanines for display, most are utilized for storage or employee area. The mezzanines are unique to current modern standards, are probably best described as functionally obsolete, with no additional incremental income considered for analysis. Contract rents are adjusted to reflect floor space only for analysis purposes.
- Basement: Gross size of basement is not known; leases refer to rental bay size only. Also included are work and storage areas required to support the building, mechanical, elevator shaft base, and five enclosed storage bays. The basement bay is also an anomaly and inconsistent with modern standards, in which climate control is typically slab radiant with separate air handling/cooling units. Most commercial buildings that include basements are office buildings, in which basements are utilized for general and archival storage purposes. The last known rental rate was \$0.88/SF/Mo. based on six-month occupancy. Since the bay exists and would likely rent at a lower rate, \$0.44/SF/Mo., or 50% of the last known lease rate, is subjectively forecast, applied to sizes reported by the client.
- Functional Obsolescence: During the original assignment, functional obsolescence related to the large common entry was treated by not applying additional CA pass-through's; for example, leases in the Carr's mall are adjusted from +\$0.46 to +\$0.75/SF additional rents to address CA maintenance and utility expenses. Modern retail and office development is designed for more space to lease, with CA segregated pro-rata to each individual bay size, added to bay size for establishing rents on a "usable" vs. "rentable" basis. Subject leases do not include pass-through; the leasing agent reported that this concept became unavailable in the subject for many years. The large common area garners no additional rent, and is a significant detriment since heating/maintaining this space is 100% lessor paid. Functional Obsolescence is measured via. rent loss, and is a significant negative adjustment.
- Interim Contributory Value Analysis: Market dynamics during the nearly three years since the 2015 assignment indicate under-improvements of the site; highest and best use of the site as vacant, for retail development, is probably not feasible. This is illustrated by bays in the Carr's Mall, which tend to lease quickly, including typical CAM pass-through. Significant retail projects have been built during the past 5 – 10 years, clearly impacting retail dynamics. If vacant, highest and best use would probably be for some type of office development; as improved, ultimate highest and best use is probably for conversion to professional office space at that point in time that rental rates indicate feasibility. Conversion costs would likely range from \$75 to \$100/SF for second-generation build-out. However, the building appears to be well-built, and heating costs indicate insulation commensurate with modern standards. For the purposes of this assignment, I have subjectively selected a five-year period, discounting net operating income to present worth as an indication of vertical contributory value to the site.



As agreed, the purpose of the appraisal is summarized as follows:

- to estimate the market value of the leased-fee interest "As Is", effective as of November 10, 2017 (last inspection date)

Development and reporting of the appraisal complies with the Uniform Standards of Professional Appraisal Practice. It is understood that the use of the appraisal is for marketing the property. The purchase order is included in the addenda section as an engagement document. Property rights, effective dates, and reconciled value estimate (based on cash or equivalent terms) are summarized following:

<b>Estimated Market Value Leased Fee Interest "As Is" (11/10/17): \$975,000</b>
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The "Certification of Appraisal" follows, and is incorporated into this transmittal letter. The appraisal may not be understood without reference to the following statements in the body of the report:

- "Scope of Work" (page 4)
- Assumptions and Limiting Conditions (page 5)
  - "Special Economic Assumptions" (page 5)
  - "Extraordinary Assumptions" (page 6)
  - "General Assumptions and Limiting Conditions" (page 7)

Respectfully submitted,



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Vince Coan, APRG132  
Certified General Real Estate Appraiser

## Estimated Combined Statement

Alyeska Title Guaranty Agency, Alyeska Title Guaranty Agency  
 3801 Centerpoint Drive, Suite 102, Anchorage, AK 99503, (907) 569-2842

Seller(s)            Seller  
 Buyer(s)            Buyer  
 Lender(s)           TBD  
 Property            290 N. Yenlo St.  
 Closing Date

Disbursement Date

Proration Date

Buyer			Seller	
Debit	Credit		Debit	Credit
		<b>Sales/Price</b>		
\$975,000.00		Contract sales price		\$975,000.00
		<b>New Loan</b>		
		Principal amount of new loan(s)		
		<b>Commissions</b>		
		\$24,375.00 to Listing Broker	\$24,375.00	
		\$24,375.00 to Selling Broker	\$24,375.00	
		<b>Title Charges</b>		
\$734.50		Settlement or closing fee to Alyeska Title	\$734.50	
\$25.00		Document preparation to Law Office of Jeremy Collier	\$25.00	
		Title Insurance to Alyeska Title		
		Lender's coverage		
		Owner's coverage \$975,000.00 \$2,857.00	\$2,857.00	
		<b>Recording Fees/Transfer Charges</b>		
\$150.00		Recording fees:	\$150.00	
<b>\$975,909.50</b>	<b>\$0.00</b>	<b>Subtotals</b>	<b>\$52,516.50</b>	<b>\$975,000.00</b>
	\$975,909.50	Balance due from Buyer		
		Balance due to Seller	\$922,483.50	
<b>\$975,909.50</b>	<b>\$975,909.50</b>	<b>Totals</b>	<b>\$975,000.00</b>	<b>\$975,000.00</b>

\_\_\_\_\_  
 Buyer

\_\_\_\_\_  
 Seller