

PETITION

To the Local Boundary Commission
For

ANNEXATION

To

the City of Houston

A SECOND CLASS CITY

Within

the MATANUSKA-SUSITNA BOROUGH

**Using the Local Option Method by
Unanimous Consent**

The petitioner requests that the Local Boundary Commission grant this petition for annexation of territory adjacent to the city by ordinance without an election, with the unanimous consent of all owners of the property proposed for annexation and all registered voters residing on that property under Article X, Section 12 of the Constitution of the State of Alaska; AS 29.06.040(a) and (c)(4); AS 44.33.812(a)(3); 3 AAC 110.150(2); and 3 AAC 110.590. All exhibits attached to this petition are incorporated by reference.

SECTION 1. PETITIONER’S NAME. 3 AAC 110.420(b)(1)

The name of the petitioner is the City of Houston (hereafter “Petitioner” or “City”). This city is located within the organized borough known as the Matanuska-Susitna Borough.

SECTION 2. THE PETITIONER’S REPRESENTATIVE. 3 AAC 110.420(b)(2).

The petitioner designates the following individual to act as representative in matters regarding the proposed municipal annexation:

Name: Mayor Virgie Thompson
Physical address: 13878 W. Armstrong, Houston AK 99694
Mailing Address: P.O. Box 940027, Houston AK 99694
Telephone number: 907.892.6869
Fax number: 907.892.7677
Email address: vthompson@houston-ak.gov

ALTERNATIVE REPRESENTATIVE DESIGNATED BY THE PETITIONER.

The petitioner designates the following person to act as alternate representative in matters regarding the proposed annexation, in the event that the primary representative is absent, resigns, or fails to perform her duties:

Name: Deputy Mayor Lance Wilson
Physical address: 13878 W. Armstrong, Houston AK 99694
Mailing Address: P.O. Box 940027, Houston AK 99694
Telephone number: 907.892.6869
Fax number: 907.892.7677
Email address: lwilson@houston-ak.gov

SECTION 3. THE NAME AND CLASS OF THE EXISTING MUNICIPAL GOVERNMENTS FOR WHICH A CHANGE IS PROPOSED. 3 AAC 110.420(b)(3).

Name of city: Houston
Class: Second

Name of organized borough: Matanuska-Susitna
Class: Second

SECTION 4. GENERAL DESCRIPTION OF THE NATURE OF THE PROPOSED COMMISSION ACTION. 3 AAC 110.420(b)(4).

This petition, initiated by the City under the authority of 3 AAC 110.410(a)(4), requests the Local Boundary Commission authorize the following boundary change: annexation of territory generally described as:

- (a) Township 17 North, Range 3 West, Section 5, Lot 8; Section 6, SE4NW4, SW4NE4, E2SW4, W2SE4; and Lots 1 to 10, Seward Meridian; and
- (b) Township 18 North, Range 3 West, Section 31, SE4, E2SW4, Lots 3 and 4; and Section 32, W2, SE4 and S2NE4, Seward Meridian

to the City under the local option method provided for in AS 29.06.040(a) and (c)(4), and 3 AAC 110.150(2). Annexation under AS 29.06.040(c)(4) allows for territory adjoining a municipality to be annexed by ordinance, without an election, if all property owners and voters in the territory proposed to be annexed petition the governing body. 3 AAC 110.990(12) defines “property owner” as “a legal person holding a vested fee simple interest in the surface estate of any real property including submerged lands.”

SECTION 5. GENERAL DESCRIPTION OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(5).

The area to be annexed contains approximately 1,555 acres, not including the portions of an unnamed lake, Pear Lake, and Blanket Lake. All of the parcels are vacant and are part of the Port MacKenzie Rail Extension project. The intended use of the property includes infrastructure services for the City of Houston and other light industrial businesses.

SECTION 6. REASONS FOR THE PROPOSED BOUNDARY CHANGES. 3 AAC 110.420 (b)(6).

The Petitioner seeks annexation of the territory generally described in Section 4 for the following reasons.

1. The City of Houston is petitioning the LBC to annex this area on behalf of the property owners. The City received a signed petition from 100% of the property owners requesting annexation into the City of Houston. The subject properties adjoin the city limits and are presently located in the Matanuska-Susitna Borough.
2. 100% of the property owners requesting annexation of these properties desire the land be zoned for industrial use. The current City property tax mill rate is zero (0) and there is no road service area tax for property within the City limits.

SECTION 7. LEGAL METES AND BOUNDS DESCRIPTIONS, MAPS, AND PLATS. 3 AAC 110.420(b)(7).

- a) **Legal Description of the Territory Proposed for Annexation. Exhibit A-1** provides a written metes and bounds legal description of the territory proposed for annexation.
- b) **Legal Description of Existing City's Boundaries. Exhibit A-2** provides a legal metes and bounds description of the existing city's boundaries.
- c) **Legal Description of Proposed Post-Annexation Boundaries. Exhibit A-3** provides a legal metes and bounds description of the proposed post-annexation boundaries of the city.
- d) **Maps and Plats. Exhibit A-4** provides a map showing the existing boundaries of the city and the boundaries of the territory proposed for annexation. Any plats required by the Department of Commerce, Community, and Economic Development to demonstrate the accuracy of the legal descriptions in Exhibits A-1, A-2 or A-3 are included with the map in Exhibit A-4.

SECTION 8. SIZE OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(8).

- a) The existing city proposing annexation encompasses 22.87± square miles.
- b) The territory proposed for annexation encompasses 2.43± square miles.
- c) The existing city after the proposed annexation encompasses 25.3± square miles.

SECTION 9. DATA ESTIMATING THE POPULATION OF THE TERRITORY PROPOSED FOR ANNEXATION. 3 AAC 110.420(b)(9).

- a) The population of the territory proposed for annexation is estimated to be zero.
- b) The population within the current boundaries of the city is approximately 2,000.
- c) The population of the existing city after the proposed annexation is estimated to be 2,000.

SECTION 10. INFORMATION RELATING TO PUBLIC NOTICE AND SERVICE OF THE PETITION. 3 AAC 110.420(b)(10).

As provided for in 3 AAC 110.450(a), among other publication requirements, no later than 45 days after receipt of the department's written notice of acceptance of the petition for filing, the petitioner shall publish public notice of the filing of the petition in a display ad format of no less than six inches long by two columns wide at least once each week for three consecutive weeks in one or more newspapers of general circulation designated by the department. If the department determines that a newspaper of general circulation, with publication at least once a week, does not circulate within the boundaries proposed for change, the department shall require the petitioner to provide notice through other means designed to reach the public. This public notice information regarding this petition for annexation and concurrent incorporation is provided in **Exhibit B**.

Exhibit B offers additional information relevant to the providing public notice of this annexation proceeding. Please see 3 AAC 110.450 for other pertinent requirements including details about local media; adjacent municipal governments; places for posting public notices relating to the proposed annexation; location(s) where the petition may be viewed by the public, and persons who the petitioner believes warrant the courtesy of specific notice of the annexation proceedings.

SECTION 11. TAX DATA. 3 AAC 110.420(b)(12).

This section lists estimates or actual figures concerning the value of taxable real and personal property within the boundaries of the municipality and the proposed annexation. Figures are provided for the territory within the boundaries of the city government, the nonareawide portion of the borough (i.e., the area outside of all cities), and the borough areawide (i.e., throughout the entire borough).

a) The assessed or estimated value of taxable property in the territory proposed for change. This only applies for any proposed or existing municipal government for which a change is proposed that currently levies or proposes to levy property taxes.

1) (a) This subsection lists estimates or actual figures concerning the value of taxable real property in the existing city.

| ASSESSED OR ESTIMATED VALUE OF TAXABLE REAL PROPERTY WITHIN THE EXISTING CITY | | |
|--|--|--|
| Borough, City, or Service Area | Estimated or Locally Assessed Value | Estimated or Actual Full and True Value |
| City of Houston, AK | \$ 177,000,000.00 | \$ 177,000,000.00 |
| | \$ | \$ |
| Total (areawide) | \$ | \$ |

This subsection lists estimates or actual figures concerning the value of taxable personal property in the existing city.

| ASSESSED OR ESTIMATED VALUE OF TAXABLE PERSONAL PROPERTY WITHIN THE EXISTING CITY | | |
|--|--|--|
| Borough, City, or Service Area | Estimated or Locally Assessed Value | Estimated or Actual Full and True Value |
| Not Applicable | \$ | \$ |
| | \$ | \$ |
| Total (areawide) | \$ | \$ |

2) (a) This subsection lists estimates or actual figures concerning the value of taxable real property in the territory proposed for annexation.

| ASSESSED OR ESTIMATED VALUE OF TAXABLE REAL PROPERTY WITHIN THE TERRITORY PROPOSED FOR ANNEXATION | | |
|--|--|--|
| Borough, City, or Service Area | Estimated or Locally Assessed Value | Estimated or Actual Full and True Value |
| Mat-Su Borough | \$ Appraised at \$1,125,200.00, but assessed at zero as undeveloped Native owned land. | \$1,125,200.00 |
| | \$ | \$ |
| Total (areawide) | \$ | \$ |

(b) This subsection lists estimates or actual figures concerning the value of taxable personal property in the territory proposed for annexation.

| ASSESSED OR ESTIMATED VALUE OF TAXABLE PERSONAL PROPERTY WITHIN THE TERRITORY PROPOSED FOR ANNEXATION | | |
|--|--|--|
| Borough, City, or Service Area | Estimated or Locally Assessed Value | Estimated or Actual Full and True Value |
| Not Applicable | \$ None | \$None |
| | \$ | \$ |
| Total (areawide) | \$ | \$ |

3) (a) This subsection lists estimates or actual figures concerning the value of taxable real property within existing city after the proposed annexation.

| ASSESSED OR ESTIMATED VALUE OF TAXABLE REAL PROPERTY WITHIN THE EXISTING CITY AFTER THE PROPOSED ANNEXATION | | |
|--|--|--|
| Borough, City, or Service Area | Estimated or Locally Assessed Value | Estimated or Actual Full and True Value |
| City of Houston | \$ 177,000,000.00 | \$ |
| Proposed Property Annexation | \$ 1,125,200.00 | \$ |
| Total (areawide) | \$ 178,125,000.00 | \$ |

(b) This subsection lists estimates or actual figures concerning the value of taxable personal property in the existing city after the proposed annexation.

| ASSESSED OR ESTIMATED VALUE OF TAXABLE PERSONAL PROPERTY WITHIN THE EXISTING CITY AFTER THE PROPOSED ANNEXATION | | |
|---|-------------------------------------|---|
| Borough, City, or Service Area | Estimated or Locally Assessed Value | Estimated or Actual Full and True Value |
| Personal Property is not taxed by the City of Houston | \$ none | \$ none |
| | \$ | \$ |
| Total (areawide) | \$ | \$ |

b) Projected taxable sales in the territory proposed for change. This only applies for any proposed or existing municipal government for which a change is proposed that currently levies or proposes to levy property taxes.

Not Applicable.

c) Taxes currently levied by municipal governments within the territory proposed for annexation.

1) The type and rate of each tax currently levied by municipal governments within the territory proposed for annexation is listed below:

| Borough, City, or Service Area | Property tax (mills) | Sales Tax (%) | Other (Delete column if not used) | Other (Delete column if not used) | Other (Delete column if not used) |
|--------------------------------|----------------------|---------------|-----------------------------------|-----------------------------------|-----------------------------------|
| City of Houston, AK | 3 mills | 2% | | | |
| | | | | | |

SECTION 12. BUDGET INFORMATION. 3 AAC 110.420(b)(13).

a) Projected revenue for the period extending one fiscal year beyond the reasonably anticipated date of 3 AAC 110.420(b)(13)(A)-(C) for any existing municipality for which a change is proposed is presented in **Exhibit C-1.**

b) Operating expenditures for the period extending one fiscal year beyond the reasonably anticipated date of 3 AAC 110.420(b)(13)(A)-(C) for any existing municipality for which a change is proposed is presented in **Exhibit C-2.**

- c) Capital expenditures for the period extending one fiscal year beyond the reasonably anticipated date of 3 AAC 110.420(b)(13)(A)-(C) for any existing municipality for which a change is proposed is presented in **Exhibit C-3**.
- d) For subsections **a** through **c** above if 3 AAC 110.420(b)(13)(A)-(C) are not applicable then only one fiscal year is required.
- e) Exhibits C-1 through C-3 can be combined using a municipality's budget.

SECTION 13. EXISTING LONG-TERM MUNICIPAL DEBT. 3 AAC 110.420(b)(14).

Attach any information regarding existing long term municipal debt as **Exhibit D**.

SECTION 14. MUNICIPAL POWERS AND FUNCTIONS. 3 AAC 110.420(b)(15).

Exhibit E provides a list of powers and functions of:

- a) Any existing municipality for which a change is proposed, before and after the proposed change.
- b) Alternate service providers within the territory proposed for city boundary change.

SECTION 15. THE TRANSITION PLAN. 3 AAC 110.420(b)(16).

As provided for in 3 AAC 100.900, **Exhibit F** presents a practical plan for the transfer and integration of all relevant and appropriate assets and liabilities in the territory proposed for annexation to the existing city:

- a) A practical plan that demonstrates the capability of the existing city to extend essential municipal services (as determined under 3 AAC 110.970) into the territory proposed for annexation within the shortest practical time after the effective date of the proposed change.
- b) A practical plan to assume all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity located in the territory proposed for annexation. The plan must be prepared in consultation with the officials of each existing borough, city, and unorganized borough service area and must be designed to effect an orderly, efficient, and economical transfer within the shortest

practical time, not to exceed two years after the effective date of the proposed change.

- c) A practical plan to transfer and integrate all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entity located within the boundaries proposed for change. The plan must be prepared in consultation with the officials of each existing borough, city, and unorganized borough service area and must be designed to effect an orderly, efficient, and economical transfer within the shortest practical time, not to exceed two years after the effective date of the proposed change. The plan must specifically address procedures that ensure that the transfer and integration occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities.

- d) The transition plan must state the names and titles of all officials of each existing borough, city, and unorganized borough service area that the Petitioner consulted. The dates on which that consultation occurred and the subject addressed during that consultation must also be listed.

| OFFICIALS CONSULTED FOR THE TRANSITION PLAN | | | |
|--|---|------------------------------|--|
| Name | Title & Organization | Date Consulted | Subject Discussed |
| Garland Forschen | Public Works Director, COH | | Budget process to accommodate additional roads within the city and whether Public Works foresees major issues in maintaining additional roads. |
| Captain Brinke | Alaska State Troopers/ Palmer Detachment | May 2011 April 9, 2014 | Alaska State Troopers has been providing Police protection services |

| | | | |
|-------------|--------------------------------------|------------------|--|
| | | | <p>for the City of Houston since May 2011.</p> <p>Captain Brinke has requested a copy of proposed property annexation into the COH to better reference future services that may be requested by COH residents. There was also discussion of a future Police department in the COH within the next couple of years.</p> |
| John Moosey | Mat-Su Borough /Manager | November 7, 2013 | <p>Mr. Moosey responded to the COH on support of the annexation and wished use luck. The land proposed for annexation has no significance to the borough as far as occupied areas that reflects on their taxation revenue.</p> |
| Terry Dolan | Mat-Su Borough/Public Works Director | April 9, 2014 | <p>Mr. Dolan was aware of the possible annexation and was very supportive. We also discussed a possible</p> |

| | | |
|--|--|---|
| | | <p>Memorandum of Agreement for road maintenance in Millers Reach subdivision as it butts up to COH road service area. In his opinion, the annexation would not directly affect the Mat-Su Boroughs road service area.</p> |
|--|--|---|

If a prospective Petitioner has been unable to consult with officials of an existing borough, city, or unorganized borough service area because those officials have chosen not to consult or were unavailable during reasonable times to consult with a prospective Petitioner, the prospective Petitioner may request that the commission waive the requirement to consult those officials. The request for a waiver must document all attempts by the prospective Petitioner to consult with officials of each existing borough, city, or unorganized borough service area. If the commission determines that the prospective Petitioner acted in good faith and that further efforts to consult with the officials would not be productive in a reasonable period of time, the commission may waive the requirement to consult.

SECTION 16. COMPOSITION AND APPORTIONMENT OF THE CITY COUNCIL. 3
AAC 110.420(b)(17).

Exhibit G presents information about the composition and apportionment of the existing city council proposing annexation both before and after the proposed change.

SECTION 17. CIVIL AND POLITICAL RIGHTS INFORMATION.
3 AAC 110.420(b)(18).

Information regarding any effect of the proposed annexation upon civil and political rights for purposes of the federal Voting Rights Act of 1965 (42.U.S.C. 1971 - 1974) is provided in **Exhibit H**.

SECTION 18. SUPPORTING BRIEF. 3 AAC 110.420(b)(19).

Exhibit I presents a supporting brief providing a detailed explanation of how the proposed annexation serves the best interests of the state and satisfies each constitutional, statutory, and regulatory standards set out in Article I, Section 1 and Article X of the Constitution of the State of Alaska; AS 44.33.812; AS 29.06.040(a); AS 29.06.040 (c)(1) and (c)(2); 3 AAC 110.090 – 3 AAC 110.150; 3 AAC 110.400 – 3 AAC 110.700; and 3 AAC 110.900 – 3 AAC 110.990, and any other pertinent laws, that are relevant to the proposed annexation.

SECTION 19. DOCUMENTATION DEMONSTRATING THAT THE PETITIONER IS AUTHORIZED TO FILE THE PETITION UNDER 3 AAC 110.410. 3 AAC 110.420(b)(20).

A certified copy of the ordinance or resolution adopted by the City Council to authorize the filing of this Petition is provided as **Exhibit J-1**. A copy of a petition signed and/or letters from each property owner and registered voter of the territory proposed for annexation is provided as **Exhibit J-2**.

SECTION 20. DOCUMENTATION REGARDING PRE-ORDINANCE NOTICE.

Streamlined procedures for public notice and service of the petition for annexation of adjacent property by unanimous consent of all registered voters and all property owners provided for in AS 29.06.040(c)(4) are set out in 3 AAC 110.590(a)(3). The commission may require the standard procedures under 3 AAC 110.590(b), instead of the streamlined procedures, and may convert this local action petition to a legislative review petition under 3 AAC 110.590(e). Under this regulation, in lieu of notice and service of the petition under 3 AAC 110.450 – 470, the petitioning municipality, at least 30 days before passage of its authorizing ordinance under AS 29.06.040(c)(4) by the city council, may publish notice of the annexation proposal in a newspaper of general circulation in the area or territory proposed for annexation, and provide the notice to each owner of property abutting the boundaries proposed for annexation. If the petitioning municipality elects to publish, serve and post a pre-ordinance notice under 3 AAC 110.590(a)(3), proof of compliance with the notice and service requirements of 3 AAC 110.590(a)(3) and (f) must be filed with the department.

If the petitioning municipality publishes a pre-ordinance notice as provided under 3 AAC 110.590(a)(3), the municipality shall file with the department a copy of (1) the publisher's affidavit of publication of the notice; (2) written comments submitted to the

municipality regarding the annexation proposal; and (3) the minutes of all council or assembly meetings at which the proposal was addressed by the petitioning municipality. The petitioning municipality must also provide notice of the annexation to each owner of property abutting the boundaries proposed for annexation, and proof that each owner was contacted should be filed with the department. These documents are required by 3 AAC 110.590(f) and are presented as **Exhibit K**.

SECTION 21. PETITIONER'S AFFIDAVIT. 3 AAC 110.420(b)(22).

An affidavit from the Petitioner's representative that, to the best of the representative's knowledge, information, and belief, formed after reasonable inquiry, the information in the Petition is true and accurate is provided in **Exhibit L**.

SECTION 22. ADDITIONAL INFORMATION REQUIRED FOR PETITION.

3 AAC 110.420(b)(23).

- a) An affidavit from the Petitioner's representative that details who provided the information in each section of this Petition is provided in **Exhibit M**.

- b) Other information or supporting material that the department believes the Petitioner must provide for an adequate review of the proposal.

SECTION 23. ELECTRONIC FORMAT. 3 AAC 110.420(c).

- a) The petitioner shall provide the department with a copy of the petition and supporting materials in an electronic format, unless the department waives this requirement because the petitioner lacks a readily accessible means or the capability to provide items in an electronic format.

EXHIBIT A-1

LEGAL METES AND BOUNDS DESCRIPTION OF THE TERRITORY PROPOSED FOR ANNEXATION

The metes and bounds description of the property proposed for annexation into the city of Houston includes all of the following:

Government, Lot 8, Section 5, Township 17 North, Range 3 West, Seward Meridian;

Section 6, Township 17 North, Range 3 West, Seward Meridian;

Government, Lots 3 and 4, southeast $\frac{1}{4}$, east $\frac{1}{2}$ southwest $\frac{1}{4}$, Section 31, Township 18 North, Range 3 West, Seward Meridian; and

West $\frac{1}{2}$, southeast $\frac{1}{4}$, and south $\frac{1}{2}$ northeast $\frac{1}{4}$, Section 32, Township 18 North, Range 3 West, Seward Meridian.

Containing more or less 1,555 acres, all within the Palmer Recording District, Third Judicial District, State of Alaska.

EXHIBIT A-2
LEGAL METES AND BOUNDS DESCRIPTION OF EXISTING
CITY'S BOUNDARIES

The boundaries of the city of Houston are as follows:

Commencing at the northwestern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian, Alaska, the True Point of Beginning;

thence southerly to the southwestern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 20, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the northwestern corner of the northeast $\frac{1}{4}$ of protracted Section 29, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of the northeast $\frac{1}{4}$ of protracted Section 29, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of the northeast $\frac{1}{4}$ of protracted Section 29, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 33, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 33, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 3, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 3, Township 17 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 11, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 11, Township 17 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of the northwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of the northwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of the southwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of the southwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northwestern corner of the northeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 12, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of protracted Section 24, Township 18 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of protracted Section 23, Township 18 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of protracted Section 15, Township 18 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian;

the True Point of Beginning, containing 14,560 acres, more or less, all within the Palmer Recording District, Third Judicial District, State of Alaska.

**EXHIBIT A-3
LEGAL DESCRIPTION OF EXISTING CITY'S BOUNDARIES
POST-ANNEXATION**

The boundaries of the city of Houston are as follows:

Commencing at the northwestern corner of protracted Section 18, T18 North, Range 3 West, Seward Meridian, Alaska, the True Point of Beginning;

thence southerly to the southwestern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 20, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the northwestern corner of the northeast $\frac{1}{4}$ of protracted Section 29, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of the northeast $\frac{1}{4}$ of protracted Section 29, Township 18 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of the northeast $\frac{1}{4}$ of protracted Section 29, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the northeastern corner of the south $\frac{1}{2}$ of the northeast $\frac{1}{4}$ of protracted Section 32, Township 18 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of the south $\frac{1}{2}$ of the southwest $\frac{1}{4}$ of protracted Section 32, Township 18 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of the west $\frac{1}{2}$ of protracted Section 32, Township 18 North, Range 3 West, Seward Meridian;

Thence westerly to the northwestern corner of protracted Section 32, Township 18 North, Range 3 West, Seward Meridian;

thence southerly along the westerly boundary line of Section 32, Township 18 North, Range 3 West, Seward Meridian, to the northwestern corner of the southeast $\frac{1}{4}$ of Section 31, Township 18 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of Government Lot 3, Section 31, Township 18 North, Range 3 West, Seward Meridian;

Thence southerly to the southwestern corner of Section 6, Township 17 North, Range 3 West, Seward Meridian;

Thence easterly to the southeastern corner of Section 6, Township 17 North, Range 3 West, Seward Meridian;

Thence northerly to the southwestern corner of Government Lot 8, Section 5 Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of Government Lot 8, Section 5, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of Government Lot 8, Section 5, Township 17 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of Government Lot 8, Section 5, Township 17 North, Range 3 West, Seward Meridian;

Thence northerly to the northeastern corner of Section 6, Township 17 North, Range 3 West, Seward Meridian;

Thence easterly to the southeastern corner of Section 33, Township 18 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 3, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 3, Township 17 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of protracted Section 11, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 11, Township 17 North, Range 3 West, Seward Meridian;

thence southerly to the southwestern corner of the northwest $\frac{1}{4}$ of the southwest $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of the northwest $\frac{1}{4}$ of the southeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of the southwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of the southwest $\frac{1}{4}$ of the northeast $\frac{1}{4}$

of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northwestern corner of the northeast $\frac{1}{4}$ of protracted Section 13, Township 17 North, Range 3 West, Seward Meridian;

thence easterly to the southeastern corner of protracted Section 12, Township 17 North, Range 3 West, Seward Meridian;

thence northerly to the northeastern corner of protracted Section 24, Township 18 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of protracted Section 23, Township 18 North, Range 3 West, Seward Meridian;

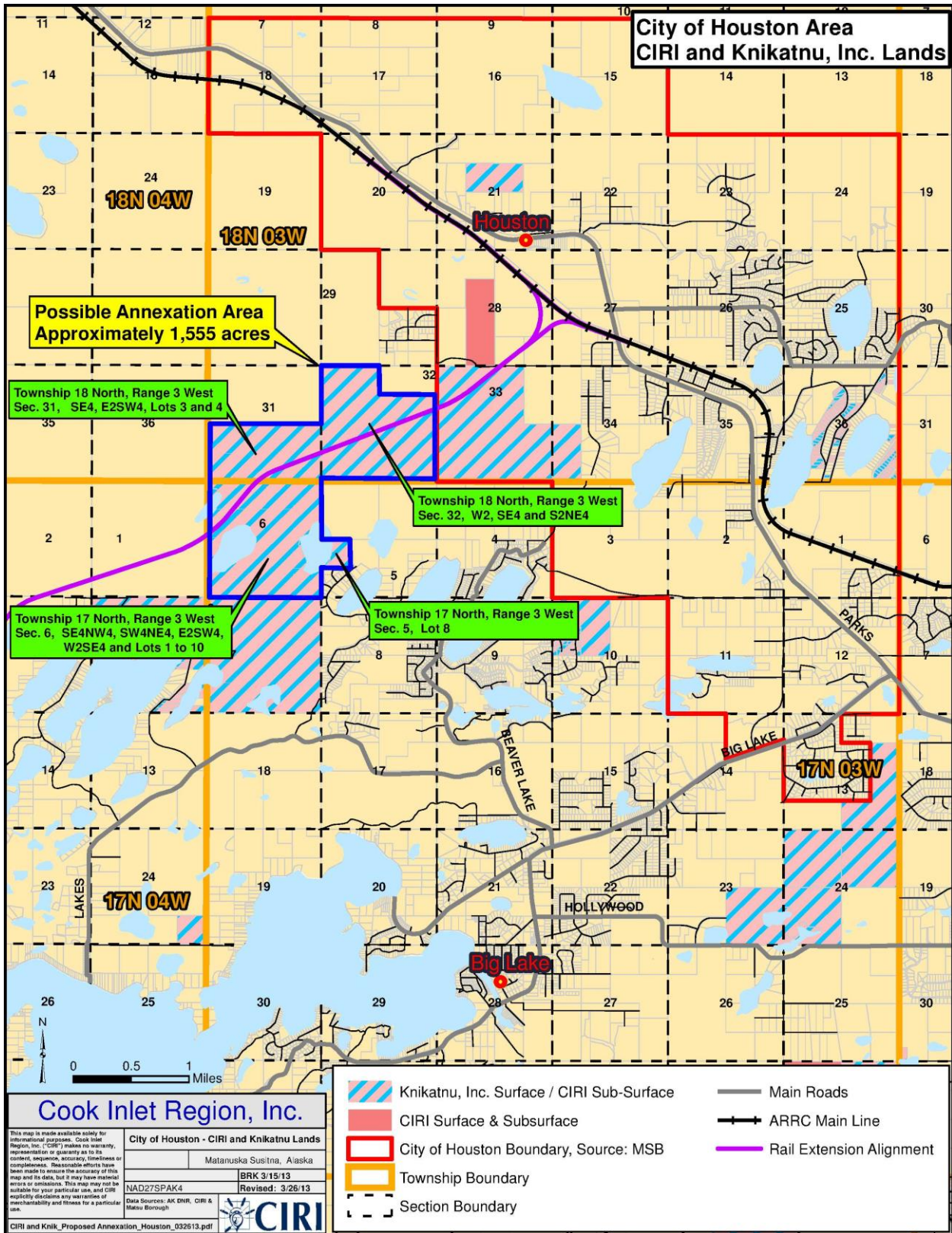
thence northerly to the northeastern corner of protracted Section 15, Township 18 North, Range 3 West, Seward Meridian;

thence westerly to the northwestern corner of protracted Section 18, Township 18 North, Range 3 West, Seward Meridian;

the True Point of Beginning, containing 16,115 acres, more or less, all within the Palmer Recording District, Third Judicial District, State of Alaska.

EXHIBIT A-4
MAPS AND PLATS

The following map details the existing boundaries of the City and the boundaries of the territory proposed for annexation. Pursuant to the City of Houston's request to relax and suspend certain procedural requirements of 3 AAC 110.420(b), copies of plats are not included in this petition.



**EXHIBIT B
INFORMATION RELATING TO PUBLIC NOTICE
AND SERVICE OF THE PETITION**

This exhibit provides information relevant to public notice of this annexation proceeding. Included are details about local media; municipal governments adjacent to the territory proposed for annexation; places for posting public notices relating to the proposed annexation; location(s) where the petition may be viewed by the public, and persons who, because of their interest in this matter, may warrant individual notice of the annexation proceedings.

LOCAL MEDIA

The following lists the principal news media serving the territory within the current and proposed boundaries of the City:

Newspaper(s)

Name: Matanuska-Susitna Valley Frontiersman
Address: P.O. Box 873509, Wasilla AK 99687
Website: <http://www.frontiersman.com/>
Telephone: 907.352.2250
Fax number: 907.352.2277
Email Address: contact@frontiersman.com

Name: Alaska Dispatch
Address: 2301 Merrill Field Drive, Anchorage AK 99501
Website: <http://www.alaskadispatch.com/>
Telephone: 907.743.0744
Fax number: 907.743.0729
Email Address: advertising@alaskadispatch.com

Name: Anchorage Daily News
Address: P.O. Box 149001, Anchorage AK 99514
Website: <http://www.adn.com/>
Telephone: 907.257.4200
Fax number: 907.279.8170
Email Address: legalads@adn.com

Radio station(s)

Name: KMBQ
Address: 851 E. Westpoint Drive, Suite 301, Wasilla AK 99654
Telephone: 907.373.0222
Fax number: 907.376.1575
Email Address: bill.sigmar@ohanamediaigroup.com

ADJACENT MUNICIPAL GOVERNMENTS

The following is a list of city governments and organized boroughs whose boundaries extend within twenty miles of the current or proposed boundaries of the City.

Matanuska-Susitna Borough
City of Wasilla

**PLACES RECOMMENDED TO POST OFFICIAL NOTICES
RELATING TO ANNEXATION**

The following three or more prominent places, readily accessible to the public, within or near the boundaries proposed for change are recommended for posting of notices concerning this annexation proposal.

1. Houston City Hall, City Clerk's Office, 13878 W. Armstrong, Houston AK 99694
2. Miller's Reach Road, Houston AK, in or around the right-of-way near where road curves to the north
3. Houston Lodge, 16966 W. Parks Hwy., Houston AK 99694

The following three or more prominent places, readily accessible to the public, within the current boundaries of the City are recommended to post notices concerning this annexation proposal.

1. Houston City Hall, 13878 W Armstrong Road, Houston, AK 99694
2. Houston Fire Department, 13965 W Armstrong Road, Houston, AK 99694
3. Millers Market, 17152 W Parks Highway, Houston, AK 99694

LOCATION(S) WHERE THE PETITION MATERIALS WILL BE AVAILABLE FOR PUBLIC REVIEW

The Petitioner proposes to comply with 3 AAC 110.460(b) by providing a full set of Petition documents for public review at the location(s) listed below which are open to the public on the days and times listed below.

| Location | Days and Times Open to the Public |
|-------------------------|-----------------------------------|
| Houston City Hall | 9 AM to 5 PM, Monday – Friday |
| Houston Fire Department | 10 AM to 5 PM, Monday – Friday |
| Millers Market | 7AM to 7 PM, Sunday - Saturday |

INDIVIDUALS AND ENTITIES WHO MAY WARRANT INDIVIDUAL NOTICE OF THE FILING OF THE ANNEXATION PETITION

The following lists names and addresses of persons whose potential interest in the annexation proceedings may warrant individual notice of the filing of the petition:

The City of Houston has a current list of the names and addresses of all property owners who own land abutting the proposed annexation area. All of these property owners will be provided a written notice at least 30 days prior to the City Council passing an authorizing ordinance.

EXHIBIT C PROJECTED REVENUES, OPERATING EXPENDITURES, AND CAPITAL EXPENDITURES

Pursuant to the City of Houston's request to relax and suspend certain procedural requirements of 3 AAC 110.420(b) and the relatively small area proposed for annexation, a brief overview is included in this exhibit.

| Revenues | | FY2014 | Admin | Council | Fire | Roads |
|----------------------|-------------------------------------|----------------|---------|---------|---------|---------|
| Taxes | Sales Tax | 155,000 | | | | |
| | Vendor Fees | 500 | | | | |
| | Sales Tax Penalties & Interest | 2,000 | | | | |
| | Property Taxes | 352,499 | | | | |
| | Motor Vehicle Taxes | 14,080 | | | | |
| Special Assessments | PFD Levy | 4,000 | | | | |
| Licenses & Permits | Animal Control Registration & Vac | 900 | | | | |
| | Business Licenses | 7,700 | | | | |
| | Permits, Various | 23,000 | | | | |
| Fines & Penalties | Fines/Citations | 6,000 | | | | |
| Service Charges | All Office Fees | 175 | | | | |
| Rentals | Wildbird Annual Rent | 100 | | | | |
| | Ambulance Bay Rent | 19,200 | | | | |
| Leases | Cell Tower Lease | 6,900 | | | | |
| Other Revenues | Houston/Willow Parking | 1,000 | | | | |
| | Interest Income | 400 | | | | |
| | Donations/Founders Day | 8,618 | | | | |
| | Donations/Other | 1,650 | | | | |
| Shared Revenues | Community Revenue Sharing | 191,222 | | | | |
| | Raw Fish Tax Refunds | 65 | | | | |
| | Utility Co-op Tax Refunds | 19,900 | | | | |
| | Administrative Fees (10% of Grants) | 122,235 | | | | |
| | MSB Contract/Administrative Fees | 800 | | | | |
| | Total | 937,944 | | | | |
| Expenditures | | 2014 | Admin | Council | Fire | Roads |
| Personnel Services | Payroll Taxes | 53,150 | 16,765 | 3,744 | 18,980 | 13,661 |
| | Salaries | 408,844 | 128,960 | 28,800 | 146,000 | 105,084 |
| | Election/Casual Labor | 400 | 400 | | | |
| Travel | Airfare & Lodging | 1,455 | 1,455 | | | |
| | Per Diem | 540 | 540 | | | |
| | Training | 11,725 | 1,100 | 625 | 10,000 | |
| | Mileage | 116 | 116 | | | |
| Facility Expenses | Telephone Service | 9,150 | 3,900 | 340 | 4,000 | 910 |
| | Electric / Utilities | 26,000 | 2,500 | | 16,000 | 7,500 |
| | Heating Fuel | 33,500 | 4,500 | | 23,000 | 6,000 |
| | Building Repair & Maint. | 3,288 | | | 3,288 | |
| | Solid Waste | 354 | 104 | | | 250 |
| Supplies | Supplies/Consumables | 5,200 | 2,500 | 200 | 2,500 | |
| | Postage/Shipping | 2,050 | 1,250 | | 500 | 300 |
| | Janitorial Supplies | 900 | 400 | | 500 | |
| Equipment | Equipment & Gear Purchases | 46,100 | 3,600 | | 34,500 | 8,000 |
| | Equipment & Vehicle Repair & Maint. | 19,400 | 4,400 | | 5,000 | 10,000 |
| | Equipment Rental | 3,000 | | | 500 | 2,500 |
| | Capital Purchases | 8,010 | | | | |
| | Vehicle Fuel | 51,600 | | | 23,600 | 28,000 |
| | Dues/Meetings/Licenses | 3,230 | 2,300 | 150 | 640 | 140 |
| Other Operating Exp. | Records Management | 1,000 | 1,000 | | | |
| | Interest Expenses | 600 | 600 | | | |

| | | | | | | |
|------------------------------------|---|----------------|---------|--------|---------|---------|
| Insurance | Mobile equipment Insurance | 1,120 | 1,120 | | | |
| | General Liability Insurance | 6,045 | 6,045 | | | |
| | Health Insurance | 65,950 | 32,975 | | 10,992 | 21,983 |
| | Life and Disability Insurance | 2,808 | 1,404 | | 468 | 936 |
| | Property Insurance | 6,678 | 6,678 | | | |
| | Vehicle Insurance | 18,943 | 18,943 | | | |
| | Worker's Compensation | 18,715 | 18,715 | | | |
| | Bank & Court Fees | 600 | 600 | | | |
| | Contractual (Legal Services) | 4,000 | 4,000 | | | |
| | Contractual (Other: IT/Engineer/Tow/Vet) | 14,000 | 11,000 | | 3,000 | |
| | Advertising & Promotion | 3,185 | 2,000 | 1,185 | | |
| | Dispatch | 12,906 | | | 12,906 | |
| | Printing & Signage (Ballots, tickets, etc.) | 6,648 | 2,298 | 250 | 600 | 3,500 |
| Donations & Special City Events | Founders Day | 1,500 | | 1,500 | | |
| | Donations & Special City Events | 200 | | 200 | | |
| | Special Occasions/Cards & Flowers | 50 | 50 | | | |
| | Summer Maintenance | 65,835 | | | | 65,835 |
| | Winter Maintenance | 19,150 | | | | 19,150 |
| | Total Operating Expenditures | 937,944 | 282,217 | 36,994 | 316,974 | 293,749 |

**CITY OF HOUSTON
PROJECTED FY15 BUDGET**

| Revenues | | FY2015 |
|---------------------------------|---|----------------|
| Taxes | Sales Tax | 155,000 |
| | Vendor Fees | 500 |
| | Sales Tax Penalties & Interest | 2,000 |
| | Property Taxes | 370,123 |
| | Motor Vehicle Taxes | 14,080 |
| Special Assessments | PFD Levy | 4,000 |
| Licenses & Permits | Animal Control Registration & Vac | 900 |
| | Business Licenses | 7,700 |
| | Permits, Various | 23,000 |
| Fines & Penalties | Fines/Citations | 6,000 |
| Service Charges | All Office Fees | 175 |
| Rentals | Wildbird Annual Rent | 100 |
| | Ambulance Bay Rent | 19,200 |
| Leases | Cell Tower Lease | 6,900 |
| Other Revenues | Houston/Willow Parking | 1,000 |
| | Interest Income | 400 |
| | Donations/Founders Day | 8,618 |
| | Donations/Other | 1,650 |
| Shared Revenues | Community Revenue Sharing | 196,385 |
| | Raw Fish Tax Refunds | 65 |
| | Utility Co-op Tax Refunds | 19,900 |
| | Administrative Fees (10% of Grants) | 122,235 |
| | MSB Contract/Administrative Fees | 800 |
| | | 960,731 |
| Expenditures | | FY2015 |
| Personnel Services | Payroll Taxes | 53,290 |
| | Salaries | 427,242 |
| | Election/Casual Labor | 400 |
| Travel | Airfare & Lodging | 1,455 |
| | Per Diem | 540 |
| | Training | 11,725 |
| | Mileage | 116 |
| Facility Expenses | Telephone Service | 9,150 |
| | Electric / Utilities | 26,000 |
| | Heating Fuel | 33,500 |
| | Building Repair & Maint. | 3,288 |
| | Solid Waste | 354 |
| Supplies | Supplies/Consumables | 5,200 |
| | Postage/Shipping | 2,050 |
| | Janitorial Supplies | 900 |
| Equipment | Equipment & Gear Purchases | 46,100 |
| | Equipment & Vehicle Repair & Maint. | 19,400 |
| | Equipment Rental | 3,000 |
| | Capital Purchases | 8,010 |
| | Vehicle Fuel | 51,600 |
| | Dues/Meetings/Licenses | 3,230 |
| Other Operating Exp. | Records Management | 1,000 |
| | Interest Expenses | 600 |
| Insurance | Mobile equipment Insurance | 1,120 |
| | General Liability Insurance | 6,045 |
| | Health Insurance | 65,950 |
| | Life and Disability Insurance | 2,808 |
| | Property Insurance | 6,678 |
| | Vehicle Insurance | 18,943 |
| | Worker's Compensation | 18,715 |
| | Bank & Court Fees | 600 |
| | Contractual (Legal Services) | 4,000 |
| | Contractual (Other: IT/Engineer/Tow/Vet) | 14,000 |
| | Advertising & Promotion | 3,185 |
| | Dispatch | 12,906 |
| | Printing & Signage (Ballots, tickets, etc.) | 6,648 |
| Donations & Special City Events | Founders Day | 1,500 |
| | Donations & Special City Events | 200 |
| | Special Occasions/Cards & Flowers | 50 |
| | Summer Maintenance | 69,127 |
| | Winter Maintenance | 20,108 |
| | Total Operating Expenditures | 960,731 |

**CITY OF HOUSTON
PROJECTED FY16 BUDGET**

| Revenues | | FY2016 |
|---------------------------------|---|----------------|
| Taxes | Sales Tax | 155,000 |
| | Vendor Fees | 500 |
| | Sales Tax Penalties & Interest | 2,000 |
| | Property Taxes | 388,630 |
| | Motor Vehicle Taxes | 14,080 |
| Special Assessments | PFD Levy | 4,000 |
| Licenses & Permits | Animal Control Registration & Vac | 900 |
| | Business Licenses | 7,700 |
| | Permits, Various | 23,000 |
| Fines & Penalties | Fines/Citations | 6,000 |
| Service Charges | All Office Fees | 175 |
| Rentals | Wildbird Annual Rent | 100 |
| | Ambulance Bay Rent | 19,200 |
| Leases | Cell Tower Lease | 6,900 |
| Other Revenues | Houston/Willow Parking | 1,000 |
| | Interest Income | 400 |
| | Donations/Founders Day | 8,618 |
| | Donations/Other | 1,650 |
| Shared Revenues | Community Revenue Sharing | 201,687 |
| | Raw Fish Tax Refunds | 65 |
| | Utility Co-op Tax Refunds | 19,900 |
| | Administrative Fees (10% of Grants) | 122,235 |
| | MSB Contract/Administrative Fees | 800 |
| | | 984,540 |
| Expenditures | | FY2016 |
| Personnel Services | Payroll Taxes | 53,411 |
| | Salaries | 446,468 |
| | Election/Casual Labor | 400 |
| Travel | Airfare & Lodging | 1,455 |
| | Per Diem | 540 |
| | Training | 11,725 |
| | Mileage | 116 |
| Facility Expenses | Telephone Service | 9,150 |
| | Electric / Utilities | 26,000 |
| | Heating Fuel | 33,500 |
| | Building Repair & Maint. | 3,288 |
| | Solid Waste | 354 |
| Supplies | Supplies/Consumables | 5,200 |
| | Postage/Shipping | 2,050 |
| | Janitorial Supplies | 900 |
| Equipment | Equipment & Gear Purchases | 46,100 |
| | Equipment & Vehicle Repair & Maint. | 19,400 |
| | Equipment Rental | 3,000 |
| | Capital Purchases | 8,010 |
| | Vehicle Fuel | 51,600 |
| | Dues/Meetings/Licenses | 3,230 |
| Other Operating Exp. | Records Management | 1,000 |
| | Interest Expenses | 600 |
| Insurance | Mobile equipment Insurance | 1,120 |
| | General Liability Insurance | 6,045 |
| | Health Insurance | 65,950 |
| | Life and Disability Insurance | 2,808 |
| | Property Insurance | 6,678 |
| | Vehicle Insurance | 18,943 |
| | Worker's Compensation | 18,715 |
| | Bank & Court Fees | 600 |
| | Contractual (Legal Services) | 4,000 |
| | Contractual (Other: IT/Engineer/Tow/Vet) | 14,000 |
| | Advertising & Promotion | 3,185 |
| | Dispatch | 12,906 |
| | Printing & Signage (Ballots, tickets, etc.) | 6,648 |
| Donations & Special City Events | Founders Day | 1,500 |
| | Donations & Special City Events | 200 |
| | Special Occasions/Cards & Flowers | 50 |
| | Summer Maintenance | 72,583 |
| | Winter Maintenance | 21,113 |
| | Total Operating Expenditures | 984,540 |

**EXHIBIT D
EXISTING LONG TERM MUNICIPAL DEBT**

The following lists any existing long term municipal debt in annexing city and the territory proposed for annexation.

NAME/TYPE OF BOND PURPOSE OF BOND DATE FULLY PAID

None

**EXHIBIT E
MUNICIPAL POWERS AND FUNCTIONS**

MUNICIPAL POWERS AND FUNCTIONS OF ANY EXISTING MUNICIPALITY FOR WHICH CHANGE IS PROPOSED BEFORE THE PROPOSED CHANGE

The existing municipal powers and functions are listed below. There are no proposed changes to these powers at the present time.

1. Streets, roads, paths and trails, including related water drainage, landscaping and parking;
2. Utility easements;
3. Parks and recreation;
4. Public buildings and grounds;
5. Planning and land use;
6. Economic and tourism development;
7. Watercourse and flood control;
8. Environmental and wetlands protection;
9. Fire protection and animal control;
10. Any other facility or service deemed necessary or appropriate by the council.

MUNICIPAL POWERS AND FUNCTIONS OF ANY EXISTING MUNICIPALITY FOR WHICH CHANGE IS PROPOSED AFTER THE PROPOSED CHANGE

No changes are proposed to the municipal powers and functions as a result of the annexation.

CURRENT ALTERNATIVE SERVICE PROVIDERS IN THE TERRITORY PROPOSED FOR ANNEXATION

Provider Service or Function

NONE

EXHIBIT F TRANSITION PLAN

This exhibit presents the transition plan as required under 3 AAC 110.900. The transition plan includes the following:

A. A practical plan that demonstrates the capability of the City to extend essential city services (as determined under 3 AAC 119.970) into the territory proposed for annexation in the shortest practical time after the effective date of annexation (not to exceed two years);

B. A practical plan for the assumption of all relevant and appropriate powers, duties, rights, and functions presently exercised by an existing borough, city, unorganized borough service area, or other appropriate entity in the territory proposed for annexation; and

C. A practical plan for the transfer and integration of all relevant and appropriate assets and liabilities of an existing borough, city, unorganized borough service area, and other entity located in the territory proposed for annexation. As required by 3 AAC 110.900, the plan for transfer and integration of all relevant and appropriate assets and liabilities has been prepared in consultation with the officials of each existing borough, city, and unorganized borough service area wholly or partially included in the territory proposed for annexation. The plan has also been designed to affect an orderly, efficient, and economical transfer within the shortest practicable time, not to exceed two years after annexation. The plan specifically addresses procedures that ensure that the transfer and integration occur without loss of value in assets, loss of credit reputation, or a reduced bond rating for liabilities. Additionally, this Exhibit lists the individuals consulted by the City in the development of the transition plan and notes the dates on which such consultations occurred.

TRANSITION PLAN:

The territory proposed for annexation is contiguous to the current boundaries of the City and is at present located within the Matanuska-Susitna Borough (MSB). Currently, the areas inside the city adjacent to the territory proposed for annexation receive city services including road maintenance in summer and winter, city police protection, and land use regulation and enforcement. Due to the small size of the territory proposed for annexation, the transition and extension of city services to the area will have a very small impact on both the territory and the City and extension of current city services to this area will not be difficult. All City departments and all necessary agencies, both state and borough will have notification of the new properties added to the City of Houston municipal boundary. The city of Houston will provide all services required through municipal law State of Alaska, Title 29 and Houston Municipal Code.

The City will assume neither assets nor liabilities in result of annexation. The territories proposed for annexation are privately owned and contain no public infrastructure for which the Petitioner may gain as either an asset or liability. The City intends to adopt a

zoning designation for the area per the provisions of HMC Title 10. The mayor of the City of Houston consulted with the Matanuska-Susitna Borough Manager, John Moosey, regarding the proposed annexation and transition needs for the territory proposed for annexation on November 7, 2013.

This transition process is estimated to be complete within a few months of the effective date of annexation. Once annexation is effective, the City will work with the Matanuska-Susitna Borough to ensure that all affected departments are aware of the boundary change.

Planning, Zoning, Land Use and Enforcement:

The areas inside the city limits adjacent to the territory proposed for annexation are currently zoned Commercial (C) and Industrial (I). The area subject to this annexation will be most consistent with the Commercial zoning to the south. Once annexed, a recommendation will be made to the Houston Planning and Zoning Commission and the City Council to zone the territory Commercial. The Planning Commission meeting will occur within 30 days of the effective date of the annexation.

Road Maintenance:

City road maintenance will be extended without difficulty due to the close proximity and short length of the roadway of the territory to be annexed. City crews will be informed of the new roadway area to be maintained once the annexation is in effect.

Water/Sewer Utilities:

The City does not provide water or sewer service.

Property Tax:

The MSB currently assesses and collects areawide and non-areawide property taxes for properties within the MSB boundaries. The MSB will continue to collect areawide taxes but will no longer assess or collect non-areawide taxes since properties within the City limits are not assessed for non-areawide taxes.

Sales Tax:

The MSB does not currently have a sales tax. The City of Houston has a two percent (2%) sales tax. Once the territory is annexed into the city limits, all future sales and rentals will be subject to the city tax.

Law Enforcement:

The city of Houston currently relies on the Alaska State Troopers. The Alaska State Troopers, Captain Brinke, Palmer Dispatch has been informed of the possible annexation and states AST will continue to provide public safety after the proposed annexation. The City of Houston has plans to reinstate public safety in the way of a new Police Department within the next few years.

EXHIBIT G
COMPOSITION AND APPORTIONMENT OF THE EXISTING CITY COUNCIL

This exhibit presents information about the current composition and apportionment of the City Council. It also describes any change to the composition and apportionment of the City Council following annexation.

2.04.030 Composition.

The Council shall be composed of seven members, one of whom shall be elected by and from the Council to serve as Mayor and one of whom shall be elected by and from the Council to serve as Deputy Mayor at a special meeting on the first Monday following certification of the general or special election. The Mayor and Deputy Mayor serve one-year terms. The incumbent shall complete that meeting, and then shall deliver forthwith to his successor in the office all property of the City, such as books, papers, directives, working papers, manuals, money and effects, which are in his custody or control. (Ord. 74-A-1 § 1.2, 1975; Ord. 97-06, 1997; Ord. 13-06 § 4, 2013)

The Mayor and City Council members are:

| Seat Designation | Name | Term Expiration |
|-------------------------|---------------------------|------------------------|
| Seat A | Mayor Virgie Thompson | 10/2014 |
| Seat B | Gina Jorgensen | 10/2014 |
| Seat C | Alma Hartley | 10/2015 |
| Seat D | Deputy Mayor Lance Wilson | 10/2015 |
| Seat E | Jim Johansen | 10/2016 |
| Seat F | Paul Stout | 10/2016 |
| Seat G | Kathleen Barney | 10/2016 |

No changes to the composition or apportionment of the city council are anticipated as a result of the annexation.

EXHIBIT H
CIVIL AND POLITICAL RIGHTS INFORMATION

This Exhibit provides Information regarding any effects of the proposed annexation upon civil and political rights for purposes of the federal Voting Rights Act. This information includes the following:

- A. The purpose and effect of annexation as it pertains to voting;
This annexation will have no effect on borough-wide, state-wide, or national elections since there are no residents living on the properties proposed for annexation.
- B. The extent to which the annexation excludes minorities while including other similarly situated persons;
There are no residents, minority or otherwise living on the properties proposed for annexation.
- C. The extent to which annexation reduces the City's minority population percentage;
The proposed annexation will not impact this since the subject properties are vacant.
- D. Whether the electoral system of the City fails fairly to reflect minority-voting strength;
There are no residents, minority or otherwise living on the properties proposed for annexation.
- E. Participation by minorities in the development of the annexation proposal;
There are no residents, minority or otherwise living on the properties proposed for annexation.
- F. Designation of an Alaska Native for U.S. Department of Justice contact regarding the proposed annexation; and
There are no Alaska Natives living within the area proposed to be annexed.
- G. Statement concerning the understanding of English in written and spoken forms among minority residents of the City and the territory proposed for annexation.
There are no residents, minority or otherwise living on the properties proposed for annexation.

EXHIBIT I SUPPORTING BRIEF

This exhibit consists of a supporting brief that provides a summarized explanation of how the proposed annexation satisfies each constitutional, statutory, and regulatory standard that is relevant to the proposed annexation pursuant to the Petitioner's request to relax the requirements of 3 AAC 110.420(b)(18) to allow a summary brief in lieu of a detailed analysis.

- A. Based on relevant factors listed in 3 AAC 110.090(a), plus other relevant factors, the territory proposed for annexation exhibits a reasonable need for city government.

This annexation petition was initiated by the property owners of the area proposed for annexation who believe that there is a need for city government and the services provided by the City for future commercial development of the properties. One of the more important services the City provides includes the protection provided by zoning regulations and code enforcement that protects property values. The City of Houston operates off the revenues generated by property taxes and by a two-percent sales tax collected for sales and services within the city limits. In order to continue to provide existing services and increase current service levels, additional lands appropriate for commercial development are needed.

- B. In accordance with 3 AAC 110.090(b), services determined to be essential municipal services under 3 AAC 110.970 can be provided more efficiently and more effectively by the City (Petitioner) than by another existing city or organized borough, on an areawide basis, or non-areawide basis, or through an existing borough service area.

Whereas the property proposed for annexation does not have any infrastructure located within its boundaries at this time or any direct access to the Mat-Su Boroughs road system, the road improvements to this section would result with access from the Parks Hwy at Millers Reach Rd., located within the City of Houston's current road service area. The city of Houston will provide road services and Fire Protection.

- C. Based on relevant factors listed in 3 AAC 110.100, plus other relevant factors, the territory proposed for annexation is compatible in character with the annexing city. **The territory proposed for annexation is similar to other commercial properties within the city that have frontage on the Parks Highway since the proposed use of the property will be commercial in nature. Currently, the land abutting the proposed annexation area to the south is commercially and industrially zoned and the properties to the east along the Parks Highway are also commercially zoned.**

- D. Based on relevant factors listed in 3 AAC 110.110, plus other relevant factors, the economy within the proposed expanded boundaries of the City include the human and financial resources necessary to provide services determined to be essential city services under 3 AAC 110.970 on an efficient, cost-effective level.
Since the services provided to City residents are funded by sales tax revenue and property tax revenues and the proposed use and zoning for the area is commercial, sufficient sales tax will be generated from development on the properties to prove the necessary services to the area. The potential future commercial development on the subject properties will strengthen the economic base of the City and surrounding area. The City will provide all services to this area that are currently provided to other properties within the city limits that are adjacent to the subject properties. These include, but are not limited to, land use planning, local government access, police protection, roadway maintenance, etc.
- E. Based on relevant factors listed in 3 AAC 110.120, plus other relevant factors, the population within the proposed expanded boundaries of the City is sufficiently large and stable to support the extension of city government.
Although there are currently no residents in the proposed annexation area, the services provided to City residents are funded by sales tax revenue and property tax revenues. The proposed use and zoning for the area is commercial, which will generate sufficient sales tax to prove the necessary services to the area.
- F. Based on relevant factors listed in 3 AAC 110.130(a), plus other relevant factors, the proposed expanded boundaries of the city include all land and water necessary to provide the development of services determined to be essential municipal services under 3 AAC 110.970 on an efficient, cost-effective level.
At this time, water and sewer are not adjacent to the subject area, and there is no water and sewer is within a reasonable distance for extension to the site and there is sufficient capacity in the City water supply to provide water to the area. The annexed property will receive city services including road maintenance in summer and winter, city police protection, and land use regulation and enforcement.
- G. The territory proposed for annexation is contiguous to the existing boundaries of the City and would not create enclaves in the expanded boundaries of the City. Alternatively, under 3 AAC 110.130(b), a specific and persuasive showing is made that annexation of noncontiguous territory or territory that would create enclaves includes all land and water necessary to allow, on an efficient, cost-effective level, the development of services determined to be essential municipal services under 3 AAC 110.970.
The proposed area is contiguous with the city and does not create enclaves.
- H. To promote the limitation of community under 3 AAC 110.130(c), the proposed expanded boundaries of the City include only that territory comprising an existing

local community, plus reasonably predictable growth, development, and public safety needs during the 10 years following the effective date of annexation; and may not include entire geographical regions or large unpopulated areas, except where justified by the application of the standards in 3 AAC 110.090 - 3 AAC 110.135 and are otherwise suitable for city government.

The proposed annexation territory is immediately adjacent to commercial development within the city limits and is an area of expansion for commercial growth.

- I. Under 3 AAC 110.130(d), if the Petition describes boundaries overlapping the boundaries of an existing organized borough, the Petition addresses the procedures and the brief addresses the standards and procedures for either annexation of the enlarged city to the existing organized borough or detachment of the enlarged city from the existing organized borough. If the Petition describes boundaries overlapping the boundaries of another existing city, the Petition addresses the procedures and the brief addresses the standards and procedures for detachment of territory from a city, merger of cities, or consolidation of cities.

The current boundaries of the City and the annexation territory are located within the boundaries of the Matanuska-Susitna Borough. The City is not seeking to detach territory from the Borough.

- J. Based on relevant factors listed in 3 AAC 110.135, plus other relevant factors, annexation to the City is in the best interests of the State under AS 29.06.040(a). **Annexation of this area allows the City to manage its entire community and the assets necessary for sustainability and growth. This maximizes local self-government, especially since the property owners want to be part of the City and participate in the city decision-making processes that directly affect their properties. It also reduces the demand on the state for local services.**
- K. The Petitioner has prepared a proper transition plan under 3 AAC 110.900. **A transition plan is included in Exhibit F.**
- L. Per 3 AAC 110.981(8), the proposed annexation would extend local government to territory or population of the organized borough where local government needs cannot be met by the borough on an areawide or nonareawide basis, by annexation to another existing city, or through an existing borough service area. The City of Houston is in a position to provide better road service and fire service to area proposed for annexation than currently exists in MSB. The closest borough fire station is located more than 10 road miles away, whereas the closest city of Houston fire station is located within 2 road miles from the proposed annexation. The area proposed for annexation is currently in the MSB Westlakes fire service area, however because it is more than 10 road miles from a MSB fire station that has a fire rating of 10 which equates to no fire service. Whereas, immediately after the annexation occurs, the same property would

immediately enjoy an ISO rating of 5. Which would provide the property owners with a potential 60% decrease in fire insurance premiums.

The city of Houston currently provides road service to the adjoining property proposed for annexation via an improved secondary road with winter and summer maintenance. As development occurs and the need arises for road access, an extension off of the city's current road service area would be more practical than for MSB to create an isolated road service area not connected to existing MSB road service system.

- M. In accordance with 3 AAC 110.981(8), the proposed annexation would extend local government to territory or population of the organized borough where local government needs cannot be met by the borough on an areawide or nonareawide basis, by annexation to another existing city, or through an existing borough service area.

In accordance with 3 AAC 110.982(7), the jurisdictional boundaries of an existing city are being enlarged, rather than promoting the incorporation of a new city, or creation of a new borough service area.

The City of Houston is able to expand its road and fire service areas, eliminating the need for the borough to create an isolated road service area or construct a new fire station.

- N. In accordance with 3 AAC 110.910, the proposed annexation to the City will not deny any person the enjoyment of any civil or political right, including voting rights, because of race, color, creed, sex, or national origin.

Exhibit H provides information regarding any effects of the proposed annexation upon civil and political rights.

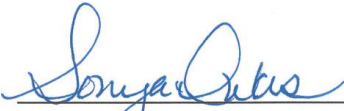
EXHIBIT J-1

**DOCUMENTATION DEMONSTRATING THAT THE PETITIONER IS AUTHORIZED TO
FILE THE PETITION UNDER 3 AAC 110.410**

CERTIFIED COPY OF RESOLUTION AUTHORIZING THE ANNEXATION PETITION

I, the undersigned City Clerk, do hereby certify that the attached Resolution is a true and correct copy of Resolution #14-10 of the City as finally passed at a duly convened meeting of the City Council.

In witness whereof, I have hereto set my hand and affixed the official seal of the City of Houston, Alaska, this 11th day of April, 2014.



Sonya Dukes, City Clerk

**CITY OF HOUSTON, ALASKA
RESOLUTION 14-08**

**A RESOLUTION OF THE HOUSTON CITY COUNCIL AUTHORIZING THE MAYOR
TO FILE A PETITION FOR ANNEXATION TO THE CITY OF HOUSTON TO THE
LOCAL BOUNDARY COMMISSION FOR THE STATE OF ALASKA**

WHEREAS, the City of Houston is classified as a second-class city within the Matanuska- Susitna Borough and is a political subdivision of the State of Alaska; and

WHEREAS, the City of Houston is the petitioner; and

WHEREAS, the petitioner authorizes Mayor Thompson to file an annexation petition with the Local Boundary Commission; and

WHEREAS, the petition shall propose the annexation of the territory generally described as; approximately 1,555 acres, not including the portions of an unnamed lake, Pear Lake, and Blanket Lake. All of the parcels are vacant and are part of the Port MacKenzie Rail Extension project. The intended use of the property includes infrastructure services for the City of Houston and other light industrial businesses; and

WHEREAS, as 29.06.040(c)(4) provides that an area adjoining the municipality may be annexed by ordinance without an election if all property owners and voters in the area petition the governing body; and

WHEREAS, the City of Houston received Resolution 13-0214-06 from Knikatnu, Inc (KI) Board of Directors, 100 % sole landowners of the undeveloped and uninhabited properties referenced above, requesting annexation into the City of Houston; and

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSTON CITY COUNCIL, THAT:

The Houston City Council authorizes the Mayor of Houston to file a petition with the Alaska Boundary Commission to annex territory using the method set out in AS 29.06.040 (c) (4).

NOW, THEREFORE, BE IT FURTHER RESOLVED, that the Mayor of Houston is designated as the representative of the City for all matters relating to the annexation proceeding.

EFFECTIVE DATE: This resolution becomes effective upon its adoption by the Houston City Council.

Adopted by the Houston City Council April 10, 2014.

ATTEST:


Sonya Dukes, City Clerk

City of Houston

THE CITY OF HOUSTON, ALASKA


Virgie Thompson, Mayor



CITY OF HOUSTON, ALASKA
PLANNING COMMISSION
RESOLUTION 13-PC-02

A RESOLUTION OF THE HOUSTON PLANNING COMMISSION RECOMMENDING THE CITY TO FILE A PETITION FOR ANNEXATION OF PROPERTIES AS FOLLOWS SEWARD MERIDAIN TOWNSHIP 17 NORTH, RANGE 3 WEST, SECTION 5, LOT 8 SECTION 6, SE4NW4, SW4NE4, E2SW4, W2SE4 AND LOTS 1 TO 10, TOWNSHIP 18 NORTH, RANGE 3 WEST SECTION .31, SE4, E2SW4, LOTS 3 AND 4, SECTION 32, W2, SE4 AND S2NE4

WHEREAS, the the City of Houston received Resolution 13-0214-06 from Knikatnu, Inc (KI) Board of Directors; and

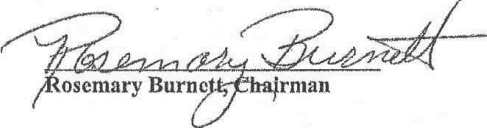
WHEREAS, Knikatnu Inc. requests annexation into the City of Houston for the properties referenced above; and

WHEREAS, Cook Inlet Region, Inc. subsurface estate owner, supports this request; and

WHEREAS, Mayor Thompson has been working with Knikatnu, Inc. and its board of Directors and Cook Inlet Region, Inc.; and

NOW, THEREFORE, BE IT RESOLVED that the Houston Planning Commission Recommend the City move forward with the annexation petition process subject to review by the Division of Community and Regional Affairs –Local Boundary Commission for the State of Alaska

PASSED AND APPROVED by a duly constituted quorum of the Planning Commission for the City of Houston, Alaska on this 25th day of April, 2013.


Rosemary Burnett, Chairman

ATTEST:

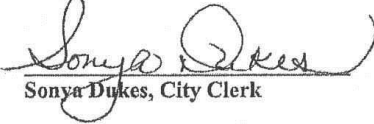
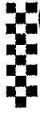

Sonya Dukes, City Clerk

EXHIBIT J-2

DOCUMENTATION OF THE UNANIMOUS CONSENT OF THE PROPERTY OWNERS AND VOTERS IN THE TERRITORY PROPOSED FOR ANNEXATION

This exhibit includes a certified copy of each petition received from all property owners and registered voters in the property proposed to be annexed, consenting to the proposed annexation. These documents demonstrate the unanimous consent of all property owners and voters in the territory proposed for annexation to the City required by AS 29.06.040(c)(4).

There are no registered voters.



F. Resolution 13-0214-06 Houston Annexation Proposal

Whereas, at a Board Meeting of the Knikatnu, Inc. (KI) Board of Directors on February 14, 2013 at which a quorum was present and voting, the Board reviewed proposals to have some of KI's land annexed into the City of Houston; and

Whereas, the City of Houston offers a potential for preferred zoning and a significantly lower tax rate than currently exists in the present community and future city of Big Lake, and

Now Therefore Be It Resolved, that the KI Board of Directors hereby determines that it has reviewed the annexation proposals and find it to be in the best interest of KI to select lands to be annexed, and

Be It Further Resolved, that the KI Board of Directors hereby authorizes its President and/or CEO to sign the endorsement letter to support City of Houston Annexation proposal on substantially similar and not less favorable terms and conditions to the terms as presented; subject to the review of KI's legal counsel as needed.

Moved Raymond Theodore, Second Alfred Tellman
Passes: No Objections

Signed: President Raymond Theodore Raymond Theodore Date Feb. 21, 2013

MEMO

TO: Mayor Virgie Thompson
City of Houston

FROM: Raymond Theodore, President
Tom Harris, Executive Director
Knikatnu, Inc.

Dara Glass, Land Manager
Cook Inlet Region, Inc.

RE: Annexation into City of Houston

Date: March 28, 2013

.....

Knikatnu, Inc. requests annexation into the City of Houston its surface estate properties described as follows:

SEWARD MERIDIAN

Township 17 North, Range 3 West
Sec. 5, Lot 8;
Sec. 6, SE4NW4, SW4NE4, E2SW4, W2SE4 and Lots 1 to 10.

Township 18 North, Range 3 West
Sec. 31, SE4, E2SW4, Lots 3 and 4;
Sec. 32, W2, SE4 and S2NE4.

And as shown on the map attached.

Cook Inlet Region, Inc., as subsurface estate owner, supports this annexation request of Knikatnu, Inc.

Thank you.

KNIKATNU, INC.

P.O. Box 872130
Wasilla, Alaska 99687-2130
(907)376-2845 Fax: (907)3762847

April 24, 2013

Mayor Virgie Thompson
City of Houston, Alaska
P.O. Box 940027
Houston, AK 99694

Regarding: Annexation of certain lands owned by Knikatnu, Inc. into the City of Houston

Dear Mayor Thompson:

Please accept this letter and attachments as confirmation of Knikatnu, Inc. efforts to have certain lands owned by Knikatnu, Inc. annexed into the City of Houston. Those lands are identified in the attached map, prepared by CIRI.

Knikatnu, Inc. also provided a corporate resolution in favor of annexation that was provided in an earlier transmittal.

Please feel free to call me if any additional information is required by the City of Houston in regard to this annexation process.

Thank you,



Tom Harris, CEO
Knikatnu, Inc.

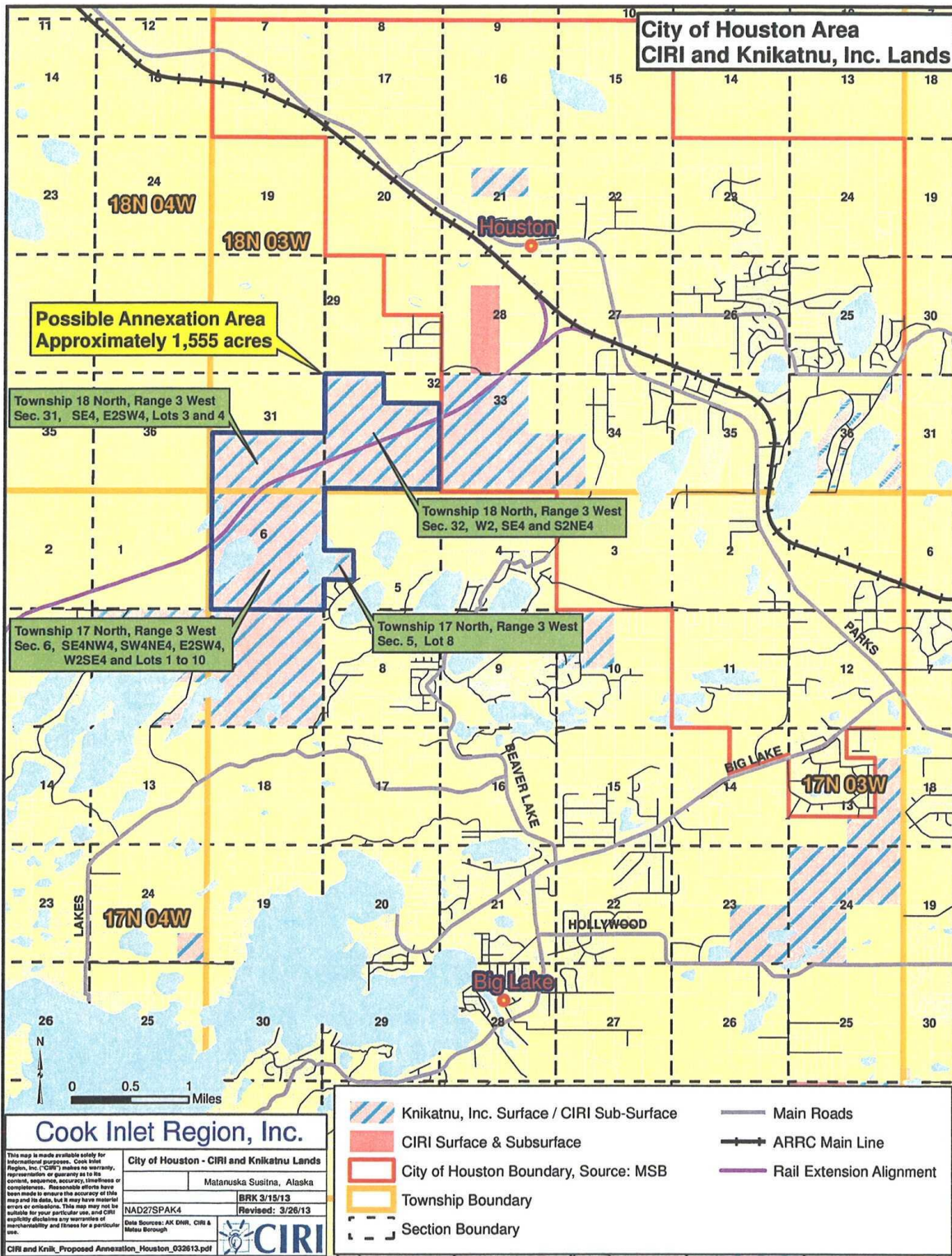


EXHIBIT K

DOCUMENTATION REGARDING PRE-ORDINANCE NOTICE

This exhibit presents the required filings when the petitioning municipality publishes a pre-ordinance notice. In other words, if the petitioning municipality publishes a pre-ordinance notice as provided under 3 AAC 110.590(a)(3), the municipality is required to file with the department a copy of (1) the publisher's affidavit of publication of the notice; (2) written comments submitted to the municipality regarding the annexation proposal; and (3) the minutes of all council or assembly meetings at which the proposal was addressed by the petitioning municipality.

The petitioning municipality must also provide notice of the annexation to each owner of property abutting the boundaries proposed for annexation. Proof that each owner was contacted (such as a copy of the letter sent to each of the owners of abutting property), is also provided in this exhibit.



CITY OF HOUSTON
P.O. Box 940027
Houston, Alaska 99694-0027
(907)892-6869 – Fax: (907)892-7677
www.houston-ak.gov

November 7, 2013

Mr., John Moosey
Mat-Su Borough Manager
350 East Dahlia St
Palmer, AK 99645



Dear Mr. Moosey, Borough Manager,

The City of Houston is in its final stage for submitting to the Local Boundary Commission for pre-review to annex property to be included within its boundaries. The proposed properties are owned by Kniikatnu, Inc. (surface) and CIRI Corp. (sub-surface)

Through the Petition process the city is obligated to inform the Mat-Su Borough what its intentions are and at what stage this proposed annexation is at.

The Houston City Council is introducing a Non-Coded Ordinance at the November 14, 2013 meeting. The public hearing will be set for December 12, 2013.

The city is very excited about this proposed annexation. All surrounding communities as well as the borough would greatly benefit from the proposed infrastructure projected by this annexation. Please call if there are any further questions you may have.

Enclosed:

Resolution 13-0214-06 Kninatnu Inc., February 21, 2013

Memo March 28, 2013

Kniikatnu, Inc. Letter April 24, 2013

Map of Proposed Annexation

Houston Planning Commission Resolution 13-PC-02

Houston City Council Ordinance 13-26 to be Introduced

Respectfully,


Mayor Virgie Thompson

Cc Sonya Dukes, Houston City Clerk, Larry DeVilbiss, Borough Mayor

EXHIBIT L
PETITIONER'S AFFIDAVIT

STATE OF ALASKA)
)
THIRD JUDICIAL DISTRICT) ss.


I, Virgie Thompson, representative of the Petitioner seeking annexation, being sworn, state the following:

To the best of my knowledge, information, and belief, formed after reasonable inquiry, the information in the Petition is true and accurate.



Virgie Thompson
Mayor
Petitioner's Representative

SUBSCRIBED AND SWORN TO before me on this 11 day of April, 2014.



Notary Public in and for Alaska
My commission expires: w/office

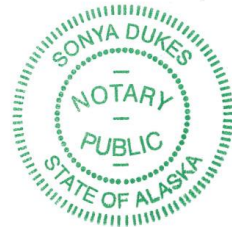


EXHIBIT M

**AFFIDAVIT OF PETITIONER'S REPRESENTATIVE CONCERNING SOURCE AND
ACCURACY OF INFORMATION**

STATE OF ALASKA)
)
THIRD JUDICIAL DISTRICT) ss.

I, Virgie Thompson, representative of the Petitioner seeking annexation, being sworn, state the following:

The information contained within the petition for detachment is complete and factual to the best of my knowledge.

The information contained within the petition was obtained from the sources noted below:

1. The written metes and bounds legal descriptions, maps, and plats for Exhibits A-1 through A-4 was provided by Dara Glass, CIRI Land Manager, and Blake Kowal, CIRI GIS Specialist.
2. In Section 8, the information regarding the size of the territory and city proposed for change was provided by Dara Glass, CIRI Land Manager, and Blake Kowal, CIRI GIS Specialist.
3. In Section 9, the estimate of the population of the territory and city proposed for change was provided by the 2010 U.S. Census.
4. In Exhibit B, the public notice information was provided by Dara Glass, CIRI Land Manager.
5. The information regarding the projected revenues, operating expenditures and capital expenditures for Exhibit C was provided by Carolyn Grabowski, Houston Treasurer.
6. In Exhibit D, the information concerning existing long term municipal debt was provided by Carolyn Grabowski, Treasurer.
7. Annexation of Adjoining Property by Unanimous Consent of All Property Owners and All Registered Voters was provided by Raymond Theodore, President, Knikatnu, Inc.

8. For Exhibit E, no changes are necessary to the Houston City Code.
9. The transition plan presented in Exhibit F was prepared by Mayor Virgie Thompson
10. In Exhibit G, the information about the composition and apportionment of the governing body of the existing municipality for which a change is proposed, before and after the proposed change was provided by Mayor Virgie Thompson.
11. In Exhibit H, the information concerning the Voting Rights Act of 1965 was provided by Mayor Virgie Thompson.
12. The supporting brief in Exhibit I of the Petition was prepared by Mayor Virgie Thompson.
13. The information in Exhibit J demonstrating that the Petitioner is authorized to file this petition was provided by the City Council of the City of Houston and the property owner for the area to be annexed into the City (Raymond Theodore, President, Knikatnu, Inc.)

Virgie Thompson

Virgie Thompson
Mayor
Petitioner's Representative

SUBSCRIBED AND SWORN TO before me on this 11 day of April, 2014.

Sonya Dukes

Notary Public in and for Alaska

My commission expires: w/office

