

FACILITIES SITE LEASE AGREEMENT

This Facilities Site Lease Agreement (Agreement) is entered into by the Kenai Peninsula Borough, an Alaska municipal corporation, whose mailing address is 144 North Binkley Street, Soldotna, Alaska 99669 (KPB or Lessor), and City of Seward, an Alaska municipal corporation, whose mailing address is 410 Adams Street, P.O. Box 167, Seward, AK 99664 (City or Lessee) (together, the Parties). This Agreement becomes effective on the date of signature by KPB (the Effective Date).

PART I. BACKGROUND, AUTHORIZED CONTACT AND CONTRACT DOCUMENTS

1. BACKGROUND. KPB owns certain real property and improvements located in the Kenai Peninsula Borough, in the State of Alaska, that is more particularly described in Exhibit 1 attached hereto (the Property). For good and valuable consideration, the Parties agree that KPB will grant Lessee the right to use the Property, the Leased Premises identified in Section 4, "Description of Property", in accordance with the terms of this Agreement.

2. AUTHORIZED CONTACT. All communications about this Agreement must be directed as follows, and any reliance on a communication with a person other than who is listed below is at the Party's own risk.

LESSOR

Name: Kenai Peninsula Borough
Attn: Land Management Division
Re: Lease No. _____
144 N. Binkley St.
Soldotna, AK 99669

LESSEE

Name: City of Seward
Attn: _____
Re: _____
410 Adams Street
Seward, AK 99664

3. CONTRACT DOCUMENTS. As authorized by Kenai Peninsula Borough Ordinance _____, this Agreement is the final and complete understanding of the Parties. The following Appendix and Exhibits are attached and are considered part of this Agreement as well as anything incorporated by reference or attached to those Appendix and Exhibits:

Appendix A: Lease Provisions Required by KPB 17.10

Exhibit 1: Description of the Property and the Leased Premises

Exhibit 2: Leased Premises Map

Exhibit 3: Memorandum of Lease

If in conflict, the order of precedence will be: the Agreement, Appendix A, Exhibit 1, Exhibit 2, and then Exhibit 3.

PART II. LEASE DESCRIPTION AND TERMS

4. DESCRIPTION OF PROPERTY. Subject to the terms and conditions of this Agreement, KPB hereby grants to Lessee a leasehold interest in and to that certain real Property containing 12.9 Acres, more or less, as described and depicted on Exhibit 1 and Exhibit 2 of this Agreement, attached hereto (collectively, the Leased Premises), for the operation of a Public Community Center and other city uses as may be deemed necessary by the Lessee and as provided for in Section 11, "Use".

5. TERM.

(a) The initial term will be Five (5) years (the Initial Term), commencing on the Effective Date.

(b) Lessee will have the right and option to extend the term of this Agreement for two (2) successive terms of five (5) years each (each, a Renewal Term). Each Renewal Term will commence upon written consent from the Lessor, unless Lessee delivers written notice to Lessor, not less than thirty (30) days prior to the end of the then-current Term, of Lessee's intent not to renew. For purposes of this Agreement, Term includes the Initial Term and any applicable Renewal Term(s).

(c) Should Lessee or, sublessee or licensee of Lessee hold over the Leased Premises or any part thereof after the expiration of this Agreement, such holdover will constitute and be construed as a tenancy from month-to-month only, upon the same terms and conditions and including a monthly escalation to the base Rent of fifteen percent (15%).

6. TERMINATION.

This Agreement may be terminated, without penalty or further liability, as follows:

(a) by Lessee upon ninety (90) days prior written notice to KPB, if Lessee is unable to obtain or maintain any required insurance, approval(s) or the issuance of a license or permit by any agency, board, court or other governmental authority necessary for the operation of the Public Community Center or other city uses as now or hereafter intended by Lessee; or if Lessee determines, in its sole discretion, that the cost of or delay in obtaining or retaining the same is commercially unreasonable; or

(b) by Lessee upon ninety (90) days prior written notice to KPB for any reason or no reason, so long as Lessee pays KPB a termination fee equal to the remaining Rent due under the current Term until such Term expires, and subject to removal requirements contained within Section 14, "Equipment, Fixtures, and Removal".

(c) by KPB in the event of a default in the performance or observance of any of the Agreement terms or conditions, and if such default continues thirty (30) days after written notice of the default, KPB may cancel the Agreement or take any legal action for damages or recovery of the property. No improvements may be removed during the time in which the contract is in default.

7. RENT. Beginning on the Effective Date, Lessee must pay to KPB an annual rent payment of One Dollar (\$1.00) (Rent), at the address set forth above on or before the Effective Date and each anniversary date thereof, in advance. Additional consideration in lieu of rent is being provided by Lessee obligation to pay all utilities and general maintenance costs related to the Leased Premises. Maintenance obligations to specifically exclude roof and boiler replacement.

8. TAXES. Lessee must pay any real or personal property taxes assessed on, or any portion of such taxes attributable to, the Property or Improvements as defined in Section 11, "Use", located on the Leased Premises, including any taxable private leasehold interests.

9. UTILITIES IN LIEU OF RENT. Lessee is responsible for any and all utilities due related to the subject property and improvements. Including but not limited to: solid waste, water and sewer, electric, fuel oil, and natural gas.

10. MAINTENANCE IN LIEU OF RENT. Lessee is responsible for any and all building and property maintenance related to the subject property. Including but not limited to; all interior and exterior maintenance and cleaning, interior and exterior paint, window replacement and repair, boiler and HVAC, sewer and septic, landscaping and snow removal. All major and non-routine repairs in excess of \$5,000 must receive prior consent from the KPB, approval from the KPB Assembly and the Seward City Council as may be required. Due to the age of the existing roof, KPB agrees to contribute 50% of the total roof replacement provided, Assembly approval and the repair or replacement is not the result of negligence by Lessee.

11. USE. The Leased Premises are being leased for the purpose of a city managed community center, or other city use as may be deemed necessary by the city. Any use must be directly related to city government, for a public purpose, and consistent with other existing uses within the adjacent school campus. Lessee will have the right to remove trees, vegetation, or undergrowth which interferes with Lessee's use of the Leased Premises for the intended purposes. Removal of sand, gravel or peat materials or disposal of foreign earthen materials may not occur on the leased premises. No additional improvements may be constructed no or moved to the property without the prior written consent of the KPB.

12. SECURITY MEASURES.

(a) Site Security. Lessee will be responsible for site security within the Leased Premises to protect against unauthorized access and damage to the Leased Premises. Lessee may also elect, at its expense, to construct such other enclosures and/or fences as Lessee reasonably determines to be necessary to secure its improvements situated upon the Leased Premises. Lessee may also undertake any other appropriate means to restrict access to its facilities, and related improvements, including, without limitation, posting signs for security purposes.

13. ACCESS, MAINTENANCE, AND UTILITIES.

(a) Access. During the Term, Lessee, and its sublessees, licensees, customers, guests, agents, and assigns will have the unrestricted, exclusive right to use, and will have free and unfettered access to, the Leased Premises seven (7) days a week, twenty-four (24) hours a day. KPB agrees to cooperate with Lessee's efforts to obtain necessary utilities and services through the granting of prerequisite utility easements as may be required by the utility provider. If there are utilities already existing on the Leased Premises which serve the Leased Premises, Lessee may utilize such utilities and services. Lessee understands the KPB will need access to specific communication and IT infrastructure within the facility on short notice and agrees to work with the KPB to assure access is provided.

(b) Maintenance. Lessee agrees to use the Leased Premises in a manner that does not cause material damage to the condition of the Leased Premises, and will keep and maintain the Leased Premises in good condition, repair, and free of fire hazards. Lessee must take all reasonable precautions to prevent, and take all reasonable actions to suppress, destructive and uncontrolled grass, brush, and forest fires on the Leased Premises, and comply with all laws, regulations and rules promulgated and enforced by the protection agency responsible for forest protection within the area wherein the Leased Premises is located. To proactively mitigate fire risks, Lessee must remove all dead spruce trees, or potential hazard trees within a one-hundred (100) foot radius of the facilities within the Leased Premises. All trees and/or slash produced from these activities must be removed from the site or mechanically processed into chips and removed from the site.

14. EQUIPMENT, FIXTURES, AND REMOVAL. The Facility and Leased Premises will at all times be the property of KPB. Lessee and/or its sublessees, licensees, and customers will have the right to install, maintain, and operate on the Leased Premises such equipment, structures, fixtures, signs, and personal property as Lessee may deem necessary or appropriate, provided that such are consistent with the approved uses. Other equipment, structures, fixtures, signs, and personal property currently on the Leased Premises, will not be deemed to be part of the Leased Premises, but will remain the property of KPB or its customers. Unless otherwise agreed to in writing by the Parties, within ninety (90) days after the expiration or earlier termination of this Agreement, or upon cessation, abandonment, or non-use of the facilities for a period of six (6) consecutive months (the Removal Period), Lessee must remove its improvements and restore the Leased Premises to its original condition free of contamination, reasonable wear and tear excepted provisions, and perform all obligations under this Agreement during the Removal Period, including without limitation, the payment of Rent on a prorated per diem basis, at the rate in effect upon the expiration or termination of this Agreement. Any property not so removed will be deemed abandoned and may be removed and disposed of by KPB in such manner as Lessor may determine, without any obligation on the part of KPB to account to Lessee for any proceeds therefrom. Time is of the essence.

KPB may, at the time of removal, elect in writing to retain general items in a condition free of both contamination and hazards with all other improvements removed by Lessee, subject to inspection by, and of condition satisfactory to, KPB.

15. ASSIGNMENT. Lessee may not assign their interest in this Agreement to any person or entity, at any time.

16. SUBLEASING.

(a) Subleasing. Lessee will have the exclusive right to sublease or grant licenses to use any portion of the Leased Premise, provided the use is consistent with the provisions of this lease and with prior written consent of KPB's Mayor.

(b) Authorized Contact of Sublessee. Lessee must provide KPB the name, telephone number, and email address of the authorized contact for all Sublessees, which authorized contact is responsible for Sublessee's day-to-day operations or activities on the Leased Premises.

17. COVENANTS, WARRANTIES AND REPRESENTATIONS.

(a) KPB represents and warrants that KPB is the owner in fee simple of the Property, free and clear of all liens and encumbrances except as to those which may have been disclosed to Lessee in writing prior to the execution hereof, and that KPB alone has full right to lease the Leased Premises for the Term.

(b) KPB may not do or knowingly permit anything during the Term that will unreasonably interfere with or negate Lessee's quiet enjoyment and use of the Leased Premises or cause Lessee's use of the Leased Premises to be in nonconformance with applicable local, state, or federal laws.

(c) To the best of KPB's knowledge, KPB has complied with, and will comply with, all laws with respect to the Property. No asbestos-containing thermal insulation or products containing PCB, formaldehyde, chlordane, or heptachlor or other hazardous materials have been placed on or in the Property by KPB or, to the knowledge of KPB, by any prior owner or user of the Property. To the knowledge of KPB, there has been no release of or contamination by hazardous materials on the Property.

(d) Except for the sublessees and licensees of Lessee, there currently exist no licenses, sublicenses, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any

portion of the Leased Premises; there are no outstanding options or rights of first refusal to purchase the Property or any portion thereof or interest therein, nor any equity or interest in KPB if KPB is an entity; and there are no parties (other than KPB) in possession of the Leased Premises except as to those that may have been disclosed to Lessee in writing prior to the execution hereof.

(e) Each Party hereto warrants and represents that it has the necessary power and authority to enter into and perform its respective obligations under this Agreement. Nothing in this Agreement, including such cooperation, will be construed as creating a partnership between the Parties.

18. REQUIRED INSURANCE COVERAGES. Insurance coverages required under this Agreement must be primary and exclusive of any other insurance carried by Lessor. Minimum levels of insurance coverage required under this Agreement will remain in effect for the life of this Agreement. If Lessee's policies contain higher limits, Lessor will be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be delivered to Lessor at the time of submission of the signed Agreement. Lessor may request copies of required policies and endorsements, which must be provided within ten (10) days of Lessor's request. Updated certificates must be provided upon insurance coverage renewal, where applicable.

(a) Commercial General Liability. Lessee must provide and maintain commercial general liability insurance (CGL). The CGL policy must be written on an occurrence basis and with a limit of not less than one million dollars (\$1,000,000.00) per occurrence. If necessary to provide the required limits, the CGLs policy's limits may be layered with an umbrella or excess liability policy. This policy must name Lessor as additional insured with a waiver of subrogation.

(b) Auto Liability. Lessee must provide and maintain commercial automobile liability insurance. The commercial automobile liability policy must include a combined single limit of not less than one million dollars (\$1,000,000.00). Coverage must include non-owned and hired car coverage. This policy must name KPB as additional insured with a waiver of subrogation.

(c) Worker's Comp. Lessee must provide and maintain workers' compensation insurance in accordance with the laws of the State of Alaska for all of its employees engaged in work under this Agreement. This coverage must include statutory coverage for states in which employees are engaging in work and employer's liability protection not less than the minimum amounts required by law. Subrogation will be waived.

(d) Property Insurance. Lessee must maintain property insurance covering the leased premises, including the building and all improvements, against loss or damage. Coverage must be maintained on a replacement cost basis in an amount sufficient to provide for the full replacement value of the leased premises without deduction for depreciation. Lessee will also maintain property insurance covering Lessee's furniture, equipment, inventory, records, supplies, and all other personal property owned, leased, or controlled by Lessee and located on the premises. The property insurance required under this section will name Lessor as a loss payee with respect to the leased premises and any Lessor-owned improvements.

(e) No Representation of Coverage Adequacy. By requiring insurance herein, Lessor does not represent that coverage and limits will necessarily be adequate to protect Lessee, sublessee, contractor(s) or subcontractor(s) of any tier, and any such coverage and limits will not be deemed as a limitation on the liability of the Lessee, sublessee, contractor(s) or subcontractor(s) of any tier under the indemnities granted to Lessor in this Agreement.

(f) Self-Insurance. Notwithstanding the foregoing, Lessee's obligations to provide insurance may be met by providing evidence of fiscal responsibility or self-insurance that is acceptable to Lessor. Lessee

warrants that it has the capacity to self-insure for the risks and coverages specified and will provide evidence of the lines and limits of coverage specified in "Required Insurance Coverages" in this Section. Lessee must provide Lessor with proof of continuing ability to provide self-insurance within thirty (30) calendar days of any written request by KPB for such proof. If there is any change in the ability to self-insure, Lessee must provide Lessor with immediate notice of such change and must immediately purchase insurance as set forth in this Section.

19. NON-EXCLUSIVITY. KPB acknowledges and agrees that, except as may be disclosed to Lessee in writing prior to the execution hereof, there are no prior existing rights, uses, or authorization granted to third parties or retained by KPB to locate improvements below grade on the Leased Premises. Upon at least sixty (60) days prior written notice to Lessee, KPB reserves the right to grant further or additional rights or authorization to locate improvements on, above or below grade or in proximity to the Leased Premises to the extent such rights or authorizations do not unreasonably interfere with Lessee's facilities, equipment or operations.

20. LESSEE LIABILITIES. In addition to other liabilities under this Agreement, Lessee has the following liabilities and agrees:

(a) That Lessee assumes the risk of loss, damage, or destruction to the Leased Premises and Lessee's improvements on and within the Leased Premises;

(b) That Lessee will comply with all applicable federal, state, and local laws or regulations, including relevant environmental laws, as well as public health and safety laws and other laws relating to the siting, permitting, construction, operation and maintenance of any facility, improvement or equipment on the Leased Premises;

(c) That KPB has no duty, either before or during the lease Term, to inspect the Leased Premises or warn of hazards and if KPB inspects the Leased Premises, it will incur no additional duty nor any liability for hazards not identified or discovered through such inspections. This Section will survive the termination or revocation of this Agreement, regardless of cause; and

(d) That Lessee has an affirmative duty to protect from damage the Property and interests of Lessor related to this Agreement.

(e) That Lessee will be responsible for performing scheduled maintenance as identified by the Lessor.

21. ENVIRONMENTAL LIABILITY BASELINE.

- 1.1. Responsibility for Ascertaining Environmental Condition of Property. Lessee has the sole responsibility under this Agreement to ascertain the environmental condition and presence of contamination in, on, and under the surface of the Property, and is conclusively presumed to have caused or to have materially contributed to any contamination of, or originating on, the Property except as identified in an Environmental Liability Baseline. If known contamination is on the Property that has been closed out under alternate cleanup levels approved by ADEC, Lessee is responsible for following all restrictions set by ADEC including, but not limited to, notifying any assignee of this Agreement in writing of ADEC's restrictions.
- 1.2. Financial Responsibility for Contamination on the Property and on any Affected Property. Lessee assumes financial responsibility to the KPB for any contamination in, on, and under the Property, except for contamination that is identified in an Environmental Liability Baseline. This is without prejudice to Lessee's right to seek contribution or indemnity from either prior lessees of the

Property, or other potentially responsible parties except for the KPB.

1.3. Establishing an Environmental Liability Baseline

- a. If Lessee wants to establish an Environmental Liability Baseline for any or all portions of the Property, Lessee must provide the Borough with an Environmental Assessment for that portion of the Property prior to its use.
- b. If Lessee discovers contamination in, on, or under the surface of the Property, for any portion of the contamination to be considered for inclusion in the Environmental Liability Baseline, Lessee must demonstrate by reasonable evidence to the satisfaction of the KPB that the contamination proposed for inclusion was not caused or materially contributed to by Lessee or Lessee's operations or activities nor assumed by Lessee. Contamination caused or materially contributed to by activities of Lessee's sublessees, contractors, and guests on the Property are deemed to have been materially contributed to by Lessee.
- c. Only that portion of contamination not caused or materially contributed to by Lessee or Lessee's operations or activities must be included in the Environmental Liability Baseline.

1.4. Adding to an Existing Environmental Liability Baseline

- a. If, after an Environmental Liability Baseline is established for any portion of the Property, Lessee discovers contamination in, on, or under the surface of that portion of the Property having an Environmental Liability Baseline, which contamination Lessee or Lessee's operations or activities did not cause, or to which Lessee or Lessee's operations did not materially contribute, and which Lessee did not assume by reason of assignment, Lessee may, at its own cost, submit an additional Environmental Assessment reflecting that information to the KPB for the KPB's consideration to add to the Environmental Liability Baseline. Lessee's additional Environmental Assessment must demonstrate by reasonable evidence to the satisfaction of the KPB which portion of the additional contamination on the Property was not caused by Lessee or Lessee's activities, or to which Lessee or Lessee's activities did not materially contribute.
- b. Only that portion of contamination not caused by Lessee or Lessee's operations, or to which Lessee or Lessee's operations did not materially contribute, may be added to the existing Environmental Liability Baseline.

1.5. The KPB's Acceptance or Rejection of Lessee's Environmental Assessment. When the KPB receives Lessee's Environmental Assessment to establish an Environmental Liability Baseline or to add to an existing Environment Liability Baseline, the KPB, in its sole discretion, may do one of the following:

- a. Perform additional environmental testing at Lessee's expense to verify the environmental condition of that portion of the Property being assessed. If the results of the KPB's tests conflict with Lessee's Environmental Assessment, the KPB and Lessee will negotiate in good faith an Environmental Liability Baseline or an addition to the existing Environmental Liability Baseline for that portion of the Property being assessed; or
- b. Accept the findings of Lessee's Environmental Assessment and any other relevant documents to establish an Environmental Liability Baseline for that portion of the Property

being assessed or to add to the existing Environmental Liability Baseline; or

- c. Reject the findings of Lessee's Environmental Assessment for that portion of the Property being assessed and offer Lessee the opportunity to perform additional environmental testing if the KPB determines in writing that the findings of the Environmental Assessment are inadequate to establish an Environmental Liability Baseline or to add to an existing Environmental Liability Baseline. The KPB's written rejection of the Lessee's Environmental Assessment will be based on failure of Lessee's Environmental Assessment to either:
 - (1) Follow generally accepted professional practices in determining the environmental condition of the Property and the presence of Contamination in, on, or under the surface of the Property; or
 - (2) Demonstrate the portion of the contamination that was not caused by Lessee or Lessee's operations, or to which Lessee or Lessee's operations did not materially contribute.

1.6. Amending the Environmental Liability Baseline to Delete Contamination Caused or Assumed by Lessee, or to which Lessee Materially Contributed.

- a. If, after the Environmental Liability Baseline for any portion of the Property is established, it is discovered that the presence of contamination identified in the Environmental Liability Baseline was caused or assumed by Lessee or Lessee's operations, or to which Lessee or Lessee's operations materially contributed, the Environmental Liability Baseline may be amended to delete that portion of the Contamination that was caused by Lessee or Lessee's operations, or to which Lessee or Lessee's operations materially contributed.
- b. The KPB will have the burden of proof to establish that Lessee or Lessee's operations or activities caused or materially contributed to the contamination.
- c. If it is discovered that contamination identified in the Environmental Liability Baseline was caused by Lessee or that Lessee or Lessee's operations materially contributed to the contamination, the Parties will agree upon an amendment to the Environmental Liability Baseline within a reasonable time.

22. INDEMNIFICATION. Lessee agrees to defend, indemnify, and hold harmless KPB, its employees, public officials, and volunteers, with respect to any action claim or lawsuit arising out of (1) a breach of this Agreement or (2) the use and occupancy of the Leased Premises or the Property by the Lessee. This agreement to defend, indemnify, and hold harmless includes all losses and liabilities without limitation as to any damages resulting from judgment, or verdict, and includes the award of any attorney's fees even if in excess of Alaska Civil Rule 82. Lessor will notify Lessee in a timely manner of the need for indemnification but such notice is not a condition precedent to Lessee's obligation and may be waived where Lessee has actual notice. This agreement applies and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against KPB relating to Lessee's use and occupancy of the Leased Premises or the Property. Notwithstanding the foregoing, Lessee's duty to indemnify, defend, and hold harmless KPB as set forth above shall not apply to the extent a claim arises from the negligence or willful misconduct of KPB, its employees, public officials, and volunteers.

23. INSPECTION. KPB reserves the right to enter upon and inspect the Leased Premises at any time to assure compliance with the conditions of this Agreement. Except in case of emergency, KPB will

provide Lessee with at least twenty-four (24) hours' prior written notice of KPB's intention to enter upon and inspect the Leased Premises. Lessee reserves the right to have a representative present at all times during KPB's.

24. FORCE MAJEURE. The time for performance by KPB or Lessee of any term, provision, or covenant of this Agreement will be deemed extended by time lost due to delays resulting from acts of God, strikes, civil riots, floods, material or labor restrictions by governmental authority, and any other cause not within the control of KPB or Lessee, as the case may be.

25. DEFAULT. The failure of Lessee or KPB to perform any of the covenants of this Agreement will constitute a default. The non-defaulting Party must give the other written notice of such default, and the defaulting Party must cure such default within thirty (30) days after receipt of such notice. In the event any such default cannot reasonably be cured within such thirty (30) day period, the defaulting Party must provide prompt notice of inability to cure and provide a plan to cure the default within a time frame provided. The time for curing a default will be extended for such period of time as may be necessary and reasonable; however, in no event will this extension of time to cure be in excess of ninety (90) days, unless agreed upon in writing by the non-defaulting Party.

26. REMEDIES. Should the defaulting Party fail to cure a default under this Agreement, the non-defaulting Party will have all remedies available either at law or in equity, including the right to terminate this Agreement.

27. LESSEE MORTGAGES.

(a) KPB consents to the granting by Lessee of a lien and security interest (each, a Lessee Mortgage) in Lessee's interest in this Agreement and all of Lessee's personal property and fixtures attached to the real property described herein to one or more lenders (any such lender, and any successor, assign, designee or nominee of such lender, hereinafter a Lender) only to the extent and amount necessary to develop and maintain improvements on the Leased Premises. The Lessee may not encumber the leasehold interest or the Leased Premises to finance projects or improvements outside of the Leased Premises. Lessor agrees to recognize Lender as Lessee hereunder upon any such exercise by Lender of its rights of foreclosure. Any such encumbrance will be subordinate to KPB's rights and interest in the Leased Premises and the Property. Any such encumbrance will be limited to the Lessee's interest in the Leased Premises. It is a material breach of this Agreement for Lessee to attempt to encumber any interest in KPB's title to or interest in the Leased Premises or the Property.

(b) KPB acknowledges that nothing contained herein will be deemed or construed to obligate Lender to take any action hereunder, or to perform or discharge any obligation, duty or liability of Lessee under this Agreement. No Lender may become liable under the provisions of this Agreement unless and until such time as the Lender assumes ownership of the leasehold estate created hereby and agrees to comply with the terms and conditions of this Agreement and any extensions and modifications thereof.

28. MISCELLANEOUS.

(a) Survival. If any term of this Agreement is found to be void or invalid, such invalidity will not affect the remaining terms of this Agreement, which will continue in full force and effect.

(b) Non-waiver. Failure of a Party to insist on strict performance of any of the conditions or provisions of this Agreement, or failure to exercise any of a Party's rights hereunder, will not waive such rights.

(c) Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Alaska, without regard to conflict of law principles. Any lawsuits filed in connection with this Agreement must be filed and prosecuted in the Third Judicial District, State of Alaska, at Kenai, Alaska.

(d) Bind and Benefit. This Agreement is binding upon and will inure to the benefit of the Parties hereto and their respective heirs, legal representatives, successors, and assigns.

(e) Memorandum. A short-form Memorandum of Lease may be recorded at KPB's or Lessee's option in the form as depicted in Exhibit 4, attached hereto. KPB will promptly execute any Memorandum of Lease or Memorandum of Amendment to Lease, or corrective amendments thereto, upon written request of Lessee.

(f) W-9. KPB agrees to provide Lessee with a complete IRS Form W-9, or its equivalent, upon request.

(g) Counterparts. This Agreement may be executed in counterpart, each of which when so executed and delivered will be considered an original and all of which when taken together will constitute one and the same instrument.

(h) Amendment. This Agreement may be amended in writing upon mutual agreement of the Parties.

(i) Entire Agreement. This Agreement and its Exhibits, Appendices or incorporated attachments hereto, constitute the entire agreement and will supersede all prior offers, negotiations and agreements with respect to the subject matter of this Agreement.

[SIGNATURES BEGIN ON NEXT PAGE]

PART III. EXECUTION

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the Effective Date.

LESSOR: Kenai Peninsula Borough
an Alaska municipal corporation

LESSEE: City of Seward
an Alaska municipal corporation

By: _____
Peter A. Micciche, Borough Mayor

By: _____
Kat Sorenson, City Manager

Date: _____

Date: _____

ATTEST:

Michele Turner MMC, Borough Clerk

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

Wayne Cary, Deputy Borough Attorney

Date: _____

LESSOR ACKNOWLEDGEMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing was acknowledged before me this _____ day of _____, 20____, by Peter A. Micciche, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the corporation.

Notary Public for State of Alaska
My commission expires: _____

LESSEE ACKNOWLEDGMENT

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

On the _____ day of _____, before me personally appeared Kat Sorenson, and acknowledged under oath that she is the City Manager of the City of Seward, an Alaska municipal corporation, the Lessee named in the attached instrument, and as such was authorized to execute this instrument on behalf of the Lessee.

Notary Public for State of _____
My commission expires: _____

APPENDIX A

LEASE PROVISIONS REQUIRED BY KPB 17.10

(1) **Accounts Current.** Lessee shall not be delinquent in the payment of any tax, debt or obligation owed to KPB prior to execution of the Agreement.

(2) **Assignment.** Lessee may assign the lands upon which it has an agreement only if approved by the KPB Mayor or Land Management Officer when applicable. Applications for assignment shall be made in writing on a form provided by the Land Management Division. The assignment shall be approved if it is found that all interests of KPB are fully protected.

(3) **Breach of Agreement.** In the event of a default in the performance or observance of any of the Agreement terms or conditions, and such default continues thirty (30) days after written notice of the default, KPB may cancel the Agreement or take any legal action for damages or recovery of the property. No improvements may be removed during the time which the contract is in default.

(4) **Cancellation.** This Agreement, if in good standing, may be cancelled at any time upon mutual written agreement of the Parties.

(5) **Entry or Re-entry.** In the event the Agreement is terminated, canceled or forfeited, or in the event of abandonment of the Leased Premises by Lessee during the Term, KPB, its agents, or representatives, may immediately enter or re-enter and resume possession of the Leased Premises. Entry or re-entry by KPB shall not be deemed an acceptance of surrender of the Agreement.

(6) **Fire Protection.** Lessee shall take all reasonable precautions to prevent, and take all reasonable actions to suppress destructive and uncontrolled grass, brush, and forest fires on the Property under the Agreement, and comply with all laws, regulations and rules promulgated and enforced by the protection agency responsible for forest protection within the area wherein the Property is located.

(7) **Hazardous Waste.** The storage, handling and disposal of hazardous waste shall not be allowed on the Leased Premises.

(8) **Modification.** The Agreement may not be modified orally or in any manner other than by an agreement in writing signed by the Parties or their respective successors in interest.

(9) **Notice.** Any notice or demand, which under the terms of the Agreement or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other Party at the address shown on the Agreement. However, either party may designate in writing such other address to which such notice of demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed received when deposited in a U.S. general or branch post office by the addressor.

(10) **Notice of Default.** Notice of default will be in writing as provided in Paragraph 9 Notice.

(11) **Removal or Reversion of Improvements Upon Cancellation of Purchase Agreement or Lease.**

(a) Improvements on Leased Premises owned by Lessee shall, within thirty (30) calendar days

after the termination of the Agreement, be removed by Lessee; provided, such removal will not cause injury or damage to the land; and further provided, that the KPB Mayor or Land Management Officer when applicable may extend the time for removing such improvements in cases where hardship is proven. The Lessee may, with the consent of the KPB Mayor or Land Management Officer when applicable, dispose of its improvements to the Sublessee or Assignee, if applicable.

(b) If any improvements and/or chattels having an appraised value in excess of ten thousand dollars, as determined by a qualified appraiser, are not removed within the time allowed, such improvements and/or chattels shall, upon due notice to Lessee, be sold at public sale under the direction of the KPB Mayor and in accordance with the provisions of KPB Chapter 5. The proceeds of the sale shall inure to the former Lessee who placed such improvements and/or chattels on the lands, or its successors in interest, after paying to KPB all moneys due and owing and expenses incurred in making such a sale. In case there are no other bidders at any such sale, the KPB Mayor is authorized to bid, in the name of KPB, on such improvements and/or chattels. The bid money shall be taken from the fund to which said lands belong, and the fund shall receive all moneys or other value subsequently derived from the sale of leasing of such improvements and/or chattels. KPB shall acquire all the rights, both legal and equitable, that any other purchaser could acquire by reason of the purchase.

(c) If any improvements and/or chattels having an appraised value of ten thousand dollars or less, as determined by the KPB Mayor, are not removed within the time allowed, such improvements and/or chattels shall revert and absolute title shall vest in KPB. Upon request, Lessee shall convey said improvements and/or chattels by appropriate instrument to KPB.

(12) Rental for Improvements or Chattels not Removed. Any improvements and/or chattels belonging to Lessee or placed on the Property and remaining upon the premises after the termination of the Agreement shall entitle KPB to charge a reasonable rent therefor.

(13) Re-rent. In the event that the Agreement should be terminated, canceled, forfeited or abandoned, KPB may offer said lands for lease or other appropriate disposal pursuant to the provisions of KPB 17.10 or other applicable regulations.

(14) Responsibility for Location. It shall be the responsibility of Lessee to properly locate improvements on the Leased Premises.

(15) Rights of Mortgage or Lienholder. In the event of cancellation or forfeiture the Agreement for cause, the holder of a properly recorded mortgage, conditional assignment, or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the Agreement. Any party acquiring the lease agreement must meet the same requirements as Lessee.

(16) Sanitation. Lessee shall comply with all regulations or ordinances which a proper public authority in its discretion shall promulgate for the promotion of sanitation. The Leased Premises under the Agreement shall be kept in a clean and sanitary condition and every effort shall be made to prevent any pollution of the waters and lands.

(17) Shore Land Public Access Easement. As established by AS 38.05, KPB lands sold or leased may be subject to a minimum 50-foot public access easement landward from the ordinary high-water mark or mean high water mark.

(18) **Subleasing.** No lessee may sublease lands or any part thereof without written permission of the KPB Mayor or Land Management Officer when applicable. A sublease shall be in writing and subject to the terms and conditions of the original lease.

(19) **Violation.** Violation of any provision KPB 17.10 or of the terms of the Agreement may expose Lessee to appropriate legal action including forfeiture of purchase interest, termination, or cancellation of its interest in accordance with state law.

(20) **Written Waiver.** The receipt of payment by KPB, regardless of knowledge of any breach of the purchase agreement by the purchaser, lessee or permittee, or of any default on the part of the purchaser, lessee or permittee in observance or performance of any of the conditions or covenants of the agreement, shall not be deemed to be a waiver of any provision of the agreement. Failure of KPB to enforce any covenant or provision therein contained shall not discharge or invalidate such covenants or provision or affect the right of KPB to enforce the same in the event of any subsequent breach or default. The receipt by KPB of any payment of any other sum of money after notice of termination or after the termination of the agreement for any reason, shall not reinstate, continue or extend the agreement, nor shall it destroy or in any manner impair the efficacy of any such notice of termination unless the sole reason for the notice was nonpayment of money due and payment fully satisfies the breach.

EXHIBIT 1

DESCRIPTION OF PROPERTY AND LEASED PREMISES

Page 1 of 1

The Property is legally described as follows:

TRACT A-1 JESSE LEE HOME SUBDIVISION LONG TERM CARE FACILITY REPLAT, PLAT NO. 2007-21, SEWARD RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

Parcel Number: 14502139

The Leased Premises are described as follows:

THAT PORTION OF TRACT A-1 JESSE LEE HOME SUBDIVISION LONG TERM CARE FACILITY REPLAT, PLAT NO. 2007-21, LYING NORTH OF SEA LION AVENUE, SEWARD RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA. CONTAINING APPROXIMATELY 8 ACRES AND AS DEPICTED ON THE ATTACHED EXHIBIT.

Page 1 of 2

Page 2 of 2

TRACT A
1.51 AC

TRACT B
10.70 AC

TRACT C
14.00 AC

TRACT D
6.00 AC

TRACT E
1.00 AC

Hemlock Avenue

City of Denver

BASIS OF BEARING
N 89° 00' 00" E 1445.87'

Survey Points:
 - 127.00' N 89° 00' 00" E 1445.87'
 - 127.00' N 89° 00' 00" E 1445.87'
 - 127.00' N 89° 00' 00" E 1445.87'
 - 127.00' N 89° 00' 00" E 1445.87'

Other Features:
 - 127.00' N 89° 00' 00" E 1445.87'
 - 127.00' N 89° 00' 00" E 1445.87'
 - 127.00' N 89° 00' 00" E 1445.87'

Site Name:

EXHIBIT 4

MEMORANDUM OF LEASE

(Attached)

DRAFT

(Above 2 Space for Recorder's Use Only)

Prepared by and Return to:

Kenai Peninsula Borough
Attn: Land Management Division
144 N. Binkley St.
Soldotna, AK 99669

Lessor: Kenai Peninsula Borough
Lessee: City of Seward
Legal Description: Attached as Exhibit 1
Tax Parcel ID: 14502624
State: Alaska
Borough: Kenai Peninsula Borough
Recording District: Seward, Third Judicial

MEMORANDUM OF LEASE

This Memorandum of Lease (Memorandum) is entered into by and between the Kenai Peninsula Borough, an Alaska municipal corporation, having a mailing address of 144 N. Binkley St., Soldotna, AK 99669 (the Lessor) and City of Seward, an Alaska municipal corporation, whose mailing address is 410 Adams Street, P.O. Box 167, Seward, AK 99664 (City or Lessee) (together, the Parties).

1. Lessor and Lessee entered into a certain Facility Site Lease Agreement (the Agreement) on the _____ day of _____, 20____, for the operation of a Public Community Center and other city uses as may be deemed necessary by the Lessee and that comply with the terms of the Agreement.
2. The initial lease term will be five (5) years commencing on the Effective Date with two (2) successive five (5) year options to renew.
3. The land being leased to Lessee (the Leased Premises) is described in Exhibit 1 annexed hereto.
4. Lessor and Lessee now desire to execute this Memorandum to provide constructive knowledge of Lessee's lease of the Leased Premises.
5. This Memorandum is governed by the laws of the State of Alaska.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease as of the day and year first above written.

LESSOR: Kenai Peninsula Borough
an Alaska municipal corporation

LESSEE: City of Seward
an Alaska municipal corporation

By: _____
Peter A. Micciche, Borough Mayor

By: _____
Kat Sorenson, City Manager

Date: _____

Date: _____

ATTEST:

Michele Turner MMC, Borough Clerk

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

Wayne Cary, Deputy Borough Attorney

Date: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

Notary Public for State of Alaska
My commission expires: _____

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

Notary Public for State of _____
My commission expires: _____

EXHIBIT 1 TO MEMORANDUM OF LEASE
DESCRIPTION OF PROPERTY AND LEASED PREMISES

The Property is legally described as follows:

TRACT A-1 JESSE LEE HOME SUBDIVISION LONG TERM CARE FACILITY REPLAT, PLAT NO. 2007-21, SEWARD RECORDING DISTRICT, THIRD JUDICIAL DISTRICT, STATE OF ALASKA.

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