

LEASE

This Lease (Lease) made this _____ day of _____, 2007, by and between ARCTIC ARCHES (LESSOR) and the KENAI PENINSULA BOROUGH (KPB);

WITNESSETH:

1. **Premises.** LESSOR, for and in consideration of the rents, covenants, and conditions hereinafter specified to be paid by KPB, does hereby rent to KPB 1200 square feet of space in the heated storage building more particularly described as follows:

Building #3, situated on Tract 5, Egner Subdivision No. 2, according to Plat No. 78-66, records of the Kenai Recording District, Third Judicial District, State of Alaska.

For the purpose of storing and maintaining Nikiski Fire Service Area apparatus.

2. **Rent.** In consideration of the rental of the premises by LESSOR, KPB covenants to pay to the LESSOR as rental for the premises described in paragraph 1 above, the sum of \$400.00 per month. Rent is due in advance, on or before the first day of the month. Rent shall increase to \$440.00 after the first 3 years of the Lease and will apply to any renewals.
3. **Term.** The initial lease term is 36 months commencing February 15, 2007 and ending February 14, 2010, subject each year to KPB Assembly appropriation.
4. **Automatic Renewal.** Unless either party gives notice to the other party at least 60 days prior to the expiration of the current term, renewal of this Lease for up to two additional one-year terms at the rental rate specified in Paragraph 2 shall start February 15, 2010, and end February 14, 2011, for the first renewal and will start February 15, 2011, and end February 14, 2012, for the second renewal term.
5. **Utilities.** Natural gas and electric utilities shall be paid by KPB for the duration of this LEASE. All other utilities in existence are included in the rent.
6. **Termination.** The KPB may terminate this Lease upon 60 days' written notice to LESSOR.

7. **Covenants of KPB.** The KPB hereby covenants and agrees:
- A. **To pay rent:** KPB will pay the said rent specified at the times and in the manner set out in Paragraph 2 herein, except only in the case of fire or other casualty as herein provided.
 - B. **Not to assign.** KPB shall not assign, sublet or part with the possession of all or any part of the rental premises without the prior written consent of the LESSOR. LESSOR shall not unreasonably withhold such consent.
 - C. **To permit LESSOR to enter.** LESSOR upon 24 hours' written or telephonic notice to KPB may request permission to access the premises for inspection, maintenance, or repair. Permission shall not be unreasonably withheld. KPB may elect to have a representative present during any such presence of the LESSOR.
 - D. **To yield up premises.** At the expiration of the term of this Lease, KPB will peaceably yield up to the LESSOR the premises, in good repair in all respects, reasonable use and wear and damage by fire and other casualties excepted.
 - E. **Alterations.** KPB may not alter the premises without first obtaining prior approval of LESSOR.
8. **LESSOR'S Warranties.** The LESSOR covenants, guarantees and provides the following express warranties:
- A. No existing restrictions interfere with the KPB's permitted and intended use of the premises.
 - B. There is availability of adequate ingress and egress to the premises.
 - C. LESSOR has sufficient interest in the property to grant tenant this Lease.
 - D. KPB shall have quiet enjoyment of the premises.
 - E. The property is fit for its intended use.
 - F. Any use, treatment, storage, or transportation of hazardous substances has been in compliance with all applicable federal, state and local laws. No hazardous substances have been released, discharged, spilled, leaked, disposed of, or omitted on, in, or under the premises. The premises are free of hazardous substance.
 - G. LESSOR shall be responsible for maintaining the premises in good repair at all times.
 - H. LESSOR shall be responsible for all snow removal from the premises.

9. **Default by LESSOR/KPB.** Should either KPB or LESSOR default in the performance of the obligations of any covenants of this Lease and fail to fully remedy such default within thirty days after written notice by the nondefaulting party, then the Lease may be terminated by written notice to the defaulting party. All rent hereunder shall abate during the period of any such default. Upon termination of this Lease, LESSOR shall refund to KPB any unearned advance rent paid by KPB.
10. **Subject to Annual Appropriation.** Unless the Kenai Peninsula Borough Assembly by resolution provides otherwise, this Lease shall automatically terminate without penalty on June 30 of any year during which the Kenai Peninsula Borough assembly fails to appropriate funds sufficient to make the rent payments on the rental property for the following fiscal year.
11. **Liability and Insurance.** Each party shall be responsible and liable for its own acts and omissions under this Lease and shall carry insurance adequate to protect its interest.
12. **Permits, Laws, and Taxes.** LESSOR shall acquire and maintain in good standing all permits, licenses, and other entitlements necessary to the performance under this Lease. All actions taken by the LESSOR under this Lease shall comply with all applicable statutes, ordinances, rules and regulations. LESSOR shall pay all taxes that may be due and owing to a federal, state, or local taxing entity.
13. **No Waiver.** No assent, expressed or implied, by either party to any breach of either party's covenants shall be deemed to be a waiver of any succeeding breach of the same covenants, nor shall any forbearance by a party to seek a remedy for any breach be deemed a waiver by that party of its rights or remedies with respect to such breach.
14. **Integration.** This document contains the entire agreement of the parties hereto. All negotiations, statements, representations, guarantees, warranties, and assurances, whether oral or written, which are in any way related to the subject matter of this Lease and the performance of either party hereto, are merged and integrated into the terms of this document.
15. **Modification.** The parties may mutually agree to modify the terms of this Lease. Any modifications shall be in writing executed by both parties.
16. **Interpretation and Enforcement.** This Lease has been drafted following negotiations between the parties. It shall be construed according to the fair intent of the language as a whole, not for or against any party. The interpretation and enforcement of this Lease shall be governed by the laws of the State of Alaska. The titles of sections in this Lease are not to be construed as limitations or definitions but are for identification purposes only.

17. **Severability.** If any section or clause of this Lease is held invalid by a court of competent jurisdiction, or is otherwise invalid under the law, the remainder of this Lease shall remain in full force and effect.
18. **Notice.** Whenever notice is required hereunder, it shall be addressed as follows until written notice of change of address is given to the other party:

LESSOR:
Arctic Arches
Attn: Jan J. Stage
3009 Brookside Dr.
Anchorage, AK 99517

KPB:
Kenai Peninsula Borough
Attn: Planning Director
144 N. Binkley Street
Soldotna, AK 99669

ARCTIC ARCHES

KENAI PENINSULA BOROUGH

Jan J. Stage, Owner

John J. Williams, Borough Mayor

Date: _____

Date: _____

ATTEST:

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:

Sherry Biggs, Borough Clerk

Holly B. Montague
Deputy Borough Attorney

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007,
by John J. Williams, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation,
for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires:_____

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this ____ day of _____, 2007,
by Jan J. Stage.

Notary Public in and for Alaska
My commission expires:_____