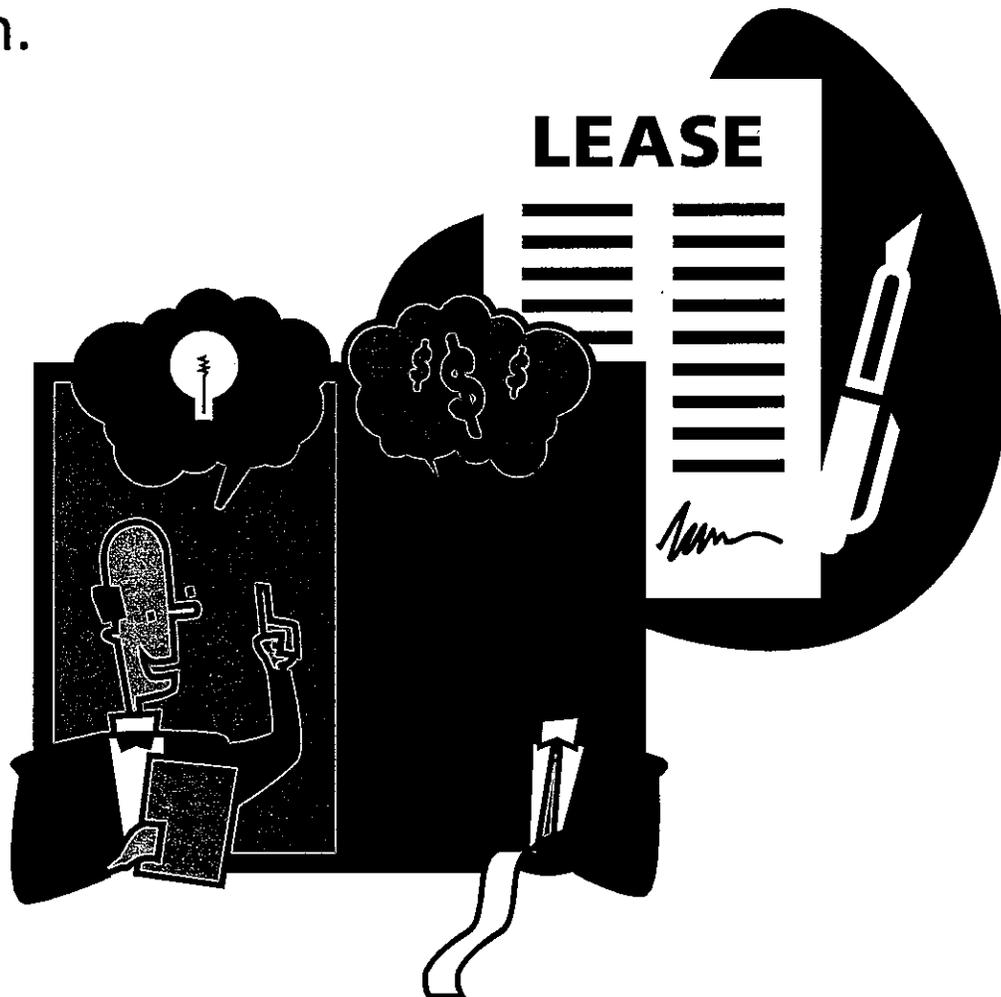


Lease Committee
Regular Meeting
Thursday
October 11, 2012
3:00 p.m.



City Hall
Cowles Council Chambers
491 E. Pioneer Avenue
Homer, Alaska



**NOTICE OF MEETING
REGULAR MEETING AGENDA**

- 1. CALL TO ORDER**
- 2. APPROVAL OF AGENDA**
- 3. PUBLIC COMMENTS REGARDING ITEMS ON THE AGENDA** *(The Public may speak to the Committee regarding matters on the agenda that are not scheduled for Public Hearing. There is a 3 minute time limit.)*
- 4. APPROVAL OF MINUTES** *(Minutes are approved during regular meetings only)*
 - A. Meeting Minutes for the Regular Meeting on July 14, 2011 Page 5
 - B. Meeting Minutes for the Special Meeting on November 10, 2011 Page 9
 - C. Meeting Minutes for the Special Meeting on February 16, 2012 Page 15
 - D. Meeting Minutes for the Special Meeting on March 28, 2012 Page 21
- 5. VISITORS** *(For scheduled guest, time limit 10 minutes.)*
- 6. STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS**
 - A. Staff Report – Updates and Status Reports
- 7. PUBLIC HEARING** *(Time Limit for testimony is set at 3 minutes per person.)*
- 8. PENDING BUSINESS** *(Testimony or presentation by a proposal applicant is set at 10 minutes.)*
- 9. NEW BUSINESS** *(Testimony or presentation by a proposal applicant is set at 10 minutes.)*
 - A. South Central Radar Proposal & Assignment Page 25
 1. Staff Evaluation & Findings Page 107
 2. Chapter 14 – Assignments Page 119
 3. Chapter 6 – Proposal Evaluation Process Page 121
- 10. INFORMATIONAL MATERIALS**
 - A. Recommendations for the 2012 Land Allocation Plan Page 123
- 11. COMMENTS OF THE AUDIENCE**
- 12. COMMENTS OF THE CITY STAFF**
- 13. COMMENTS OF THE COUNCILMEMBER (If one is assigned)**
- 14. COMMENTS OF THE CHAIR**
- 15. COMMENTS OF THE COMMITTEE**
- 16. ADJOURNMENT/NEXT REGULAR MEETING IS SCHEDULED FOR FEBRUARY 14, 2013 AT 3:00 P.M.** at City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue Homer, Alaska 99603.

Session 11-06 A Regular Meeting of the Lease Committee was called to order at 3:05 pm on July 14, 2011 by Chair Shelly Erickson at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS ERICKSON, HAWKINS, ABBOUD, MAURAS,
AND ZIMMERMAN

ABSENT: COMMITTEE MEMBER YAGER

STAFF: DEPUTY CITY CLERK I RENEE KRAUSE

APPROVAL OF THE AGENDA

Chair Erickson requested a motion to approve the agenda.

ZIMMERMAN/HAWKINS – MOVED TO APPROVE THE AGENDA.

The agenda was approved by consensus of the Committee.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA (3 Minute Time Limit)

There was no public present.

APPROVAL OF THE MINUTES

- A. Meeting Minutes for Regular Meeting April 14, 2011
- B. Meeting Minutes for Special Meeting May 17, 2011
- C. Meeting Minutes for Special Meeting June 9, 2011

ABBOUD/ZIMMERMAN – MOVED TO APPROVE ALL MINUTES AS PRESENTED.

There was no discussion.

The Minutes for April 14, 2011; May 17, 2011 and June 9, 2011 were approved by Consensus of the Committee.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS

- A. Staff Report – Updates and Status Report

Deputy City Clerk Krause gave a report on the status of the proposals received for the last Request for Proposals issued. She reported that the City Manager has scheduled a meeting to flesh out the proposals received as directed by the Committee at the Special Meeting in June. These are to be on the council agenda for August. He will be meeting with the Kenai Peninsula Borough School District on the return of the Homer Educational Recreational Center to them.

A Resolution will be on the July 25, 2011 agenda for Council approval sponsored by Council member Lewis to allow the Boys and Girls Club to extend their lease through the end of this year since part of the City Administration Offices and the Mayor are now working out of that location.

Question on the status of a recommendation for the Pier One Lot City Manager Wrede was directed to come up with a plan for this parcel working with the City Planner and the Harbormaster. He has not been able to address this due to all the varied schedules and hopes to work on this as soon as possible. Mr. Hawkins added comment on the direction that was given from City Council regarding the lot that Pier One is on and that the plan was to address boat, Pier One, industrial and parks and recreation.

There was no further discussion.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

- A. Additional Guidelines for Reviewing Proposals Submitted by Non-Profit Organizations for Lease on City Owned Property
 - 1. Copy of Homer Foundation Grant Guidelines for Non-Profits

Ms. Felde was unable to attend the meeting but a report was submitted for the Committee to review. Ms. Krause inquired if there were any comments or questions regarding the report submitted by staff.

A brief summary on the existing Lease Policy as it would apply to a proposal submitted from a non-profit was provided by staff.

Chair Erickson gave summary as to why this was brought back before the Committee and she opined that this was an issue that needed to be addressed before the Committee has to evaluate a proposal submitted by a non-profit.

She noted that the EDC spent considerable time on this issue. They must consider what is in the City's best interest when reviewing these proposals. The EDC has also recommended comparing the business as a for profit business versus non-profit business and to be part of the criteria or scoring of the proposals. Additional recommendations for non-profits from the EDC included the following:

- Apply a head tax such as \$1.00 per person
- Structure lease prices similar to how the State charges which is based on a percentage of the total income for the non-profit.
- Who pays the property taxes? Is the City was absorbing those costs too.
- Financials should be reviewed closely because some non-profits take in considerable amounts and that should be considered when thinking about giving them a \$1.00 per year lease.

There are non-profit leases that will be coming before the committee and she would like to discuss a way to evaluate these before it becomes an emotional issue as with all non-profits there is an emotional response. She stated that she requested staff to include the information that the Homer Foundation uses to qualify the non-profits.

Mrs. Mauras responded to Chair Erickson that non-profit do not necessarily have to file a tax return and the difference in rent should be considered a donation to the non-profit and reported as such by the City to the non-profit. It was questioned whether this was being done currently. She noted that this would be proper reporting, and would be required as part of their return to the IRS. This would be considered an "in-kind" donation.

A brief discussion on whether the non-profits pay property taxes on leased property and whether the city pays the property taxes or not; decisions to lease should be based on the area; no leases should be extended for \$1.00 per year; use of the existing guidelines; how is the committee being a good steward of city owned land; adding to the Lease Policy specific guidelines and criteria for evaluating a non-profit; does the Committee have the backbone to say no; a precedence has been set on giving non-profits a

long term lease for \$1.00 per year; the question to ask is what can the non-profit do so the City is not losing all the profits they could possibly have otherwise; charge a percentage of sales for the year or charge \$1-2.00 per ticket would allow some type of return.

Discussions continued on trying to think outside the box, outlining policies that would allow non-emotional evaluation of a proposal and offer suggestions on This could be based on the amount of revenue, what activities that are generated on the side too; comparisons were done on the volume of business and residual revenue that is created; payment creates an overall sense of ownership and responsibility; examples given were the Pier One Theater, Shorebird Festival, the Pratt Museum; relationships and support with existing businesses and the potential to bring more relationships. There was further discussion on the property tax issues.

Mr. Hawkins read back the following points that the committee would like to see addressed in proposals submitted from non-profit entities:

1. Activities days on site
2. Persons Served – per year or month
3. Revenues to the City from the non-profit whether via Head Tax, Rent or percentage of profits
4. Indirect Commerce – How will this affect the City
5. Partnerships with other non-profits or businesses.
6. How many volunteers – such as actors.
7. Profit vs Non-Profit - Benefits versus revenue loss to the City such as property taxes.

Further discussion on getting past the political and emotional side of reviewing and approving leases for less than the value it should be leased. There was concern how and where they should go next. Ms. Krause added comments received by the City Manager regarding tweaks to the policy and recommendations to council.

Chair Erickson inquired if the Committee would like to make recommendations, drop it or bring it back at the next meeting.

Mr. Hawkins would like to have this on the agenda for the next meeting to discuss recommendations adding a chapter to address non-profits.

Mrs. Mauras left the meeting at 3:36 p.m. She returned at 3:47 p.m.

She commented on the results of her search regarding payment of property taxes by non-profits.

The committee agreed by consensus to put this on the October agenda.

There was no further discussion.

NEW BUSINESS

A. 2012 – 2017 Capital Improvement Plan

The committee agreed by consensus that they prefer not to offer input since two of the members were representing different commissions and have already been part of making recommendations for the CIP in that capacity; and three members were city staff. They did not feel comfortable in offering recommendations to council since they were employees. It was determined that this committee did not need to be part of this process.

There was no further discussion.

B. Scheduling Special Meeting to Review Proposals Received

A brief discussion was held on whether a special meeting was needed to review the proposals received. It was noted by staff that there was no urgency in setting a special meeting unless the committee felt so inclined. It was determined that special meeting was unnecessary to review proposals received and that this could be accomplished at the regular quarterly meeting in October. It was determined this would allow staff ample time to perform a review and evaluation on the proposals received.

There was no further discussion.

INFORMATIONAL MATERIALS

- A. Ordinance 11-25, Amending Homer City Code 18.08.120, Sublease, Regarding the Charging of Additional Rent for Subleases of City Property
- B. Resolution 11-041, Approving and Adopting a New Amended Standard Ground Lease Document and Authorizing the Amendment of the City of Homer Property Management Policy and Procedures Manual to Conform to the Amended Standard Ground Lease Document.
- C. Amended Ground Lease and Security Agreement
- D. Lease Expiration Updated as of 5/23/11

COMMENTS OF THE AUDIENCE

There was no audience present.

COMMENTS OF THE CITY STAFF

There were no comments from Staff.

COMMENTS OF THE COUNCILMEMBER *(If one is appointed)*

There were no councilmembers present.

COMMENTS OF THE CHAIR

Chair Erickson thanked everyone and announced that she had submitted her application for the vacancy on the Planning Commission and if appointed she would be resigning from the EDC which she would be vacating her seat on this committee.

COMMENTS OF THE COMMITTEE

There were no comments from the committee members.

ADJOURN

There being no further business before the Lease Committee, Chair Erickson adjourned the meeting at 3:53 p.m. The next regular Lease Committee meeting is scheduled for 3:00 p.m. October 13, 2011 at City Hall, Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: _____

Session 11-07 A Special Meeting of the Lease Committee was called to order at 3:05 pm on November 10, 2011 by Vice Chair Terry Yager at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS YAGER, HAWKINS, ABBOUD, MAURAS,
AND ZIMMERMAN

ABSENT: COMMITTEE MEMBER NEECE

STAFF: DEPUTY CITY CLERK I RENEE KRAUSE
ADMINISTRATIVE ASSISTANT TERRY FELDE
CITY MANAGER WALT WREDE

APPROVAL OF THE AGENDA

Vice Chair Yager requested a motion to approve the agenda.

MAURAS/ABBOUD – MOVED TO APPROVE THE AGENDA.

There was no discussion.

The agenda was approved by consensus of the Committee.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA *(3 Minute Time Limit)*

There was no public present.

APPROVAL OF THE MINUTES

There were no minutes for approval.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS

A. Staff Report – Updates and Status Report

Ms. Felde updated the committee on outstanding issues as follows:

- Alaska Custom Seafoods
 - discussed outstanding paperwork required to complete this lease
- Appraisals Completed
 - There were five completed and additional meetings will be setup with the potential lessees Alaskan Coastal Freight and Fortune Sea
- Snug Harbor lease is completed and being reviewed by Lessee
 - Snug Harbor is in process of completing the conceptual site plan for submittal to Planning Dept.
- Homer Spit Campground Lease is completed and being reviewed by lessee.
 - They are working on getting a survey completed.
- Dock Side Two
 - In process of completing staff review of lease proposal and getting this prepared for the next committee meeting.

Mr. Wrede provided an update on the HERC building as follows:

- Spoke with the School District – they do not want the building back
- inquired if the School District would be willing to expend the upfront monies to bring Fireweed Academy into the building.
- Fireweed Academy has indicated that they would be willing to pay rent and discussions included current rents they pay now and the utilities cost plus upfront costs estimates to make the building usable by the academy.
- Boys and Girls Club advocacy group in the process of finding a solution and raising money.
 - It is anticipated that the group will be approaching the Council.
 - The deadline date is when the City Hall Staff relocates back to city hall which is Christmas or before. There is some maintenance that will be required even when the building is closed due to structural issues such as snow loads, etc.

Comments from members of the committee regarding participation by the parents in a manner that they are paying their fair share of the costs would assist in providing the service. The community is small and it should not be expected that the community pay for the service used by the few. Additional options are to use the building for the Community Recreation and parks and Recreation Department. Space could be rented out to other entities. It was noted that the original restrictions put on the building can be amended by the borough assembly. They may decide to request an amendment to allow the city to sell the building and use those funds for a public purpose. This option appealed to the Borough Mayor.

There was a brief discussion on other possibilities that the facility could be used for such as a trade school. It was noted that the economy has affected a number of entities including state, federal and private outlets. Many budgets are cut and other possible options are not feasible. There are still a number of options available.

There was no further discussion.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

- A. Additional Guidelines for Reviewing Proposals Submitted by Non-Profit Organizations for Lease on City Owned Property

Mr. Hawkins requested this item on the agenda at the regular meeting in July. Vice Chair Yager requested clarification on the reason for bringing this item to the committee since he was not at the last meeting.

Members of the committee stated their understanding of the concern in leasing to non-profits and that there are no specific guidelines or criteria established to review proposals submitted by a non-profit.

The following recommendations were made on the evaluation process or criteria for non-profits:

- Structure the lease prices based on a percentage of the total income for the non-profit
 - This would remove the politically charged atmosphere that occurs around non-profits
 - determine the fair percentage amount to charge all non-profits

Comments in opposition were noted that the City Council should direct the committee on what they would like to see. It was noted that the committee was advisory to the council and if they do not make a recommendation then the council has to make the decision with no input representing the good of the community and to look out for the city interests.

- Establish a point system

Mr. Wrede stated that there seems to be two issues before the committee one is the current criteria is based on commercial activities and he noted some criteria that was recommended at the last meeting and these criteria or other could be recommended to use. The second is the money issue and the committee could recommend that council determine a rate to charge them based on the criteria.

Discussion ensued on making amendments to the lease policies and how this would proceed.

MAURAS/ZIMMERMAN - MOVED TO DIRECT STAFF TO DRAFT AN AMENDMENT TO CHAPTER SIX OF THE LEASE POLICIES REGARDING A SEPARATE CRITERIA FOR EVALUATING PROPOSALS FROM NON-PROFITS USING THE BULLETED RECOMMENDATIONS FROM THE MINUTES OF THE JULY 14, 2011 MEETING.

Those bulleted items were:

1. Activity days on site
2. Persons Served – per year or month
3. Revenues to the City from the non-profit whether via Head Tax, Rent or percentage of profits
4. Indirect Commerce – How will this affect the City?
5. Partnerships with Other Non-profits or Businesses
6. How many volunteers – such as actors
7. Profit vs. Non-Profit – benefits versus revenue loss to the city
Such as property taxes.

There was a brief discussion on whether non-profits had to pay the property taxes and comment from Lance Petersen whether they paid property tax on property owned that is not used in the endeavors of the non-profits where the Pier One Theater does not pay property taxes on the Spit property since it is used wholly in the pursuit of the non-profit endeavor.

There was no further discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

A. Elections of Chair and Vice Chair of the Committee

Mr. Hawkins moved to open discussion and nominated Mr. Yager as Chair.

Mr. Zimmerman seconded.

Mr. Yager asked if there were any other nominations. There were none.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Mr. Abboud nominated Mr. Zimmerman as vice chair. Mr. Hawkins seconded.

There were no additional nominations.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

The Chair and Vice Chair were congratulated and comments were made that they could decline the appointment if they chose. There was a brief period of quiet but Chair Yager and Vice Chair Zimmerman accepted their roles.

B. Draft Resolution 11-XX Establishing the 2012 Regular Meeting Schedule.

ABBOUD/MAURAS – MOVED TO APPROVE THE MEETING SCHEDULE AS PROPOSED.

There was a brief discussion on changing the January 12, 2012 meeting to January 26, 2012 at 3:00 p.m.

ABBOUD/ZIMMERMAN – MOVED TO AMEND THE JANUARY MEETING DATE TO JANUARY 26, 2012 AT 3:00 P.M.

There was no discussion.

VOTE. (Amendment) YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE. (Main) YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

There was no further discussion.

C. Pier One Lease Proposal

Vice Chair Yager brought to item to the floor for discussion.

Mr. Wrede summarized the review performed by Ms. Felde and has concluded that there would be some zoning permits needed and approval from the Fire Marshall. He went on to summarize his review and recommendations. A few of the points made:

- This has not been let for the request for proposal process.
- This is a request for less than fair market value lease.
- The use is compatible for the area.
- There are no plans for major new development by the lessee.
- There is no significant capital investments proposed.
- The applicant has been at the location for decades.
- It has been determined that the organization has the financial capacity to maintain the facility and continue operations.
- There are no employees, actors are volunteers.
- The rental rate is \$1.00 per year for five year. Utilities are paid for by the lessee. Restroom facilities are provided by the city.
- The theater does stimulate and add to the economic impact to the city.
- The theater has provided significant contribution towards the social, cultural and educational fabric of the community.
- Short term lease of 5 yrs allows time to determine the best use of the property
- Zoning Permits required
- If the fire Marshall does not approve then who bears the cost of the improvements
 - If it is determined unsafe would the city uphold this decision?

There was a brief disclosure on the amount of work and improvements that were undertaken to make the building safe and in compliance with the State Fire Marshall requirements. The current lessee has been in the building since 1987 when the first production was held. There was noted that it would be acceptable to the lessee to include a 90 day notice to cancel the lease by the city. The Lessee did direct the committee's attention to the Resolution 89-36(A) which stated that as long as there was sport fishing in the lagoon and the summer theater activities continued at the location that the land was to be used for recreational/parking purposes. He informed the committee on a form that must be completed and submitted to the IRS that indicates public support for the organization, and this form also shows a line item in-kind valuation from the city to the non-profit. A non-profit must prove that they received support from the community. The lessee recommended that they require a potential non-profit lessee submit the complete 990 form with the lease application. Mr. Petersen briefly reviewed the 990 form information with the committee.

There was a brief discussion on submitting the recommendation to council and making a motion and clarification on zoning review on parking was made.

ZIMMERMAN/ - MOVED TO RECOMMEND THAT THE \$1.00 PER YEAR LEASE FOR FIVE YEARS BE ACCEPTED CONTAINING THE STAFF RECOMMENDATIONS AND ADDRESS THE CONCERNS AS NOTED REGARDING ZONING REVIEW AND FIRE MARSHALL APPROVAL.

HAWKINS/ - PROPOSED TO OFFER A FRIENDLY AMENDMENT TO INCLUDE THE CLAUSE ALLOWING THE CITY OUT OF THE LEASE IF A BETTER USE WAS OFFERED DURING THE FIVE YEAR LEASE PERIOD.

There was no discussion on the amended motion.

The Clerk read the amended motion into the record

ZIMMERMAN/MAURAS - MOVED TO RECOMMEND A FIVE YEAR LEASE AT 1.00 PER YEAR WITH THE STIPULATION THAT A ZONING REVIEW AND FIRE MARSHAL APPROVAL IS OBTAINED AND INCLUDE A CLAUSE TO ALLOW THE CITY TO BREAK THE LEASE WITH A 90 DAY NOTICE.

There was no further discussion.

VOTE. (Amended) NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

MAURAS/ZIMMERMAN - MOVED THAT THE LEASE COMMITTEE FINDS THAT THIS PROPERTY SHOULD BE LEASED TO PIER ONE THEATER WITHOUT THE REQUEST FOR PROPOSAL PROCESS AND AT LESS THAN FAIR MARKET VALUE FOR THE REASONS STATED IN THE MEMORANDUM.

There was a brief discussion by the committee on the reasons to list in the memorandum.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

There was no further discussion.

INFORMATIONAL MATERIALS

- A. Ordinance 11-25, Amending Homer City Code 18.08.120, Sublease, Regarding the Charging of Additional Rent for Subleases of City Property

- B. Resolution 11-041, Approving and Adopting a New Amended Standard Ground Lease Document and Authorizing the Amendment of the City of Homer Property Management Policy and Procedures Manual to Conform to the Amended Standard Ground Lease Document.
- C. Amended Ground Lease and Security Agreement
- D. Lease Expiration Updated as of 5/23/11

There was no discussion on the informational materials.

COMMENTS OF THE AUDIENCE

Lance Petersen was really glad that the lease committee went through the work to have really specific guidelines on how to approach the city for a lease; much of the time the lease process has been murky and mysterious and this now makes it possible for an applicant to find the information and it is all lined out and if you add the non-profit chapter and criteria it will make it more transparent and open for the public.

COMMENTS OF THE CITY STAFF

There were no comments from Staff.

COMMENTS OF THE COUNCILMEMBER *(If one is appointed)*

There were no councilmembers present.

COMMENTS OF THE CHAIR

The Chair had no comments.

COMMENTS OF THE COMMITTEE

There were no comments from the committee members.

ADJOURN

There being no further business before the Lease Committee, Chair Yager adjourned the meeting at 4:23 p.m. The next regular Lease Committee meeting is scheduled for 3:00 p.m. January 26, 2012 at City Hall, Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: _____

Session 12-01 A Special Meeting of the Lease Committee was called to order at 3:05 pm on February 16, 2012 by Chair Terry Yager at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS YAGER, HAWKINS, ABBOUD, MAURAS, NEECE
AND ZIMMERMAN

STAFF: DEPUTY CITY CLERK I RENEE KRAUSE
ADMINISTRATIVE SUPERVISOR LISA ELLINGTON
CITY MANAGER WALT WREDE

Chair Yager welcomed Mr. Neece to Committee and looked forward to working with him.

APPROVAL OF THE AGENDA

The agenda was approved by consensus of the Committee.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA (3 Minute Time Limit)

Lance Petersen, Pier One Theater, commented on the amendments to Chapter 6 on criteria for non-profits and recommended that they require a lessee that is a non-profit to submit the IRS form 990. He explained that this form would contain most if not all the information that was being recommended. He further noted that it included additional information such as in-kind income, Board of Directors, total income versus expense and the mission statement. This is a document that is submitted annually to the IRS and gives pictures of the reserves of the organization and stability.

Ms. Mauras and the City Manager agreed with the inclusion of requiring the IRS FORM 990.

Ms. Krause explained that action can be taken under Pending Business.

APPROVAL OF THE MINUTES

There were no minutes for approval since this was a special meeting.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS

A. Staff Report – Updates and Status Report

City Manager Wrede provided a verbal report on the status of the open leases and the reasons that they have been executed some of the delay is due to city personnel not getting the work completed due to staff shortages, etc.

The current Leases still with unresolved issues are Brad Faulkner, Snug Harbor, Chapple Campground and Coastal Freight. There are significant changes with Snug Harbor offering a better option for the city and he was not sure if it should be presented back to the Committee. Mr. Wrede noted that the Lease Policies do not address a better offer than the original proposal that was approved by the Committee. It was noted that there was a small concern of setting a precedent and approval by City Council. He sought the advisement of the Committee.

The expressed the line of thought that it was in the best interests of the city and did not see where it would be impacting negatively on the city. It was noted that the lot was advertised as two pieces, there has been no objections from neighboring parcels. It was also noted that the City Council would have the final options whether to approve it or not.

The Committee requested to be updated on the status of this lease.

Clarification was requested on the delay in concluding the lease negotiations etc. It was asked if the timetable requirement was completed on the Faulkner Lease since that was in the Lease Committee's recommendations to Council. The Faulkner Lease was contingent upon his coming into compliance and he has not done so; the Chapple lease has two issues encroachment upon the State ROW and they are waiting on the survey and Fire Marshal approval.

Bruce Flanagan has not submitted a decent site plan, he has verbally given the city the plans but they need it in writing and city personnel needs to make sure it gets done.

The City manager is confident on completion of all the requirements with the exception of one and that is the Faulkner lease. He assured the committee that he would make an effort to meet with Mr. Faulkner to get this settled.

There was no further discussion.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

A. Draft Amendment to Chapter 6 Lease Criteria for Non-Profits

ABBOUD/ZIMMERMAN – MOVED TO AMEND CHAPTER SIX AS RECOMMENDED BY STAFF.

ABBOUD/MAURAS – MOVED TO AMEND THE STAFF RECOMMENDATIONS TO INCLUDE THE IRS FORM 990 AS A REQUIREMENT.

There was a discussion on striking recommendations as they were included in the FORM 990 and not striking them as they were to be used for criteria as intended by the proposed Item C. The Criteria for evaluating lease applications and proposals from non-profit organizations.

VOTE. (Amendment) NO. ZIMMERMAN, ABBOUD, MAURAS, HAWKINS, YAGER.

Motion failed.

ZIMMERMAN/ABBOUD - MOVED TO STRIKE ITEM #10 FROM THE RECOMMENDATIONS BY STAFF.

There was no discussion.

VOTE. (Amendment) YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

VOTE. (Main). YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

ABBOUD/MAURAS - MOVED TO AMEND CHAPTER 5 TO INCLUDE 5.2. B NON-PROFIT APPLICATIONS - IRS FORM 990 SHALL BE REQUIRED IN THE CASE OF PROPOSALS SUBMITTED BY NON-PROFITS.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

NEW BUSINESS

A. Dockside II Lease Proposal

Chair Yager requested a motion to bring the Lease Proposal Dockside II to the floor for discussion and recommendation.

MAURAS/HAWKINS – MOVED TO ADDRESS THE DOCKSIDE TWO LEASE PROPOSAL.

It was noted that the document was incomplete and required materials were not submitted and the applicant or a representative was not present to respond on his behalf.

MAURAS/HAWKINS – MOVED TO REJECT THE APPLICATION AS INCOMPLETE AND DIRECT THE STAFF TO OFFER THE PROPERTY FOR REQUEST FOR PROPOSAL.

City Manager Wrede stated he met with the applicant and provided him with a copy of the staff report, noting where it was deficient and Chapter 11 of the Lease Policy; they reviewed the submitted application together. The Applicant did provide the Departmental approvals that were required and they were not provided in time for the packet. Mr. Wrede was surprised, based on their conversation that the Applicant was not here.

Mr. Wrede felt that he was a good tenant, provided a service, revenue for the City however, the applicant has not done enough to tell his story. A brief discussion ensued about compliance issues, restroom facilities and parking encroachments. The applicant is aware of the non-compliance issues.

Chair requested staff recommendations on the proposal.

Mr. Wrede agreed with the motion on the floor and felt bad that he was not here. He stated that he was contacted several times by city staff. Mr. Wrede stated that the city staff could have been more persistent maybe, but the applicant did comment that he wanted the same deal that Mr. Faulkner received.

Mr. Zimmerman noted that the lease was due to expire very shortly and inquired if they should allow the applicant to respond until April.

Chair Yager was concerned on the overall investment and did not understand his any show today.

Mr. Hawkins brought up the question of the next item on the agenda is the LAP and should they include this in their recommendation to let for RFP; then there is the end of lease requirements in Chapter 11 and whether or not to RFP; he noted it is on the Lessee to provide evidence on getting another lease without RFP.

Mr. Abboud inquired if the applicant has called and left a message as to why he could be in attendance today he would be more inclined to favor postponing a decision today.

There was consensus of the committee to allow a short recess.

Chair Yager called for brief recess at 3:45 p.m. to see if contact had been made by the lessee. The meeting was reconvened at 3:52 p.m. Mr. Wrede reported no messages or emails have been received from the applicant.

VOTE.YES. ZIMMERMAN, ABBOUD, MAURAS, YAGER, HAWKINS
VOTE.NO. NEECE

Motion carried.

B. Land Allocation Plan 2012 – Review and Recommendations to City Council

Chair Yager brought to item to the floor for discussion.

ABBOUD/MAURAS – MOVED TO DISCUSS.

Discussion on the parcels that are currently under negotiation remove or keep included until a lease has been negotiated. It would be reasonable to include in the recommendation to council lands that are currently approved for lease but do not have a lease executed can be added to the lands available for RFP.

Mr. Hawkins brought up the recommendation that the Committee sent to Council last year included verbiage that was not included in Resolution that was approved by Council. He suggested that the committee make the recommendation again this year.

HAWKINS/MAURAS - MOVED TO RECOMMEND CITY COUNCIL DESIGNATE A PORTION OF LOT 12A NO CLOSER THAN 150 FEET TO RAMP FIVE AND UP TO FREIGHT DOCK ROAD, BE MADE AVAILABLE FOR RENT TO ITINERANT MERCHANTS FOR A FLAT RATE WITH THE SQUARE FOOTAGE AND LOCATION TO BE DETERMINED AS NEEDED BY THE HARBORMASTER OR CITY MANAGER.

There was a brief discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Chair Yager inquired if there were additional recommendations for the land allocation plan.

ABBOUD/MAURAS – MOVED TO RECOMMEND ADDING LOT 88-3 TO LANDS AVAILABLE FOR LEASE.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Staff recommended that the committee restate the individual lots to be available for lease.

ZIMMERMAN/NEECE - MOVED TO RECOMMEND CITY COUNCIL OFFER THE FOLLOWING LOTS AVAILABLE FOR LEASE. LOTS 4-12 ON FREIGHTDOCK RD; LOT 19-20 ON FREIGHTDOCK ROAD, AND LOTS 9-10 ON FISHDOCK ROAD AS LANDS AVAILABLE FOR REQUEST FOR PROPOSAL.

There was a brief discussion on description of lot 12.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

INFORMATIONAL MATERIALS

- A. Lease Expiration Status Chart
- B. Memorandum dated November 21, 2011 Re: Approval of the 2012 Meeting Schedule
- C. Resolution 11-109(S), Establishing the 2012 Regular Meeting Schedule
- D. Memorandum submitted to City Council Re: Pier One Theater Lease from City Manager dated November 19, 2011

There was no discussion on the informational materials.

COMMENTS OF THE AUDIENCE

Barbara Peterson, as one of the founders of the Pier One Theater in 1973, wanted to thank everyone for being patient and working with them. She commented that they are like a thorn out there they don't fit in to the regular business out on the Spit but they enjoy it out there and residents from the community and visitors like coming out on the Spit.

COMMENTS OF THE CITY STAFF

There were no comments from staff present.

COMMENTS OF THE COUNCILMEMBER *(If one is appointed)*

There were no councilmembers present.

COMMENTS OF THE CHAIR

Chair Yager had no comments.

COMMENTS OF THE COMMITTEE

Mr. Hawkins requested Chapter 2 of the Lease Policies, procedures, to be on the agenda for the next meeting. He is questioning the purpose of this committee and duplicating staff efforts.

Mr. Abboud, Mr. Neece, Ms. Mauras, and Mr. Zimmerman had no comments.

ADJOURN

There being no further business before the Lease Committee, Chair Yager adjourned the meeting at 4:23 p.m. The next regular Lease Committee meeting is scheduled for 3:00 p.m. April 12, 2012 at City Hall, Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: _____

Session 12-02 A Special Meeting of the Lease Committee was called to order at 3:05 pm on March 28, 2012 by Chair Terry Yager at the City Hall Cowles Council Chambers located at 491 E. Pioneer Avenue, Homer, Alaska.

PRESENT: COMMITTEEMEMBERS YAGER, HAWKINS, ABBOUD AND ZIMMERMAN

ABSENT: COMMITTEEMEMBERS MAURAS (EXCUSED) AND NEECE (UNEXCUSED)

STAFF: DEPUTY CITY CLERK I RENEE KRAUSE
CITY MANAGER WALT WREDE

APPROVAL OF THE AGENDA

The agenda was approved by consensus of the Committee.

PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA (3 Minute Time Limit)

Michael Disler, resident, operates a small trucking company that hauls fish product. He stated he wanted to go on record in support of Mr. Sullivan. He noted that there is a need for small operators like Mr. Sullivan. He offered a number of reasons why the Committee should recommend approval of a new lease for Mr. Sullivan.

Mr. Sullivan thanked the committee for the opportunity to make his case and that he does provide an opportunity and service to local restaurants and fisherman. He commented on the number of poundage and revenue added to the local community. He assured that he is doing his best with the resources that he has at hand. He commented on some obstacles that he deals with each year.

APPROVAL OF THE MINUTES

There were no minutes for approval since this was a special meeting.

VISITORS

There were no visitors scheduled.

STAFF & COUNCIL REPORTS/COMMITTEE REPORTS/BOROUGH REPORTS

A. Staff Report – Updates and Status Report

City Manager Wrede thanked the committee for reconsidering this proposal and allowing the benefit of the doubt on the efforts of Mr. Sullivan to provide information and responses to the criteria listed in the Lease Policy.

Mr. Wrede further noted that Mr. Sullivan is working diligently to come under compliance with the Fire Marshal requirements, application of a Conditional Use Permit and setback requirements.

There was no further discussion.

PUBLIC HEARING

There were no public hearings scheduled.

PENDING BUSINESS

A. Dockside II Lease Proposal

HAWKINS/ABBOUD - MOVED TO DISCUSS THE DOCKSIDE II LEASE PROPOSAL.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Chair Yager thanked Mr. Sullivan and stated he had several questions and a few comments. He noted that he did own a fishing processing business. He acknowledged that Mr. Sullivan's business was an asset to the Spit and the community and the trickle- down effect.

Discussion ensued with Mr. Sullivan responding to questions from the Committee and the following points were noted:

- Fire Marshal has received Mr. Sullivan's documents and they are currently under review – confirmed today, March 29, 2012
- Setback issues will be handled by a proposed trade with the city, Mr. Sullivan and the neighboring lessees involved.
- City Manager Wrede stated that the city is proposing to trade the 15 foot easement that will be used for the Spit Trail at the back of the property with land at the front of the property along the roadway.
- Liability Insurance required was renewed on March 25, 2012 and Mr. Sullivan can provide an updated certificate.
- The City Manager confirmed receipt of permits.
- Mr. Sullivan was requesting a 20 year Lease with two five years renewal options for a total of 30 years.
- The Committee expressed concern with the length of the lease versus the amount of investment previously done by Mr. Sullivan.
- Mr. Sullivan stated that he maintains a small operation since he works out of pocket and cannot get bank financing for his operation since he does not own the land. He believes that when he obtains a long term lease he will then qualify for funding from various sources.
- Chair Yager offered that with all Mr. Sullivan's ideas that this current lot may be too restrictive if he has a long term lease.
- Mr. Sullivan responded that he will remain a small operation as he does not want to relocate to a larger lot or have the overhead of a larger operation. Mr. Sullivan stated he wants to improve his current operations but not increase them.
- The City Manager confirmed for the committee that a standard base lease is 20 years with two 5 year options.
- Mr. Sullivan added that he was unaware of Conditional Use Permits and was not contacted by the City about any of the requirements until a few months ago and assured the Committee that he is working with the Planning Department to get into compliance.
- Mr. Williams explained what he meant when Mr. Hawkins inquired about the value added products statement in his proposal – responding Mr. Williams stated, Homer is the largest Halibut

port and he would like to offer processing services instead of sending it down the road. He is working with Korea and is processing skate wings on the Spit. He would like to bring other fisheries such as cod.

- Mr. Williams additionally offered that he would like to offer some retail services, work with farmers markets and branding for preparation of product locally and then shipping out; take advantage of the current fish market; and automating his processes would allow him to increase his business and productivity. This would allow him to offer longer employment options also.

Further discussion and concerns expressed by the Committee were parking and placement of containers on the lot; the placement of buildings in the designated parking area; mixing retail with processing; site drawings; the lack of a written Capital Development Plan; infringement on neighboring property; HEA easements prohibiting permanent structures and lessee pays for the unusable property; showing a measure of safety for the neighboring properties when submitting the Conditional Use Permit; the proposed term of lease.

HAWKINS/ABBOUD - THE LEASE COMMITTEE RECOMMENDS THAT WILLIAM SULLIVAN BE GIVEN THE OPPORTUNITY TO NEGOTIATE A NEW LEASE FOR LOT 88-3 ON THE HOMER SPIT ROAD WITHOUT A COMPETITIVE BIDDING PROCESS BECAUSE IT IS IN THE PUBLIC INTEREST TO DO SO FOR THE FOLLOWING REASONS:

1. MR. SULLIVAN'S BUSINESS GREATLY BENEFITS THE COMMUNITY ECONOMICALLY BY PROVIDING A MARKET FOR LOCAL FISHERMEN, PROCESSING THE FISH IN HOMER AND PROVIDING THE FISH TO LOCAL MARKET.
2. MR. SULLIVAN HAS HAD 22 YEARS OF EXPERIENCE PROCESSING SEAFOOD ON THE HOMER SPIT.
3. MR. SULLIVAN'S FINANCIAL CONDITION IS STABLE AND HAS MAINTAINED A VERY GOOD LEASE PAYMENT HISTORY IN THE PAST.
4. RECOMMENDS A 20 YEAR LEASE WITH TWO 5 YEAR OPTIONS.

THE LEASE COMMITTEE FURTHER RECOMMENDS THAT THE NEW LEASE BE CONTINGENT UPON MR. SULLIVAN COMING INTO COMPLIANCE WITH ALL ZONING AND LAND USE REQUIREMENTS AND OBTAINING THE NECESSARY PERMITS.

A brief discussion regarding including performance standards on this lease ensued. It was noted that in the Lease Policy there are specific requirements and standards that need to be completed during the lease, application for the CUP will have an effect on the lease; the duration of a lease without a Capital Investment and Development Plan.

YAGER/ZIMMERMAN - MOVED TO OFFER A FRIENDLY AMENDMENT OF A 10 YEAR LEASE WITH TWO 2.5 YEAR EXTENSION OPTIONS FOR A TOTAL OF FIFTEEN YEARS.

The City Manager offered some advice on making a recommendation on a shorter term based on the investment plan. The lease can be amended at a later date. There was no discussion and the friendly amendment was accepted by all parties.

There was no further discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Chair Yager requested the Clerk to read the motion currently on the floor. Chair asked for additional discussion. There was none.

VOTE. (Main) YES. ZIMMERMAN, ABBOUD, YAGER, HAWKINS.

Motion carried.

Mr. Sullivan thanked the committee members and would like to keep more open dialog with the City. Some days it's tough out there.

NEW BUSINESS

There was no new business on the agenda.

INFORMATIONAL MATERIALS

There were no informational materials.

COMMENTS OF THE AUDIENCE

Larry Sloan commended the committee for what they have done; he felt they were very fair, very compatible, and worked it out very well and he was impressed with the job they have done.

Mike Yourkowski echoed the comments of Mr. Sloan stating this was the first time he has sat through one of these meetings; and liked the way they were thinking.

COMMENTS OF THE CITY STAFF

There were no comments from staff present.

COMMENTS OF THE COUNCILMEMBER *(If one is appointed)*

There were no councilmembers present.

COMMENTS OF THE CHAIR

Chair Yager had no comments.

COMMENTS OF THE COMMITTEE

There were no comments from the committee members.

ADJOURN

There being no further business before the Lease Committee, Chair Yager adjourned the meeting at 4:05 p.m. The next regular Lease Committee meeting is scheduled for 3:00 p.m. April 12, 2012 at City Hall, Cowles Council Chambers, 491 E. Pioneer Avenue, Homer, Alaska.

RENEE KRAUSE, CMC, DEPUTY CITY CLERK I

Approved: _____

South Central Radar

08/22/2012

Since 1975, South Central Radar has been operating as a marine electronic and repair shop located in Homer, Alaska. Homer is famous for the Homer Spit, a four and a half mile, natural spit of land extending into Kachemak Bay. The spit has port facilities, a "Fishing Hole," campgrounds, numerous shops, hotel, fishing charters and other attractions. Commercial fishing remains one of Homer's major economies. Homer catches more halibut than any other port in the world, earning the name "Halibut Capital of the World." South Central Radar is open year round, Monday through Friday, 9:00am to 5:00pm.

The South Central Radar sells marine electronics, provides repairs and installation services for commercial fishing boats, charter boats, tug boats, oil-support ships, and sport and recreation vessels. The business sells the following equipment: GPS, satellite and VHF radios, navigation systems, autopilots, depth sounders, compasses, navigational charts, antennas, and satellite phones. In addition, the business has a wide variety of cables, parts, accessories, etc., to assist the boat owner in making repairs and upgrades. South Central Radar does not have any competitors in the area. The nearest retail competitors are in Anchorage, about 200 miles from Homer, and Dutch Harbor, about 750 miles away. The nearest repair and installation competitor is Seward, 160 miles away. Customers can order the equipment off the internet.

Mark and Laura Zelsset will be owning and managing South Central Radar together. Mark will be in charge of the retail, installation and repair part of the company. For the past five years he has worked for an electrical company, who also sells and installs security cameras, and sets up computer networks. Being a job foreman, Mark has experience talking to customers, ascertaining their needs, creating accurate quotes and completing the job in a professional, timely manner. He also has experience working directly with electrical and telecom vendors. Mark has been certified in installation and configuration for Milestone software, Pivot 3 servers, Esteem radios, and Mobotix IP security cameras. He also has completed 3 years of the Alaska electrical apprenticeship through Alaska Vocational Technical College and plans on completing the 4th year. Mark also has a construction background, with experience in operating heavy equipment, custom home building, log home building, masonry work, framing, and roofing.

Laura has her associates and bachelor degree in Accounting from the University of Alaska, Anchorage. Recently Laura has worked for a real estate company doing their accounting, answering phones, and general office work. She is looking forward to helping the current bookkeeper run the accounting system and helping the company stay profitable. She is also going to help Mark run the retail side of the business. Laura grew up in Homer, so she knows many of the fishermen who use South Central's services.

South Central Radar currently does not have a web site. Mark and Laura plan on building one. Most boat harbors in Alaska supply wireless internet, so there is potential for online growth. Another business opportunity is satellite phone rental. The nearest business renting satellite phones is 200 miles away. Mark and Laura are also going to incorporate selling security cameras. With a camera, a customer will have the ability to view his boat on his smart phone or lap top from across the country.

Mark and Laura will be able to use their knowledge and skills to keep South Central Radar a growing business and an asset to the community of Homer, Alaska.

**The following materials must be submitted when applying for a lease of
City of Homer real property**

1.	<p>Plot Plan</p> <p>See Attached</p>	<p><u>A drawing of the proposed leased property showing:</u></p> <p><input checked="" type="checkbox"/> Size of lot - dimensions and total square footage. – to scale, please.</p> <p><input checked="" type="checkbox"/> Placement and size of buildings, storage units, miscellaneous structures planned – to scale, please.</p> <p><input type="checkbox"/> Water and sewer lines – location of septic tanks, if needed.</p> <p><input checked="" type="checkbox"/> Parking spaces – numbered on the drawing with a total number indicated – please refer to Homer City Code _____</p>																
2.	<p>Development Plan</p> <p>Will use property and buildings as currently used by South Central Radar.</p>	<p><input checked="" type="checkbox"/> <u>List the time schedule from project initiation to project completion, including major project milestones.</u></p> <table border="0"> <thead> <tr> <th data-bbox="527 661 787 703">Dates</th> <th data-bbox="787 661 1437 703">Tasks</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </tbody> </table> <p>For each building, indicate:</p> <table border="0"> <thead> <tr> <th data-bbox="527 966 950 1008">Building Use</th> <th data-bbox="950 966 1437 1008">Dimensions and square footage</th> </tr> </thead> <tbody> <tr> <td>_____</td> <td>_____</td> </tr> <tr> <td>_____</td> <td>_____</td> </tr> </tbody> </table>	Dates	Tasks	_____	_____	_____	_____	_____	_____	_____	_____	Building Use	Dimensions and square footage	_____	_____	_____	_____
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3.	<p>Insurance</p> <p>Will provide prior to close of sale.</p>	<p><input checked="" type="checkbox"/> Attach a statement of proof of insurability of lessee for a minimum liability insurance for combined single limits of \$1,000,000 showing the City of Homer as co-insured. Additional insurance limits may be required due to the nature of the business, lease or exposure. Environmental insurance may be required. If subleases are involved, include appropriate certificates of insurance.</p>																
4.	<p>Subleases</p> <p>n/a</p>	<p><input checked="" type="checkbox"/> Please indicate and provide a detailed explanation of any plans that you may have for subleasing the property. The City of Homer will generally require payment of 25% of proceeds paid Lessee by subtenants. Refer to chapter 13 of the Property Management Policy and Procedures manual.</p>																
5.	<p>Health Requirements</p> <p>Will use property and buildings as currently used by South Central Radar.</p>	<p><input checked="" type="checkbox"/> Attach a statement documenting that the plans for the proposed waste disposal system, and for any other necessary health requirements, have been submitted to the State Department of Environmental Conservation for approval. Granting of this lease shall be contingent upon the lessee obtaining all necessary approvals from the State DEC.</p>																
6.	<p>Agency Approval</p> <p>Will use property and buildings as currently used by South Central Radar.</p>	<p><input checked="" type="checkbox"/> Attach statement(s) of proof that your plans have been inspected and approved by any agency which may have jurisdiction of the project; i.e. Fire Marshall, Army Corps of Engineers, EPA, etc. The granting of this lease shall be contingent upon lessee obtaining approval, necessary permits, and/or inspection statements from all appropriate State and/or Federal agencies.</p>																

7.	Fees	<p><u>All applicable fees must be submitted prior to the preparation and/or execution of a lease.</u></p> <p><input checked="" type="checkbox"/> Application fee - \$30.00. Covers costs associated with processing the application.</p> <p><input checked="" type="checkbox"/> Lease fee - \$300.00. Covers the costs of preparing and processing the actual lease.</p> <p><input type="checkbox"/> Assignment fee - \$250.00. Covers the costs of preparing and processing the lease transfer.</p>				
8.	<p>Financial Data</p> <p>Currently a Sole Proprietorship, in the process of setting up an LLC. Attached is a Personal Financial Statement.</p>	<p><u>Please indicate lessee's type of business entity:</u></p> <p><input checked="" type="checkbox"/> Sole or individual proprietorship.</p> <p><input type="checkbox"/> Partnership.</p> <p><input type="checkbox"/> Corporation.</p> <p><input type="checkbox"/> Other – Please explain: _____</p> <hr/> <p><input checked="" type="checkbox"/> Financial Statement – Please attach a financial statement showing the ability of the lessee to meet the required financial obligations.</p> <p><input checked="" type="checkbox"/> Surety Information – Has any surety or bonding company ever been required to perform upon your default or the default of any of the principals in you organization holding more than a 10% interest</p> <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach a statement naming the surety or bonding company, date and amount of bond, and the circumstances surrounding the default or performance.</p> <p><input checked="" type="checkbox"/> Bankruptcy information - Have you or any of the principals of your organization holding more than a 10% interest ever been declared bankrupt or are presently a debtor in a bankruptcy action?</p> <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach a statement indicating state, date, Court having jurisdiction, case number and to amount of assets and debt.</p> <p><input checked="" type="checkbox"/> Pending Litigation – Are you or any of the principals of your organization holding more than a 10% interest presently a party to any pending litigation?</p> <p><input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach detailed information as to each claim, cause of action, lien, judgment including dates and case numbers.</p>				
9.	<p>Partnership Statement</p> <p>n/a</p>	<p><input checked="" type="checkbox"/> <u>If the applicant is a partnership, please provide the following:</u></p> <p>Date of organization: _____</p> <p>Type: <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership</p> <p>Statement of Partnership Recorded? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Where _____ When _____</p> <p>Has partnership done business in Alaska? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Where _____ When _____</p> <p>Name, address, and partnership share. If partner is a corporation, please complete corporation statement.</p> <p>Limited/ <table border="0"> <tr> <td><u>General</u></td> <td><u>Name</u></td> <td><u>Address</u></td> <td><u>Share %</u></td> </tr> </table> </p>	<u>General</u>	<u>Name</u>	<u>Address</u>	<u>Share %</u>
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10.	Corporation Statement Will provide this information when LLC set up is complete.	<p>Please attach a copy of your partnership agreement.</p> <p><input checked="" type="checkbox"/> <u>If the applicant is a corporation, please provide the following:</u></p> <p>Date of Incorporation: _____</p> <p>State of Incorporation: _____</p> <p>Is the Corporation authorized to do business in Alaska? <input type="checkbox"/> No <input type="checkbox"/> Yes. Is so, as of what Date? _____</p> <p>Corporation is held? <input type="checkbox"/> Publicly <input type="checkbox"/> Privately If publicly held, how and where is the stock traded? _____</p> <p>Officers & Principal Stockholders [10%+]:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: left;"><u>Title</u></th> <th style="text-align: left;"><u>Address</u></th> <th style="text-align: left;"><u>Share</u></th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table> <p><input type="checkbox"/> Please furnish a copy of Articles of Incorporation and By-laws. Please furnish name and title of officer authorized by Articles and/or By-laws to execute contracts and other corporate commitments.</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: left;"><u>Title</u></th> </tr> </thead> <tbody> <tr><td> </td><td> </td></tr> </tbody> </table>	<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Share</u>																																									<u>Name</u>	<u>Title</u>																				
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<p>11. Applicant References</p>	<p>Please list four persons or firms with whom the Applicant or its owners have conducted business transactions with during the past three years. Two references named shall have knowledge of your financial management history, of which at least one must be your principal financial institution. Two of the references must have knowledge of your business expertise.</p> <hr/> <p>Name: <u>Kelley Mears</u> Firm: <u>Wells Fargo SBA Lending</u> Title: <u>Vice President</u> Address: <u>2975 NW Lucus Ct. Bend OR 97701</u> Telephone: <u>541-388-8453</u> Nature of business association with Applicant: <u>Applicant's Small Business Loan Officer</u></p> <hr/> <p>Name: <u>Joe Saunders</u> Firm: <u>TecPro</u> Title: <u>CEO</u> Address: <u>816 E Whitney Dr. Anchorage AK 99501</u> Telephone: <u>907-348-1800</u> Nature of business association with Applicant: <u>Applicant's Current Boss</u></p> <hr/> <p>Name: <u>Brian Headdings</u> Firm: <u>Victory Bible Camp</u> Title: <u>Chief of Operations</u> Address: <u>64741 S Victory Rd. Sutton AK 99674</u> Telephone: <u>907-745-4203</u> Nature of business association with Applicant: <u>Advisor</u></p> <hr/> <p>Name: <u>Rick and Nan Porter</u> Firm: _____ Title: _____ Address: <u>PO Box 2172 Homer AK 99603</u> Telephone: <u>907-235-7394</u> Nature of business association with Applicant: <u>Applicant's In-Laws – Have knowledge of the schooling completed and knowledge of our financial situation.</u></p>
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I hereby certify that the above information is true and correct to the best of my knowledge.

Signature: *Mark A Zeit Jr.*

Date: 7-26-12

WILLIAM J TENER

66865 Bradley Lane

235-8008

LOT 88-1 Replat of Lot 83 Sec 36+36 Twp 68 S+1+2 of 75 Range 13W 5M

Parcel 18103431

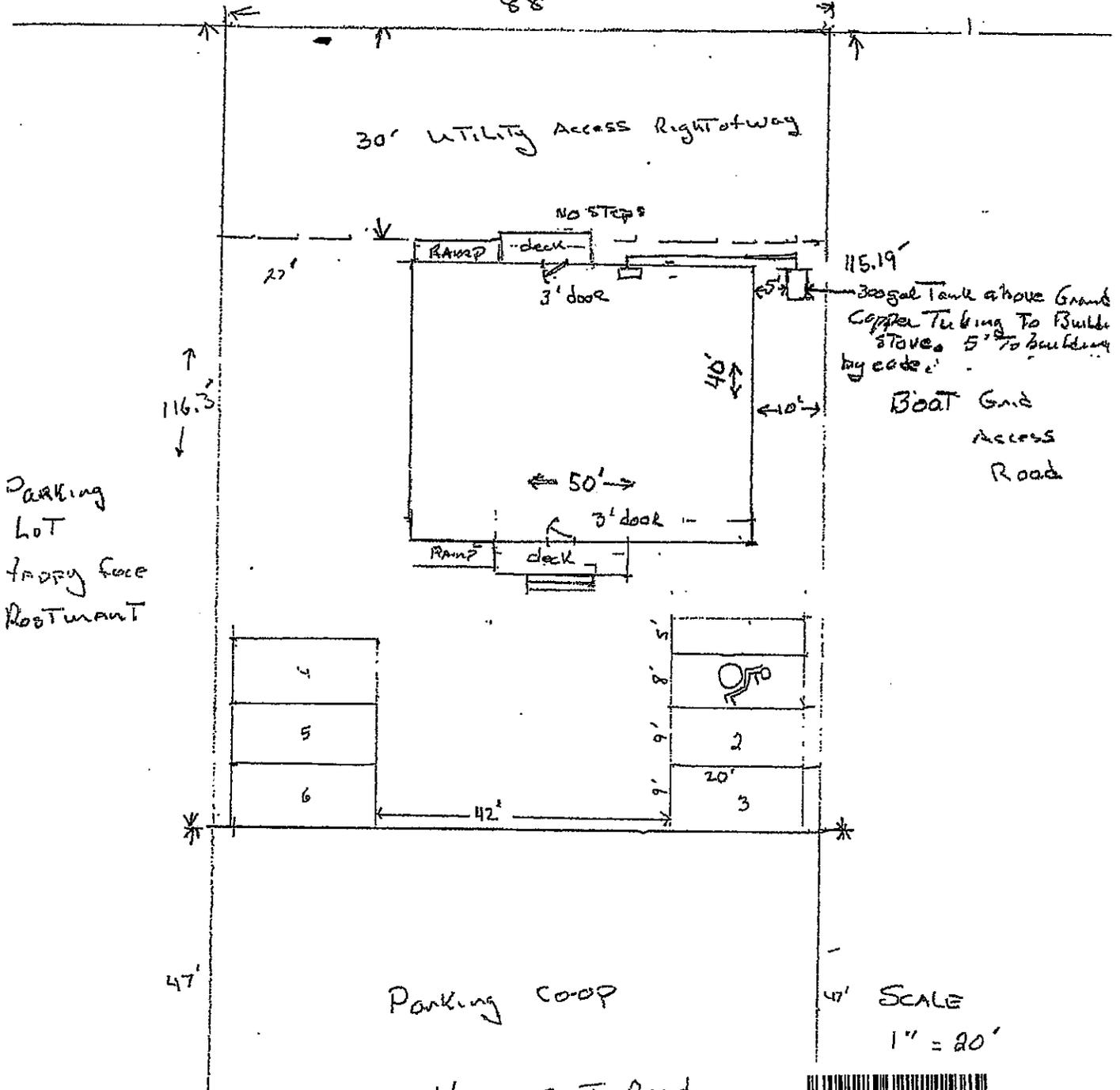
4406 Horner Spit Road

FC Plan Renew NO. 2004A-169



OVER SLOPE Horner Spit Harbor
88'

30' UTILITY Access Right of Way



2003-005627-0

Recording Dist: 309 - Homer
11/3/2003 2:45 PM Pages: 1 of 34

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LEASE AND SECURITY AGREEMENT

BETWEEN

South Central Radar

AND THE

CITY OF HOMER, ALASKA

October 27, 2003

LEASE AND SECURITY AGREEMENT

THIS LEASE AND SECURITY AGREEMENT ("Lease") is made this 28th day of October, 2003, between the CITY OF HOMER, 491 East Pioneer Avenue, Homer, Alaska 99603, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as "Landlord" and William J. Tener, DBA South Central Radar, hereinafter referred to as "Tenant".

Landlord and Tenant agree as follows:

1. PROPERTY

1.01. Property

Subject to the terms, covenants, conditions, rights and obligations set forth in this Lease, Landlord leases to Tenant and Tenant leases from Landlord the following described property:

KPB # 18103431 Lot 88-1 of the Homer spit subdivision #2 amended,
Homer Recording District, State of Alaska

The parcel contains approximately 10,235 ± square feet and is referred to herein as the "Property."

1.02. Quiet Enjoyment, Restrictions, Easements, Etc.

Landlord covenants and agrees that Tenant, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on Tenant's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation, subject, however, to the rights and reservations expressed in the U.S. or State patent to the Property, the existing easements for roads, gas, electric, water, sewer and other utility lines, restrictions of record and to encroachments ascertained by physical inspection of the Property.

1.03. Property Accepted "As Is"

Tenant acknowledges that it has inspected the Property and accepts the same "as is" and without reliance on any representations or warranties of Landlord, its agents, servants, or employees as to the physical condition of the Property, including, but not limited to, subsurface and soil conditions, the presence of any hazardous waste as defined in paragraph 16.03, or as to the habitability or fitness of the Property for any particular purpose.

1.04. No Subsurface Rights

This Lease confers no mineral rights or rights with regard to the subsurface of the land below the level necessary for the use of the Property as stated in this Lease. Landlord makes no warranty or representation as to whether the Property is open or closed to mineral claims or leases under state or federal law.



2. TERM

2.01. Lease Term

The term of this Lease is for 10 years (the "Term"), and shall commence on November 1, 2003 (the "Commencement Date") and end on November 1, 2013.

Tenant agrees to construct and operate a Marine Electronics retail and repair facility on the property.

2.02 Renewal Options

Tenant shall have the right to renew this Lease for 2 additional, consecutive 5 year periods ("Renewal Terms"), provided:

(a) that Tenant shall exercise its option to renew not more than one year and not less than 120 days prior to the last day of the Term or Renewal Term of this Lease;

(b) that Tenant is not materially in default of any term or condition of this Lease and has not made an assignment or subletting of this Lease or any interest in the Property except as permitted under this Lease;

(c) that Tenant shall exercise its option to renew only by sending written notice thereof in accordance with the provisions of paragraph 17.17 of this Lease;

(d) that Tenant shall exercise only one renewal option per Term or Renewal Term, i.e., Tenant shall not be entitled to exercise more than one renewal option during each period of time described in subparagraph (a); and

(e) that at the time of exercise of the option the Tenant is still operating a Marine Electronics retail and repair facility on the Property.

2.03. Hold-Over

If Tenant shall hold-over after the expiration of the term of this Lease such tenancy shall be from month to month, terminable upon 30 days written notice given by either party at any time, subject to all the terms, covenants and conditions of this Lease, and shall not operate as a renewal or extension of this Lease.

2.04. Surrender of Possession

Upon expiration of the term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peaceably surrender the Property, and all buildings and improvements thereon, except as provided in paragraph 6.01. Tenant agrees to execute, acknowledge and deliver to Landlord a proper instrument in writing, releasing and quitclaiming to Landlord all right, title and interest of Tenant in and to the Property and such buildings and improvements that will remain thereon under paragraph 6.01.



3. RENT, TAXES, ASSESSMENTS AND UTILITIES

3.01. Rent

(a) Rent. Tenant agrees to pay to Landlord an annual rent of \$6,960 (the "Base Rent"), payable monthly in advance in equal installments of \$580.00, plus tax, the first monthly payment being due on November 1, 2003, and subsequent monthly payments are due on the first day of each calendar month thereafter. Rent shall be payable at the office of the City Manager, 491 East Pioneer Avenue, Homer, Alaska 99603-7645, or at such other place as Landlord may designate in writing. Delinquent rent shall bear interest at the rate set forth in AS 45.45.010(a) as now enacted or hereinafter amended.

(b) Appraisal of Property. For purposes of paragraph 3.01(c), the appraised market rent will be based on the fair market rental value of the property, as if privately owned in fee simple, and shall not include the value of buildings or improvements placed on the Property (with exception of utilities). The cost of the appraisal shall be paid by Tenant, but if Tenant fails to do so, Landlord may pay the cost of the appraisal in which case the amount paid shall become additional rent immediately due and payable under this Lease. The fair market rental value shall be determined by a qualified real estate appraiser selected by mutual agreement of Landlord and Tenant. The appraiser's determination of fair market rent shall be conclusive between the parties.

(c) Periodic Appraised Adjustment of Rent. The annual rent shall be adjusted on January 1, 2009 and on January 1, every five years thereafter ("the "rent adjustment date") and every five years thereafter to equal the reappraised market rent of the Property. The market rent shall be determined by appraisal as set forth in paragraph 3.01(b) not less than six months before the rent adjustment date. Tenant is responsible for appraisal costs.

(d) Annual Rent Adjustment. The rent shall be adjusted on the first day of January, 2005, and on the first day of January every year thereafter (each such day being a "Rent Adjustment Date") throughout the Term and all Renewal Terms as follows:

The base for computing the Annual Rent Adjustment is the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, for All Items (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"). The Index published for the month of January, 2000 is (the "Beginning Index".) The Index published for the month nearest, but preceding, the Rent Adjustment Date shall be the "Extension Index". On each Rent Adjustment Date the Base Rent shall be increased from the Base Rent on the Commencement Date by a percentage equal to the percentage increase from the Beginning Index to the Extension Index. In no case shall the rent be reduced because of a decrease in the Index. Landlord will promptly provide written notice to Tenant of the adjustment of the Base Rent, but its failure to do so will not relieve Tenant of the obligation to pay the adjusted Base Rent commencing as of the Rent Adjustment Date.

If the Index is changed so the base year differs from that used as of the commencement of the term of this Lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.



3.02. Tenant to Pay Taxes

Tenant agrees to pay prior to delinquency and directly to the taxing authorities in which the Property is located a applicable real property taxes levied or assessed upon or against the Property and all buildings and improvements thereon during the term of this Lease. Tenant further agrees to pay prior to delinquency and directly to the taxing authorities in which the Property is located all applicable personal property taxes on personal property situated on the Property and placed thereon by Tenant, its agents, servants, or employees. Tenant further agrees to pay prior to delinquency any other taxes for which it may be liable. Tenant shall, within thirty (30) days after any such tax, assessment or other charge, whether or not constituting a lien on the Property, shall become due and payable, produce and exhibit to Landlord satisfactory evidence of payment thereof.

Tenant acknowledges that it is subject to and will pay applicable municipal taxes, including property tax on Tenant's leasehold interest in the Property.

3.03. Tenant to Pay Assessments

Tenant during the term of this Lease agrees to pay directly to the public authorities charged with collection thereof any and all assessments levied on the Property for any part or all of the costs of any public work or improvement assessed according to benefit found by the levying authority to accrue therefrom to the Property, provided, however, that if an option is given to pay such assessment(s) in installments, Tenant may elect to pay the same in installments, and in such case Tenant shall be liable only for such installments as shall become due during the term of this Lease. Landlord warrants and represents that there are currently no outstanding assessments levied on the Property for any part or all of the cost of any public work or improvement constructed by Landlord.

3.04. Proration of Taxes and Assessments

If Tenant's obligation to pay taxes or assessments commences or ends during a tax year by reason of commencement or termination of this Lease, such taxes or assessments shall be prorated between Landlord and Tenant.

3.05. Contest

Tenant shall have the right to contest any taxes or assessments that Tenant is obligated to pay under paragraphs 3.02 or 3.03 of this Lease. Such proceedings shall, if instituted, be conducted promptly at Tenant's own expense and free from all expense to Landlord. Before instituting any such proceedings, Tenant shall pay under protest any such taxes or assessments, or shall furnish to Landlord a surety bond written by a company acceptable to Landlord or other security acceptable to Landlord, sufficient to cover the amount of such taxes or assessments, with interest for the period that such proceedings may reasonably be expected to take, and costs, securing the payment of such taxes or assessments, interest and costs in connection therewith when finally determined. Notwithstanding the furnishing of any such bond or security, Tenant shall pay any such taxes or assessments at least thirty (30) days before the time when the Property or any part thereof, might be forfeited. The proceedings referred to in this paragraph 3.05 shall include appropriate appeals from any order or judgments therein, but all such proceedings shall be begun as soon as reasonably possible after the imposition or assessment of any such taxes or assessments and shall be prosecuted to final adjudication promptly. In the event of any reduction, cancellation or discharge,



Tenant shall pay the amount that shall be finally levied or assessed against the Property or adjudicated to be due and payable, and if there shall be any refund payable by the governmental authority with respect thereto, Tenant shall be entitled to receive and retain the same, subject, however, to apportionment as provided in paragraph 3.04 of this Lease. Landlord, at Landlord's option, may, but shall not be obligated to, at Landlord's own expense contest any such taxes or assessments, which shall not be contested as set forth above, and, unless Tenant shall promptly join with Landlord therein, Landlord shall be entitled to receive and retain any refund payable by any governmental authority with respect thereof.

3.06. Tenant to Pay Utility Charges

Tenant shall pay or cause to be paid all charges for gas, oil, electricity, water, sewer, heat, snow removal, refuse removal and any and all other utilities or services used upon the Property throughout the term of this Lease, including any connection fees.

3.07. Tenant to Pay for City Services Related to the Property or to Tenant's Operations

(a) Tenant shall pay for all services provided by the City of Homer which are related to the Property or to Tenant's operations, including but not limited to Port and Harbor services, whether incurred by Tenant, or any business entity owned in whole or in part by Tenant or by one or more partners of Tenant.

(b) Tenant shall pay for wharfage, crane use, ice, and other Port and Harbor services at the rates published in the Port and Harbor of Homer Terminal Tariff, which is subject to change from time to time. In the event the City of Homer changes the method of establishing or publishing any or all such rates, then Tenant shall pay for such services at the rates so established by such changed method. Tenant further agrees to provide the City of Homer with the necessary information to determine wharfage, crane use, ice and other Port and Harbor services.

3.08. Additional Rent and Landlord's Right to Cure Tenant's Default

All costs and expenses that Tenant assumes or agrees to pay pursuant to this Lease shall, at Landlord's election, be treated as additional rent, and in the event of nonpayment, Landlord shall have all rights and remedies provided in this Lease in the case of nonpayment of rent or of a breach of condition, at Landlord's election. If Tenant shall default in making any payment required to be made by Tenant or shall default in performance of any term, covenant or condition of this Lease on the part of Tenant to be kept, performed or observed that shall involve the expenditure of money by Tenant, Landlord at Landlord's option may, but shall not be obligated to, make such payment, or, on behalf of Tenant, expend such sum as may be necessary to keep, perform or observe such term, covenant or condition, and any and all sums so expended by Landlord, with interest thereon at the legal rate of interest from the date of such expenditure until repaid, shall be, and shall be deemed to be, additional rent and shall be repaid by Tenant to Landlord, on demand, provided, however, that no such payment or expenditure by Landlord shall be deemed a waiver of Tenant's default, nor shall it affect any remedy of Landlord by reason of such default.



3.09 Security Deposit

Upon execution of this Lease, Tenant shall deposit with Landlord 10% of the annual rent, \$ 700.00; as security for the performance of Tenant's obligations under this Lease. Landlord shall invest the security deposit in an interest bearing account in Landlord's name, subject to Tenant's approval, which will not be unreasonably withheld. If Tenant is in default with respect to any covenant or condition of this Lease, including but not limited to the payment of rent, Landlord may apply all or any portion of the security deposit, including interest earned thereon, to the payment of any sum in default or any damage suffered by Landlord as result of the default, or any sum which Landlord may be required to incur by reason of Tenant's default. Tenant shall upon demand deposit with Landlord the amount so applied so that Landlord shall have the full deposit on hand at all times during the Term or Renewal Term of this Lease. If Tenant has fully complied with all of the covenants or conditions of the Lease, the Landlord shall remit to the Tenant the security deposit, including any interest on deposit, within thirty days after the expiration or termination of this Lease. On each Rent Adjustment Date, the principal amount of the security deposit shall be adjusted to ten percent of the annual rent, after making the adjustment under paragraph 3.01. Within 30 days of notification of the adjustment of the rent, Tenant shall deposit with Landlord the amount of the increase in the security deposit.

4. GRANT OF SECURITY INTEREST

To secure Tenant's obligation for payment of rent and all other sums agreed to be paid by Tenant under this Lease, Tenant hereby grants to Landlord a lien and security interest in the following collateral: (1) all security deposits or other monies owing from Landlord to Tenant (as collateral in the possession of the secured party); (2) all insurance proceeds from any policy insuring the Property or improvements thereon against environmental contamination or pollution; (3) all compensation payable to Tenant as a result of eminent domain proceedings or a transfer in lieu thereof; and (4) all rents from Tenant's subletting of all or a part of the Property. Said lien and security interest shall be in addition to Landlord's liens provided by law.

This Lease shall constitute a security agreement under the Uniform Commercial Code as enacted in Alaska ("UCC"), and Landlord shall have all rights and remedies afforded a secured party under the UCC. Tenant shall execute, as debtor, such financing statement or statements as Landlord may now or hereafter reasonably request further evidencing said security interest.

5. USE AND CARE OF THE PROPERTY

5.01. Use

Except as otherwise provided herein, Tenant may use the premises to construct and operate a Marine Electronics retail and repair facility and related activities. Tenant shall use the premises for no other purposes without the Landlord's written consent, which consent shall not be unreasonably withheld. Tenant shall not use the property for any unlawful purpose and shall comply with all applicable statutes, laws and ordinances during the entire term of the lease and any extension or renewal thereof. Should Tenant cease to operate a



Marine Electronics retail and repair facility on the property, Landlord may, as one of its remedies, terminate this Agreement upon thirty days written notice.

Construction of the new Marine Electronics retail and repair facility must commence within one year of the date of this Agreement and be completed within one year. A site development plan shall be attached hereto as Exhibits C and D.

Should Tenant cease to operate a Marine Electronics retail and repair facility on the property, Landlord may terminate this Agreement upon thirty days written notice of its intention to do so.

5.02. Care of the Property

Tenant at its own cost and expense shall keep the Property and all buildings and improvements that at any time may be situated thereon in good condition and repair during the term of this Lease, ordinary wear and tear excepted. The Property shall always be kept by Tenant neat, clean and free of litter.

5.03. Restoration or Removal of Damaged Buildings and Improvements

Except as provided in paragraph 6.02, in the event any buildings or improvements situated on the Property by Tenant are damaged or destroyed by fire, earthquake, tsunami, or other casualty, Tenant shall at Tenant's expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event shall the period of restoration exceed eighteen (18) months nor shall the period of removal exceed forty-five (45) days.

5.04. Property Returned to Previous Condition

At the termination of this Lease, Tenant shall remove all debris and return the Property clean and in as good order and condition as when the Tenant took possession, failing which Landlord may restore the Property to such condition and Tenant shall pay the cost thereof on demand.

5.05. Access Rights of Landlord

Landlord, its agents, servants, or employees, shall have the right to enter into and upon the Property and all buildings or improvements situated thereon upon reasonable notice to Tenant and during normal business hours (defined as 9 a.m. to 5 p.m. Monday through Friday, except for holidays as defined in paragraphs 17.06 of this Lease) for the purpose of inspecting the Property and all buildings and improvements situated thereon for compliance with the terms of this Lease.

5.06. Nuisances Prohibited

Tenant shall immediately remove from the Property any abandoned or junk vehicles, buildings, improvements, equipment, machinery or fixtures. Tenant shall not permit any nuisance or public nuisance to exist or to be created or maintained on the Property. Tenant agrees that any nuisance or public nuisance as defined by the Homer City Code, or any other code or regulations incorporated therein or otherwise adopted by ordinance or resolution of the City of Homer, may, after fifteen (15) days written notice to Tenant or after four (4) hours



notice in writing, by telephone, facsimile, or in person to Tenant if Landlord makes a written finding that such nuisance or public nuisance constitutes a threat of imminent harm to public health, safety or welfare, be removed by Landlord without Tenant's further permission, with use of force if necessary, and without incurring any civil or criminal liability therefore, all the costs of such removal to be paid by Tenant to Landlord as additional rent under the terms of this Lease. This paragraph shall not be construed as any limitation on any other legal rights or remedies available to the City of Homer to abate any nuisance or to prosecute any violation of the Homer City Code.

5.07. Compliance with Laws

Tenant shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter in any manner affecting Tenant's activities on the Property or any buildings or other improvements that may be situated thereon.

5.08. Radio Interference

At Landlord's request, the Tenant shall discontinue the use of any machine or device that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

5.09. Signs

Tenant shall be entitled to erect signs upon the Property that comply with the local sign ordinance. City Planning Department approval is required prior to the erection of any sign on the Property.

5.10 Garbage Disposal

Tenant is responsible for removing all garbage generated by Tenant's business to a Kenai Peninsula Borough solid waste facility or transfer station. Tenant shall not use the Landlord's Homer Spit garbage disposal facilities.

5.11 Reserved

5.12 Fish Dock Use Permit

Before using the City of Homer Fish Dock, Tenant shall obtain from the Landlord a Fish Dock Use Permit. Tenant shall continue to have a current Fish Dock Use Permit in force for so long as Tenant intends to use the Fish Dock.

6. IMPROVEMENTS

6.01. Ownership of Buildings and Improvements

(a) Any and all buildings, fixtures, and improvements of any nature whatsoever constructed or maintained on the Property by Tenant shall be and remain the property of Tenant at all times during the Term and any Renewal Terms and may be removed or replaced by Tenant, subject, however, to the obligations concerning the Required Improvements set forth in paragraph 6.02.



(b) Upon the expiration or termination of the Lease, all buildings, improvements, and fixtures shall remain upon the Property and shall be surrendered with the Property to Landlord, unless Landlord elects to require the removal of any or all of such property. Should Landlord require that buildings, improvements, and fixtures, or any part of them, be removed, Tenant shall remove the same at its expense and repair or pay Landlord the cost of repairing any damage resulting therefrom. Approximately 60 days prior to the Tenant's scheduled vacation of the Property, Landlord and Tenant shall meet to decide what items shall be removed and what items shall remain.

6.02. Development Requirements

(a) Tenant shall at Tenant's sole expense commence construction of the new Marine Electronics retail and repair facility within one year of the date of this Agreement and be completed within one additional year. The proposed site plan and floor plans are attached as Exhibit C and Exhibit D, respectively. Tenant shall at all times during the Term and any Renewal Term keep and maintain the Required Improvements, or their equal, as the minimum development on the Property.

(b) Tenant warrants that it has not entered into this Lease for the purpose of speculation, but in order to fully develop the Property with such Required Improvements and to operate it for Tenant's proposed operations. Tenant's promise to timely construct the Required Improvements and operate on the Property is a major and material consideration to Landlord in granting this Lease.

(c) In the event the Required Improvements are damaged or destroyed by fire, earthquake, tsunami or other casualty, Tenant shall, at Tenant's expense, restore or replace the same to good and tenable condition as soon as is reasonably possible, but in no event shall the period of restoration or replacement exceed 12 months. Modifications to the Required Improvements will be allowed only if approved by Landlord, whose approval will not be unreasonably withheld. If such damage or casualty to the Required Improvements occurs within three years of the end of the Term or any Renewal Term, Tenant may, in lieu of restoring or replacing the Required Improvements, terminate this Lease by giving written notice of termination to Landlord within 120 days after such damage or casualty.

6.03. Construction Prerequisites

No construction on the Property, including the Required Improvements, shall be commenced unless the following events have occurred:

(a) Not less than 30 days prior to the intended start of construction, Tenant shall submit to Landlord for its approval preliminary plans and specifications and an application for a City of Homer zoning permit. The preliminary plans and specifications shall show the layout of proposed buildings and other improvements, ingress and egress; dimensions and locations of utilities, and drainage plan. Tenant shall also certify that the preliminary plans and specifications satisfy the capital investment requirements of paragraph 6.02. Landlord shall not unreasonably disapprove preliminary plans and specifications. Approval or disapproval shall be communicated in the manner provided for notices, and disapproval shall be accompanied by specification of the grounds for disapproval.

(b) Tenant shall prepare final working plans and specifications substantially conforming to preliminary plans previously approved by Landlord, submit them to the



appropriate governmental agencies for approval, and deliver to Landlord one complete set as approved by the governmental agencies. Changes from the preliminary plans shall be considered to be within the scope of the preliminary plans if they are not substantial or if they are made to comply with suggestions, requests, or requirements of a governmental agency or official in connection with the application for permit or approval.

(c) Not less than five days prior to the commencement of any construction, Tenant shall give written notice of intent to commence construction and furnish to Landlord proof that all applicable federal, state, and local permits have been obtained or applications therefor have been submitted to the appropriate governmental agency.

(d) Not less than five days prior to the commencement of any construction, Tenant shall furnish to Landlord certificates of insurance in the amounts and for the purposes specified in paragraphs 11.01 through 11.04 of this Lease.

(e) Tenant shall from time to time deliver to Landlord satisfactory proof that workers' compensation insurance has been procured to cover all persons employed in connection with the construction. Upon notice to Tenant of any deficiency in workers' compensation coverage, such deficiency shall be cured immediately, and no work will be performed on the project until Tenant has provided Landlord satisfactory proof that proper workers' compensation insurance is in place.

(f) On completion of the improvements, Tenant shall give Landlord notice of all changes in plans or specifications made during the course of the work. Landlord acknowledges that it is common practice in the construction industry to make numerous changes during the course of construction on substantial projects. Changes that do not substantially alter plans and specifications previously approved by Landlord do not constitute a breach of Tenant's obligations.

(g) At any time and from time to time, Tenant may, but is not obligated to, construct or otherwise make new improvements on any part or all of the Property and to demolish, remove, replace, alter, relocate, reconstruct, or add to the existing improvements in whole or in part, provided Tenant is not then in default under any condition or provision of this Lease and provided the improvements following the work are at least equal in value to any improvements as they were before the being demolished, removed, replaced, altered, relocated, reconstructed, modified, or changed. All salvage shall belong to Tenant. Once the work is begun, Tenant shall with reasonable diligence prosecute to completion all construction of improvements, additions, or alterations.

6.04. As-Built Survey

Within thirty (30) days after completion of construction of any improvements on the Property involving construction, alteration, addition, removal or demolition of the foundation, structure, utility services, ingress and egress, or any major changes, of all or any part of any structure on the Property, Tenant shall provide Landlord with three (3) copies of an as-built survey of the Property prepared by a registered professional surveyor, showing the location of all improvements on the Property, including underground utilities, pipelines, and pre-existing improvements.



6.05 Definitions

As used in this Article 6 of this Lease, the following terms and phrases shall have the meanings given here, unless the context requires otherwise:

"Complete" and "Completion" mean that construction is finished and the improvement is fully operational and ready for occupancy or use for its intended purpose, including, but not limited to, the receipt of any applicable certificate of occupancy and other applicable permits, licenses, certificates, or inspection reports necessary to the improvement's legally authorized use. The existence of a contractor's punch list of items to be performed to finish the construction shall not prevent the improvement from being Complete if the improvement otherwise meets the requirements of this definition.

"Excusable Delay" means delay due to strikes, act of God, inability to obtain labor or materials, governmental requirements, such as laws and requirements of any governmental authority having jurisdiction over the improvements or over any permits or licenses needed for Tenant's proposed operations, removal of Hazardous Materials discovered at any time after the Commencement Date, enemy action, civil commotion, fire, unusual inclement weather, unavoidable casualty or similar causes beyond the reasonable control of Tenant.

6.06 Extensions of Time for Completion of Required Improvements

An extension of the time to Complete the Required Improvements shall be granted for any event of Excusable Delay if Tenant has commenced construction in a timely manner and is proceeding diligently to complete construction.

7. RESERVED

8. ASSIGNMENT

8.01. Assignment or Sublease Without Consent Generally Prohibited

Tenant shall not voluntarily assign, encumber or sublease its interest in this Lease or in the Property without first obtaining Landlord's consent. Any assignment, encumbrance or sublease without Landlord's consent shall be voidable and, at Landlord's election, shall constitute a default. Any request for Landlord's consent shall be made to Landlord in writing at least thirty (30) days prior to the proposed effective date of the assignment, encumbrance or sublease. No consent to any assignment, encumbrance or sublease shall constitute a further waiver of the provisions of this paragraph. Any assignment effected pursuant to this paragraph 8.01 shall require the assignee to assume the Tenant's obligations hereunder. An assignment shall not release the Tenant from liability hereunder unless specifically so provided in writing and approved by Landlord. Tenant shall promptly deliver to Landlord a copy of any instrument or shall promptly notify Landlord of any unwritten agreement, that assigns, encumbers or subleases the Property. Landlord's consent to assign, encumber or sublease the Property shall not be withheld unreasonably.



8.02. Change of Ownership

If Tenant is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner(s) or member(s) owning twenty-five percent (25%) or more of the entity, or the dissolution of the entity, shall be deemed a voluntary assignment under paragraph 8.01. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of twenty-five percent (25%) of the value of the assets of Tenant, shall be deemed a voluntary assignment under paragraph 8.01. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least twenty-five percent (25%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors. As to a corporation the stock of which is traded through an exchange or over the counter, a sale or other transfer of a controlling percentage of the capital stock of such a Tenant corporation will not be deemed to be a voluntary assignment. Attached as **Exhibit A** is a schedule describing the method of organization of Tenant, each owner of Tenant, and the percentage of ownership of each owner. **Exhibit B** is a conformed copy of a resolution authorizing Tenant to enter into this lease and authorizing the undersigned officer to execute the Lease on behalf of Tenant.

8.03. Costs of Landlord's Consent to be Borne by Tenant

Tenant shall pay Landlord's reasonable costs, including attorney's fees, incurred by Landlord in connection with any request by Tenant for Landlord to consent to any assignment or subletting by Tenant.

9. PROHIBITION OF LIENS

Tenant shall not suffer or permit any liens, including without limitation, mechanic's or materialmen's liens, to be recorded against the Property. If any such liens shall be recorded against the Property, Tenant shall cause the same to be removed, or, in the alternative, if Tenant in good faith desires to contest the same, Tenant shall be privileged to do so, but in such case Tenant hereby agrees to indemnify and save Landlord harmless from all liability for damages occasioned thereby and shall, in the event of a judgment or foreclosure of such liens, cause the same to be discharged and removed prior to any attempt at execution of such judgment. Nothing contained in this Lease shall be construed to be a waiver of the provisions of AS 09.38.015(c), as may be amended from time to time.

10. INDEMNITY

10.01. Indemnity Generally

Tenant agrees to protect, indemnify and hold Landlord harmless from and against any and all liability arising from acts or omissions of any person and of any nature whatsoever occurring on or relating to the Property, causing injury to, or death of persons, or loss of, or damage to, property, and from any expense, including attorneys fees, incidental to the defense of and by Landlord therefrom, excepting only liability arising from the sole negligence of Landlord. If any action or proceeding is brought against Landlord by reason of any such occurrences, Landlord shall promptly notify Tenant in writing of such action or proceeding.



10.02. Indemnity For Emergency Service Costs

Without limiting the generality of paragraph 10.01, in the event of a major fire or other emergency, Tenant shall reimburse Landlord for the cost of providing fire fighting and other emergency service to Tenant or the Property, or elsewhere if the fire or emergency requiring response arises from or is related to the use of the Property or Tenant's operations. For purposes of this paragraph, a major fire or other emergency is one that requires more than five hours of effort by the Homer Department of Public Safety or its successors.

11. INSURANCE

11.01. Liability Insurance

(a) Tenant shall at all times carry at its expense public liability insurance covering Tenant's operations and the Property in an amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence to protect against liability for bodily injury, death or property damage that might arise from the construction, occupancy or use of the Property and the operations conducted on, from or related to it. Such insurance shall include coverage for comprehensive general liability; bodily injury and property damage liability; premises and operations liability, including underground, products and completed operations; broad form property damage liability; blanket contractual liability; personal injury liability; and comprehensive automobile liability including without limitation bodily injury and property damage and all owned, hired, and nonowned automobiles. Such insurance policy or policies shall be additionally endorsed to provide sudden and accidental pollution coverage arising out of activities or events taking place on or adjacent to the Property.

(b) Tenant shall at all times carry, at its expense, environmental remediation and environmental impairment liability insurance, including sudden and accidental coverage and gradual pollution coverage. Such coverage shall also include clean-up cost coverage associated with any activity by Tenant or others on, from, or related to the Property. Tenant shall maintain limits of liability of ONE MILLION DOLLARS (\$1,000,000.00) for any one accident or occurrence. Environmental impairment liability insurance shall extend to loss arising as a result of: (i) liability of others assumed by Tenant under contract or agreement; or (ii) clean-up operations; or (iii) activities performed by or on behalf of Tenant while Tenant has care, custody, possession, or control of vessels, equipment, people, supplies, products or materials upon which Tenant performs actions; or (iv) the work or services or products furnished, used or handled in connection with Tenant's operations contemplated pursuant to this Lease.

11.02. Worker's Compensation and Employer's Liability Insurance

Tenant, during the term of this Lease, shall carry at its expense Worker's Compensation Insurance as required by statute and Employer's Liability Insurance.

11.03. Named Insured, Notice to Landlord, and Waiver of Subrogation

All insurance policies required to be maintained by Tenant under paragraph 11.01 shall name Landlord, and its officers, employees and agents, as additional insured, but shall not contain any exclusion from coverage for Tenant's liability for damages or loss incurred by

Landlord because of Landlord's status as an additional insured. All policies issued under paragraph 11.01 shall contain a waiver of any subrogation rights any insurer might have against Landlord. All policies issued under paragraphs 11.01 or 11.02 shall contain an agreement by the insurers to provide at least thirty (30) days prior written notice to Landlord of cancellation, expiration or substantial changes in policy conditions and coverage. Tenant shall furnish insurance certificates and copies of all such insurance policies to Landlord promptly after the issuance thereof.

11.04. Fire and Extended Coverage Insurance

Tenant may at its own expense and in its own name obtain insurance against loss or damage by fire and such other risks as it determines to cover buildings, equipment, inventory, fixtures, personal property and improvements made to the Property by Tenant subsequent to Tenant's taking possession of the Property under this Lease.

11.05 Required Endorsements and Authorization

In addition to, and without limiting the requirements of paragraphs 11.01 through 11.04, Tenant shall at all times maintain and give to the Landlord, for Landlord's benefit, current insurance endorsements substantially in the form of Exhibit E and Exhibit F. Tenant shall also grant Landlord permission to obtain copies of insurance policies from all insurer's providing required coverage to Tenant by executing an authorization substantially in the form of Exhibit G. Tenant shall, from time to time, execute and deliver to Landlord such additional authorizations (Exhibit G) that Landlord may request.

12. CONDEMNATION

12.01. Condemnation

In the event the Property, or any part thereof or interest therein, shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of Landlord and Tenant in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease shall be as provided in this Article 12.

12.02. Total Taking

If all of the Property is taken or so transferred, this Lease and all the right title and interest thereunder of Tenant shall cease on the date title to the Property vests in the condemning authority.

12.03. Partial Taking - Termination of Lease

In the event the taking or transfer of part of the Property leaves the remainder of the Property in such location, or in such form, shape or reduced size, or so inaccessible as to be not effectively and practicably usable in the opinion of the Tenant for the purpose of operation thereon of Tenant's business, then this Lease and all of the right, title and interest thereunder of Tenant shall cease on the date title to the Property vests in the condemning authority, and the condemning authority enters into possession.



12.04. Partial Taking - Continuation of Lease

In the event the taking or transfer of a part of the Property leaves the remainder of the Property in such location and in such form, shape or size, or so accessible as to be effectively and practicably usable in the opinion of Tenant for the purpose of operation thereon of Tenant's business, this Lease shall terminate and end as to the portion of the Property so taken or transferred as of the date title to such portion vests in the condemning authority and the condemning authority enters into possession, but shall continue in full force and effect as to the portion of the Property not so taken or transferred. If there is a partial taking and this Lease is not terminated, then the annual rent payable under this Lease shall abate for the portion of the Property taken in the proportion that such portion bears to all of the Property.

12.05. Compensation

If any compensation is payable as a result of eminent domain proceedings or a transfer in lieu thereof, Landlord and Tenant shall each make a claim against the condemning or taking authority for the amount of any damage incurred by or done to them respectively, and Tenant shall make no claim against Landlord for damages for termination of the leasehold or interference with Tenant's business. Neither Tenant nor Landlord shall have any rights in or to any award made to the other by the condemning authority; provided, that in the event of a single award to Landlord that includes specific damages for loss of Tenant's leasehold interest separately awarded in the eminent domain proceeding and not as a part of the damages recoverable by Landlord, Landlord shall transmit such separately awarded damages to Tenant.

13. DEFAULT

13.01. Default

Each of the following events shall be deemed an event of default by the Tenant under this Lease and a breach of the terms, covenants and conditions of this Lease:

(a) A default in the payment of the rent and additional sums due under this Lease, or any part thereof, for a period of ten (10) days from the due date for the payment of such rent or additional sums.

(b) A default in the performance of any other term, covenant or condition on the part of the Tenant to be kept, performed or observed for a period of fifteen (15) days after Landlord give to Tenant a written notice specifying the particular default or defaults; provided, however, that any default on the part of Tenant in the performance of work or acts required to be done, or conditions to be modified, shall be deemed to be cured if steps shall have been taken promptly (and in no event later than thirty (30) days after such notice has been given) by Tenant to rectify the same and shall be prosecuted to completion with diligence and continuity.

(c) The use of the Property or buildings and improvements thereon for purposes other than those enumerated herein, to which Landlord has not given its written consent.

(d) The abandonment of the Property by Tenant. If the Property is deserted or Tenant does not use the Property for the purposes stated in paragraph 5.01 for 12 months or more, it shall be deemed abandoned, even if Tenant continues to pay rent.

(e) Tenant making an assignment for the benefit of creditors, filing a petition in bankruptcy, petitioning or applying to any tribunal for the appointment of a custodian, receiver, or any trustee for it or a substantial part of its assets, or commencing any proceedings under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or the filing of any such petition or application, or the commencing of any such proceeding against it, in which an order for relief is entered or which remains undismissed for a period of 30 days or more; or Tenant by any act or omission indicating its consent to, approval of, or acquiescence in any such petition, application, or proceeding or order for relief or the appointment of a custodian, receiver, or any trustee for it or any substantial part of any of its properties, or the suffering of any such custodianship, receivership, or trusteeship to continue undischarged for a period of 30 days or more.

(f) Tenant being generally unable to pay its debts as such debts become due.

(g) Tenant having concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay, or defraud its creditors or any of them, or making or suffering a transfer of any of its property that may be fraudulent under any bankruptcy, fraudulent conveyance, or similar law; or suffering or permitting, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint that is not vacated within 30 days from the date thereof.

13.02. Landlord's Remedies

In the event of any default by Tenant as recited in paragraph 13.01 of this Lease, Landlord shall have all of the below-enumerated rights and remedies, all in addition to any rights and remedies that Landlord may be given by statute, common law or otherwise. All rights of Landlord shall be cumulative, and none shall exclude any other right or remedy. Landlord's rights and remedies include the following:

(a) Landlord may declare the term of this lease ended by written notice to Tenant. Upon termination of this Lease, Tenant shall surrender possession and vacate the Property immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Property in such event with or without process of law and to repossess Landlord of the Property and to expel or remove Tenant and any others who may be occupying or within the Property and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law.

(b) Landlord may by written notice declare Tenant's right to possession of the Property terminated without terminating this Lease. Upon such termination of Tenant's right to possession, Landlord shall have all the rights to repossess the Property and remove Tenant and Tenant's property that are enumerated in paragraph 13.02 (a).

(c) Landlord may relet the Property in whole or in part for any period equal to or greater or less than the remainder of the term of this Lease, for any sum that Landlord may deem reasonable, except as provided in (e) of this paragraph.

(d) Landlord may collect any and all rents due or to become due from subtenants or other occupants of the Property.

(e) Landlord may recover, whether this Lease be terminated or not, from Tenant, damages provided for below consisting of items (i), and (ii), or, at Landlord's election in lieu of (ii), item (iii):

(i) actual attorney's fees and other expenses incurred by Landlord by reason of the breach or default by Tenant; and

(ii) an amount equal to the amount of all rent and additional sums reserved under this Lease, less the net rent, if any, collected by Landlord on reletting the Property, which shall be due and payable by Tenant to Landlord on the several days on which the rent and additional sums reserved in this Lease would have become due and payable; that is to say, upon each of such days Tenant shall pay to Landlord the amount of deficiency then existing. Such net rent collected on reletting by Landlord shall be computed by deducting from the gross rent collected all expenses incurred by Landlord in connection with the reletting of the Property, or any part thereof, including broker's commission and the cost of renovating or remodeling the Property or the buildings or improvements thereon, provided, however, Landlord must take diligent effort in reletting the Property to obtain a rental rate as close to or above that required of Tenant under this Lease or else Landlord will not have access to the remedy set out in this subparagraph 13.02(e)(ii); or

(iii) an amount to be due immediately on breach, equal to the difference between the rent and the fair and reasonable rental value of the Property for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Property for the period for which such installment was payable shall be discounted to the date of such breach at the rate of eight percent (8%) per year.

(f) Reentry or reletting of the Property, or any part thereof, shall not be deemed a termination of this Lease, unless expressly declared to be so by Landlord.

(g) If this Lease shall be deemed terminated, Tenant's liabilities shall survive and Tenant shall be liable for damages as provided in this paragraph 13.02.

13.03. Assignment of Rents to Landlord

Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under the Lease, all rent from any subletting of all or a part of the Property as permitted by this Lease, and Landlord, as assignee and attorney-in-fact for Tenant or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligation under this Lease, except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.



14. Reserved

15. REMOVAL OF TRADE FIXTURES, EQUIPMENT, AND MACHINERY UPON EXPIRATION OR TERMINATION OF LEASE

15.01 Removal Upon Expiration

Trade fixtures, machinery, equipment, and other items of personal property owned by Tenant shall be considered Tenant's property at all times during this Lease and shall be removed by Tenant at its own expense from the Property upon the expiration of the Term or Renewal Term of this Lease, unless Landlord gives written consent to allow such property to remain on the Property. If the removal of Tenant's trade fixtures, machinery, equipment and other items of personal property causes injury or damage to the Property, including buildings or improvements that will remain on the Property, Tenant shall repair such injury or damage or pay Landlord the full amount to repair the same. In the event Tenant, without Landlord's written consent, fails to remove such property on or before the expiration of this Lease, the Landlord may, at its election, immediately (a) declare all or any part of the property abandoned, in which case title to such property shall vest in Landlord, or (b) to the extent Landlord does not elect to declare it abandoned and take title to such property, Landlord may, in any manner that it sees fit, remove, store, destroy, or otherwise dispose of the property at the Tenant's expense and without liability to Tenant for any loss, damage, value, or other compensation claimed by Tenant as a consequence.

15.02 Removal After Early Termination

In the event this Lease terminates for any reason before the scheduled expiration of the Term or Renewal Term of this Lease, Tenant shall within one month after such early termination date remove Tenant's trade fixtures, machinery, equipment and other items of personal property, unless Landlord gives written consent to allow such personal property to remain on the Property. If the removal of Tenant's trade fixtures, machinery, equipment and other items of personal property causes injury or damage to the Property, including buildings or improvements that will remain on the Property, Tenant shall repair such injury or damage or pay Landlord the full amount to repair the same. On or before the end of such one month period, Tenant may extend the time for removal of such personal property for an additional one month upon written notice to Landlord accompanied by payment of rent for the entire two month period following the early termination date at 125% of the then current monthly rental rate. Acceptance of such rent shall not extend the term of the Lease nor create a month-to-month tenancy. In the event Tenant fails to remove such property within one month after the early termination of this Lease, or within two months if Tenant elects to extend by giving timely notice and paying rent, the Landlord may, at its election, immediately (a) declare all or any part of the property abandoned, in which case title to such property shall vest in Landlord, or (b) to the extent Landlord does not elect to declare abandoned and take title to such property, Landlord may, in any manner that it sees fit, remove, store, destroy, or otherwise dispose of the property at the Tenant's expense and without liability to Tenant for any loss, damage, value, or other compensation claimed by Tenant as a consequence.

16. HAZARDOUS MATERIALS

16.01. Use of Hazardous Materials on the Property

(a) Tenant shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property by Tenant or its authorized representatives, customers, invitees or sublessees, except for such Hazardous Material as is necessary or useful to Tenant's lawful use of the Property.

(b) Any Hazardous Material permitted on the Property as provided in this paragraph, and all containers therefor, shall be handled, used, kept, stored and disposed of in a manner that complies with all laws or regulations applicable to any such Hazardous Material. Such Hazardous Material shall be handled only by properly trained personnel.

(c) Tenant shall not discharge, leak or emit, or permit to be discharged, leaked or emitted, any material into the atmosphere, ground, sewer system or any body of water, if such material (as reasonably determined by the Landlord, or any governmental authority) does or may, pollute or contaminate the same, or may adversely affect (i) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (ii) the condition, use or enjoyment of the Property or any other real or personal property.

(d) If any discharge, leak, spill, emission, or pollution of any type occurs upon or from the Property during the Lease term or any holdover, Tenant will immediately notify Landlord and all appropriate federal, state, and local authorities, and will act immediately to contain the spill, repair any damage, absorb and clean up the spill area and restore the Property to comply with the applicable portions of any federal, state, or local law or regulation then in effect.

(e) Tenant hereby agrees that it shall be fully liable for all costs and expenses related to the handling, use, storage, and disposal of Hazardous Material brought or kept on the Property by the Tenant, its authorized representatives, customers, invitees and sublessees, and the Tenant shall give immediate notice to the Landlord of any violation or potential violation of the provisions of subparagraphs 16.01 (a), (b), (c) and (d).

16.02. Indemnification of Landlord

Any other provisions of the Lease to the contrary notwithstanding, Tenant shall defend, indemnify and hold harmless Landlord and its authorized representatives, from and against any claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses (including, without limitation, attorney, consultant and expert fees, court costs and litigation expenses) of whatever kind of nature, known or unknown, contingent or otherwise, arising out of or in any way related to: (a) the presence, disposal, release, or threatened release of any such Hazardous Material that is on, from, or affecting the Property, soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Material; (c) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Material; and/or (d) any violation of any laws applicable thereto. However, this paragraph shall apply only if the acts giving rise to the claims, demands, penalties, fines, expenses: (i) occur in whole or in part during the term of this Lease; or (ii) are proximately caused in whole or in part by the occupancy of, use of, operations on, or actions on the Property by Tenant or its employees, agents, customers,



invitees or contractors. The provisions of this paragraph shall be in addition to any other obligations and liabilities Tenant may have to Landlord at law or equity and shall survive the termination of this Lease.

16.03. Hazardous Material Defined

"Hazardous Material" is any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the State of Alaska, or the United States government. "Hazardous Material" includes any and all material or substances that are defined as "hazardous waste", "extremely hazardous waste", or a "hazardous substance" pursuant to local, state or federal law, including without limitation, the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. "Hazardous Material" also includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCB's") and petroleum and petroleum products.

17. GENERAL PROVISIONS

17.01. Estoppel Certificates

Either party shall at any time and from time to time upon not less than thirty (30) days prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is unamended and in full force and effect (or, if there has been any amendment thereof, that the same is in full force and effect as amended and stating the amendment or amendments), that there are no defaults existing, (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.

17.02. Conditions and Covenants

All the provisions of this Lease shall be deemed as running with the land, and shall be construed to be "conditions" as well as "covenants", as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

17.03. No Waiver of Breach

No failure by either Landlord or Tenant to insist upon the strict performance by the other of any term, covenant or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such terms, covenants or conditions. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

17.04. Attorney's Fees

(a) If Landlord is involuntarily made a party defendant to any litigation concerning this Lease or the Property by reason of any act or omission of Tenant, or if Landlord is made a party to any litigation brought by or against Tenant without any fault on the part of Landlord, then Tenant shall pay the amounts reasonably incurred and expended by Landlord,



including the reasonable fees of Landlord's agents and attorneys and all expenses incurred in defense of such litigation.

(b) In the event of litigation between Landlord and Tenant concerning enforcement of any right or obligation under this Lease, the non-prevailing party shall reimburse the prevailing party for the attorney's fees reasonably incurred and expended by the prevailing party in the litigation.

17.05. Time of Essence

Time is of the essence of the Lease and of each provision.

17.06. Computation of Time

The time in which any act provided by this Lease is to be done is computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or a holiday, and then it is also excluded. The term "holiday" shall mean all holidays as defined by the statutes of Alaska.

17.07. Successors in Interest

Each and all of the terms, covenants and conditions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of Landlord and Tenant.

17.08. Entire Agreement

This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement of promise made by any party that is not contained in the Lease shall be binding or valid.

17.09. Governing Law and Venue

This Lease shall be governed by, construed and enforced in accordance with the laws of the State of Alaska. Any action or suit arising between the parties in relation to or in connection with this Lease, or for the breach thereof, shall be brought in the Third Judicial District of the State of Alaska.

17.10. Partial Invalidity

If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or enforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated, unless such provisions are considered by Tenant to be integral to Tenant's use of the Property for the purposes stated herein in which case Tenant will have the authority to terminate this Lease upon thirty (30) days written notice to Landlord.

17.11. Relationship of Parties

Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant and neither the method of



computation of rent, nor any other provision contained in this Lease nor any acts of the parties, shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.

17.12. Interpretation

The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not for or against Landlord or Tenant as both Landlord and Tenant have had opportunity for the assistance of attorneys in drafting and reviewing this Lease.

17.13. Number and Gender

In this Lease, the neuter gender includes the masculine and the feminine, and the singular number includes the plural; the word "person" includes corporation, partnership, firm or association wherever the context so requires.

17.14. Mandatory and Permissive

"Shall", "will" and "agrees" are mandatory; "may" is permissive.

17.15. Captions

Captions of the paragraphs of this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

17.16. Amendment

This Lease is not subject to amendment except in writing executed by all parties hereto.

17.17. Delivery of Notices - Method and Time

All notices, demands or requests from one party to another shall be delivered in person or be sent by (i) mail, certified or registered, postage prepaid, or (ii) facsimile transmission (accompanied by reasonable evidence of receipt of the transmission and with a confirmation copy mailed by first class mail no later than the day after transmission) to the addresses stated in paragraph 17.18 and shall be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

17.18. Notices

All notices, demands and requests from Tenant to Landlord shall be given to Landlord at the following address:

City Manager
City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603
Facsimile: (907) 235-3148



All notices, demands or requests from Landlord to Tenant shall be given to Tenant at the following address:

William Tener
South Central Radar
4406 Homer Spit Rd
Homer, Alaska 99603
Facsimile: 907-235-8009

17.19 Change of Address or Agent

Each party shall have the right, from time to time, to designate a different address or different agent for service of process by notice given in conformity with paragraph 17.17.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the dates hereinbelow set forth.

Landlord:

CITY OF HOMER

Date: 10/29/2003

By [Signature]
Walt Wrede,
City Manager

Tenant:

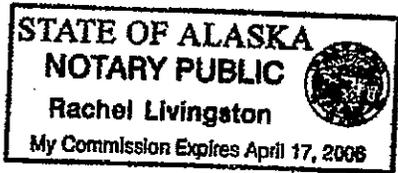
Date: 10 28 2003

By [Signature]
William J. Tener

ACKNOWLEDGMENTS

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

The foregoing instrument was acknowledged before me on Oct. 29th, 2003, by Walt Wrede, City Manager of the City of Homer, on behalf of the City of Homer.

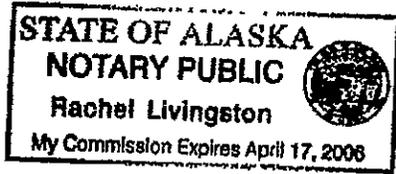


[Signature]
Mary Calhoun, AAE/CMC, Homer City Clerk
My Term Expires: 9-17-06



STATE OF ALASKA }
THIRD JUDICIAL DISTRICT } ss.

The foregoing instrument was acknowledged before me on Oct. 28th,
2003, by William J. Tener.



[Signature]
Notary Public in and for Alaska
My Commission Expires: 4-17-06

Return to
City of Homer
Clerk's Office
491 E Pioneer Avenue
Homer, AK 99603



EXHIBIT A

**SCHEDULE OF ORGANIZATION, OWNERS,
PERCENTAGE OF OWNERSHIP**

South Central Radar is organized under the laws of the State of Alaska. The partners and their percentage of ownership are as follows:

PERCENTAGE OF OWNERSHIP

Name:	William J. Tener	100%
Address:	4406 Homer Spit Rd	
	Homer, AK 996603	



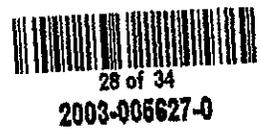
EXHIBIT B

**CONFORMED COPY OF RESOLUTION AUTHORIZING LEASE
AND AUTHORIZING TO SIGN ON BEHALF OF TENANT**

Sole Proprietorship not required



EXHIBIT C
SITE PLANS



WILLIAM J TENER

56865 BRADLEY LANE

235-8008

LOT 88-1 Replat of Lot 83 Sec 36+36 Twp 68 Scc 1+2 of 75 Range 13W 5M

Parcel 18108431

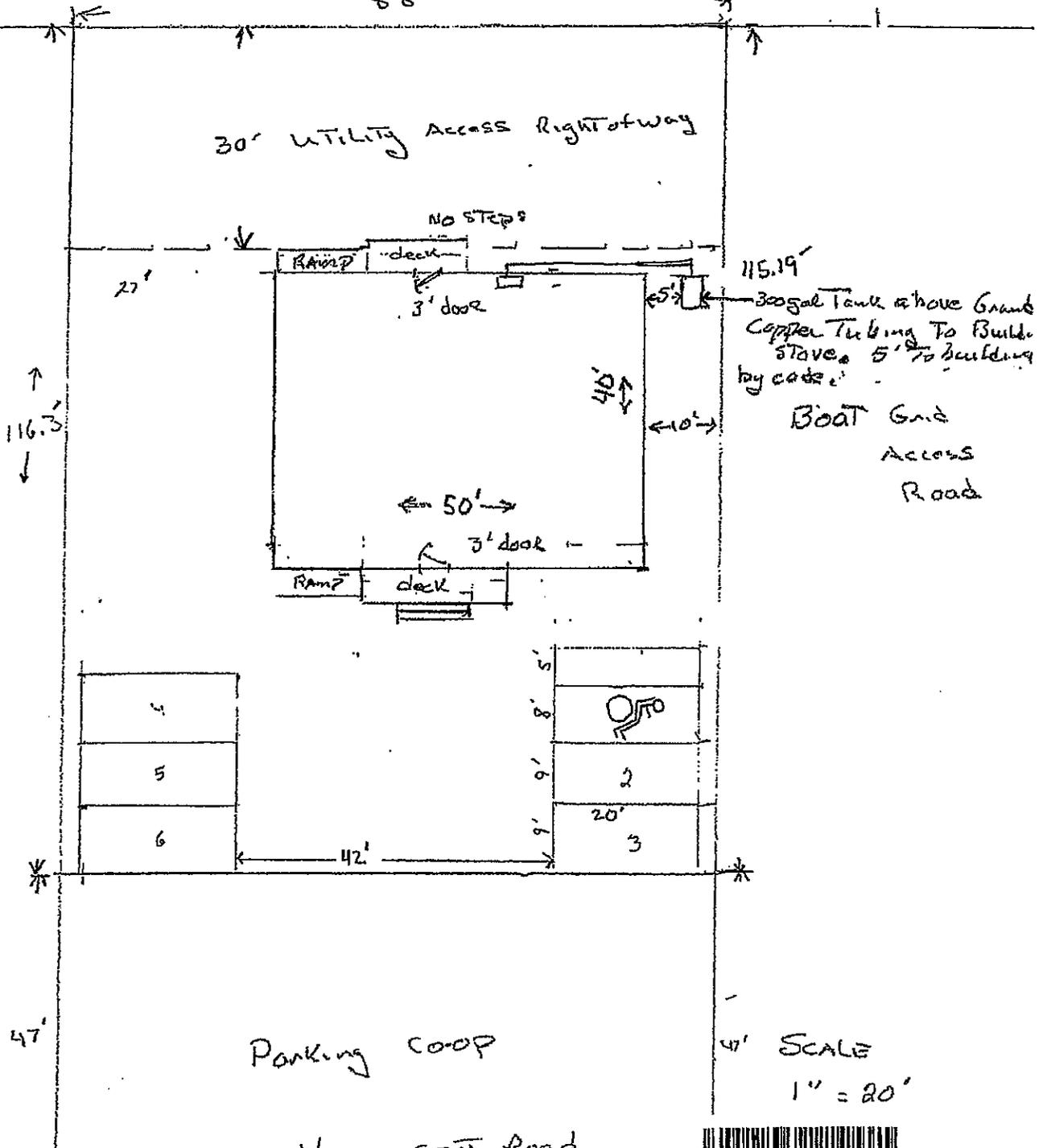
4406 HOMER SPIT ROAD

FC PLAN REVIEW NO. 2004A-169



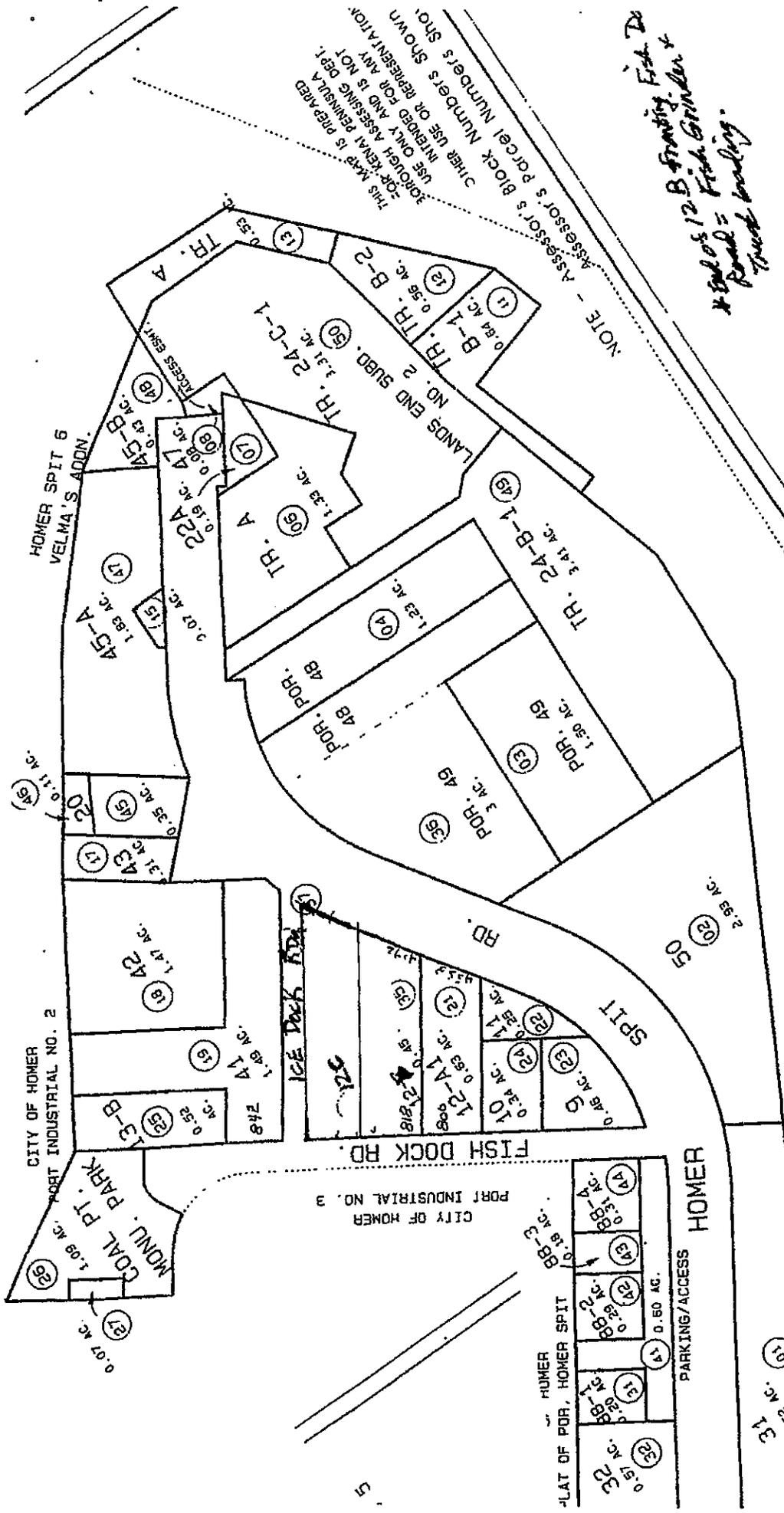
OVER SLOPE HOMER BOAT HARBOR
88'

30' UTILITY Access Right of Way



29 of 34

2003-005927-0



NOTE - ASSESSOR'S BLOCK NUMBERS SHOWN OTHER USE OR REPRESENTATION. THIS MAP IS PREPARED FOR THE CITY OF HOMER AND IS NOT TO BE USED FOR ANY OTHER PURPOSE.

* End of 12 B. Framing, Fish D + Road = Fish Grinders + Truck loading.

TENANTS

Lots 13-B, 41 & 42 = (CIRCLE)

LOT 12C - Available to RFP

* End of Lot 12B - u - a -

Lot 12 A1 = FISH FACTORY

Lot 10 = Spuy Harbor Sea Foods

Lot 9 = Deep Creek Custom Packaging

Lot 11 = The Mykton Blvd. South Central Radar Dome Barometer Co.

Lot 9 - Desperate Marine

Lot 11 - Site overlaid for Storage

070

MARK BAY



30 of 34

To Dean Bank at City Hall

EXHIBIT D
FLOOR PLANS

EXHIBIT E
GENERAL LIABILITY INSURANCE ENDORSEMENT



EXHIBIT F
WORKER'S COMPENSATION/EMPLOYER'S LIABILITY
ENDORSEMENT



EXHIBIT G

PERMISSION TO OBTAIN INSURANCE POLICIES

The City of Homer is hereby granted permission to request and obtain copies of

_____ (A Permittee@) insurance policies from its broker/insurance carrier, _____

_____ (A broker/insurance carrier@)

It is understood that the Permittee may revoke this permission at any time by written notice to its broker/insurance carrier and to City of Homer; however, such revocation shall constitute a default of this lease from the City of Homer.

By: Wendy J. [Signature]

By: Walt [Signature]

Date: 10 - 28 - 03



STAFF REPORT

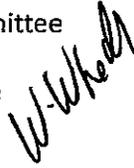
SOUTH CENTRAL RADAR LEASE ASSIGNMENT

October 11, 2012

Lot 88-1

TO: Lease Committee

From: Walt Wrede



Introduction

Mr. William Tener, dba South Central Radar is in the process of selling his business to Mark and Laura Zeiset. As part of this transaction, the buyer and seller have requested that the land lease (Lot 88-1) and all of the leasehold interest in the property be assigned to the buyer, pursuant to the provisions contained in Chapter 14 of the City Lease Policies and Section 8.01 of Mr. Tener's current lease. Mark and Laura Zeiset have made a formal application for the assignment of the lease. The current lease is dated October 27, 2003 and it expires on November 1, 2013. The buyers have requested that if assigned, the term of the lease be amended to include a fifteen year term with two 2.5 year options. All other terms, including allowable uses and rent would remain the same.

The current lease is an "assignable lease" as defined in Section 14.2 (A) of the Lease Policies. Section 14.4 of the Lease Policies provides that leases may be assigned as part of the sale of a business on the leased property. That section also states that the business may apply to extend the term of the lease to allow the continuation of the business and to secure financing for the purchase. Financing for the purchase of this business is contingent upon the lease being assigned and the term extended.

Lease Application

An applicant for assignment of a lease must go through the lease application process similar to if they were applying for a new lease in response to an RFP. The standards for determining whether a lease application is complete and responsive appear in Chapter 5 of the Lease Policies entitled "Lease Application Process." A review of the application for completeness and responsiveness was conducted by Andrea Browning on October 1, 2012. In short, with the exception of certain items which must necessarily be provided later, we found the application to be complete and responsive. A copy of the review checklist is attached for your review.

Proposal Evaluation

The Criteria for evaluating lease proposals appears in Chapter 6.2 (B) of the Lease Policies. Following is a discussion of each standard.

Compatibility with neighboring uses and consistency with applicable land use regulations including the Comprehensive Plan.

South Central Radar operates a marine electronic and repair shop and it provides important services to the vessels in the Homer Harbor and vessels calling at the Port of Homer. The applicant proposes to purchase the business and provide the same and expanded services. The land use and business activity of South Central Radar is compatible with neighboring uses. This type of business is appropriately located immediately adjacent to the harbor. South Central Radar is located in the Marine Industrial Zoning District and the use is consistent with permitted uses in the district. There is a possible encroachment issue regarding a deck and the utility easement on the harbor side of the building. This will be resolved with an as-built survey and possible mitigation measures by the owners after the sale is complete and a lease is signed.

The development plan including all proposed phases and timetables.

The applicant proposes to buy an existing business and continue to operate it as it is currently being operated. There are no immediate plans for further development on the property. The applicant does anticipate expanded services and products.

The proposed capital investment.

The applicant is not proposing new capital investment at this time in terms of building expansions or new development on the parcel beyond what already exists there. However, the applicant is obtaining financing to acquire an existing business and the building which houses it. The applicant proposes to continue that business, expand it, and enter into a lease that could extend up to 20 years. While that is not a capital investment per se, it is a very significant economic investment and a long term commitment to the City of Homer.

Experience of the applicant in the proposed business or venture.

Although the applicants do not have direct experience in this particular type of business, their cumulative experience and education gives us the impression that they are very capable of successfully operating this business and satisfying their obligations under the lease. Mark Zeiset has five years of experience working for an electrical company that also sells and installs security cameras. He has experience setting up computer networks and is certified on the installation and configuration of software, servers, radios, and cameras. He has completed three years of the Alaska Electrical Apprenticeship program and will soon complete the fourth. He is experienced in dealing with electrical equipment vendors of all types. Laura Zeiset has a Bachelors degree in accounting and currently works for a real estate company. She will focus on the financial side of the business. Laura was born and raised in Homer and she is familiar with many of the company's current and potential clients.

Financial capacity or backing of the applicant including credit history, prior lease history, assets that will be used to support the proposed development.

The applicants have provided personal financial information that has been reviewed by the staff. It is not included in the packet for privacy reasons. The staff understands that the personal assets are enough for the applicants to qualify for a loan from the lending institution for the acquisition of this

business. The lending institution will also make the determination if the assets and profitability of the business justifies the loan, including the applicant's ability to satisfy the terms of the lease.

The number of employees anticipated.

As noted above, the applicants intend to continue operating an existing business. The business is likely to have three employees to start and perhaps take on additional employees during busy months or as the business expands.

The proposed rental rate.

The applicant proposes to pay the same rental rate Mr. Tener is currently paying which is based upon appraisal and fair market rent provisions contained in the Lease Policies and the existing lease.

Other financial impacts such as tax revenues, stimulation or related or spin-off economic development, or the value of improvements left behind upon termination of the lease.

South Central Radar provides a valuable service to the Homer fleet. Vessels call up Homer to take advantage of these services. This business attracts business to the Homer harbor and it is clear that other business in the harbor benefit as result. The business generates sales and property taxes although exact figures were not available at the time this report was written.

Other long term social and economic development.

South Central Radar provides a valuable service to the fleet and it helps implement a number of the port and harbor development goals contained in the City's Comprehensive Economic Development Strategy (CEDS). One of the City's goals is the development of an economy that provides local young people opportunities to stay and raise their families here. The applicants have deep Homer roots and they are looking to move back, operate a successful business, and make a life for themselves here.

RECOMMENDATION: Recommend that the Homer City Council approve the assignment of the land lease on Lot 88-1 from William Tener to Mark and Laura Zeiset or the LLC that will be formed once all transactions are completed. Recommend that the term be amended to start anew with a 15 year base term and two 2.5 year options. The existing rental rate should apply. Recommend that the lease include stipulations that an "as-built" survey be completed, that potential encroachment issues be resolved, and that all of the information not included in the lease application, including insurance documentation and LLC incorporation papers be provided.



CITY OF HOMER
PROPERTY MANAGEMENT
LEASE APPLICATION CHECKLIST

Applicant Name: Mark. Zeiset – South Central Radar

Date Application Received: September 26, 2012

CHAPTER 5: LEASE APPLICATION PROCESS

5.1: POLICY

- A. It is the policy of the City of Homer to provide for a streamlined, standardized, and easily understood lease application process. A full and complete application packet shall be provided to all applicants. Applicants must be qualified under Section 18.08.50 of the Homer City Code:
 - (a) a natural person and is responsible, meaning the applicant has sufficient skill, experience and financial capability to perform all the obligations of the lessee under the proposed lease; and
 - (b) a person who is at least nineteen years of age; or
 - (c) a group, association or corporation which is authorized to conduct business under the laws of the State of Alaska. (Ord. 92-10 (part), 1992). 183 (Homer 06/04)

- B. The City administration will provide for pre-application meetings with all potential applicants to provide relevant information on things like land use regulations, lease policies, the permitting process, and other relevant topics.

5.2 PROCEDURES

A. A responsive lease application / proposal shall include:

- 1. A completed application form provided by the City

YES	NO	N/A	INCOMPLETE
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NOTES:

- 2. Any applicable fees

YES	NO	N/A	INCOMPLETE
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NOTES:

3. A clear and precise narrative description of the proposed use of the property

YES	NO	N/A	INCOMPLETE
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NOTES:

South Central Radar is already well-established business in Homer area. They sell marine electronics and provide repair and installation services for commercial fishing and various marine vessels. These uses are compatible and consistent with neighboring uses in the area and are consistent with the Spit Comprehensive Plan and other applicable land use regulations.

4. A specific time schedule and benchmarks for development

YES	NO	N/A	INCOMPLETE
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NOTES:

Purchasing already established business; this criteria typically utilized to grade new development on vacant land. Mr. Zeiset did state in his proposal that he plans on growing South Central Radar by building a website for the business, as well as offering satellite phone rental. Mr. Zeiset also plans to sell security cameras, so customers have the ability to utilize remote viewing of their vessels via smart phones or laptops.

5. A proposed site plan drawn to scale that shows at a minimum property lines, easements, existing structures and other improvements, utilities, and the proposed development including all structures and their elevations, parking facilities, utilities, and other proposed improvements.

YES	NO	N/A	INCOMPLETE
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NOTES:

6. Any other information that is directly pertinent to the proposal scoring criteria contained herein

YES	NO	N/A	INCOMPLETE
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NOTES:

Mr. Zeiset has worked for an electrical company for the past five years, which sells and installs security cameras, and sets up computer networks. He is certified in installation and configuration for numerous radios, software, and security cameras. He has completed three years of the Alaska electrical apprenticeship through Alaska Vocation Technical College and plans to complete his 4th year. Mr. Zeiset's wife, Laura has a Bachelor's degree in accounting from UAA, and has worked for a real estate company managing their accounting, and other general office work.

7. All other **required attachments** requested on the application form including, but not limited to, the following documentation: applicant information, plot plan, development plan, insurance, proposed subleases, environmental information, agency approvals and permits, fees, financial information, partnership and corporation statement, certificate of good standing issued by an entity's state of domicile, and references.

- Applicant information
- Plot Plan
- Development Plan
- Insurance
- Proposed Subleases
- Environmental Information
- Agency approvals and permits
- Financial Information (Financial Statement **REQUIRED**, Surety, bankruptcy, pending litigation are situational).
- Partnership information and a copy of the partnership agreement OR
- Corporation information and a copy of the Articles of Incorporation and Bylaws
- Certificate of good standing issued by the entity's state if domicile
- Appropriate References (Total of 4 persons or firms with whom the applicant or its owners have conducted business transactions with during the past three years. Two references must have knowledge of your financial management history (One of which **MUST** be your principal financial institution) and two must have knowledge of your business expertise).

YES	NO	N/A	INCOMPLETE
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NOTES:

Mr. Zeiset informed the City Manager's office that he has applied for a small business loan, but it will not be granted until the acquisition of South Central Radar is complete, ideally closing by the end of October. The City was advised that the terms of the lease will allow Mr. Zeiset to be approved for the loan. Upon closing Mr. Zeiset will acquire the necessary insurance and certifications required for sublease. Given that South Central Radar is already operating and in good standing, the City has no reason to believe that Mr. Zeiset will have difficulty obtaining necessary certifications.

8. Any other information required by the solicitation or request for proposals.

YES	NO	N/A	INCOMPLETE
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NOTES:

Application review completed by Andrea Browning on October 1, 2012.

CITY OF HOMER
PROPERTY MANAGEMENT
POLICIES AND PROCEDURES

CHAPTER 14: ASSIGNMENTS

14.1 POLICY

It is the policy of the City of Homer to incorporate an assignment provision into the lease document if that is requested by the lessee. Consent to an assignment request shall be conditioned upon receipt of all current and applicable payments and properly submitted documentation. The proposed assignee must also be acceptable to the City of Homer and commit to develop and use the property in a manner acceptable to the City.

14.2 DEFINITIONS

- A. Assignable lease: A lease which contains a provision permitting its assignment by lessee.
- B. Assignment: A transfer of interests or rights to property, real or personal, in possession or in action, or of any estate or right therein. The assignment of a lease is distinguishable from a sublease to the extent that in assigning, the lessee transfers his entire interest and estate in the premises, whereas, in a sublease, the sublessee acquires something less than the lessee's entire interest.

14.3 RESPONSIBILITY

- A. The Lease Committee is responsible for reviewing assignment provisions that may be included in lease documents. The Lease Committee is also responsible for reviewing and making recommendations to the City Council on all requests to assign a City lease.
- B. The City Council is the final authority on all requests to assign.
- C. The City Council may approve assignment of a lease to banks or other financial institutions for financing or other reasons if it determines that to be in the best interest of the City.

14.4 ASSIGNMENT WITH SALE OF BUSINESS

Where a lessee intends to assign the lease as part of a sale of the business located on the lease lot, the person who intends to purchase the business may apply to extend the lease term to allow the continuation of the business and to secure financing for the purchase.

CITY OF HOMER
PROPERTY MANAGEMENT
POLICY AND PROCEDURES

CHAPTER 6: APPLICATION / PROPOSAL EVALUATION PROCESS

6.1 POLICY

- A. It is the policy of the City of Homer to provide for a fair, standardized and objective proposal evaluation process.

6.2 PROCEDURES

- A. All lease proposals shall be evaluated and scored by the Lease Committee.
- B. The Criteria for evaluating proposals shall include but is not limited to the following:
 - 1. Compatibility with neighboring uses and consistency with applicable land use regulations including the Comprehensive Plan.
 - 2. The development plan including all proposed phases and timetables.
 - 3. The proposed capital investment.
 - 4. Experience of the applicant in the proposed business or venture.
 - 5. Financial capability or backing of the applicant including credit history, prior lease history, assets that will be used to support the proposed development.
 - 6. The number of employees anticipated.
 - 7. The proposed rental rate.
 - 8. Other financial impacts such as tax revenues, stimulation of related or spin-off economic development, or the value of improvements left behind upon termination of the lease.
 - 9. Other long term social and economic development.
- C. Lease Rental Rates
 - 1. The determination of lease rental rates is addressed in Chapter 7.
- D. After evaluating and scoring the proposals, the Lease Committee shall make a recommendation on a successful bidder to the City Council. The recommendation shall be contained in the form of a memorandum from the City Manager to the City Council that appears on the consent calendar of a regular meeting agenda. If a recommendation to approve a proposal is adopted, the Manager or his designee shall finalize a lease document for presentation to Council for approval. If the Council approves the lease, it will not be executed until the period for reconsideration under section 8.3 passes.
- E. Final approval of long term leases (more than six months) rests with the City Council. The Council shall either:
 - 1. Approve the proposed lease
 - 2. reject the proposed lease; or
 - 3. remand the unapproved lease to the Manager with comments

Office of the City Clerk

Jo Johnson, CMC, City Clerk

Melissa Jacobsen, CMC, Deputy City Clerk II
Renee Krause, CMC, Deputy City Clerk I



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MEMORANDUM

TO: MAYOR HORNADAY AND CITY COUNCIL
THROUGH: WALT WREDE, CITY MANAGER
FROM: LEASE COMMITTEE
DATE: FEBRUARY 29, 2012
RE: **RECOMMENDATIONS FOR THE 2012 LAND ALLOCATION PLAN**

Background

The Lease Committee discussed recommendations for the 2012 Land Allocation Plan at their February 16, 2012 special meeting under New Business Item B. An excerpt from the unapproved minutes follows:

B. Land Allocation Plan 2012 – Review and Recommendations to City Council

Chair Yager brought to item to the floor for discussion.

ABBOUD/MAURAS – MOVED TO DISCUSS.

Discussion on the parcels that are currently under negotiation remove or keep included until a lease has been negotiated. It would be reasonable to include in the recommendation to council lands that are currently approved for lease but do not have a lease executed can be added to the lands available for RFP.

Mr. Hawkins brought up the recommendation that the Committee sent to Council last year included verbiage that was not included in Resolution that was approved by Council. He suggested that the committee make the recommendation again this year.

HAWKINS/MAURAS - MOVED TO RECOMMEND CITY COUNCIL DESIGNATE A PORTION OF LOT 12A NO CLOSER THAT 150 FEET TO RAMP FIVE AND UP TO FREIGHT DOCK ROAD, BE MADE AVAILABLE FOR RENT TO ITINERANT MERCHANTS FOR A FLAT RATE WITH THE SQUARE FOOTAGE AND LOCATION TO BE DETERMINED AS NEEDED BY THE HARBORMASTER OR CITY MANAGER.

There was a brief discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Chair Yager inquired if there were additional recommendations for the land allocation plan.

ABBOUD/MAURAS – MOVED TO RECOMMEND ADDING LOT 88-3 TO LANDS AVAILABLE FOR LEASE.

There was no discussion.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

Staff recommended that the committee restate the individual lots to be available for lease.

ZIMMERMAN/NEECE - MOVED TO RECOMMEND CITY COUNCIL OFFER THE FOLLOWING LOTS AVAILABLE FOR LEASE. LOTS 4-12 ON FREIGHTDOCK RD; LOT 19-20 ON FREIGHTDOCK ROAD, AND LOTS 9-10 ON FISHDOCK ROAD AS LANDS AVAILABLE FOR REQUEST FOR PROPOSAL.

There was a brief discussion on description of lot 12.

VOTE. YES. NON-OBJECTION. UNANIMOUS CONSENT.

Motion carried.

RECOMMENDATION

The Lease Committee recommends offering for Lease by Request for Proposal Lots 4-12, 19 and 20 on Freightdock Road and Lots 9-10 on Fishdock Road; and Lot 88-3 on the Homer Spit Road in those lands as available for Lease for 2012.

The Lease Committee further recommends that the Lot 12 A, an area from Freight Dock Road to within 150 feet from Ramp five be designated for short term, one to two year leases for small kiosk businesses for a flat rate with the square footage and location to be determined as needed by the Harbormaster or City Manager. The Lease Committee additionally recommends that lands previously awarded for lease be put back into the land available for lease and issue a Request for Proposal if those leases cannot be negotiated within a reasonable time period this year.

