

AGENDA
FOR THE REGULAR MEETING
OF THE CITY COUNCIL FOR
THE CITY OF THORNE BAY:
CITY HALL COUNCIL CHAMBERS

TUESDAY September 5, 2017, 6:30 p.m.

There will be a workshop of the City Council beginning at 6:00 p.m.

The public is invited and encouraged to attend

1. **CALL TO ORDER:**
2. **PLEDGE TO FLAG:**
3. **ROLL CALL:**
4. **APPROVAL OF AGENDA:**
5. **MAYOR'S REPORT:**
6. **ADMINISTRATIVE REPORTS: (City Administrator & City Clerk)**
7. **PUBLIC COMMENTS:**
8. **COUNCIL COMMENTS:**
9. **NEW BUSINESS:**
 - A. **Approval of Lease Renewals for Sort Yard Leased Property:**
 1. Crown Alaska Inc. (1-Acre Sort Yard, 1 year lease, \$150.00 monthly)
 2. Cornerstone Excavation, Tim Lindseth (1-Acre Sort Yard, 1 year, \$150.00 month)
 3. Jeremy Zeman, (1/2-Acre Sort Yard, 1 year lease, \$75.00 monthly)
 4. Taquan Air, (Harbormaster building rental, 2 year lease, \$300 monthly if used)
 5. RV Park Manager Trailer Lease Renewal (2 year lease)
 6. SISD Lease Renewal of Municipal Land for Restaurant
 - B. **Resolution 17-09-05-01**, approving the Certified Financial Statement of income and expenditures of the City of Thorne Bay, for Fiscal Year 2017 – Beginning July 1, 2016, ending June 30, 2017, discussion and action item:
 - C. **Appointment of Election Judges for the October 3, 2017, General Municipal Elections, setting Election Judge Wage at \$12.00 per hour, discussion and action item:**

Election Judges: Cindy Egelston, Cindy Edenfield, Linda Rollins, Back-up Election Judges are appointed by the City Clerk.
10. **ORDINANCES FOR INTRODUCTION:**
 - A. **Ordinance 17-09-19-01**, amending Title 18-Harbor, Section 18.20.060-Priority in space assignment method, discussion and action item:
 - B. **Ordinance 17-09-19-02**, amending Title 3-Revenue and Finance, Chapter 3.17- Sales Tax, Sections 3.17.100-Sales Tax Exemptions, and 3.17.110-Senior Sales Tax Exemption, discussion and action item:
11. **EXECUTIVE SESSION:** A. The Council may adjourn to executive session for the purpose of discussing pending lawsuits in which the city has an interest, which are matters, the immediate knowledge of which would clearly have adverse effect upon the finances of the City
12. **CONTINUATION OF PUBLIC COMMENT:**
13. **CONTINUATION OF COUNCIL COMMENT:**
14. **ADJOURNMENT:**

Posted: August 29, 2017–City Hall (2) & City Website @ www.thornebay-ak.gov; Posted by fax: August 29, 2017 - City Hall (2), A&P, SISD, USFS, The Port, Thorne Bay School

RENTAL AGREEMENT - RENEWAL

This Rental Agreement is entered into by and between the City of Thorne Bay, Alaska, P.O. Box 110, Thorne Bay, Alaska 99919 (hereinafter called the "CITY" and, Crown Alaska INC., Inc., (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter one (1) acre plus or minus of land at the Sort Yard on municipally owned property within the corporate boundaries of the City of Thorne Bay.

Municipal Code, Title 2, Article III, Incorporated. The provisions of "Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms of this Rental Agreement unless otherwise amended in this Rental Agreement.

2. **Term.** The term of this Rental Agreement shall be Two (2) year(s) beginning October 1, 2017 and ending September 30, 2019. Monthly rental payments due the City shall commence prior to use of Rented Premises and continue throughout the term of this Rental Agreement. Monthly Sales Taxes due the City shall commence upon the signing of Rental Agreement. Renter shall have the option to renew this Rent for an additional period of time subject to renegotiations of Rent terms and payments acceptable to both the City and Renter. The option to renew and Rent for the additional period can only be effective upon approval by the Thorne Bay City Council. This option to renew shall be exercised by the Renter in writing sixty (60) days prior to the expiration of the original Rent term. The option to renew is specifically waived if not exercised in full compliance with this provision.

This Rental Agreement expires automatically on the last day of the Two (2) year period absent the approval of a new Rental Agreement by the Thorne Bay City Council. Absent an approved Rental Agreement the Renter shall vacate the premise on or before the ending date of this Rental Agreement.

In addition to any rights of the City to terminate this Rental Agreement as specified in this Rental Agreement, or as specified in the Thorne Bay Municipal Code, the City shall have all rights to terminate this Rental Agreement in accordance with any provision of applicable law.

3. **Monthly Rent Payment.** Renter covenants and agrees to pay City monthly Rent payments in the sum of One Hundred Fifty Dollars (\$150) plus applicable sales tax payable in advance on the first day of each month of the Rent term. In the event any payment required to be made pursuant to this Rental Agreement is more than ten (10) days past due, a late charge equal to ten percent (10%) per annum on such past due amount will be assessed and charged to Renter by City. At the expiration of two year term the monthly Rent payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

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4. **Deposits.** Renter shall deposit with the City an amount equal to N/A. Upon termination of the Rental Agreement the Renter shall vacate the premise leaving it in the same clean condition as presented at the time said Rental Agreement was initiated. If the premise is in need of cleaning, repairs or the Renter is in default in payments said deposit shall be used to offset such costs. In the event the Rented Premise is clean and in need of no repairs the deposit will be refunded in full. First and last month may be waved in lieu of improvements to the Rented Premises or other City Facilities as provided by Renter per "Exhibit A".
5. **Use.** Renter shall use the Rented Premises for the purposed of maintaining and operating there on, Storage of Crown Alaska Equipment and Supplies The Rented Premises shall be used for no other purposes without the prior written consent of City.
6. **Utilities and Fees.** Renter shall be responsible for all utility accounts and applicable deposits for said accounts. Renter agrees to pay, and keep current, ALL charges, including deposits, for all utilities, including but not limited to water, sewer, refuse collection, electricity, propane, fuel oil and telephone. Failure to do so will result in the utility being shutoff. Activation of a city shutoff shall constitute a material breach of the Rent Agreement resulting in the City's termination of the Rent Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.
7. **Repairs, Maintenance and Compliance with Laws.** Renter shall maintain the Rented Premises at Renter's sole cost and expense and at all times keep the Rented Premises neat, clean and in a sanitary condition. Renter shall keep and use the Rented Premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Renter shall permit no waste, damage or injury to the Rented Premises. Renter's use of the Rented Premises in violation of any law or regulation of any governmental entity related to public health or safety or environmental pollution shall be a material breach of the Rental Agreement and grounds for City's termination of the Rental Agreement. Renter is required to obtain building permit authorization from the City for construction of any and all structures placed on or in the Rented Premises.
8. **Signs, Alterations and Improvements.** All signs or symbols placed on or about the Rented Premises shall be subject to City's prior written approval. After prior written consent of City, Renter may make alterations and improvements to the Rented Premises, at Renter's sole cost and expense. City may elect to require Renter to remove any such alterations and improvements upon termination of this Rental Agreement at Renter's sole cost and expense. Any of Renter's improvements remaining on the Rented Premises longer than thirty (30) days after Renter's possessors rights to the Rented Premises have expired shall become Rented Premises of City.

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9. **Insolvency.** In the event Renter becomes insolvent, bankrupt or if a receiver, assignee or other liquidating officer is appointed for the business of Renter, City, in City's sole discretion may immediately terminate this Rental Agreement and require that Renter vacate the Rental Premises.
10. **Subletting or Assignment.** Renter shall not sublet the whole or any part of the Rented Premises nor assign this Rental Agreement without the prior written consent of City. This Rental Agreement shall not be assignable by operation of law. All terms and conditions of the Rental Agreement shall be binding upon any sub Renter or assignee of this Rental Agreement and Renter shall remain fully responsible to City for performance of this Rental Agreement.
11. **Permits and Compliance with Law.** Renter shall obtain all necessary local, state and federal permits necessary for the operation of Renter's business and shall comply with all local, state and federal laws, rules and regulations.

Failure to comply with any requirements of this section shall constitute a material breach of the Rental Agreement. Failure to remedy the violation within 30 days will result in the City's termination of the Rental Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.

12. **Insurance. General Liability Insurance:** The Renter shall procure and maintain during the life of this agreement, General Liability Insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence and /or aggregate combined single limit, personal injury, bodily injury and property damage.

Proof of Insurance shall be provided to City within thirty (30) days after the parties have executed this agreement and prior to public use of said premises. City shall be notified at least thirty (30) days before the cancellation or termination of any policy.

City shall be named as additional insured.

13. **Accidents and Liability.** City or its agent shall not be liable for any injury or damage to the persons or property sustained by Renter or others, in and about the Rented Premises.
14. **Indemnification and Waiver of Subrogation.** To the fullest extent permitted by law, the Renter agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, employees and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this agreement. To the extent permitted by law, the Renter hereby re-Rents the City, its elected and appointed officials, employees and volunteers from any and all liability or responsibility to the Renter or anyone claiming through or under the Renter by way of subrogation or

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otherwise, for any loss or damage to the property caused by fire or any other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the City, its elected or appointed officials, employees or volunteers. This provision shall be applicable and in full force and effect only with respect to loss or damage occurring during the time of the Renter's occupancy or use.

Renter understands that the City accepts no responsibility whatsoever for loss of, or damage to Renter's property.

- 15. Removal of Renter's Property and Repair of Rented Property.** All buildings, fixtures and equipment of whatsoever nature, that Renter shall have acquired and installed upon Rented premises, whether permanently affixed or otherwise, shall continue to be the property of the Renter and must be removed by the Renter at the expiration or termination of this Rental Agreement; and at its own expense, Renter shall repair any injury to Rented Premises resulting from such removal. Renter shall remove all buildings, fixtures, and equipment, and make all repairs, within thirty days of the date the Renter vacates Rented Premises. If the Renter fails to remove its buildings, fixtures, and equipment, and fails to make the necessary repairs, the City may do so, and seek reimbursement from the Renter for the full amount of the repairs, without any deduction for the value of any buildings, fixtures, or equipment left on the premises by the Renter. If City determines that it is in City's best interest to acquire the improvements, it may negotiate to purchase Renter's buildings, fixtures, and equipment at a price equal to or less than fair market value.
- 16. Taxes.** Renter shall be solely and fully responsible for the payment of all applicable federal, state, and Thorne Bay municipal taxes including all Monthly Sales Taxes due the City.
- 17. Liens.** Renter shall maintain Rented Premises free of any and all liens. Renter will not permit any mechanics', laborers' or materialmen's liens to stand against the Rented Property or improvements for any labor or materials furnished to Renter or claimed to have been furnished to Renter, or to Renter's agents, contractors, or sub-Renters, in connection with work of any character performed or claimed to have been performed on Rented premises or improvements by or at the direction or sufferance of Renter; provided, however, Renter shall have the right to contest the validity or amount of any such lien or claimed lien, In the event of such contest, Renter shall give to the City such reasonable security as may be demanded by the City to insure payment of such lien or such claim of lien. Renter will immediately pay any judgment rendered with all proper costs and charges and shall have such lien re-Rented or judgment satisfied at Renter's own expense. Renter agrees to indemnify, hold harmless and to defend the City and Rented premises from such liens. Renter consents to the City's recording of and posting of a statutory notice of non-responsibility in accordance with Alaska Statute 34.35.065

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18. Default by Renter. Each of the following shall be deemed a default by the Renter and a breach of the Rental Agreement:

- (a) A failure to make payment of any installment, of rent or of any other sum herein specified to be paid by Renter, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to make payment;
- (b) Upon shut off of utilities;
- (c) A default in the performance of any other covenant or condition on the part of the Renter to be performed for a period of thirty (30) days after receipt by Renter of a notice specifying the particular default or defaults;
- (d) The filing of a petition by or against Renter for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
- (e) The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Renter or for the appointment of a receiver or trustee of Rented Premises of the Renter;
- (f) The taking possession of Rented Premises of the Renter by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Renter;
- (g) The making by the Renter of an assignment for the benefit of creditors;
- (h) Renter vacates or abandons the Rented Premises; and
- (i) A failure that continues for five (5) days or more to have the City named as an additional insured as required under paragraph 18, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Renter in this Section, are in addition to any defaults specified in the Thorne Bay Municipal Code.

19. City's Remedies for Default. In the event of any default of the Renter, the City shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the City by statute, common law, or under Thorne Bay Municipal Code.

- (a) Distraint for rent due and subsequent sale of chattels so distrained. The sale of any such chattels shall be in accordance with the procedure set forth in Alaska Statutes.
- (b) Re-enter Rented Premises and take possession thereof, remove all persons therefrom, and remove Renter's property therefrom and store it in a public warehouse or elsewhere at the cost of Renter, all without service of notice or resort to legal process (all of which Renter expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;
- (c) Declare the Term ended;

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- (d) Re-let Rented premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;
- (e) Cure any such default, if possible, and demand immediate payment until all costs incurred in curing the default have been reimbursed fully, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska;
- (f) Collect all reasonable damages, costs and expenses that the City may incur by reason of default by Renter, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska.
- (g) The City shall use reasonable diligence to relet Rented Premises in or to mitigate the City's damages, consistent with the uses of Rented Premises, and all applicable Thorne Bay code provisions related to this Rent and Rented Premises.

20. Rights and Remedies. Except insofar as this is inconsistent with or contrary to any provision of this Rent, no right or remedy herein conferred upon reserved to the City or Renter is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

21. Waiver. Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.

22. Changes. No modifications, amendments, deletions, additions or alterations of the Rent Agreement shall be effective unless in writing and signed by all of the parties hereto and such representatives of the parties as have been duly authorized to make such changes.

23. Joint Product. The language set out in this Rental Agreement represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Rental Agreement, and the rule of construction favoring construction against the drafter shall not apply. Renter acknowledges and agrees that Renter has not received any legal advice from the City's attorney or from anyone associated with the City.

24. Authority. The parties and their undersigned representatives warrant that they have full authority to enter into this Rental Agreement and to execute this Rental Agreement.

25. Hazardous Materials. The Renter shall not permit, store, manufacture or dispose on Rented Premises any hazardous material or controlled substance as determined by

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federal, state, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to , the Comprehensive Environmental Response, Compensation and liability Act (42 U.S.C. 9601 et seq.), the Hazardous materials Transportation Act (42 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C.7401 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. 651et seq.), and Title 46 of the Alaska Statutes as these laws have been and may hereafter be amended or supplemented. "Hazardous Substance" means any pollutant, contaminant, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substance the removal of which is required, or the manufacture, preparation production, generation, use maintenance, treatment, storage, transfer, handling or ownership of which is restricted , prohibited, regulated or penalized by any and all federal, state, or municipal statutes or laws now or at any time hereafter in effect. Hazardous material shall not include cleaning supplies used in the routine daily cleaning and operation of a restaurant.

- 26. Acceptance of the Rented Property by Renter.** Renter acknowledges that it has thoroughly examined Rented Premises. Renter accepts Rented Premises in their "AS IS" condition, and the City shall not be required to perform any work to prepare Rented Premises for the Renter. Renter's taking possession of Rented Premises shall be conclusive evidence against it that, at the time possession was taken, Rented Premises were in good and satisfactory condition. Renter acknowledges that, except for those representations and statements regarding the condition of Rented Premises expressly stated herein, Renter has not relied upon any representations or statements of the City or its representatives or agents regarding the condition of Rented premises or their suitability for Renter's uses under this Rent.
- 1. Attorneys' Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Renter in the performance of any of the provisions of the Rental Agreement, Renter agrees to pay all reasonable attorneys' fees and costs incurred by City in connection therewith including City's attorneys' fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Rental Agreement will be the First Judicial District, at Ketchikan, Alaska. Renter specifically agrees that venue for trial in any action related to this Rent shall be in Craig, Alaska.
 - 2. No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Rental Agreement contains all the agreements between the parties, and there shall be no modification of the agreements contained herein except by written instrument signed by both parties.
 - 3. Surrender of Rented Premises.** Upon termination of this Rental Agreement, Renter agrees to peacefully quit and surrender the Rented premises without notice, remove

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all of Renter's personal property and leave the Rented premises neat and clean. If City elects to require Renter to remove any alterations or improvements made by Renter, then Renter shall restore the Rented Premises to their previous condition, at Renter's sole expense.

4. **Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Rental Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties thereto, except as hereinabove provided, and as allowable by law.
5. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to City at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Renter at, PO Box 219, Florence, OR 97439, or at such other address as either party may designate in writing to the other.
6. **City's Right of Entry.** The City shall have the right to enter Rented premises at all reasonable times to examine the condition of same.

IN WITNESS WHEREOF, The parties hereto have executed this Rental Agreement as of the date first set above written.

CITY:

RENTER:

THE CITY OF THORNE BAY

By _____
James Gould, Mayor "City"

By _____
Crown Alaska INC., Inc. "Renter"

ATTEST:

Teri Feibel, City Clerk

RENTAL AGREEMENT

This Rental Agreement is entered into by and between the City of Thorne Bay, Alaska, P.O. Box 110, Thorne Bay, Alaska 99919 (hereinafter called the "CITY" and, Tim Lindseth, (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter one (1) acre plus or minus of land at the Sort Yard on municipally owned property within the corporate boundaries of the City of Thorne Bay.

Municipal Code, Title 2, Article III, Incorporated. The provisions of "Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms of this Rental Agreement unless otherwise amended in this Rental Agreement.

2. **Term.** The term of this Rental Agreement shall be Two (2) year(s) beginning October 1, 2017 and ending September 30, 2019. Monthly rental payments due the City shall commence prior to use of Rented Premises and continue throughout the term of this Rental Agreement. Monthly Sales Taxes due the City shall commence upon the signing of Rental Agreement. Renter shall have the option to renew this Rent for an additional period of time subject to renegotiations of Rent terms and payments acceptable to both the City and Renter. The option to renew and Rent for the additional period can only be effective upon approval by the Thorne Bay City Council. This option to renew shall be exercised by the Renter in writing sixty (60) days prior to the expiration of the original Rent term. The option to renew is specifically waived if not exercised in full compliance with this provision.

This Rental Agreement expires automatically on the last day of the Two (2) year period absent the approval of a new Rental Agreement by the Thorne Bay City Council. Absent an approved Rental Agreement the Renter shall vacate the premise on or before the ending date of this Rental Agreement.

In addition to any rights of the City to terminate this Rental Agreement as specified in this Rental Agreement, or as specified in the Thorne Bay Municipal Code, the City shall have all rights to terminate this Rental Agreement in accordance with any provision of applicable law.

3. **Monthly Rent Payment.** Renter covenants and agrees to pay City monthly Rent payments in the sum of One Hundred Fifty Dollars (\$150) plus applicable sales tax payable in advance on the first day of each month of the Rent term. In the event any payment required to be made pursuant to this Rental Agreement is more than ten (10) days past due, a late charge equal to ten percent (10%) per annum on such past due amount will be assessed and charged to Renter by City. At the expiration of two year term the monthly Rent payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

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4. **Deposits.** Renter shall deposit with the City an amount equal to N/A. Upon termination of the Rental Agreement the Renter shall vacate the premise leaving it in the same clean condition as presented at the time said Rental Agreement was initiated. If the premise is in need of cleaning, repairs or the Renter is in default in payments said deposit shall be used to offset such costs. In the event the Rented Premise is clean and in need of no repairs the deposit will be refunded in full. First and last month may be waived in lieu of improvements to the Rented Premises or other City Facilities as provided by Renter per "Exhibit A".
5. **Use.** Renter shall use the Rented Premises for the purpose of maintaining and operating there on, Firewood Processing, Log Storage and burning of wood waste created from firewood process. The Rented Premises shall be used for no other purposes without the prior written consent of City.
6. **Utilities and Fees.** Renter shall be responsible for all utility accounts and applicable deposits for said accounts. Renter agrees to pay, and keep current, ALL charges, including deposits, for all utilities, including but not limited to water, sewer, refuse collection, electricity, propane, fuel oil and telephone. Failure to do so will result in the utility being shutoff. Activation of a city shutoff shall constitute a material breach of the Rent Agreement resulting in the City's termination of the Rent Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.
7. **Repairs, Maintenance and Compliance with Laws.** Renter shall maintain the Rented Premises at Renter's sole cost and expense and at all times keep the Rented Premises neat, clean and in a sanitary condition. Renter shall keep and use the Rented Premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Renter shall permit no waste, damage or injury to the Rented Premises. Renter's use of the Rented Premises in violation of any law or regulation of any governmental entity related to public health or safety or environmental pollution shall be a material breach of the Rental Agreement and grounds for City's termination of the Rental Agreement. Renter is required to obtain building permit authorization from the City for construction of any and all structures placed on or in the Rented Premises.
8. **Signs, Alterations and Improvements.** All signs or symbols placed on or about the Rented Premises shall be subject to City's prior written approval. After prior written consent of City, Renter may make alterations and improvements to the Rented Premises, at Renter's sole cost and expense. City may elect to require Renter to remove any such alterations and improvements upon termination of this Rental Agreement at Renter's sole cost and expense. Any of Renter's improvements remaining on the Rented Premises longer than thirty (30) days after Renter's possessors rights to the Rented Premises have expired shall become Rented Premises of City.

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10. **Subletting or Assignment.** Renter shall not sublet the whole or any part of the Rented Premises nor assign this Rental Agreement without the prior written consent of City. This Rental Agreement shall not be assignable by operation of law. All terms and conditions of the Rental Agreement shall be binding upon any sub Renter or assignee of this Rental Agreement and Renter shall remain fully responsible to City for performance of this Rental Agreement.

11. **Permits and Compliance with Law.** Renter shall obtain all necessary local, state and federal permits necessary for the operation of Renter's business and shall comply with all local, state and federal laws, rules and regulations.

Failure to comply with any requirements of this section shall constitute a material breach of the Rental Agreement. Failure to remedy the violation within 30 days will result in the City's termination of the Rental Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.

12. **Insurance.** General Liability Insurance: The Renter shall procure and maintain during the life of this agreement, General Liability Insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence and /or aggregate combined single limit, personal injury, bodily injury and property damage.

Proof of Insurance shall be provided to City within thirty (30) days after the parties have executed this agreement and prior to public use of said premises. City shall be notified at least thirty (30) days before the cancellation or termination of any policy.

City shall be named as additional insured.

13. **Accidents and Liability.** City or its agent shall not be liable for any injury or damage to the persons or property sustained by Renter or others, in and about the Rented Premises.

14. **Indemnification and Waiver of Subrogation.** To the fullest extent permitted by law, the Renter agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, employees and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this agreement. To the extent permitted by law, the Renter hereby re-Rents the City, its elected and appointed officials, employees and volunteers from any and all liability or responsibility

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to the Renter or anyone claiming through or under the Renter by way of subrogation or otherwise, for any loss or damage to the property caused by fire or any other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the City, its elected or appointed officials, employees or volunteers. This provision shall be applicable and in full force and effect only with respect to loss or damage occurring during the time of the Renter's occupancy or use.

Renter understands that the City accepts no responsibility whatsoever for loss of, or damage to Renter's property.

- 15. Removal of Renter's Property and Repair of Rented Property.** All buildings, fixtures and equipment of whatsoever nature, that Renter shall have acquired and installed upon Rented premises, whether permanently affixed or otherwise, shall continue to be the property of the Renter and must be removed by the Renter at the expiration or termination of this Rental Agreement; and at its own expense, Renter shall repair any injury to Rented Premises resulting from such removal. Renter shall remove all buildings, fixtures, and equipment, and make all repairs, within thirty days of the date the Renter vacates Rented Premises. If the Renter fails to remove its buildings, fixtures, and equipment, and fails to make the necessary repairs, the City may do so, and seek reimbursement from the Renter for the full amount of the repairs, without any deduction for the value of any buildings, fixtures, or equipment left on the premises by the Renter. If City determines that it is in City's best interest to acquire the improvements, it may negotiate to purchase Renter's buildings, fixtures, and equipment at a price equal to or less than fair market value.
- 16. Taxes.** Renter shall be solely and fully responsible for the payment of all applicable federal, state, and Thorne Bay municipal taxes including all Monthly Sales Taxes due the City.
- 17. Liens.** Renter shall maintain Rented Premises free of any and all liens. Renter will not permit any mechanics', laborers' or materialmen's liens to stand against the Rented Property or improvements for any labor or materials furnished to Renter or claimed to have been furnished to Renter, or to Renter's agents, contractors, or sub-Renters, in connection with work of any character performed or claimed to have been performed on Rented premises or improvements by or at the direction or sufferance of Renter; provided, however, Renter shall have the right to contest the validity or amount of any such lien or claimed lien, In the event of such contest, Renter shall give to the City such reasonable security as may be demanded by the City to insure payment of such lien or such claim of lien. Renter will immediately pay any judgment rendered with all proper costs and charges and shall have such lien re-Rented or judgment satisfied at Renter's own expense. Renter agrees to indemnify, hold harmless and to defend the City and Rented premises from such liens. Renter consents to the City's recording of and posting of a statutory notice of non-responsibility in accordance with Alaska Statute 34.35.065

RENTAL AGREEMENT

18. Default by Renter. Each of the following shall be deemed a default by the Renter and a breach of the Rental Agreement:

- (a) A failure to make payment of any installment, of rent or of any other sum herein specified to be paid by Renter, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to make payment;
- (b) Upon shut off of utilities;
- (c) A default in the performance of any other covenant or condition on the part of the Renter to be performed for a period of thirty (30) days after receipt by Renter of a notice specifying the particular default or defaults;
- (d) The filing of a petition by or against Renter for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
- (e) The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Renter or for the appointment of a receiver or trustee of Rented Premises of the Renter;
- (f) The taking possession of Rented Premises of the Renter by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Renter;
- (g) The making by the Renter of an assignment for the benefit of creditors;
- (h) Renter vacates or abandons the Rented Premises; and
- (i) A failure that continues for five (5) days or more to have the City named as an additional insured as required under paragraph 18, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Renter in this Section, are in addition to any defaults specified in the Thorne Bay Municipal Code.

19. City's Remedies for Default. In the event of any default of the Renter, the City shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the City by statute, common law, or under Thorne Bay Municipal Code.

- (a) Distraint for rent due and subsequent sale of chattels so distrained. The sale of any such chattels shall be in accordance with the procedure set forth in Alaska Statutes.
- (b) Re-enter Rented Premises and take possession thereof, remove all persons therefrom, and remove Renter's property therefrom and store it in a public warehouse or elsewhere at the cost of Renter, all without service of notice or resort to legal process (all of which Renter expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;
- (c) Declare the Term ended;

RENTAL AGREEMENT

- (d) Re-let Rented premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;
- (e) Cure any such default, if possible, and demand immediate payment until all costs incurred in curing the default have been reimbursed fully, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska;
- (f) Collect all reasonable damages, costs and expenses that the City may incur by reason of default by Renter, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska.
- (g) The City shall use reasonable diligence to relet Rented Premises in or to mitigate the City's damages, consistent with the uses of Rented Premises, and all applicable Thorne Bay code provisions related to this Rent and Rented Premises.

20. **Rights and Remedies.** Except insofar as this is inconsistent with or contrary to any provision of this Rent, no right or remedy herein conferred upon reserved to the City or Renter is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.
21. **Waiver.** Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.
22. **Changes.** No modifications, amendments, deletions, additions or alterations of the Rent Agreement shall be effective unless in writing and signed by all of the parties hereto and such representatives of the parties as have been duly authorized to make such changes.
23. **Joint Product.** The language set out in this Rental Agreement represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Rental Agreement, and the rule of construction favoring construction against the drafter shall not apply. Renter acknowledges and agrees that Renter has not received any legal advice from the City's attorney or from anyone associated with the City.
24. **Authority.** The parties and their undersigned representatives warrant that they have full authority to enter into this Rental Agreement and to execute this Rental Agreement.
25. **Hazardous Materials.** The Renter shall not permit, store, manufacture or dispose on Rented Premises any hazardous material or controlled substance as determined by

RENTAL AGREEMENT

federal, state, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to , the Comprehensive Environmental Response, Compensation and liability Act (42 U.S.C. 9601 et seq.), the Hazardous materials Transportation Act (42 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C.7401 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. 651et seq.), and Title 46 of the Alaska Statutes as these laws have been and may hereafter be amended or supplemented. "Hazardous Substance" means any pollutant, contaminant, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substance the removal of which is required, or the manufacture, preparation production, generation, use maintenance, treatment, storage, transfer, handling or ownership of which is restricted , prohibited, regulated or penalized by any and all federal, state, or municipal statutes or laws now or at any time hereafter in effect. Hazardous material shall not include cleaning supplies used in the routine daily cleaning and operation of a restaurant.

- 26. Acceptance of the Rented Property by Renter.** Renter acknowledges that it has thoroughly examined Rented Premises. Renter accepts Rented Premises in their "AS IS" condition, and the City shall not be required to perform any work to prepare Rented Premises for the Renter. Renter's taking possession of Rented Premises shall be conclusive evidence against it that, at the time possession was taken, Rented Premises were in good and satisfactory condition. Renter acknowledges that, except for those representations and statements regarding the condition of Rented Premises expressly stated herein, Renter has not relied upon any representations or statements of the City or its representatives or agents regarding the condition of Rented premises or their suitability for Renter's uses under this Rent.
- 1. Attorneys' Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Renter in the performance of any of the provisions of the Rental Agreement, Renter agrees to pay all reasonable attorneys' fees and costs incurred by City in connection therewith including City's attorneys' fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Rental Agreement will be the First Judicial District, at Ketchikan, Alaska. Renter specifically agrees that venue for trial in any action related to this Rent shall be in Craig, Alaska.
 - 2. No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Rental Agreement contains all the agreements between the parties, and there shall be no modification of the agreements contained herein except by written instrument signed by both parties.

RENTAL AGREEMENT

3. **Surrender of Rented Premises.** Upon termination of this Rental Agreement, Renter agrees to peacefully quit and surrender the Rented premises without notice, remove all of Renter's personal property and leave the Rented premises neat and clean. If City elects to require Renter to remove any alterations or improvements made by Renter, then Renter shall restore the Rented Premises to their previous condition, at Renter's sole expense.
4. **Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Rental Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties thereto, except as hereinabove provided, and as allowable by law.
5. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to City at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Renter at, PO Box 19403, Thorne Bay, AK 99919, or at such other address as either party may designate in writing to the other.
6. **City's Right of Entry.** The City shall have the right to enter Rented premises at all reasonable times to examine the condition of same.

IN WITNESS WHEREOF, The parties hereto have executed this Rental Agreement as of the date first set above written.

CITY:

RENTER:

THE CITY OF THORNE BAY

By _____
James Gould, Mayor "City"

By _____
Tim Lindseth "Renter"

ATTEST:

Teri Feibel, City Clerk

RENTAL AGREEMENT – Renewal 2017-2018

This Rental Agreement is entered into by and between the City of Thorne Bay, Alaska, P.O. Box 110, Thorne Bay, Alaska 99919 (hereinafter called the "CITY" and, Jeremy Zeman, (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter One Half Acre at the Sort Yard on municipally owned property within the corporate boundaries of the City of Thorne Bay.

Municipal Code, Title 2, Article III, Incorporated. The provisions of "Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms of this Rental Agreement unless otherwise amended in this Rental Agreement.

2. **Term.** The term of this Rental Agreement shall be One (1) year(s) beginning October 1, 2017 and ending September 30, 2018. Monthly rental payments due the City shall commence prior to use of Rented Premises and continue throughout the term of this Rental Agreement. Monthly Sales Taxes due the City shall commence upon the signing of Rental Agreement. Renter shall have the option to renew this Rent for an additional period of time subject to renegotiations of Rent terms and payments acceptable to both the City and Renter. The option to renew and Rent for the additional period can only be effective upon approval by the Thorne Bay City Council. This option to renew shall be exercised by the Renter in writing sixty (60) days prior to the expiration of the original Rent term. The option to renew is specifically waived if not exercised in full compliance with this provision.

This Rental Agreement expires automatically on the last day of the One (1) year period absent the approval of a new Rental Agreement by the Thorne Bay City Council. Absent an approved Rental Agreement the Renter shall vacate the premise on or before the ending date of this Rental Agreement.

In addition to any rights of the City to terminate this Rental Agreement as specified in this Rental Agreement, or as specified in the Thorne Bay Municipal Code, the City shall have all rights to terminate this Rental Agreement in accordance with any provision of applicable law.

3. **Monthly Rent Payment.** Renter covenants and agrees to pay City monthly Rent payments in the sum of Seventy Five Dollars (\$75) plus applicable sales tax payable in advance on the first day of each month of the Rent term. In the event any payment required to be made pursuant to this Rental Agreement is more than ten (10) days past due, a late charge equal to ten percent (10%) per annum on such past due amount will be assessed and charged to Renter by City. At the expiration of two year term the monthly Rent payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

RENTAL AGREEMENT – Renewal 2017-2018

4. **Deposits.** Renter has a deposit on file with the City an amount equal to one month's Rental Payment (\$75.00). Upon termination of the Rental Agreement the Renter shall vacate the premise leaving it in the same clean condition as presented at the time said Rental Agreement was initiated. If the premise is in need of cleaning, repairs or the Renter is in default in payments said deposit shall be used to offset such costs. In the event the Rented Premise is clean and in need of no repairs the deposit will be refunded in full. First and last month may be waived in lieu of improvements to the Rented Premises or other City Facilities as provided by Renter per "Exhibit A".
5. **Use.** Renter shall use the Rented Premises for the purpose of maintaining and operating there on; Storage of Jeremy Zeman Logging Equipment and Supplies. The Rented Premises shall be used for no other purposes without the prior written consent of City.
6. **Utilities and Fees.** Renter shall be responsible for all utility accounts and applicable deposits for said accounts. Renter agrees to pay, and keep current, ALL charges, including deposits, for all utilities, including but not limited to water, sewer, refuse collection, electricity, propane, fuel oil and telephone. Failure to do so will result in the utility being shutoff. Activation of a city shutoff shall constitute a material breach of the Rent Agreement resulting in the City's termination of the Rent Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.
7. **Repairs, Maintenance and Compliance with Laws.** Renter shall maintain the Rented Premises at Renter's sole cost and expense and at all times keep the Rented Premises neat, clean and in a sanitary condition. Renter shall keep and use the Rented Premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Renter shall permit no waste, damage or injury to the Rented Premises. Renter's use of the Rented Premises in violation of any law or regulation of any governmental entity related to public health or safety or environmental pollution shall be a material breach of the Rental Agreement and grounds for City's termination of the Rental Agreement. Renter is required to obtain building permit authorization from the City for construction of any and all structures placed on or in the Rented Premises.
8. **Signs, Alterations and Improvements.** All signs or symbols placed on or about the Rented Premises shall be subject to City's prior written approval. After prior written consent of City, Renter may make alterations and improvements to the Rented Premises, at Renter's sole cost and expense. City may elect to require Renter to remove any such alterations and improvements upon termination of this Rental Agreement at Renter's sole cost and expense. Any of Renter's improvements remaining on the Rented Premises longer than thirty (30) days after Renter's possessors rights to the Rented Premises have expired shall become Rented Premises of City.

RENTAL AGREEMENT – Renewal 2017-2018

- 9. Insolvency.** In the event Renter becomes insolvent, bankrupt or if a receiver, assignee or other liquidating officer is appointed for the business of Renter, City, in City's sole discretion may immediately terminate this Rental Agreement and require that Renter vacate the Rental Premises.
- 10. Subletting or Assignment.** Renter shall not sublet the whole or any part of the Rented Premises nor assign this Rental Agreement without the prior written consent of City. This Rental Agreement shall not be assignable by operation of law. All terms and conditions of the Rental Agreement shall be binding upon any sub Renter or assignee of this Rental Agreement and Renter shall remain fully responsible to City for performance of this Rental Agreement.
- 11. Permits and Compliance with Law.** Renter shall obtain all necessary local, state and federal permits necessary for the operation of Renter's business and shall comply with all local, state and federal laws, rules and regulations.

Failure to comply with any requirements of this section shall constitute a material breach of the Rental Agreement. Failure to remedy the violation within 30 days will result in the City's termination of the Rental Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.
- 12. Insurance. General Liability Insurance:** The Renter shall procure and maintain during the life of this agreement, General Liability Insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence and /or aggregate combined single limit, personal injury, bodily injury and property damage.

Proof of Insurance shall be provided to City within thirty (30) days after the parties have executed this agreement and prior to public use of said premises. City shall be notified at least thirty (30) days before the cancellation or termination of any policy.

City shall be named as additional insured.
- 13. Accidents and Liability.** City or its agent shall not be liable for any injury or damage to the persons or property sustained by Renter or others, in and about the Rented Premises.
- 14. Indemnification and Waiver of Subrogation.** To the fullest extent permitted by law, the Renter agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, employees and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this agreement. To the extent permitted by law, the Renter hereby re-Rents the City, its elected and appointed officials, employees and volunteers from any and all liability or responsibility to the Renter or anyone claiming through or under the Renter by way of subrogation or otherwise, for any loss or damage to the property caused by fire or any other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the City, its elected or appointed officials, employees or volunteers. This provision shall

RENTAL AGREEMENT – Renewal 2017-2018

be applicable and in full force and effect only with respect to loss or damage occurring during the time of the Renter's occupancy or use.

Renter understands that the City accepts no responsibility whatsoever for loss of, or damage to Renter's property.

- 15. Removal of Renter's Property and Repair of Rented Property.** All buildings, fixtures and equipment of whatsoever nature, that Renter shall have acquired and installed upon Rented premises, whether permanently affixed or otherwise, shall continue to be the property of the Renter and must be removed by the Renter at the expiration or termination of this Rental Agreement; and at its own expense, Renter shall repair any injury to Rented Premises resulting from such removal. Renter shall remove all buildings, fixtures, and equipment, and make all repairs, within thirty days of the date the Renter vacates Rented Premises. If the Renter fails to remove its buildings, fixtures, and equipment, and fails to make the necessary repairs, the City may do so, and seek reimbursement from the Renter for the full amount of the repairs, without any deduction for the value of any buildings, fixtures, or equipment left on the premises by the Renter. If City determines that it is in City's best interest to acquire the improvements, it may negotiate to purchase Renter's buildings, fixtures, and equipment at a price equal to or less than fair market value.
- 16. Taxes.** Renter shall be solely and fully responsible for the payment of all applicable federal, state, and Thorne Bay municipal taxes including all Monthly Sales Taxes due the City.
- 17. Liens.** Renter shall maintain Rented Premises free of any and all liens. Renter will not permit any mechanics', laborers' or materialmen's liens to stand against the Rented Property or improvements for any labor or materials furnished to Renter or claimed to have been furnished to Renter, or to Renter's agents, contractors, or sub-Renters, in connection with work of any character performed or claimed to have been performed on Rented premises or improvements by or at the direction or sufferance of Renter; provided, however, Renter shall have the right to contest the validity or amount of any such lien or claimed lien, In the event of such contest, Renter shall give to the City such reasonable security as may be demanded by the City to insure payment of such lien or such claim of lien. Renter will immediately pay any judgment rendered with all proper costs and charges and shall have such lien re-Rented or judgment satisfied at Renter's own expense. Renter agrees to indemnify, hold harmless and to defend the City and Rented premises from such liens. Renter consents to the City's recording of and posting of a statutory notice of non-responsibility in accordance with Alaska Stature 34.35.065
- 18. Default by Renter.** Each of the following shall be deemed a default by the Renter and a breach of the Rental Agreement:
 - (a) A failure to make payment of any installment, of rent or of any other sum herein specified to be paid by Renter, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to make payment;

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- (b) Upon shut off of utilities;**
- (c) A default in the performance of any other covenant or condition on the part of the Renter to be performed for a period of thirty (30) days after receipt by Renter of a notice specifying the particular default or defaults;**
- (d) The filing of a petition by or against Renter for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;**
- (e) The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Renter or for the appointment of a receiver or trustee of Rented Premises of the Renter;**
- (f) The taking possession of Rented Premises of the Renter by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Renter;**
- (g) The making by the Renter of an assignment for the benefit of creditors;**
- (h) Renter vacates or abandons the Rented Premises; and**
- (i) A failure that continues for five (5) days or more to have the City named as an additional insured as required under paragraph 18, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to name the City as an additional insured.**

The specification of events constituting default by the Renter in this Section, are in addition to any defaults specified in the Thorne Bay Municipal Code.

- 19. City's Remedies for Default.** In the event of any default of the Renter, the City shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the City by statute, common law, or under Thorne Bay Municipal Code.
- (a) Distraint for rent due and subsequent sale of chattels so distrained. The sale of any such chattels shall be in accordance with the procedure set forth in Alaska Statutes.**
 - (b) Re-enter Rented Premises and take possession thereof, remove all persons therefrom, and remove Renter's property therefrom and store it in a public warehouse or elsewhere at the cost of Renter, all without service of notice or resort to legal process (all of which Renter expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;**
 - (c) Declare the Term ended;**
 - (d) Re-let Rented premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;**
 - (e) Cure any such default, if possible, and demand immediate payment until all costs incurred in curing the default have been reimbursed fully, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska;**

RENTAL AGREEMENT – Renewal 2017-2018

- (f) Collect all reasonable damages, costs and expenses that the City may incur by reason of default by Renter, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska.
 - (g) The City shall use reasonable diligence to relet Rented Premises in or to mitigate the City's damages, consistent with the uses of Rented Premises, and all applicable Thorne Bay code provisions related to this Rent and Rented Premises.
20. **Rights and Remedies.** Except insofar as this is inconsistent with or contrary to any provision of this Rent, no right or remedy herein conferred upon reserved to the City or Renter is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.
21. **Waiver.** Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.
22. **Changes.** No modifications, amendments, deletions, additions or alterations of the Rent Agreement shall be effective unless in writing and signed by all of the parties hereto and such representatives of the parties as have been duly authorized to make such changes.
23. **Joint Product.** The language set out in this Rental Agreement represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Rental Agreement, and the rule of construction favoring construction against the drafter shall not apply. Renter acknowledges and agrees that Renter has not received any legal advice from the City's attorney or from anyone associated with the City.
24. **Authority.** The parties and their undersigned representatives warrant that they have full authority to enter into this Rental Agreement and to execute this Rental Agreement.
25. **Hazardous Materials.** The Renter shall not permit, store, manufacture or dispose on Rented Premises any hazardous material or controlled substance as determined by federal, state, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to , the Comprehensive Environmental Response, Compensation and liability Act (42 U.S.C. 9601 et seq.), the Hazardous materials Transportation Act (42 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C.7401 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. 651et seq.), and Title 46 of the Alaska Statutes as these laws have been and may hereafter be amended or supplemented. "Hazardous Substance" means any pollutant, contaminant,

RENTAL AGREEMENT – Renewal 2017-2018

toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substance the removal of which is required, or the manufacture, preparation production, generation, use maintenance, treatment, storage, transfer, handling or ownership of which is restricted , prohibited, regulated or penalized by any and all federal, state, or municipal statutes or laws now or at any time hereafter in effect. Hazardous material shall not include cleaning supplies used in the routine daily cleaning and operation of a restaurant.

26. **Acceptance of the Rented Property by Renter.** Renter acknowledges that it has thoroughly examined Rented Premises. Renter accepts Rented Premises in their "AS IS" condition, and the City shall not be required to perform any work to prepare Rented Premises for the Renter. Renter's taking possession of Rented Premises shall be conclusive evidence against it that, at the time possession was taken, Rented Premises were in good and satisfactory condition. Renter acknowledges that, except for those representations and statements regarding the condition of Rented Premises expressly stated herein, Renter has not relied upon any representations or statements of the City or its representatives or agents regarding the condition of Rented premises or their suitability for Renter's uses under this Rent.
1. **Attorneys' Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Renter in the performance of any of the provisions of the Rental Agreement, Renter agrees to pay all reasonable attorneys' fees and costs incurred by City in connection therewith including City's attorneys' fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Rental Agreement will be the First Judicial District, at Ketchikan, Alaska. Renter specifically agrees that venue for trial in any action related to this Rent shall be in Craig, Alaska.
 2. **No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Rental Agreement contains all the agreements between the parties, and there shall be no modification of the agreements contained herein except by written instrument signed by both parties.
 3. **Surrender of Rented Premises.** Upon termination of this Rental Agreement, Renter agrees to peacefully quit and surrender the Rented premises without notice, remove all of Renter's personal property and leave the Rented premises neat and clean. If City elects to require Renter to remove any alterations or improvements made by Renter, then Renter shall restore the Rented Premises to their previous condition, at Renter's sole expense.
 4. **Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Rental Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties thereto, except as hereinabove provided, and as allowable by law.

RENTAL AGREEMENT – Renewal 2017-2018

5. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to City at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Renter at _____, or at such other address as either party may designate in writing to the other.
6. **City's Right of Entry.** The City shall have the right to enter Rented premises at all reasonable times to examine the condition of same.

IN WITNESS WHEREOF, The parties hereto have executed this Rental Agreement as of the date first set above written.

CITY:

RENTER:

THE CITY OF THORNE BAY

By _____
James Gould, Mayor "City"

By _____
Jeremy Zeman "Renter"

ATTEST:

Teri Feibel, City Clerk

RENTAL AGREEMENT

This Rental Agreement is entered into by and between the City of Thorne Bay, Alaska, P.O. Box 110, Thorne Bay, Alaska 99919 (hereinafter called the "CITY" and, Taquan Air (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter space in the Harbor Master office to conduct float plane service to and from Thorne Bay, if the renter requests to use the facility for other than emergency operations on municipally owned property within the corporate boundaries of the City of Thorne Bay.

Municipal Code, Title 2, Article III, Incorporated. The provisions of "Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms of this Rental Agreement unless otherwise amended in this Rental Agreement.

2. **Term.** The term of this Rental Agreement shall be Two (2) year(s) beginning October 1, 2017 and ending September 30, 2019. Monthly rental payments due the City shall commence prior to use of Rented Premises and continue throughout the term of this Rental Agreement. Monthly Sales Taxes due the City shall commence upon the signing of Rental Agreement. Renter shall have the option to renew this Rent for an additional period of time subject to renegotiations of Rent terms and payments acceptable to both the City and Renter. The option to renew and Rent for the additional period can only be effective upon approval by the Thorne Bay City Council. This option to renew shall be exercised by the Renter in writing sixty (60) days prior to the expiration of the original Rent term. The option to renew is specifically waived if not exercised in full compliance with this provision.

This Rental Agreement expires automatically on the last day of the Two (2) year period absent the approval of a new Rental Agreement by the Thorne Bay City Council. Absent an approved Rental Agreement the Renter shall vacate the premise on or before the ending date of this Rental Agreement.

In addition to any rights of the City to terminate this Rental Agreement as specified in this Rental Agreement, or as specified in the Thorne Bay Municipal Code, the City shall have all rights to terminate this Rental Agreement in accordance with any provision of applicable law.

3. **Monthly Rent Payment.** Renter covenants and agrees to pay City monthly Rent payments in the sum of Three Hundred Dollars (\$300) plus applicable sales tax payable in advance on the first day of each month of the Rent term **ONLY IF THE FLOAT PLANE DOCK AND HARBORMASTER'S OFFICE ARE USED OTHER THAN FOR EMERGENCY OPERATIONS.** In the event any payment required to be made pursuant to this Rental Agreement is more than ten (10) days past due, a late charge equal to ten percent (10%) per annum on such past due amount will be assessed and charged to

RENTAL AGREEMENT

Renter by City. At the expiration of two year term the monthly Rent payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

4. **Deposits.** Renter shall deposit with the City an amount equal to N/A. Upon termination of the Rental Agreement the Renter shall vacate the premise leaving it in the same clean condition as presented at the time said Rental Agreement was initiated. If the premise is in need of cleaning, repairs or the Renter is in default in payments said deposit shall be used to offset such costs. In the event the Rented Premise is clean and in need of no repairs the deposit will be refunded in full. First and last month may be waved in lieu of improvements to the Rented Premises or other City Facilities as provided by Renter per "Exhibit A".
5. **Use.** Renter shall use the Rented Premises for the purposed of maintaining and operating there on, Space for a desk, scales, storage, signage, parking for a van and 4-wheeler with trailer and use of and access to the float plane dock for conducting float plane service to Thorne Bay. The Rented Premises shall be used for no other purposes without the prior written consent of City.
6. **Utilities and Fees.** N/A.
7. **Repairs, Maintenance and Compliance with Laws.** Renter shall maintain the Rented Premises at Renter's sole cost and expense and at all times keep the Rented Premises neat, clean and in a sanitary condition. Renter shall keep and use the Rented Premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Renter shall permit no waste, damage or injury to the Rented Premises. Renter's use of the Rented Premises in violation of any law or regulation of any governmental entity related to public health or safety or environmental pollution shall be a material breach of the Rental Agreement and grounds for City's termination of the Rental Agreement. Renter is required to obtain building permit authorization from the City for construction of any and all structures placed on or in the Rented Premises.
8. **Signs, Alterations and Improvements.** All signs or symbols placed on or about the Rented Premises shall be subject to City's prior written approval. After prior written consent of City, Renter may make alterations and improvements to the Rented Premises, at Renter's sole cost and expense. City may elect to require Renter to remove any such alterations and improvements upon termination of this Rental Agreement at Renter's sole cost and expense. Any of Renter's improvements remaining on the Rented Premises longer than thirty (30) days after Renter's possessors rights to the Rented Premises have expired shall become Rented Premises of City.

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9. **Insolvency.** In the event Renter becomes insolvent, bankrupt or if a receiver, assignee or other liquidating officer is appointed for the business of Renter, City, in City's sole discretion may immediately terminate this Rental Agreement and require that Renter vacate the Rental Premises.
10. **Subletting or Assignment.** Renter shall not sublet the whole or any part of the Rented Premises nor assign this Rental Agreement without the prior written consent of City. This Rental Agreement shall not be assignable by operation of law. All terms and conditions of the Rental Agreement shall be binding upon any sub Renter or assignee of this Rental Agreement and Renter shall remain fully responsible to City for performance of this Rental Agreement.
11. **Permits and Compliance with Law.** Renter shall obtain all necessary local, state and federal permits necessary for the operation of Renter's business and shall comply with all local, state and federal laws, rules and regulations.

Failure to comply with any requirements of this section shall constitute a material breach of the Rental Agreement. Failure to remedy the violation within 30 days will result in the City's termination of the Rental Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.

12. **Insurance.** General Liability Insurance: The Renter shall procure and maintain during the life of this agreement, General Liability Insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence and /or aggregate combined single limit, personal injury, bodily injury and property damage.

Proof of Insurance shall be provided to City within thirty (30) days after the parties have executed this agreement and prior to public use of said premises. City shall be notified at least thirty (30) days before the cancellation or termination of any policy.

City shall be named as additional insured.

13. **Accidents and Liability.** City or its agent shall not be liable for any injury or damage to the persons or property sustained by Renter or others, in and about the Rented Premises.
14. **Indemnification and Waiver of Subrogation.** To the fullest extent permitted by law, the Renter agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, employees and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this agreement. To the extent permitted by law, the Renter hereby re-Rents the City, its elected and appointed officials, employees and volunteers from any and all liability or responsibility to the Renter or anyone claiming through or under the Renter by way of subrogation or

RENTAL AGREEMENT

otherwise, for any loss or damage to the property caused by fire or any other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the City, its elected or appointed officials, employees or volunteers. This provision shall be applicable and in full force and effect only with respect to loss or damage occurring during the time of the Renter's occupancy or use.

Renter understands that the City accepts no responsibility whatsoever for loss of, or damage to Renter's property.

- 15. Removal of Renter's Property and Repair of Rented Property.** All buildings, fixtures and equipment of whatsoever nature, that Renter shall have acquired and installed upon Rented premises, whether permanently affixed or otherwise, shall continue to be the property of the Renter and must be removed by the Renter at the expiration or termination of this Rental Agreement; and at its own expense, Renter shall repair any injury to Rented Premises resulting from such removal. Renter shall remove all buildings, fixtures, and equipment, and make all repairs, within thirty days of the date the Renter vacates Rented Premises. If the Renter fails to remove its buildings, fixtures, and equipment, and fails to make the necessary repairs, the City may do so, and seek reimbursement from the Renter for the full amount of the repairs, without any deduction for the value of any buildings, fixtures, or equipment left on the premises by the Renter. If City determines that it is in City's best interest to acquire the improvements, it may negotiate to purchase Renter's buildings, fixtures, and equipment at a price equal to or less than fair market value.
- 16. Taxes.** Renter shall be solely and fully responsible for the payment of all applicable federal, state, and Thorne Bay municipal taxes including all Monthly Sales Taxes due the City.
- 17. Liens.** Renter shall maintain Rented Premises free of any and all liens. Renter will not permit any mechanics', laborers' or materialmen's liens to stand against the Rented Property or improvements for any labor or materials furnished to Renter or claimed to have been furnished to Renter, or to Renter's agents, contractors, or sub-Renters, in connection with work of any character performed or claimed to have been performed on Rented premises or improvements by or at the direction or sufferance of Renter; provided, however, Renter shall have the right to contest the validity or amount of any such lien or claimed lien, In the event of such contest, Renter shall give to the City such reasonable security as may be demanded by the City to insure payment of such lien or such claim of lien. Renter will immediately pay any judgment rendered with all proper costs and charges and shall have such lien re-Rented or judgment satisfied at Renter's own expense. Renter agrees to indemnify, hold harmless and to defend the City and Rented premises from such liens. Renter consents to the City's recording of and posting of a statutory notice of non-responsibility in accordance with Alaska Statute 34.35.065

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18. Default by Renter. Each of the following shall be deemed a default by the Renter and a breach of the Rental Agreement:

- (a) A failure to make payment of any installment, of rent or of any other sum herein specified to be paid by Renter, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to make payment;
- (b) Upon shut off of utilities;
- (c) A default in the performance of any other covenant or condition on the part of the Renter to be performed for a period of thirty (30) days after receipt by Renter of a notice specifying the particular default or defaults;
- (d) The filing of a petition by or against Renter for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
- (e) The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Renter or for the appointment of a receiver or trustee of Rented Premises of the Renter;
- (f) The taking possession of Rented Premises of the Renter by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Renter;
- (g) The making by the Renter of an assignment for the benefit of creditors;
- (h) Renter vacates or abandons the Rented Premises; and
- (i) A failure that continues for five (5) days or more to have the City named as an additional insured as required under paragraph 18, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Renter in this Section, are in addition to any defaults specified in the Thorne Bay Municipal Code.

19. City's Remedies for Default. In the event of any default of the Renter, the City shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the City by statute, common law, or under Thorne Bay Municipal Code.

- (a) Distraint for rent due and subsequent sale of chattels so distrained. The sale of any such chattels shall be in accordance with the procedure set forth in Alaska Statutes.
- (b) Re-enter Rented Premises and take possession thereof, remove all persons therefrom, and remove Renter's property therefrom and store it in a public warehouse or elsewhere at the cost of Renter, all without service of notice or resort to legal process (all of which Renter expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;
- (c) Declare the Term ended;

RENTAL AGREEMENT

- (d) Re-let Rented premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;
- (e) Cure any such default, if possible, and demand immediate payment until all costs incurred in curing the default have been reimbursed fully, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska;
- (f) Collect all reasonable damages, costs and expenses that the City may incur by reason of default by Renter, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska.
- (g) The City shall use reasonable diligence to relet Rented Premises in or to mitigate the City's damages, consistent with the uses of Rented Premises, and all applicable Thorne Bay code provisions related to this Rent and Rented Premises.

20. **Rights and Remedies.** Except insofar as this is inconsistent with or contrary to any provision of this Rent, no right or remedy herein conferred upon reserved to the City or Renter is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.
21. **Waiver.** Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.
22. **Changes.** No modifications, amendments, deletions, additions or alterations of the Rent Agreement shall be effective unless in writing and signed by all of the parties hereto and such representatives of the parties as have been duly authorized to make such changes.
23. **Joint Product.** The language set out in this Rental Agreement represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Rental Agreement, and the rule of construction favoring construction against the drafter shall not apply. Renter acknowledges and agrees that Renter has not received any legal advice from the City's attorney or from anyone associated with the City.
24. **Authority.** The parties and their undersigned representatives warrant that they have full authority to enter into this Rental Agreement and to execute this Rental Agreement.
25. **Hazardous Materials.** The Renter shall not permit, store, manufacture or dispose on Rented Premises any hazardous material or controlled substance as determined by

RENTAL AGREEMENT

federal, state, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to , the Comprehensive Environmental Response, Compensation and liability Act (42 U.S.C. 9601 et seq.), the Hazardous materials Transportation Act (42 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C.7401 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. 651et seq.), and Title 46 of the Alaska Statutes as these laws have been and may hereafter be amended or supplemented. "Hazardous Substance" means any pollutant, contaminant, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substance the removal of which is required, or the manufacture, preparation production, generation, use maintenance, treatment, storage, transfer, handling or ownership of which is restricted , prohibited, regulated or penalized by any and all federal, state, or municipal statutes or laws now or at any time hereafter in effect. Hazardous material shall not include cleaning supplies used in the routine daily cleaning and operation of a restaurant.

- 26. Acceptance of the Rented Property by Renter.** Renter acknowledges that it has thoroughly examined Rented Premises. Renter accepts Rented Premises in their "AS IS" condition, and the City shall not be required to perform any work to prepare Rented Premises for the Renter. Renter's taking possession of Rented Premises shall be conclusive evidence against it that, at the time possession was taken, Rented Premises were in good and satisfactory condition. Renter acknowledges that, except for those representations and statements regarding the condition of Rented Premises expressly stated herein, Renter has not relied upon any representations or statements of the City or its representatives or agents regarding the condition of Rented premises or their suitability for Renter's uses under this Rent.
- 1. Attorneys' Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Renter in the performance of any of the provisions of the Rental Agreement, Renter agrees to pay all reasonable attorneys' fees and costs incurred by City in connection therewith including City's attorneys' fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Rental Agreement will be the First Judicial District, at Ketchikan, Alaska. Renter specifically agrees that venue for trial in any action related to this Rent shall be in Craig, Alaska.
 - 2. No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Rental Agreement contains all the agreements between the parties, and there shall be no modification of the agreements contained herein except by written instrument signed by both parties.

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3. **Surrender of Rented Premises.** Upon termination of this Rental Agreement, Renter agrees to peacefully quit and surrender the Rented premises without notice, remove all of Renter's personal property and leave the Rented premises neat and clean. If City elects to require Renter to remove any alterations or improvements made by Renter, then Renter shall restore the Rented Premises to their previous condition, at Renter's sole expense.
4. **Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Rental Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties thereto, except as hereinabove provided, and as allowable by law.
5. **Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to City at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Renter at, PO Box _____, Thorne Bay, AK 99919, or at such other address as either party may designate in writing to the other.
6. **City's Right of Entry.** The City shall have the right to enter Rented premises at all reasonable times to examine the condition of same.

IN WITNESS WHEREOF, The parties hereto have executed this Rental Agreement as of the date first set above written.

CITY:

RENTER:

THE CITY OF THORNE BAY

By _____
James Gould, Mayor "City"

By _____
Taquan Air "Renter"

ATTEST:

Teri Feibel, City Clerk

RENTAL AGREEMENT

This Rental Agreement is entered into by and between the City of Thorne Bay, Alaska, P.O. Box 110, Thorne Bay, Alaska 99919 (hereinafter called the "CITY" and, Cindy Edenfield, (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter Lot 1 and Trailer with Addition in City RV Park on municipally owned property within the corporate boundaries of the City of Thorne Bay.

Municipal Code, Title 2, Article III, Incorporated. The provisions of "Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms of this Rental Agreement unless otherwise amended in this Rental Agreement.

2. **Term.** The term of this Rental Agreement shall be Two (2) year(s) beginning Oct 1, 2017 and ending September 30, 2019. Monthly rental payments due the City shall commence prior to use of Rented Premises and continue throughout the term of this Rental Agreement. Monthly Sales Taxes due the City shall commence upon the signing of Rental Agreement. Renter shall have the option to renew this Rent for an additional period of time subject to renegotiations of Rent terms and payments acceptable to both the City and Renter. The option to renew and Rent for the additional period can only be effective upon approval by the Thorne Bay City Council. This option to renew shall be exercised by the Renter in writing sixty (60) days prior to the expiration of the original Rent term. The option to renew is specifically waived if not exercised in full compliance with this provision.

This Rental Agreement expires automatically on the last day of the Two (2) year period absent the approval of a new Rental Agreement by the Thorne Bay City Council. Absent an approved Rental Agreement the Renter shall vacate the premise on or before the ending date of this Rental Agreement.

In addition to any rights of the City to terminate this Rental Agreement as specified in this Rental Agreement, or as specified in the Thorne Bay Municipal Code, the City shall have all rights to terminate this Rental Agreement in accordance with any provision of applicable law.

3. **Monthly Rent Payment.** Renter covenants and agrees to pay City monthly Rent payments in the sum of \$250 for rental of Lot 1 and Trailer with Addition, plus water, sewer and solid waste monthly fees, plus applicable sales tax payable in advance on the first day of each month of the Rent term. In the event any payment required to be made pursuant to this Rental Agreement is more than ten (10) days past due, a late charge equal to ten percent (10%) per annum on such past due amount will be assessed and charged to Renter by City. At the expiration of two year term the monthly Rent payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

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- 4. Deposits.** Renter shall deposit with the City an amount equal to N/A. Upon termination of the Rental Agreement the Renter shall vacate the premise leaving it in the same clean condition as presented at the time said Rental Agreement was initiated. If the premise is in need of cleaning, repairs or the Renter is in default in payments said deposit shall be used to offset such costs. In the event the Rented Premise is clean and in need of no repairs the deposit will be refunded in full. First and last month may be waved in lieu of improvements to the Rented Premises or other City Facilities as provided by Renter per "Exhibit A".
- 5. Use.** Renter shall use the Rented Premises for the purposed of maintaining and operating thereon, single family living facilities as long as the renter is in good standing with and a member of the City Emergency Medical Services program. The Renter shall also assist the City of Thorne Bay with RV Park Management. The Rented Premises shall be used for no other purposes without the prior written consent of City.
- 6. Utilities and Fees.** Renter shall be responsible for all utility accounts and applicable deposits for said accounts. Renter agrees to pay, and keep current, ALL charges, including deposits, for all utilities, including but not limited to water, sewer, refuse collection, electricity, propane, fuel oil and telephone. Failure to do so will result in the utility being shutoff. Activation of a city shutoff shall constitute a material breach of the Rent Agreement resulting in the City's termination of the Rent Agreement. Absent an approved Rental Agreement the Renter shall vacate the premise immediately.
- 7. Repairs, Maintenance and Compliance with Laws.** Renter shall maintain the Rented Premises at Renter's sole cost and expense and at all times keep the Rented Premises neat, clean and in a sanitary condition. Renter shall keep and use the Rented Premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Renter shall permit no waste, damage or injury to the Rented Premises. Renter's use of the Rented Premises in violation of any law or regulation of any governmental entity related to public health or safety or environmental pollution shall be a material breach of the Rental Agreement and grounds for City's termination of the Rental Agreement. Renter is required to obtain building permit authorization from the City for construction of any and all structures placed on or in the Rented Premises.
- 8. Signs, Alterations and Improvements.** All signs or symbols placed on or about the Rented Premises shall be subject to City's prior written approval. After prior written consent of City, Renter may make alterations and improvements to the Rented Premises, at Renter's sole cost and expense. City may elect to require Renter to remove any such alterations and improvements upon termination of this Rental Agreement at Renter's sole cost and expense. Any of Renter's improvements remaining on the Rented Premises longer than thirty (30) days after Renter's possessors rights to the Rented Premises have expired shall become Rented Premises of City.

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9. **Insolvency.** In the event Renter becomes insolvent, bankrupt or if a receiver, assignee or other liquidating officer is appointed for the business of Renter, City, in City's sole discretion may immediately terminate this Rental Agreement and require that Renter vacate the Rental Premises.
10. **Subletting or Assignment.** Renter shall not sublet the whole or any part of the Rented Premises nor assign this Rental Agreement without the prior written consent of City. This Rental Agreement shall not be assignable by operation of law. All terms and conditions of the Rental Agreement shall be binding upon any sub Renter or assignee of this Rental Agreement and Renter shall remain fully responsible to City for performance of this Rental Agreement.
11. **Permits and Compliance with Law.** - Renter shall comply with all local, state and federal laws, rules and regulations.
12. **Insurance.** General Liability Insurance: The City, as part of the City Insurance program, shall procure and maintain during the life of this agreement, General Liability Insurance on an "occurrence basis" with limits of liability not less than \$1,000,000 per occurrence and / or aggregate combined single limit, personal injury, bodily injury and property damage.
13. **Accidents and Liability.** City or its agent shall not be liable for any injury or damage to the persons or property sustained by Renter or others, in and about the Rented Premises.
14. **Indemnification and Waiver of Subrogation.** To the fullest extent permitted by law, the Renter agrees to defend, indemnify and hold harmless the City, its elected and appointed officials, employees and volunteers against any and all liabilities, claims, demands, lawsuits, or losses, including costs and attorney fees incurred in defense thereof, arising out of or in any way connected or associated with this agreement. To the extent permitted by law, the Renter hereby re-Rents the City, its elected and appointed officials, employees and volunteers from any and all liability or responsibility to the Renter or anyone claiming through or under the Renter by way of subrogation or otherwise, for any loss or damage to the property caused by fire or any other casualty, even if such fire or other casualty shall have been caused by the fault or negligence of the City, its elected or appointed officials, employees or volunteers. This provision shall be applicable and in full force and effect only with respect to loss or damage occurring during the time of the Renter's occupancy or use.

Renter understands that the City accepts no responsibility whatsoever for loss of, or damage to Renter's property.

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- 15. Removal of Renter's Property and Repair of Rented Property.** All buildings, fixtures and equipment of whatsoever nature, that Renter shall have acquired and installed upon Rented premises, whether permanently affixed or otherwise, shall continue to be the property of the Renter and must be removed by the Renter at the expiration or termination of this Rental Agreement; and at its own expense, Renter shall repair any injury to Rented Premises resulting from such removal. Renter shall remove all buildings, fixtures, and equipment, and make all repairs, within thirty days of the date the Renter vacates Rented Premises. If the Renter fails to remove its buildings, fixtures, and equipment, and fails to make the necessary repairs, the City may do so, and seek reimbursement from the Renter for the full amount of the repairs, without any deduction for the value of any buildings, fixtures, or equipment left on the premises by the Renter. If City determines that it is in City's best interest to acquire the improvements, it may negotiate to purchase Renter's buildings, fixtures, and equipment at a price equal to or less than fair market value.
- 16. Taxes.** Renter shall be solely and fully responsible for the payment of all applicable federal, state, and Thorne Bay municipal taxes including all Monthly Sales Taxes due the City.
- 17. Liens.** Renter shall maintain Rented Premises free of any and all liens. Renter will not permit any mechanics', laborers' or materialmen's liens to stand against the Rented Property or improvements for any labor or materials furnished to Renter or claimed to have been furnished to Renter, or to Renter's agents, contractors, or sub-Renters, in connection with work of any character performed or claimed to have been performed on Rented premises or improvements by or at the direction or sufferance of Renter; provided, however, Renter shall have the right to contest the validity or amount of any such lien or claimed lien, In the event of such contest, Renter shall give to the City such reasonable security as may be demanded by the City to insure payment of such lien or such claim of lien. Renter will immediately pay any judgment rendered with all proper costs and charges and shall have such lien re-Rented or judgment satisfied at Renter's own expense. Renter agrees to indemnify, hold harmless and to defend the City and Rented premises from such liens. Renter consents to the City's recording of and posting of a statutory notice of non-responsibility in accordance with Alaska Stature 34.35.065
- 18. Default by Renter.** Each of the following shall be deemed a default by the Renter and a breach of the Rental Agreement:
- (a) A failure to make payment of any installment, of rent or of any other sum herein specified to be paid by Renter, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to make payment;
 - (b) Upon shut off of utilities;
 - (c) A default in the performance of any other covenant or condition on the part of the Renter to be performed for a period of thirty (30) days after receipt by Renter of a notice specifying the particular default or defaults;

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- (d) The filing of a petition by or against Renter for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
- (e) The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Renter or for the appointment of a receiver or trustee of Rented Premises of the Renter;
- (f) The taking possession of Rented Premises of the Renter by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Renter;
- (g) The making by the Renter of an assignment for the benefit of creditors;
- (h) Renter vacates or abandons the Rented Premises; and
- (i) A failure that continues for five (5) days or more to have the City named as an additional insured as required under paragraph 18, and Renter fails to cure such default within ten (10) days after receipt of a written notice has been received by Renter specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Renter in this Section, are in addition to any defaults specified in the Thorne Bay Municipal Code.

- 19. City's Remedies for Default.** In the event of any default of the Renter, the City shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the City by statute, common law, or under Thorne Bay Municipal Code.
- (a) Distraint for rent due and subsequent sale of chattels so distrained. The sale of any such chattels shall be in accordance with the procedure set forth in Alaska Statutes.
 - (b) Re-enter Rented Premises and take possession thereof, remove all persons therefrom, and remove Renter's property therefrom and store it in a public warehouse or elsewhere at the cost of Renter, all without service of notice or resort to legal process (all of which Renter expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;
 - (c) Declare the Term ended;
 - (d) Re-let Rented premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;
 - (e) Cure any such default, if possible, and demand immediate payment until all costs incurred in curing the default have been reimbursed fully, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska;
 - (f) Collect all reasonable damages, costs and expenses that the City may incur by reason of default by Renter, together with interest calculated at the rate of ten percent (10%) per annum at the then current prime rate as established by the First Bank of Alaska.

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- (g) The City shall use reasonable diligence to relet Rented Premises in or to mitigate the City's damages, consistent with the uses of Rented Premises, and all applicable Thorne Bay code provisions related to this Rent and Rented Premises.
20. **Rights and Remedies.** Except insofar as this is inconsistent with or contrary to any provision of this Rent, no right or remedy herein conferred upon reserved to the City or Renter is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.
21. **Waiver.** Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.
22. **Changes.** No modifications, amendments, deletions, additions or alterations of the Rent Agreement shall be effective unless in writing and signed by all of the parties hereto and such representatives of the parties as have been duly authorized to make such changes.
23. **Joint Product.** The language set out in this Rental Agreement represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Rental Agreement, and the rule of construction favoring construction against the drafter shall not apply. Renter acknowledges and agrees that Renter has not received any legal advice from the City's attorney or from anyone associated with the City.
24. **Authority.** The parties and their undersigned representatives warrant that they have full authority to enter into this Rental Agreement and to execute this Rental Agreement.
25. **Hazardous Materials.** The Renter shall not permit, store, manufacture or dispose on Rented Premises any hazardous material or controlled substance as determined by federal, state, or municipal statutes or laws now or at any time hereafter in effect, including but not limited to, the Comprehensive Environmental Response, Compensation and liability Act (42 U.S.C. 9601 et seq.), the Hazardous materials Transportation Act (42 U.S.C. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), the Clean Air Act (42 U.S.C. 7401 et seq.), the Toxic Substance Control Act, as amended (15 U.S.C. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. 651 et seq.), and Title 46 of the Alaska Statutes as these laws have been and may hereafter be amended or supplemented. "Hazardous Substance" means any pollutant, contaminant, toxic substance, flammable, explosive, radioactive material, urea formaldehyde foam insulation, asbestos, PCB's or any other substance the removal of which is required, or the manufacture, preparation production, generation, use maintenance, treatment, storage, transfer, handling or ownership of which is restricted, prohibited, regulated or penalized by any and all federal, state, or municipal statutes or laws now or at any time hereafter in effect.

RENTAL AGREEMENT

Hazardous material shall not include cleaning supplies used in the routine daily cleaning and operation of a restaurant.

- 26. Acceptance of the Rented Property by Renter.** Renter acknowledges that it has thoroughly examined Rented Premises. Renter accepts Rented Premises in their "AS IS" condition, and the City shall not be required to perform any work to prepare Rented Premises for the Renter. Renter's taking possession of Rented Premises shall be conclusive evidence against it that, at the time possession was taken, Rented Premises were in good and satisfactory condition. Renter acknowledges that, except for those representations and statements regarding the condition of Rented Premises expressly stated herein, Renter has not relied upon any representations or statements of the City or its representatives or agents regarding the condition of Rented premises or their suitability for Renter's uses under this Rent.
- 1. Attorneys' Fees and Costs.** Should any dispute and/or legal action arise by reason of any default or breach on the part of Renter in the performance of any of the provisions of the Rental Agreement, Renter agrees to pay all reasonable attorneys' fees and costs incurred by City in connection therewith including City's attorneys' fees and costs incurred on appeal. It is agreed that the venue of any legal action brought under the terms of this Rental Agreement will be the First Judicial District, at Ketchikan, Alaska. Renter specifically agrees that venue for trial in any action related to this Rent shall be in Craig, Alaska.
 - 2. No Waiver of Covenants.** Any waiver by either party of any breach hereof by the other shall not be considered a waiver of any future or similar breach. This Rental Agreement contains all the agreements between the parties, and there shall be no modification of the agreements contained herein except by written instrument signed by both parties.
 - 3. Surrender of Rented Premises.** Upon termination of this Rental Agreement, Renter agrees to peacefully quit and surrender the Rented premises without notice, remove all of Renter's personal property and leave the Rented premises neat and clean. If City elects to require Renter to remove any alterations or improvements made by Renter, then Renter shall restore the Rented Premises to their previous condition, at Renter's sole expense.
 - 4. Binding on Heirs, Successors and Assigns.** The covenants and agreements of this Rental Agreement shall be binding upon the heirs, executors, administrators, successors and assigns of both parties thereto, except as hereinabove provided, and as allowable by law.
 - 5. Notice.** Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to City at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Renter at, _____, _____ or at such other address as either party may designate in writing to the other.
 - 6. City's Right of Entry.** The City shall have the right to enter Rented premises at all reasonable times to examine the condition of same.

RENTAL AGREEMENT

IN WITNESS WHEREOF, The parties hereto have executed this Rental Agreement as of the date first set above written.

CITY:

RENTER:

THE CITY OF THORNE BAY

By _____
James Gould, Mayor "City"

By _____
Cindy Edenfield "Renter"

ATTEST:

Teri Feibel, City Clerk

LEASE AGREEMENT

THIS AGREEMENT of Lease is made effective this 1st day of November 1, 2016, by and between the City of Thorne Bay, an Alaska municipal corporation, P.O. Box 19110, Thorne Bay, Alaska 99919 (hereinafter called the City or Lessor), and Southeast Island School District (SISD) of PO Box 19569, Alaska 99919, hereinafter referred to as (Lessee).

1. **Leased Premises.** The City of Thorne Bay hereby leases to Lessee the following described municipal land ("Premises"), situated in the City of Thorne Bay, First Judicial District, State of Alaska, described as follows:

City owned municipal land, located easterly of the City owned boat launch facility as shown on the attached map within the corporate boundaries of the City of Thorne Bay.

In additions to the terms and conditions contained in all of the sections of this Lease, the provisions of Title 2, Article III of the Thorne Bay Municipal Code shall apply to the terms and conditions of this Lease Agreement unless otherwise amended in this Lease.

2. **Term.** The term of this Lease shall be for a one (1) year term commencing **November 1, 2017 and terminating October 31, 2018.** The lease shall terminate automatically on the expiration of the first year, unless the Lessor and Lessee have executed a new lease for a new term, or agreed to an extension of this lease in writing. Absent an approved Lease Agreement, the Lessee shall vacate the Premises on or before the ending date of this Lease Agreement by removing all structures thereon. If the City and Lessee enter a new lease, or an extension of this Lease, the monthly lease payment shall be reviewed and adjusted in accordance with the provisions of Section 2.56.210 of Title 2, Article III of the Thorne Bay Municipal Code.

3. **Occupancy.** Lessee was granted occupancy of the Premises on or about shall be granted occupancy of the Premises on or about October 31, 2014. Lessee will be granted continued occupancy of premises upon signature of this lease renewal.

4. **Rent.** This is a triple-net Lease with Lessee responsible for rent and taxes as defined herein. Lessee agrees to pay to Lessor rent at the rate of **\$1,000.00 per month** on or before the first day of each calendar month **beginning November 1, 2017**, payable to Lessor and mailed to **City of Thorne Bay, PO Box 99110, Thorne Bay, Alaska 99919.** Payments received after the 10th day of the month will be subject to a 10% late charge.

5. **Purchase.** Lessee is the owner of the modular building and equipment, personal property, and inventory per the sales agreement entered into on October 14, 2014.

6. **Annual Rent Adjustment.** The parties agree that if the Lessor and Lessee execute a new lease for a new term, or agreed to an extension of this lease in writing the monthly rent shall be subject to adjustment mutually agreed upon by both parties. Under no circumstances shall the rental price be decreased from the amount charged at the outset of this Lease until the rent amount charged at the outset of this Lease has been paid for twelve (12) months.

7. **Sales and Property Taxes.** A. Lessee shall pay, in addition to the rentals specified in Paragraph 4 above, any sums required to be paid under the sales tax, personal property tax, special assessments and/or real property laws that may be in force from time to time within the City of Thorne Bay, Alaska. The amounts for sales tax, special assessments and personal property taxes shall be payable at least ten (10) days prior to delinquency. Proof of the payment of Sales Taxes shall be provided to the Lessor on a monthly basis. Real property taxes for the year [insert year] on [insert year] actual taxable amount shall be prorated monthly over a nine-month period with one ninth of the annual estimated real property taxes paid by Lessee to Lessor at the time Lessee makes its monthly rent payments for May through September [insert date]. If the real property taxes for [insert date] are increased above the [insert date] real property taxes assessed by the City of Thorne Bay, once the new tax assessment has been determined Lessee will make arrangements with Lessor to increase the required prorate monthly payment to assure that the total real property tax payment has been paid to Lessor by September 1st of the following year to assure that Lessor has received from Lessee the required annual real property tax payment. Thereafter the property taxes will be prorated over a twelve-month period based on projected property taxes due and owing. Nonpayment of sales taxes, assessments and/or real property taxes shall be enforceable in the same manner as nonpayment of rent.

B. Lessee shall be responsible for and pay all personal property taxes applicable to the personal property owned by Lessee and located on the leased Premises.

8. **Deposits.** Lessee shall deposit with the City an amount equal to N/A. Upon termination of the Lease the Lessee shall vacate the premise leaving it in the same clean condition as presented at the time the Lease was entered. If the Premises are in need of cleaning, repairs or the Lessee is in default in payments the deposit shall be used to offset such costs. In the event the Premises are clean and in need of no repairs the deposit will be refunded in full.

9. **Use.** Lessee shall use the leased premises for the purposed of maintaining and operating a restaurant owned by the Southeast Island School District with indoor and outdoor seating open to the general public. Uses to also include other structures or facilities added to or adjacent to the restaurant for the purpose of display or sale of items associated with Southeast Island School District, or the maintaining and operating of the restaurant. The leased premises shall not be used for any other purposes without the prior written consent of Lessor.

10. **Permits and Compliance with Law.** Lessee shall obtain all necessary local, state and federal permits necessary for the operation of Lessee's business and shall comply with all local, state and federal laws, rules and regulations. Failure to comply with any requirements of this section shall constitute a material breach of and a default of the Lease Agreement resulting in the Lessor's option to terminate the Lease Agreement, in the sole discretion of the Lessor. Upon termination due to a breach or default under this section, the Lessee shall vacate the premise immediately.

11. **Acceptance of the Leased Property by Lessee.** Lessee acknowledges that it/he/she has thoroughly examined the leased premises. Lessee accepts the leased premises in their "AS IS" condition. The Lessor shall not be required to perform any work to prepare leased premises for the Lessee. Lessee's taking possession of leased premises shall be conclusive evidence against the Lessee that, at the time possession was taken, leased premises were in good and satisfactory condition. Lessee

has not relied upon any representations or statements of the Lessor or its representatives or agents regarding the condition of leased premises or their suitability for Lessee's uses under this Lease.

Lessee specifically acknowledges that Lessee has had access to the water reports related to the City of Thorne Bay water system and Lessee has reviewed those reports to the extent deemed necessary by the Lessee before determining to enter this Lease. Lessee admits and acknowledges that Lessee is fully aware that the City of Thorne Bay water system is not in full compliance with EPA and ADEC water quality standards. Lessee acknowledges that the City of Thorne Bay has no obligation whatsoever to comply with the EPA or ADEC water quality standards as a condition of this Lease. The decision to enter this Lease and operate the restaurant on the premises and to use and serve City water, or to use or serve some other water source, is solely that of the Lessee, and Lessee takes full responsibility to the fullest extent of the law for the water source it chooses to use in the operation of the restaurant. Lessee acknowledges that it/he/she has no cause of action of any kind or any nature, including any administrative proceedings or complaints, against the City of Thorne Bay based on any allegation or claim related to the water quality of the City of Thorne Bay water system.

12. Insurance. A. **Liability Insurance.** During the term of this Lease, Lessee shall, at Lessee's own expense, maintain and keep in force adequate insurance to protect both the Lessor and Lessee against comprehensive liability, personal injury, including death, property damage, including as to any equipment or improvements, fire, and extended coverage claims. Lessee shall maintain insurance in amounts not less than comprehensive general liability insurance with minimum limits of \$1,000,000, with minimum limits of \$1,000,000 per individual and \$1,000,000 per accident. Lessor shall be named as an additional insured on all policies. Proof of Insurance shall be provided to Lessor within thirty (30) days after the parties have executed this lease and prior to public use of the premises. Lessor shall be notified at least thirty (30) days before the cancellation or termination of any policy. Failure to place and maintain insurance in compliance with this section constitutes an immediate, material breach of and default of the Lease. Failure of the Lessee to provide the Certificate of Insurance showing the City of Thorne Bay as an additional insured within thirty (30) days of the signing of this Lease by the Lessee shall constitute a material breach and a default on the lease and the City shall have the right to immediately terminate the lease and pursue any other remedies allowable by law to remove the Lessee from the premises.

B. **Property Insurance.** During the term of this Lease, Lessee shall at all times carry upon any property belonging to Lessee and placed, erected or installed in, on or upon the Premises, fire and casualty insurance protecting against loss, damage or destruction caused by wind, fire, lightning, explosion, vandalism, malicious mischief, or such other casualties and such other risks as may be provided by extended coverage. Any such insurance shall name Lessor as an additional insured or contain such other provisions as may be needed to preclude any subrogation claims by the insurers against Lessor. Any such insurance shall be endorsed to require at least thirty (30) days' notice to Lessor prior to cancellation. Lessee shall also be responsible for providing Lessee's own personal property/inventory insurance coverage. **Lessor will not be providing any insurance for the protection of Lessee, Lessee's loss of business, personal injury or property damage claims or content coverage. Lessee is responsible for providing any and all of its own insurance coverage.** Lessee shall store its property in and shall occupy leased premises at its own risk, and releases the Lessor, to the full extent permitted by law, from all claims of every kind resulting in loss of life, personal or bodily injury or property damage.

C. Workers' Compensation Insurance. Lessee shall maintain Worker's Compensation Insurance in compliance with the laws of the State of Alaska, AS 23.30 et seq., and federal jurisdiction where the work is being performed.

D. Fire Insurance. During the term of this Lease, Lessor shall maintain fire and extended coverage insurance on the building structures, solely for Lessor's benefit.

E. Insurance Policy Requirements. All policies of insurance shall be issued by and maintained in responsible insurance companies selected by Lessee, organized under the laws of one of the states of the United States or The Underwriters at Lloyd's of London, authorized under the laws of the State of Alaska to assume the risks covered thereby, and rated at least "A" by A.M. Best Company, Inc. or Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies, Inc. Lessee will deposit annually with Lessor policies evidencing all such insurance, or a certificate or certificates or binders of the respective insurers stating that such insurance is in force and effect. Each policy shall contain a provision that the insurer shall not cancel nor modify it without giving written notice to Lessor and Lessee at least 30 days before the cancellation, non-renewal or modification becomes effective.

13. Improvements to Real Property. There shall be no improvements, alterations or modifications on the Premises without the prior review and written approval of all plans by Lessor. Any alteration, addition or improvement approved by Lessor shall be performed in a good and workmanlike manner and by competent craftsmen. All alterations, additions and improvements shall comply with all federal, state and local governmental statutes, ordinances, laws, codes and regulations affecting the leased Premises and the use thereof. Lessee is required to obtain building permit authorization from the Lessor for construction of any and all structures placed on the lease area.

14. Leasehold Improvements. All signs or symbols placed on or about the leased premises shall be subject to Lessor's prior written approval. With prior written consent of Lessor, Lessee may make alterations and improvements on or to the leased premises, at Lessee's sole cost and expense. All fixtures, buildings and/or equipment of whatsoever nature which shall have been installed on the Premises by the Lessee, whether permanently affixed or otherwise, shall be the property of Lessee, and shall be removed by Lessee at the expiration or termination of this Lease. at Lessee's sole cost and expense, in the sole discretion of the Lessor unless Lessor and Lessee mutually agree to improvements remaining on leased premise. Any of Lessee's improvements remaining on the leased premises longer than thirty (30) days after termination or expiration of the lease shall become the property of the Lessor.

15. Termination of Lease. If Lessee vacates the leased Premises prior to the end of the Lease term, Lessee shall be responsible for continuation of Lease payments until the Lease expires at the end of the Lease term, or Lessor and Lessee mutually agree to terminate Lessee's Lease obligation.

16. Quiet Enjoyment. If Lessee performs and fulfills all the covenants and conditions herein contained, Lessee shall quietly enjoy the Premises during the term of this Lease and any extensions thereof.

17. Destruction of Premises. A. In the event the Premises or any substantial portion thereof shall be damaged by fire, wind, flood, earthquake or other casualty, and it reasonably appears that repair cannot be effected so as to permit re-occupancy within thirty (30) days from the date of casualty,

either party at its option, may by written notice mailed within ten (10) days from the date of such casualty elect to terminate this Lease, effective as of the date of such casualty. If neither party shall so elect to terminate this Lease, Lessee's liability for rent shall abate in proportion to that portion of the Premises rendered unfit for Lessee's operation by reason of such casualty until such time as repairs are completed; provided, however, that if repair work progresses in stages and results in rendering portions of the Premises fit for utilization by Lessee from time to time, the abatement of rent shall be reduced proportionately as repairs to portions of the demised Premises are completed.

B. In the event that less than a substantial portion of the demised Premises are damaged by fire, wind, flood, earthquake or other casualty, this Lease shall not end, but the rent shall be abated in accordance with the provisions contained in subparagraph (a) above, during any period in which repairs are being performed.

C. As used in this paragraph, the term "substantial portion" means damage depriving Lessee of use of fifty percent (50%) or more of the Premises.

D. Notwithstanding subparagraphs (a) and (b) above, this Lease shall not end nor shall any abatement of rent occur if the damage or destruction of the Premises is caused by any act or omission on the part of Lessee, its agents, invitees or licensees.

18. Government Requirement. The Lessee shall comply with all federal, state and municipal laws, ordinances, regulations, or orders, and all court orders and administrative orders.

19. Assignments and Subleases. Lessee shall not assign the Lease or any interest in the lease for any purpose, and shall not sublet the Premises or any part thereof, and shall not permit any person to occupy or use the Premises except upon Lessor's written consent. Any unapproved assignment or sublease shall be void. Lessor reserves the right to withhold consent.

20. Liens. Lessee shall not do or permit anything causing the Premises to be encumbered by any lien and shall, whenever and as often as such lien is claimed against the Premises purporting to be for labor or materials furnished to Lessee or otherwise being based on a claim against Lessee, discharge the same within ten (10) days or Lessee shall post with Lessor a bond in an amount and with sureties which are satisfactory to Lessor guaranteeing that said lien will be removed. Notice is hereby given that Lessor shall not be liable for any labor or materials furnished to Lessee upon credit and that no mechanic's lien for such labor or material or other lien shall be attached to the interest of Lessor in the Premises.

21. Entry of Lessor. Lessor shall be privileged at any time to inspect the Premises, and during the six-month period next preceding the expiration of the term thereof, shall be privileged, together with brokers and prospective Lessees, to inspect the Premises. If, at reasonable hours, admission to the Premises for the stated purposes cannot be obtained, or if at any time Lessor shall deem admission necessary for the benefit of Lessee, Lessor may, but is not obligated to, enter the Premises by means of a master key or other peaceable manner.

22. Waiver and Indemnification. A. **Waiver.** The City of Thorne Bay shall not be liable to Lessee and Lessee hereby waives all claims against Lessor, in their capacity as the Lessor under this Lease, for any injury, illness, or death of any person or damage to any property in or about the Premises or real property caused by any act or omission of Lessee, its agents, or employees.

B. Indemnification. Lessee agrees to protect, defend, indemnify, and hold the City of Thorne Bay and its mayor, council members, agents and employees, harmless from and against any and all claims, damages, actions, administrative proceedings, liability, loss, or expense (including reasonable attorneys' fees), of any kind and any nature, incurred in connection with or arising from any injury, illness, or death to any person or damage to any property or from any other cause whatsoever occurring in on or about the Premises or real property or any part thereof arising at any time and from any cause whatsoever in the Lessee's use of the Premises. In case any action or proceeding is brought against Lessor by reason of any such claim or liability, Lessee shall defend any and all suits that may be brought, and claims which may be made, against Lessor, at Lessee's sole cost and expense.

The Lessor shall not be responsible or liable for any injury, loss or damage to any person or to any property of Lessee or other person caused by or resulting from the elements, frosting, breakage, leakage, steam, snow, ice, running water, or the overflow of sewage, in any part of leased premises or surrounding area used by or in support of restaurant operations. The Lessor shall not be responsible for any injury or damage caused by or resulting from acts of God or Mother Nature.

Lessee shall defend, indemnify and hold the City and its mayor, council members, employees and agents harmless from any and all civil or criminal liabilities or penalties, including costs of defense, resulting from or arising out of or related to in any way Lessee's noncompliance with any term or provision of this Lease, which the noncompliance causes environmental or water quality damage, spill or other environmental related event, or civil or criminal penalties or sanctions to be incurred or alleged.

23. Building Containing Premises/Grounds. Lessee shall maintain the leased premises at Lessee's sole cost and expense and at all times keep the leased premises neat, clean and in a sanitary condition. Lessee shall keep and use the leased premises in accordance with applicable laws, ordinances, rules, regulations and requirements of all governmental authorities. Lessee shall permit no waste, damage or injury to the leased premises.

24. Hazardous Substances. Lessee shall not use the leased Premises in a manner that violates any federal, state or local law, regulation, or ordinance, including, but not limited to, any such law, regulation or ordinance pertaining to air and water quality, the handling, transportation, storage, treatment, usage or disposal of Hazardous Substances. "Hazardous Substances" shall be interpreted broadly and include, but not be limited to, any material or substance that is defined or classified under federal, state or local laws as (a) "hazardous substance" pursuant to § 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 (14) or § 311 of the Federal Water Pollution Control Act, 33 U.S.C. § 1321, each as now or hereafter amended; (b) a "hazardous waste" pursuant to § 1004 or § 3001 of the Resource Conservation and Recovery Act, 42 U.S.C. § 6903, 42 U.S.C. § 691, as now or hereafter amended; (c) a toxic pollutant under § 307(l)(a) of the Federal Water Pollution Control Act, 33 U.S.C. § 1317(l)(a); (d) a "hazardous air pollutant" under § 112 of the Clean Air Act, 42 U.S.C. § 7412, as now or hereafter amended; (e) a "hazardous material" under the Hazardous Material Transportation Act, 49 U.S.C. § 1802(2), as now, or hereafter amended; (f) toxic or hazardous substances pursuant to regulations promulgated now or hereafter under the aforementioned laws; or (g) presenting a risk to human health or the environment under other applicable federal, state or local laws, ordinances, or regulations, as now, or as may be passed or promulgated in the future.

Lessee agrees to immediately notify Lessor if Lessee becomes aware of (i) any Hazardous Substances or other environmental problem or liability with respect to the Premises or real property, or (ii) any lien, action, or notice resulting from violation of any of the laws, regulations, ordinances, or other environmental laws. It shall be Lessee's sole responsibility to pay for any and all remediation resulting from any contamination caused by Lessee or resulting from Lessee's use of the Premises. Lessee agrees to defend, indemnify and hold Lessor harmless from any liability, including costs and actual attorney's fees, associated with remediation of any hazardous waste identified on the subject property resulting from any use of the Premises by the Lessee.

25. Utilities. Lessee shall be responsible for utilities associated with the Premises, including but not limited to electricity, heat, water, sewer, telephone and refuse disposal. Lessee agrees to pay, and keep current, ALL charges, including deposits, for all utilities, including but not limited to water, sewer, refuse collection, electricity, propane, fuel oil and telephone. Failure to do so will result in the utility being shut off. If the City shuts off any of the utilities, such action shall constitute a material breach of the Lease and the Lessor shall have the immediate right to terminate the lease upon the shutoff, in the sole discretion of the Lessor. Absent an approved Lease Agreement, the Lessee shall vacate the premise immediately upon the shutoff of any utility.

26. Signs. Lessee will pay for exterior signage for Lessee's business. All signage must be consistent with any ordinances of the City related to signage.

27. Default. Any of the following shall constitute a default hereunder by Lessee:

- A. Failure to perform the covenants contained in this Lease for the payment of rent;
- B. Failure to perform or fulfill any other covenant or condition contained in this Lease;
- C. Dissolution, other termination of existence, or insolvency, in any sense, of Lessee;
- D. The shut off of utilities;
- E. The filing of a petition by or against Lessee for adjudication as a bankrupt, or for reorganization or arrangement within the meaning of the Bankruptcy Act;
- F. The dissolution or the commencement of any action or proceeding for the dissolution or liquidation of the Lessee or for the appointment of a receiver or trustee of leased premises of the Lessee;
- G. The taking possession of leased premises of the Lessee by any governmental officer of agency pursuant to statutory authority for the dissolution or liquidation of the Lessee;
- H. The making by the Lessee of an assignment for the benefit of creditors;
- I. Lessee vacates or abandons the leased premises; and
- J. A failure that continues for five (5) days or more to have the Lessor named as an additional insured as required under paragraph 12, and Lessee fails to cure such default within ten (10) days after receipt of a written notice has been received by Lessee specifying such failure to name the City as an additional insured.

The specification of events constituting default by the Lessee in this Section are in addition to any defaults specified in the Thorne Bay Municipal Code. Failure to perform a covenant or fulfill a condition contained in this Lease shall constitute a default for purposes of this paragraph, regardless of whether other consequences of such failure are provided for herein, as in the case where an assignment without consent is void.

28. Lessor's Remedies on Default. All rights and remedies of the Lessor enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law. In addition to the other remedies in this Lease provided, the Lessor shall be entitled to the restraint by injunction of the violation or attempted violation of any of the covenants, agreements or conditions of this Lease. Lessor's remedies are as follows:

In the event of any default of the Lessee, the Lessor shall have the following rights and remedies – all in addition to any rights or remedies that may be given to the Lessor by statute, common law, or under Thorne Bay Municipal Code.

A. If Lessee defaults in the payment of the rent reserved in this Lease, and such default continues for ten (10) days after written notice, or if Lessee defaults in the prompt and full performance of any other provision of this Lease and such default continues for thirty (30) days after notice, or if the leasehold interest of Lessee be levied upon under execution or be attached by process of law, or if Lessee abandons the Property, then, in any such events, Lessee shall be in default under this Lease and Lessor may, at its election, either terminate this Lease and Lessee's right to possession of the Premises or, without terminating this Lease, endeavor to relet the Premises. Nothing herein shall be construed so as to relieve Lessee of any obligation including payment of the rent reserved in this Lease.

B. Re-enter leased premises and take possession thereof, remove all persons therefrom, and remove Lessee's property therefrom and store it in a public warehouse or elsewhere at the cost of Lessee, all without service of notice or resort to legal process (all of which Lessee expressly waives) and without becoming liable for trespass, forcible entry, detainer, or other tort or for any loss or damage which may be occasioned thereby;

C. Declare the Term ended;

D. Re-let leased premises in whole or in part for any period equal to or greater, or less, than the remainder of the Term for any sum which is commercially reasonable;

E. Collect all reasonable damages, costs and expenses that the Lessor may incur by reason of default by Lessee, together with interest calculated at the rate of ten percent (10%) per annum;

F. If Lessee abandons the Premises or Lessor otherwise becomes entitled so to elect, and Lessor elects, without terminating this Lease, to endeavor to relet the Premises, Lessor may, at Lessor's option, enter into the Premises, remove Lessee's signs and other evidence of tenancy, and take and hold possession thereof as provided in subparagraph (ii) of this paragraph, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from Lessee's obligation to pay the rent hereunder for the full term as hereinafter provided. Upon and after entry into possession without termination of this Lease, Lessor may relet the Premises or any part thereof for the account of Lessee to any person, firm or corporation other than Lessee for such rent, for such time and upon such terms as Lessor shall determine to be reasonable. In any such case, Lessor may make repairs, alterations and additions in or to the Premises, and redecorate the same to the extent deemed by Lessor necessary or desirable, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of the reletting including, without limitation, broker's commissions and advertising expenses. If the consideration collected by Lessor upon any such reletting for Lessee's account is not sufficient to pay yearly the full amount of the rent reserved in this Lease, together with the cost of repairs, alterations, additions, redecorating and Lessor's expenses, Lessee shall pay to Lessor the amount of each yearly deficiency upon demand.

G. If Lessor elects to terminate this Lease in any of the contingencies specified in this paragraph, it being understood that Lessor may elect to terminate the Lease after, and notwithstanding its election to terminate Lessee's right to possession as provided in subparagraph (i) of this paragraph, Lessor shall forthwith, upon such termination, be entitled to recover as damages, and not as a penalty, an amount equal to the then present value of the rent reserved in this Lease for the residue of the term of this Lease, less the present value of the fair rental value of the Premises for the residue of the term of this Lease.

H. Lessee agrees that if it shall, at any time, fail to make any payment or perform any other act on its part to be made or performed under this Lease, Lessor may, but shall not be obligated to, after ten (10) days prior written notice and without waiving, or releasing Lessee from any obligation under this Lease, make such payment or perform such other act to the extent Lessor may deem desirable, and in connection therewith to pay expenses and employ counsel. Lessee agrees to pay a reasonable attorney's fee if legal action is required to enforce performance by Lessee of any condition, obligation or requirement thereunder. All sums so paid by Lessor and all expenses in connection therewith, together with interest thereon at the current maximum legal rate of interest from the date of payment to the date of repayment, shall be deemed additional rent hereunder and payable at the time of any installment of rent thereafter becoming due, and Lessor shall have the same rights and remedies for the non-payment thereof, or of any other additional rent, as in the case of default in the payment of rent.

29. Lessor's Remedies. In the event of default hereunder by Lessee, Lessor shall have all the rights and remedies afforded by law, which shall be cumulative and may be exercised separately or concurrently.

30. Waiver. Except to the extent that a party may have otherwise agreed in writing, no waiver by a party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by a party to seek a remedy for any breach of the other party be deemed a waiver of its rights or remedies with respect to such breach.

31. Changes. No modifications, amendments, deletions, additions or alterations of the Lease Agreement shall be effective unless in writing and signed by Lessor and Lessee and such representatives of the Lessor and Lessee are authorized to make such changes.

32. Joint Product. The language set out in this Lease represents the joint product of the parties and shall not be construed against one party in favor of the other. Each party hereto has had the option of seeking the advice of legal counsel in the drafting of this Lease, and the rule of construction favoring construction against the drafter shall not apply. Lessee acknowledges and agrees that Lessee has not received any legal advice from the Lessor's attorney or from anyone associated with the Lessor.

33. Authority. The parties and their undersigned representatives warrant that they have full authority to enter into this Lease Agreement and to execute this Lease Agreement.

34. Surrender of Leased Premises. Upon termination of this Lease Agreement, Lessee agrees to peacefully quit and surrender the leased premises without notice, remove all of Lessee's buildings, equipment and personal property and leave the leased premises neat and clean. The Lessor, may through mutual agreement with Lessee, allow Lessee to leave all buildings, equipment and personal property on the Premise.

35. Governing Law, Jurisdiction and Venue. The laws of the State of Alaska shall govern the construction, interpretation and validity of this Lease. The Superior Court for the State of Alaska, First Judicial District at Craig, Alaska, shall be the exclusive jurisdiction and venue for any action of any kind and any nature arising out of or related in any way to this Lease and to the use of the Premises by the Lessee. Lessee specifically waives any right or opportunity to request a change of venue for trial from Craig, Alaska pursuant to A.S. 22.10.040.

36. Acknowledgment by Lessee. Lessee acknowledges that Lessee has had a full opportunity to consult with attorneys of Lessee’s choice before signing this Agreement. Lessee acknowledges that Lessee is not relying on any statements or representations made by any employees, representatives, officers, consultants, the Mayor, or Council members of the City in entering this Lease. Lessee further acknowledges that Lessee has not received and is not relying on any legal advice or representations by the City attorney.

37. General. A. The provisions of this Lease shall bind and inure to the benefit of the successors, devisees, legatees, heirs, distributees, representatives, and assigns of the parties. This provision does not limit in any way the Lessor’s sole discretion as to any subletting or assignment of the Premises.

B. This Lease contains all of the covenants, promises, agreements, conditions and understanding, either oral or written, between the parties. No subsequent alteration, change or amendment to this Lease shall be binding upon the parties unless reduced to writing and signed by them. This Lease supersedes all previous agreements or discussions or negotiations, whether orally or in writing, between the parties.

38. Notice. Any notice required to be given by either party to the other shall be deposited in the United States mail, postage prepaid, addressed to Lessor at P.O. Box 19110, Thorne Bay, Alaska 99919, or the Lessee at _____, or at such other address as either party may designate in writing to the other.

DATED this ____ day of ____ 2016.

LESSOR:
THE CITY OF THORNE BAY

LESSEE:
SOUTHEAST ISLAND SCHOOL DISTRICT

By _____
James Gould, Mayor

By _____
Lauren Burch, Superintendent

STATE OF ALASKA)
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____, 20__, before me, the undersigned, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, to me known and known to me to be the person named in and who executed the within and foregoing document, and he acknowledged that he executed the same freely and voluntarily, for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public, State of Alaska
My commission expires:

STATE OF ALASKA)
 : ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of _____, 20__, before me, the undersigned, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared _____, to me known and known to me to be the person named in and who executed the within and foregoing document, and he acknowledged that he executed the same freely and voluntarily, for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public, State of Alaska
My commission expires:

**CITY OF THORNE BAY
RESOLUTION 17-09-05-01**

**A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY,
ALASKA, CERTIFYING THE ANNUAL CERTIFIED FINANCIAL STATEMENT OF
REVENUES AND AUTHORIZED EXPENDITURES FOR THE YEAR ENDING
JUNE 30, 2017**

**WHEREAS, the City Council is the governing body for the City of Thorne Bay,
Alaska; and**

WHEREAS, the City of Thorne Bay, is a recognized second class city; and

**WHEREAS, second class cities are required by AS 29.20.640(a)(2) to submit a
Certified Financial Statement of income and expenditures or audit for the year
ending June 30, 2017, to the Department of Commerce, Community, and
Economic Development;**

**NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of
Thorne Bay, Alaska; that the attached Certified Financial Statement of Thorne
Bay, Alaska; for the year ending June 30, 2017, and prepared by Teri Feibel,
City Clerk, is true and complete to the best of our knowledge.**

**ADOPTED by a duly constituted quorum of the City Council of Thorne Bay,
Alaska, this 5th day of September 2017**

James Gould, Mayor

ATTEST:

Teri Feibel, City Clerk

CITY OF THORNE BAY
ORDINANCE 17-09-19-01

AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, AMENDING TITLE 18-HARBOR, CHAPTER 18.20-REGISTRATION AND STALL ASSIGNMENT, SECTION 18.20 -CONDUCT IN HARBOR FACILITY-RULES GENERALLY, SECTION 18.20.060-PRIORITY IN SPACE ASSIGNMENT -METHOD

BE IT ENACTED BY THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA

- Section 1. Classification. This ordinance is of a general and permanent nature, the chapter and section hereby amended shall be added to the Thorne Bay Municipal Code.
- Section 2. Severability. If any provisions of this ordinance or any application thereof to any person or circumstances is held invalid, the circumstances shall not be affected thereby.
- Section 3. Amendment of Section. The title and chapter of Title 18-Harbor, Chapter 18.20-Registration and Stall Assignment, Section 18.20.060 -Priority in Space Assignment-Method, is hereby amended.
- Section 4. Effective Date. This ordinance shall become effective upon adoption.

PASSED AND APPROVED September 19, 2017

James Gould, Mayor

ATTEST:

Teri Feibel, CMC

[Introduction: September 5, 2017]
[Public Hearing: September 19, 2017]

ADDITIONS ARE CAPITALIZED AND BOLD

~~Deletions are stricken~~

Chapter 18.20

REGISTRATION AND STALL ASSIGNMENT - Sections:

18.20.060 Priority in space assignment-Method. Assignment of spaces in the city boat harbor shall be initially allocated by lottery and thereafter allocated on a first-come, first-served basis, with names at the top of the list to first be assigned to recently vacated stalls of the appropriate nature. **THOSE PAYING FOR AN ANNUAL STALL IN ADVANCE SHALL HAVE PRIORITY IN RESERVING THEIR CURRENT STALL OR ANOTHER VACANT STALL.** The city may take into consideration special requirements of vessels and make a separate list according to either vessel length or character of vessel.
(Ord. 89-30 § 5(part), 1989)

CITY OF THORNE BAY
ORDINANCE 17-09-19-02

AN ORDINANCE OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY,
ALASKA, AMENDING TITLE 3-REVENUE AND FINANCE, CHAPTER 3.17-
SALES TAX, SECTIONS 3.17.100 – EXEMPTIONS, 3.17.110-SALES TAX
EXEMPTION FOR THE ELDERLY

BE IT ENACTED BY THE CITY COUNCIL FOR THE CITY OF THORNE BAY,
ALASKA

- Section 1. Classification. This ordinance is of a general and permanent nature, the chapter and section hereby amended shall be added to the Thorne Bay Municipal Code.
- Section 2. Severability. If any provisions of this ordinance or any application thereof to any person or circumstances is held invalid, the circumstances shall not be affected thereby.
- Section 3. Amendment of Section. The title and chapter of Title 3- Revenue and Finance, Section 3.17.100 – Exemptions, Section 3.17.110 Sales Tax Exemption for the elderly; is hereby amended.
- Section 4. Effective Date. This ordinance shall become effective upon adoption.

PASSED AND APPROVED September 19, 2017

James Gould, Mayor

ATTEST:

Teri Feibel, CMC

[Introduction: September 5, 2017]
[Public Hearing: September 19, 2017]

Additions are in bold

~~Deletions are stricken~~

Title 3 – Revenue and Finance
Chapter 3.17 – Sales Tax

Option 1.

Section: **3.17.110 Sales tax exemption for the elderly.** (a) Anyone sixty-five years of age or older may apply for and be issued by the City Administrator or designee a senior citizens sales tax exemption card, for fifteen dollars. **CARDS ARE VALID FOR TWO YEARS BEGINNING THE FIRST OF EVEN CALENDAR YEARS AND VALID THROUGH THE END OF THE FOLLOWING ODD CALENDAR YEARS. THERE SHALL BE NO PRORATING OF FEES ISSUED BETWEEN BEGINNING AND END DATES.** ~~to be renewed bi-annually.~~ This card entitles the person to be exempted from the operation of the city's consumer's sales taxes on purchases of all types of property, rentals and services, **except alcoholic beverages of all types and all types of tobacco products**, not for use in any trade or business. No seller within the city shall charge or collect the sales tax on exempted purchases from any person who displays such a valid sales tax exempt card. All sellers within the city shall keep records of such exempt sales and submit quarterly totals of such sales to the revenue collector, together with any other information required by law. To qualify for a tax exempt card a person must provide a copy of their Alaska ID or driver's license, and proof they have resided in Alaska, as a permanent resident for the past 12 months, received an Alaska Permanent Fund Dividend, documentation required as part of a permanent fund application or other documentation that verifies a person has established permanent residency in Alaska must be submitted to show proof of residency.

Option 2.

Section: **3.17.110 Sales tax exemption for the elderly.** (a) Anyone sixty-five years of age or older may apply for and be issued by the City Administrator or designee a senior citizens sales tax exemption card, for fifteen dollars, ~~to be renewed bi-annually.~~ **CARDS ARE VALID FOR THE TAX YEAR IN WHICH THEY ARE ISSUED. FEES FOR SENIOR TAX CARDS ARE NOT PRORATED AT ANYTIME.**

This card entitles the person to be exempted from the operation of the city's consumer's sales taxes on purchases of all types of property, rentals and services, **except alcoholic beverages of all types and all types of tobacco products**, not for use in any trade or business. No seller within the city shall charge or collect the sales tax on exempted purchases from any person who displays such a valid sales tax exempt card. All sellers within the city shall keep records of such exempt sales and submit quarterly totals of such sales to the revenue collector, together with any other information required by law. To qualify for a tax exempt card a person must provide a copy of their Alaska ID or driver's license, and proof they have resided in Alaska, as a permanent resident for the past 12 months, received an Alaska Permanent Fund Dividend, documentation required as part of a permanent fund application or other documentation that verifies a person has established permanent residency in Alaska must be submitted to show proof of residency.

Additions are in bold

~~Deletions are stricken~~

Title 3 – Revenue and Finance

Chapter 3.17 – Sales Tax

Section: **3.17.100 Exemptions.** The following sales and services are exempt from the sales tax:

y) Gross receipts in excess of ten thousand dollars derived from sales of material and labor for the clearing of land, excavation, or fill or placement of material on real property for construction of a facility, and sales of building construction materials and labor used in constructing a permanent building within the city, provided that the improvements are constructed pursuant to a valid sales tax exemption permit issued ~~or renewed no more than one year~~ prior to ~~the sale of ANY~~ transaction being exempted from the tax. **TAX EXEMPTION PERMITS ARE VALID FOR ONE YEAR AND FOR GOOD CAUSE MAY BE GRANTED 120 DAY EXTENSION. ANY ADDITIONAL EXTENSION REQUESTS SHALL BE CHARGED ONE HALF THE TAX EXEMPTION PERMIT FEE.** Construction materials shall include: all structural and finish materials for a permanent building used on the lot wherein the building is being constructed, and installation of infrastructure to said building such as water, sewer, power and phone and all parts to said infrastructure. Sales, to qualify for this exemption, shall be recorded by the seller, together with the date, the purchaser's name, and the sales tax exemption permit number. Any purchaser who attempts to avoid paying sales tax by using a sales tax exemption permit number for materials or labor not actually used in the structure for which the permit was issued shall be subject to a civil penalty up to twenty-five percent of the price of the materials or labor involved in the evasive purchase. The cost of the permit will be six hundred dollars; 3.16.050. (Ordinance 05-09-06-01)(10-03-02-01)