

AGENDA

FOR THE REGULAR MEETING
OF THE CITY COUNCIL FOR THE
CITY OF THORNE BAY, ALASKA

TUESDAY, July 1, 2025

TIME: 6:30 p.m.

THERE WILL BE A WORKSHOP BEGINNING AT 6:00PM

LOCATION: IN PERSON AT CITY HALL or TELECONFERENCE/VIDEO CONFERENCING LINE

Phone Number: 1-650-479-3208

Meeting link:

<https://cityofthornebay.my.webex.com/cityofthornebay.my/j.php?MTID=m99f71eee7f975b71d7ee0f9f7c5e44a1>

Meeting number: 182 323 7632 Password MghMxgJy424 (64469459 when dialing from a phone or video system)

- 1) CALL TO ORDER:
- 2) PLEDGE TO FLAG:
- 3) ROLL CALL:
- 4) APPROVAL OF AGENDA:
- 5) MAYOR'S REPORT:
- 6) ADMINISTRATIVE REPORTS:
 - a) City Administrator:
 - b) City Clerk
- 7) DEPARTMENT REPORTS:
 - a) Water Report: Written report given
 - b) EMS Report: Written report given
 - c) Harbor Report: Written report given
- 8) PUBLIC COMMENTS:
- 9) COUNCIL COMMENTS:
- 10) CONSENT AGENDA:
 - a) Minutes of the June 17, 2025, Regular City Council Meeting, action item:
- 11) NEW BUSINESS:
 - a) **Resolution 25-07-01-01:** A Resolution of the City Council of the City of Thorne Bay, Alaska, Approving The Request For A 6-Month Rental Extension For Lot4, In The Thorne Bay Rv Park, discussion and action item;
 - b) **Resolution 25-07-01-02:** A Resolution of the City Council of the City of Thorne Bay, Alaska, Approving a Short-term Lease with Alaska Marine Lines at the Sort Yard, discussion and action item;
 - c) **Discussion item:** Development plan and Variance application for Central Council of the Tlingit & Haida Indian Tribes of Alaska,
- 12) CONTINUATION OF PUBLIC COMMENT:
- 13) CONTINUATION OF COUNCIL COMMENT:
- 14) ADJOURNMENT:

POSTED: June 27, 2025

MINUTES

FOR THE REGULAR MEETING
OF THE CITY COUNCIL FOR THE
CITY OF THORNE BAY, ALASKA

TUESDAY, JUNE 17, 2025

TIME: 6:30 p.m.

THERE WAS A WORKSHOP BEGINNING AT 6:00PM

1) **CALL TO ORDER:**

Vice Mayor called the meeting to order at 6:30pm

2) **PLEDGE TO FLAG:**

The audience and council stood for the pledge to the flag.

3) **OATH OF OFFICE:**

a) **Thom Cunningham, Seat C**

4) **ROLL CALL:**

Those present were:

Pesterfield, Lovell, Blair, Nyquest, Cunningham, Kaer, Killian

5) **APPROVAL OF AGENDA:**

Vice Mayor moved to approve the Agenda, seconded, No discussion

MOTION: Move to approve the agenda.

F/S: Lovell/ Killian

YEAS: Pesterfield, Lovell, Killian, Cunningham, Kaer, Blair, Nyquest

STATUS: Motion Passed

6) **MAYOR'S REPORT:** No report given

7) **ADMINISTRATIVE REPORTS:**

a) City Administrator: See attached

b) City Clerk: See attached

8) **PUBLIC COMMENTS:** None

9) **COUNCIL COMMENTS:**

a) **Pesterfield** agreed with moving forward on the hardware store long-term lease. Suggested contacting the head of Saxman for information on long-term lease done with Three Bear/Ace Hardware. Suggested a higher rate for the Samson lease based off of monthly rental basis

b) **Trevor** agreed on higher month-to- month rates

c) **Nyquest** cautioned the Council against retaining a grader due to the high costs due to financial strain.

10) **CONSENT AGENDA:**

a) MINUTES

i. [Minutes of the June 3, 2025, Regular City Council Meeting, discussion and action item:](#)

Vice Mayor moved to approve the Consent Agenda, seconded, No discussion

MOTION: Move to approve the Consent agenda.

F/S: Lovell/Pesterfield

YEAS: Pesterfield, Kaer, Lovell, Cunningham, Blair, Nyquest, Killian

STATUS: Motion Passed

11) **NEW BUSINESS:**

a) **Resolution 25-06-17-01**, Approving the Renewal of Short-Term Lease with Papac Logging

Inc., Discussion and Action Item;

Vice Mayor moved to approve Resolution 25-06-17-01, Approval of short-term lease with Papac Logging, Inc., seconded, discussion as follows:

Huestis gave a brief history of leases from the past and things currently on the property. This is the last year for them, lease term requires cleanup of property including oil spots in the dirt. Suggested that others have questioned about leasing property and Papac is using it for storage at this time. This lease has no extension or renewal in this lease, it is for 1 year.

Cunningham questioned whether the rent is compatible with other communities?

Huestis replied that he looked through other leases the City has and found rates that were built in to increase. Explained the use of the CPI based out of Anchorage. Has not checked into other communities, but the difficulty lies in it being bare land with no utilities.

Cunningham suggested the raise of rent should be higher than \$6, would like to see what others are renting land at.

Huestis commented that he had seen a property in Craig that was charged a percentage of the appraised price, and an appraisal is an addition cost for the City.

Pesterfield commented that he agrees with the 1 year and the Papac lot might be a better location for the proposed Samson leased property. Would like to see the lot cleaned up. Huestis commented he would oversee the cleanup. Pesterfield As long as increases are commensurate, he agrees.

Kaer commented that it would be nice to have it opened up for someone else to rent the lot.

Nyquest requested clarification on the Samson lease vs Papac. Huestis responded where Samson would be.

Pesterfield clarified the location of Papac's lot would be more ideal for Samson/AML in the future.

MOTION: Move to approve Resolution 25-06-17-01, Short term lease with Papac Logging, Inc.

F/S: Lovell/Nyquest

YEAS: Cunningham, Pesterfield, Lovell, Blair, Nyquest, Killian, Kaer

STATUS: Motion Passed

12) ORDINANCES FOR INTRODUCTION:

- a) **Ordinance 25-06-17-01**, an ordinance of the city council for the city of Thorne Bay, Alaska; providing for the establishment of the budget for the city of Thorne Bay, fiscal year 2026, July 1, 2025 -June 30, 2026, anticipated revenues and expenditures, discussion and action item;

Vice Mayor moved to approve Ordinance 25-06-17-01, seconded, discussion as follows:

Pesterfield questioned how the COLI are calculated and how often it occurs.

Clerk Clarified Federal pay scale published every January

Cunningham commented that Federal COLA takes effect in January and it fluctuates.

Pesterfield commented that FY25 budget was a higher deficit than this year and this FY26 is less than that so it's a good starting point.

Cunningham questioned whether the grants in the overview are ones that we applied for or available?

Huestis clarified that they are programs that we look out for and intend to apply for.

Lovell questioned if road grants are within the list of grants potentially available.

Huestis commented yes, intend to put in again for the one on there.

Cunningham commented on City Council budget. Requested clarification on Council stipends. Alleged prior clerk stated Council members get \$100/meeting and Mayor gets \$250/meeting.

Clerk clarified council paid per meeting, Mayor paid per month.

Cunningham questioned the use of the RV park use?

Huestis commented that the RV Park needs extensive electrical work to be put back into working order.

Cunningham commented that the initial cost would be high but the outcome would outweigh that cost and potentially increase revenue for the city.

Pesterfield suggested having one electric line and building that into the monthly bill.

Huestis commented that we do offer transient electricity for those staying short-term but anyone planning on staying in the RV Park should have their own electricity account.

Cunningham questioned whether the streets and roads budget could be broken down within the budget into southside labor, materials, equipment needs, etc. Commented on VPSO budget, agreed with citations being written for the city.

Lovell POI can we do a traffic counter to determine flow of traffic.

Kaer agreed with Thom on an itemized budget to see where it all goes.

MOTION: Move to approve Ordinance 25-06-17-01

F/S: Lovell/Nyquest

YEAS: Pesterfield, Lovell, Cunningham, Blair, Nyquest, Killian

NAYS: Kaer

STATUS: Motion Passed

13) CONTINUATION OF PUBLIC COMMENT: NONE

14) CONTINUATION OF COUNCIL COMMENT:

- a) **Nyquest** commented we are subsidizing quite a bit still and would like to consider lowering sales tax in the winter 6 months and raising in the summer in 6 months.
- b) **Pesterfield** commented that Ketchikan started doing that last year 8% May-Sept and then some tax-free days at the end of summer and then a reduction to 5% from Oct-April. Would be interesting to talk to people there at the city. Sounds like a promising idea to investigate. Would put less of a burden on citizens here.
 - i. **Nyquest** commented that the increased revenue was around \$15,000 by increasing to 7% in summer and 5% in winter.
- Pesterfield** continued that we are on the right track with land leases and expansion. Feels that with the cost-of-living increases, citizens will have to bear a little bit of that as well.
- c) **Cunningham** commented that he could scratch off the itemization based off comments. Suggested the property for Jim S would serve the city better to be leased rather than sold. Would like to see something in there putting a time limit to build/construct so the property does not stay vacant.
- d) **Lovell** commented that he would like to put tax focus in the forefront of everything that we're doing so that everyone can participate.

15) ADJOURNMENT: Vice Mayor Adjourned the meeting at 7:39 pm.

ATTEST:

Caitlyn Sawyer, City Clerk/Treasurer

Anthony Lovell, Vice Mayor

Clerk Report:

- PDII complete – one year left before educational requirements for CMC are achieved – will need to meet experience requirements to complete an application.
- Working on election procedures for refinement of processes
- Would like a volunteer group to run Thorne Bay Days – Aug 2nd
- Would like to offer time to each Council Member interested in training if interested
- Wrapping up the fiscal year to close out expenses and income.

DRAFT



City of Thorne Bay

Thorne Bay, AK 999109

PHONE: (907) 828-3380; FAX: (907) 828-3374

E-MAIL: cityclerk@thornebay-ak.gov

DEPARTMENT REPORT

Subject: Monthly Department Report

Department: Water & Sewer Utility

Supervisor: Sam Sawyer, Level II Water

Employees: Sam Sawyer, Supervisor
Willy Jennings, Employee

Date: July 2025

A Departmental Overview

The Water/Sewer Department is administered by Sam Sawyer, Level II Water Operator. The Supervisor(s) and staff are responsible for the operation and maintenance of the City's four core sanitation services: Water Treatment, Water Distribution, Sewage Collection, and Sewer Treatment. Duties include maintenance, minor and major schedule and unscheduled repairs throughout all four systems, monthly reporting to the Alaska Department of Environmental Conservation as required, direct sampling as scheduled for water quality and wastewater effluent quality compliance, implementation of a preventative maintenance schedule, construction of new water distribution mains and residential /commercial service connections and wastewater collection mains and residential/commercial service connections.

Current Department Activities:

We will continue doing most of our work at the sewer treatment plant, pressure washing, de-watering, and doing regular maintenance that can't be done in the winter months. We will also continue to flush hydrants throughout the water distribution system and will also be doing our regular water/sewer samples.



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DEPARTMENT REPORT

Subject: Monthly Department Report

Department: _____

Supervisor: _____

Employees: _____

Date: _____

A Departmental Overview



City of Thorne Bay

Thorne Bay, AK 999109

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E-MAIL: cityclerk@thornebay-ak.gov

DEPARTMENT REPORT

Subject: Monthly Department Report

Department: EMS

Supervisor: Angie Fenimore

Employees: _____

Date: June 26, 2025

A Departmental Overview:

We had 5 EMS incidents between May 29th and June 26th, when the June report was due

Current Department Activities:

- 1) We are working with our medical director and Island-Wide EMS to send the coordinators to Seattle to be trained in providing and training our squads in performing high-performance CPR, which has proven to improve patient outcome during cardiac arrest.
- 2) Andrew Nash and Angie Fenimore are formulating a training and protocols that conform to national EMS dispatch standards. This will elevate the effectiveness of our dispatchers.
- 3) Angie Fenimore is working with IEMS in stocking and organizing our ambulances correctly.
- 4) We will have Starlink in our ambulances and at the firehall. Other EMS organizations on POW who have received their devices are reporting that they now have uninterrupted service throughout emergency calls. This will dramatically improve our ability to effectively respond to emergency calls as we will have full communication with ARMC and with the dispatcher who is running the call.

Angie Fenimore, TB EMS Coordinator, June 26th, 2025

Employee Signature Date



CITY OF THORNE BAY
RESOLUTION 25-07-01-01

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, APPROVING THE REQUEST FOR A 6-MONTH RENTAL EXTENSION FOR CASEY BUNKER OF LOT 4, IN THE THORNE BAY RV PARK

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

WHEREAS, the Thorne Bay Municipal Code 12.04.030-Occupancy Duration, Monthly Renters, provides that use of an RV space is limited to six consecutive months, unless an extension is approved by the City Council upon written request of renter; and

WHEREAS, Casey Bunker wishes to renew the rental term for an additional six months; and

WHEREAS, Casey Bunker has resided in the Thorne Bay RV Park since January 2025 and has kept current on all accounts with the city; and

WHEREAS, the City Administrator has no objection to approving the request for a six-month extension for Lot 4 rented to Casey Bunker.

NOW THEREFORE, BE IT RESOLVED that the City Council for the City of Thorne Bay hereby approves the request for a 6-month rental extension for Lot 4, in the Thorne Bay RV Park.

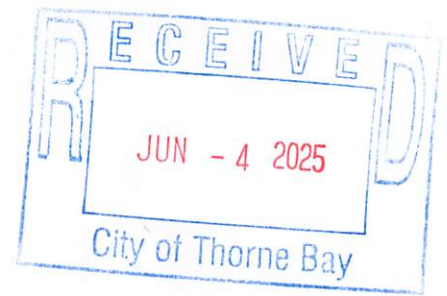
PASSED AND APPROVED this 1st day of July 2025, by a duly constituted quorum of the City Council.

ATTEST

Anthony Lovell, Vice Mayor

Caitlyn Sawyer, City Clerk/Treasurer

Casey and Karlie Bunker
1400 Sandy Beach Rd, #4
(801)-558-6342
casey.c.bunker@gmail.com



Subject: Requesting six month extension for our RV space

To the Thorne Bay City Council,

We are writing to request a six month extension on RV spot #4. The current six month expiration is on July 10th, 2025. Casey works at the school, and Community Connections, and Karlie works at the market. It helps us out immensely living in town, and we do not really have another place to park our camper to live out of as of right now.

Thank you for your attention to this matter.

Sincerely,
Casey and Karlie Bunker

A handwritten signature in black ink, appearing to be 'Casey and Karlie Bunker', written in a cursive style.



**CITY OF THORNE BAY
RESOLUTION 25-07-01-02**

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF THORNE BAY, ALASKA, APPROVING THE SHORT-TERM LEASE WITH ALASKA MARINE LINES FOR LEASE OF CITY OWNED PROPERTY AT THE THORNE BAY SORTYARD FOR A TERM OF 1-YEAR, EXPIRING MAY 31, 2026.

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

WHEREAS, the Thorne Bay Municipal Code 2.56.240-provides that negotiated leasing may be conducted with a single prospective lessee or renter through the use of resolution; and

WHEREAS, the lease terms included a monthly lease rate of \$266.208 per acre, containing a total of 1 acre; and

WHEREAS, it is in the City's best interest to obtain Alaska Marine Lines as a “renter” under the terms of a 1-year short-term lease.

NOW THEREFORE, BE IT RESOLVED that the City Council for the City of Thorne Bay hereby approves the renewal of a short-term lease, effective July 1, 2025, through June 30, 2026, for the rental of city owned lands located at the Sortyard.

PASSED AND APPROVED this 1st day of July 2025, by a duly constituted quorum of the City Council.

ATTEST:

Anthony Lovell, Vice Mayor

Caitlyn Sawyer, City Clerk/Treasurer

LAND LEASE AGREEMENT

CITY & ALASKA MARINE LINES (AML)

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, Alaska Marine Lines, (hereinafter called the "RENTER").

1. **Rented Premises.** The City does hereby Rent to the Renter one acre 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 One (1) Year beginning July 1, 2025, ending June 30, 2026. 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 Two Hundred Sixty Six Dollars and Twent One Cents (\$266.21) 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. Should this

LAND LEASE AGREEMENT

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Rental Agreement be renewed, the monthly rent payment shall be reviewed and adjusted in accordance with the U.S. Department of Labor Consumer Price Index for Anchorage (CPI-U) as determined and published for the preceding calendar year. The base CPI figure for this Lease is 266.208 (Base Year: 1982-84 = 100) for the preceding full calendar year of 2024. The Base CPI figure of 266.208 shall be construed to equate to the dollar amount per acre for the Lease (\$266.208 / Acre) and will be automatically applied to any renewed Rental Agreement from year to year, to keep up with inflation, based on the previous full year published CPI-U for Anchorage.

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.
5. **Use.** Renter shall use the Rented Premises for the purpose of **Storing transport trailers**. 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

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CITY & ALASKA MARINE LINES (AML)

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.

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

LAND LEASE AGREEMENT

CITY & ALASKA MARINE LINES (AML)

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.

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 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

LAND LEASE AGREEMENT

CITY & ALASKA MARINE LINES (AML)

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

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.

LAND LEASE AGREEMENT

CITY & ALASKA MARINE LINES (AML)

- (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.
- (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.

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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, 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.

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27. **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.
28. **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.
29. **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.
30. **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.
31. **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 24348, Seattle, WA 98124**, or at such other address as either party may designate in writing to the other.
32. **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:
THE CITY OF THORNE BAY

RENTER:
ALASKA MARINE LINES

By _____

By _____

LAND LEASE AGREEMENT
CITY & ALASKA MARINE LINES (AML)

Shane Nyquest, Mayor

“City”

Alaska Marine Lines, “Renter”

ATTEST:

Caitlyn Sawyer, City Clerk/Treasurer