

Possible Motion

I MOVE TO approve Ordinance 2012-11 on second and final reading.

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2012-11

AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AUTHORIZING A FIVE-YEAR LEASE OF PROPERTY AT GRIFFIN ISLAND WITH JOAN BERG FOR 4-J'S COFFEE

1. CLASSIFICATION. This ordinance is not of a permanent nature and is not intended to become a part of the Sitka General Code ("SGC").

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstances shall not be affected.

3. PURPOSE. City and Borough of Sitka ("CBS") owns property known as Griffith Island, located adjacent to the Eliason Harbor parking lot. Part of this property was previously leased to the Lord Baranov Yacht Club. Joan Berge owns and has been operating for years an espresso stand business known as 4-J'S Coffee, also adjacent to the Eliason Harbor parking lot. She needs to relocate as soon as possible because her current lease is ending with a private landowner. She has requested leasing the former yacht club site on Griffith Island in order to be able to relocate her espresso stand on that property. She has appeared and obtained no objections and/or has received a recommended vote from various municipal entities that may have some oversight regarding the property and/or process, including Parks and Recreation Committee, Ports and Harbor Committee, and Planning Commission.

Attached is a proposed lease, using the CBS's standard template lease, with a 5-year term and one 5-year renewal period. The Assessor has determined the fair market value rent rate to be \$225 per month, based on \$30 per square foot for the 1,000 square feet portion of Griffith Island, formerly leased to the Lord Baranov Yacht Club. Adoption of this ordinance would authorize the execution of those five-year leases.

The Assembly finds that competitive bidding is inappropriate under the Charter at Art. 11.14, which allows for other than competitive bid due to the nature of the property or the circumstances surrounding its disposal, include possible unjust results with regard to adjacent or neighboring property owners. It is also found to be inappropriate under SGC 18.12.010E, which allows for non-competitive bid due to the size, shape, or location of the parcel, rendering it of true usefulness to only one party. In particular regarding this lease, competitive bid is inappropriate consider the small size and location of the parcel, no other inquiries regarding this property, the new tenant's long-term established business in the same immediate area, the

44 immediate need for the new tenant to relocate, and the payment of the fair market value of the
45 property by the tenant under the proposed lease.

46
47 4. **ENACTMENT.** NOW, THEREFORE, BE IT ENACTED by the Assembly of
48 the City and Borough of Sitka that:

49
50 A. The Assembly finds that competitive bidding is inappropriate under the
51 Charter at Art. 11.14 and SGC 18.12.010.E. regarding the lease of a 1,000
52 square feet portion of Griffith Island area to the Lessee, based on the small
53 size and location of the parcel, no other inquiries regarding this property, the
54 new tenant's long-term established business in the same immediate area, the
55 immediate need for the new tenant to relocate, and the payment of the fair
56 market value of the property by the tenant under the proposed lease.

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58 B. The attached lease is approved;

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60 C. The execution of the attached lease by the Administrator is authorized.

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62 5. **EFFECTIVE DATE.** This ordinance shall become effective on the day after the
63 date of its passage.


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65 **PASSED, APPROVED, AND ADOPTED** by the Assembly of the City and
66 Borough of Sitka, Alaska this 13 day of March, 2012.

67
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69
70 _____
Pete Esquiro, Deputy Mayor

71 ATTEST:
72
73
74 _____
75 Colleen Ingman, MMC
76 Municipal Clerk
77

Memorandum

TO: Theresa Hillhouse, Municipal Attorney
Jim Dinley, Municipal Administrator
Mayor Cheryl Westover and Members of the Assembly

FROM: Randy Hughes, Assessing Director 

SUBJECT: Fair Market Rent for Griffith Island Property

DATE: February 16th, 2012

This confirms our discussion concerning fair market rent for a small area (1,000 square feet) in the Griffith Island area. The property is zoned Commercial (C-1) and is a prime location next to Thomsen Harbor. I would therefore value it around \$30.00 per square foot, or \$30,000. At a rate of 9% the expected annual rent would be \$2,700 or \$225.00 per month.



LEASE AGREEMENT

BETWEEN

THE
CITY AND BOROUGH OF SITKA

AND

JOAN BERGE, OWNER OF 4-JS
COFFEE

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Exhibits

 Exhibit A – Description of the area leased on Griffith Island at Eliason Harbor

**LEASE AGREEMENT BETWEEN
CITY AND BOROUGH OF SITKA
AND JOAN BERGE OF 4-JS COFFEE**

PREAMBLE

City and Borough of Sitka, 100 Lincoln Street, Sitka, Alaska 99835 ("CBS") and Joan Berge, individual and as owner of 4-JS Coffee, whose mailing address is 604-B Versa Place, Sitka, Alaska 99835 ("Tenant"), enter into this Lease Agreement Between City And Borough Of Sitka And Joan Berge Of 4-JS Coffee ("Lease"). This Lease consists of the Special Provisions, General Provisions, and the following attached Exhibit:

Exhibit A – Description of the area leased on Griffith Island at Eliason Harbor

SPECIAL PROVISIONS

ARTICLE I: LEASE, TERM OF LEASE, AND TERMINATION OF LEASE

Section 1.1 Conveyance of Estate in Lease.

CBS, for and in consideration of the Rents received and of the covenants and agreements made by Tenant, does lease to Tenant, and Tenant leases from CBS, the "Subject Property" as shown on Exhibit A. Exhibit A shows an approximately 1,000 square foot parcel of Griffith Island at Eliason Harbor for purposes of operating an espresso stand.

Section 1.2 Lease Term.

The Lease term is for five (5) years and commences on April 1, 2012, and ends on March 31, 2017, unless sooner terminated or extended as provided in this Lease. The Lease term may be extended, based on the Option to Renew in Section 1.3.

Section 1.3 Option to Renew.

Provided there does not then exist a continuing material default by Tenant under this Lease at the time of exercise of this right or at commencement of any extended term, Tenant shall have the right to exercise the option for one successive term of five (5) years upon the same terms and conditions as this Lease (except Section 1.2), with the Lease payments during the extension terms as described in Article II. This option is effective only if (a) Tenant makes a written request to exercise such an option not more than one year or less than six months from the end of the immediately preceding term; (b) Tenant is in compliance with all applicable laws; and (c) Tenant is not in default under this Lease. The option to renew must be approved by CBS Assembly.

Section 1.4 Disposition of Improvements and Tenant's Personal Property Following Term of Lease.

With the exception of such improvements described in the next sentence, Tenant shall remove from the Subject Property any personal property or improvements constructed, installed, or

deposited on the Subject Property at the termination of this Lease or any extension unless Tenant makes a separate written agreement with CBS to do otherwise. Subject to the provisions of the next sentence, Tenant shall leave behind at no cost to CBS improvements including: bollards, ladders, drains and drain lines; toilets; bathroom sinks; building systems and their components such as plumbing, piping, and fixtures; building structural components; non-structural improvements such as walls and ceilings; devices not used for processing or manufacturing such as but not limited to electrical service entrance equipment, electrical distribution panels, electrical cables, feeders, branch circuit wiring, and appurtenances such as light fixtures, switches, and other devices; portable fire extinguishers, smoke detectors, and fire and life safety equipment attached or fastened in ways integral to the building in which Subject Property is located. Any improvements or personal property not removed after thirty (30) days have passed after termination of this Lease shall be deemed abandoned, and at CBS's option, shall become the property of CBS. Tenant shall repay to CBS any costs of removing such improvements or personal property from the Subject Property if CBS does not exercise such option. Subject to CBS's obligations under Subsection 3.1 below, Tenant agrees to leave Subject Property in a neat, clean, and weather-tight condition at the end of the term of the Lease.

Section 1.5 Covenants to Perform.

This Lease is made upon the above and the following terms and conditions, each of which the Party bound by such covenants and conditions agrees to perform, irrespective of whether the particular provision is in the form of a covenant, an agreement, a condition, a direction, or otherwise, and each Party agrees to provide the other Party with documents or further assurances as may be required to carry out the expressed intentions.

ARTICLE II RENT

Section 2.1 Calculation & Method of Payment of Rent During the Initial Five-Year Term of the Lease.

The first year of the Lease begins on the commencement date of this Lease set out in Article I. Each successive year of the Lease begins on the corresponding anniversary commencement date of the Lease. Notwithstanding any other provision of this Lease, on the term start date set out in Article I, Tenant shall pay Rent each month in advance on the first day of each and every month at a rate of \$225.00/month.

Section 2.2 Cost of Living Adjustment to Lease Rate Upon Exercise of Lease Renewal.

If the option to renew is exercised and approved by CBS Assembly, the Lease rate as set in Section 2.1 will be adjusted annually based on the percentage difference between the "All Items" figure for Anchorage, Alaska in the "Consumer Price Index for All Urban Consumers," beginning with the edition published the soonest after January 1. The adjustment shall occur annually on April 1, and shall apply to all subsequent month's sublease payments. The adjustment shall be determined by dividing the most recent CPI by the preceding year CPI, and multiplying the result times the monthly sublease payment and add the result to current sublease payments. Tenant is required to make such adjustments on its own each year.

Section 2.3 Calculation and Method of Payment of Rent During Successive Optional Five-Year Renewal of the Lease.

If Tenant decides to exercise the option to renew a successive five-year term under Section 1.2, Tenant must notify CBS of this intent no less than six (6) months before the end of the current term of the Lease. CBS may commission a professional market appraisal of the lease property in its "as is" condition. The appraisal will not take into consideration improvements made to the property by Tenant but may take into consideration improvements made by CBS. Subject to the provision of the next sentence, the rental rate for each month of the successive five-year term (also known as the Sixth through Tenth Years) shall be equal to one-twelfth of ten percent (10%) of the appraised value as determined by the appraisal described in the this section. Notwithstanding any other provision of this Lease, the Lease rate for Tenant during the Sixth and through Tenth Years shall not increase by more than ten percent (10%) per year over what the lease rate was during the Fifth Year, if the appraisal described in this section shows that the lease rate for the Sixth through Tenth Years should increase over the lease rate for the Fifth Year.

Section 2.4 Property Tax Responsibility.

Beginning with the term of this Lease and each calendar year after, Tenant will be responsible to pay CBS property taxes for its possessory interest in the building, land, and equipment to the extent taxable as determined by the Municipal Assessor.

ARTICLE III: RESTRICTIONS UPON USE OF SUBJECT PROPERTY

Section 3.1 Tenant's Obligations as to Construction, Maintenance, Repair and Safety

(a) Except as otherwise provided in this Lease, Tenant acknowledges the leasehold is in an "as is" condition. At the sole cost and expense of Tenant and in compliance with all legal requirements, Tenant may purchase, construct, develop, repair, transfer to the Lease property, and/or maintain any improvements, personal property, fixtures, and other items on the interior Subject Property in a first-class manner using materials of good quality.

CBS shall maintain the subject property and any CBS provided equipment. CBS reserves the right to expand or modify the Subject Property. In that event, CBS and Tenant will work together to complete such expansion or modification in a manner that minimizes disruption to Tenant's use of the Subject Property. Some anticipated disruptions could be interruption in utilities (i.e. power, water), and operational disturbances from noise, dust and other construction activities.

(b) Tenant acknowledges that CBS has made no representation or warranty with respect to Tenant's ability to obtain any permit, license, or approval.

(c) Tenant shall also use the Subject Property and any improvements placed on the Subject Property only for lawful uses and as specified in the Lease for an espresso stand.

(d) Tenant shall confine their equipment, storage and operation to the leasehold area.

(e) Tenant shall not permit the accumulation of waste or refuse matter on the Subject Property, and Tenant shall not obstruct or permit the obstruction of the streets, sidewalks, access ways, or alleys adjoining the Subject Property, except as may be permitted by CBS or other municipal authorities having jurisdiction. Tenant shall do all things necessary during the term of this Lease Agreement to remove any dangerous condition from time to time existing on the Subject Property as the result of the use by Tenant.

(f) Tenant may erect outdoor signage at its expense with the permission of CBS Building Official and the Public Works Director. The style, size and physical placement location of the sign will be approved on a case-by-case basis.

Section 3.2 CBS's Approval of Certain Alterations or Improvements.

Tenant shall not make or permit to be made any alteration of, addition to, or change in, structures and improvements, nor demolish all or any part of the structures or improvements without the prior written consent of CBS, which consent shall not be unreasonably withheld. The phrase "structures and improvements" in the previous sentence includes water and wastewater systems and electrical systems. In requesting consent, Tenant shall comply with all applicable laws and ordinances, and shall submit to the Public Works Director of CBS or his or her written designee detailed plans and specifications of proposed work, an explanation of the needs and reasons for the work, and a plan of full payment of the costs of the work. CBS shall notify Tenant of its approval or objections no later than 30 days after receiving the information described in the previous sentence. In approving or objecting, CBS shall be acting in its proprietary function and not its regulatory function, any such approval in this proprietary function does not relieve Tenant of any obligation to obey the law. Nothing in this Section shall be interpreted to prevent Tenant from removing at the termination of this Lease any improvements or personal property as described in Section 1.4.

Section 3.3 Rights of Access to Property

(a) CBS reserves for itself and any public utility company the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of opening, inspecting, repairing, replacing, reconstructing, maintaining, or servicing the public utilities, if any, located on the Subject Property, as well as for the purposes of constructing or installing new public utilities. CBS also reserves for itself and the Alaska Department of Environmental Conservation the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of regulation and enforcement of this Lease. CBS also reserves for itself the right to access the Subject Property at all reasonable times in a reasonable manner for the purposes of (1) inspection of all work being performed in connection with the construction of improvements; (2) showing Subject Property for exhibiting Subject Property in connection with renting or leasing Subject Property in a matter that will not unreasonably interfere with Tenant's business; and (3) placing "For Sale" or "For Rent" signs on Subject Property. Tenant shall not charge for any of the access allowed in the situations described in this subsection.

(b) Tenant shall not construct any permanent improvements over or within the boundary lines of any easement for public utilities without receiving the written prior consent of CBS and any applicable utility company.

(c) Tenant acknowledges that the Subject Property is or shall be subject to agreements for ingress and egress, utilities, parking, and maintenance. Tenant agrees that it shall comply with the terms of such cooperative agreements, in accordance with the terms of such agreements, those portions of such maintenance expenses that are attributable to the Subject Property, as more fully set forth therein.

Section 3.4 Additional Conditions of Subleasing.

Tenant recognizes and shall cause all beneficiaries of Tenant and all permitted successors in interest in or to any part of the Subject Property to recognize that:

(a) Tenant will cooperate with CBS equipment and building maintenance contractor and will notify CBS of any maintenance deficiencies or of any equipment failures that require maintenance or repair. Tenant will be provided a 24 hour telephone number to notify CBS of any event that requires immediate response by CBS.

(b) Lease payments will be made in monthly installments in advance in cash or by check, bank draft or money order made available to the City and Borough of Sitka. Installments to be delivered or mailed to 100 Lincoln Street, Sitka, Alaska 99835, by or on the first day of each calendar month.

(c) Lease payments shall become delinquent if not paid within ten (10) days after the due date. Delinquent payments are subject to a late charge of \$25 and interest accrued from the due date at 12% annum.

(d) The charges and fees paid by Tenant to CBS must be separated according to the CBS accounting standards.

(e) CBS will only invoice if Lease payments are delinquent. CBS will only invoice if failure to make Lease payment within 30 days of due date. CBS at its option can terminate the Lease for Tenant's failure to make payment, and in accordance with this Lease.

(f) Tenant covenants and agrees that as it relates to use of the Subject Property, it will not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of person in any manner prohibited by Federal, State or local laws or regulations promulgated under such laws, and Tenant further grants CBS the right to take such action to enforce such covenant as it deems necessary or as it is directed pursuant to any Federal, State or local laws or regulations.

(g) CBS may, upon at least 10 days prior written notice to Tenant, temporarily suspend the supply of water, wastewater service, the supply of electric power, the use of pipelines, or the use of the Improvements in order to perform routine maintenance and, in all events, subject to unavoidable delays. Such interruptions shall be of as short duration as necessary to perform such maintenance, and CBS shall not be responsible for any such costs or expenses as a result of suspending such utilities.

(h) Tenant shall timely pay the CBS Fire Marshal or Building Inspector fees and other building permit fees, and shall also timely file and pay all applicable property taxes and assessments, including sales taxes. These include any Local Improvement District costs that may be assessed.

(i) Tenant shall be responsible for taking any measures that Tenant deems necessary to provide security for their property. CBS is not responsible for theft or vandalism.

(j) CBS sales tax applies to Lease payments. Sales tax rates, limits, exemptions, and exclusions are subject to change by the CBS Assembly.

(k) Tenant shall timely pay all other CBS billings (i.e., electricity, business taxes, etc.).

(l) Failure of Tenant to file and pay such CBS taxes, and pay utilities, assessment payments, etc. may subject this Lease to be terminated.

(m) Joan Berge and 4-JS Coffee shall individually and severally be liable under this Lease to comply with all of its provisions.

Section 3.5 Control of Rodents and Other Creatures on Subject Property.

Tenant shall take reasonable affirmative measures to ensure that its operations do not attract to Subject Property any of the following creatures: rodents, vermin, insects, eagles, crows, ravens, seagulls, mink, otters, or bears.

ARTICLE IV UTILITY SERVICES & RATES

Section 4.1 Provision of Utility Services.

Tenant will pay for utilities, if available.

Section 4.2 Rates for Utility Services Provided by CBS.

Utility rates charged by CBS for utility services shall be those set forth in CBS and Borough of Sitka's Customer Service Policy and/or Sitka General Code. Tenant acknowledges the requirements of Section 9.4 as to utility lines. The Assembly of CBS and Borough may change utility rates from time to time by amending the Customer Service Policies and/or Sitka General Code.

Section 4.3 Tenant to Pay for Utility Services.

Tenant will pay, or cause to be paid, all proper charges for any of the following, if available: electricity and solid waste; sewer and water; and for all other public or private utility services, which shall be used by or supplied to the Subject Property at any time during the term of this Lease. In the event that any charge, cost, or expense for any of the above-mentioned utility services or for any of the other above-mentioned services shall not be paid when due and payable, CBS shall have the right, but shall not be obligated, to pay it, with the understanding that amounts paid by CBS shall constitute additional rent due and payable under this Lease, and shall be repaid to CBS by Tenant immediately on rendition of a bill by CBS. Interest at the highest rate allowable by law shall be added as a charge for unpaid utility bills paid by CBS on

behalf of Tenant. CBS reserves the right to suspend utility services if Tenant does not pay for utility services. Failure to timely pay utility services may also result in CBS terminating this Lease.

Section 4.4 CBS Not Liable for Failure of Utilities or Building.

Except to the extent that any such failure, injury, or other casualty is due to CBS's negligence or breach of any obligation under this Lease, CBS shall not be liable for any failure of building roof, water supply, sewer, or electric current, or for any injury or damages to person or property caused by or resulting from any natural disaster, natural condition, gasoline, oil, steam, gas, electricity, or hurricane, tornado, flood, wind or similar storms or disturbances, or water, rain, or snows which may leak or flow from the street, sewer, or from any part of the building or the Subject Property, or leakage of gasoline or gas from pipes, appliances, sewer, or plumbing works or from any other place. CBS shall not be held responsible or liable for any claim or action due to or arising from any suspension of operation, breakage, unavoidable accident or injury of any kind occurring to, or caused by the sewer mains by an act of God, beyond CBS's control, or caused by the elements, strikes, riots, or a terrorist or terrorists.

Section 4.5. Requirement Regarding Potable Water Services.

All potable water services will be metered and protected by approved backflow prevention in accordance with Customer Service Policies and/or Sitka General Code.

ARTICLE V LIABILITY

Section 5.1 Limits on CBS Liability Limitation.

Tenant agrees to indemnify, defend, and save harmless CBS against and from any and all claims by or on behalf of any person, firm, or corporation arising, other than due to acts or omissions of CBS, from the conduct or management of or from any work or thing whatsoever done in or about the Subject Property and structures and improvements, including liability arising from products produced on the property. Tenant also agrees to indemnify, defend, and save CBS harmless against and from any and all claims and damages arising, other than due to acts or omissions of CBS, during the term of this Lease from: (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of Tenant regarding any act or duty to be performed by Tenant pursuant to the terms of this Lease; and (c) any act or negligence of Tenant or any of its agents, contractors, servants, employees or licensees. Tenant agrees to indemnify, defend, and save harmless CBS from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of CBS, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements are in addition to and not by way of limitation of any other covenants in this Lease to indemnify or compensate CBS. The agreements by Tenant do not apply to any claims of damage arising out of the failure of CBS to perform acts or render services in its municipal capacity.

Section 5.2 Limits on Tenant Liability.

Except to the extent of liabilities arising from Tenant's acts or omissions, including Tenant's failure to comply with the Prospective Purchaser Agreement and the Management Agreement

(both of which are attached to this Lease), CBS indemnifies, defends, and holds Tenant harmless for liabilities to the extent that they were incurred by reason of conditions existing on the site as of the date of execution of this Lease or by reasons of CBS's acts or omissions. CBS also agrees to indemnify, defend, and save Tenant harmless against and from any and all claims and damages arising, other than due to acts or omissions of Tenant, during the term of this Lease from (a) any condition of the Subject Property or improvements placed on it; (b) any breach or default on the part of CBS regarding any act or duty to be performed by CBS pursuant to the terms of the Lease; and (c) any act or negligence of CBS or any of its agents, contractors, servants, employees, or licensees. CBS agrees to indemnify, defend, and save harmless Tenant from and against all costs, counsel and legal fees, expenses, and liabilities incurred, other than due to acts or omissions of Tenant, in any claim or action or proceeding brought asserting claims of or asserting damages for any alleged act, negligence, omission, conduct, management, work, thing, breach, default, accident, injury, or damage described in the previous two sentences. The above agreements are in addition to and not by way of limitation of any other covenants in this Lease to indemnify or compensate Tenant.

Section 5.3 Reimbursement of Costs of Obtaining Possession.

Each Party agrees to pay and to indemnify the other Party prevailing in any dispute under this Lease against, all costs and charges, including but not limited to, full reasonable counsel and legal fees lawfully and reasonably incurred in enforcing any provision of this Lease including obtaining possession of the Subject Property and establishing CBS's title free and clear of this Lease upon expiration or earlier termination of this Lease.

GENERAL PROVISIONS

ARTICLE VI DEFINITIONS

Section 6.1 Defined Terms.

For the purposes of this Lease, the following words shall have the meanings attributed to them in this Section:

- (a) "Event of Default" means the occurrence of any action specified in Section 14.1.
- (b) "Imposition" means all of the taxes, assessments, fees, utility rates or charges, levies and other governmental charges, levied or assessed against the Subject Property; any part of the Subject Property, or any right or interest or any rent, taxes and income received, including sales taxes on rent.
- (c) "Improvements" or "improvements" means all buildings, structures and improvements of any nature now or in the future located upon the Subject Property, as well as all apparatus and equipment necessary for the complete and comfortable use, occupancy, enjoyment and operation of the Subject Property, including fittings, appliances, machinery, garage equipment, heating equipment, lighting equipment, cooling equipment, air conditioning and ventilating equipment, wiring, controls, communications equipment, plumbing, switchboards, antennae, floor coverings, refrigerating equipment, hot water heating and all other appliances and equipment; excepting

only in each case articles of personal property appurtenances and fixtures (including trade fixtures) owned by Tenant, sublessees, or others, which can be removed without defacing or materially injuring the improvements remaining on the Subject Property, with the portion of the Subject Property from which such items are removed being returned to a condition at least as good as that existing on the date of this Lease.

(d) "Personal Property" means tangible personal property owned or leased and used by Tenant or any sublessee of Tenant, in connection with and located upon the Subject Property.

(e) "Premises" means the "Subject Property."

(f) "Rent" means the lease rate, which is the amount Tenant periodically owes and is obligated to pay CBS as lease payments under this Lease for the use of the Subject Property.

(g) "Subject Property" is the area leased as shown on Exhibit A.

(h) "Sublessee" means any subtenant, concessionaire, licensee, or occupant of space in or on the Subject Property holding by or through Tenant; the term "sublease" shall mean any lease, license, concession or other agreement for the use and occupancy of any part of the Subject Property made by any Person holding by or through Tenant, which has been approved by CBS Assembly.

(i) "Term" means the period of time Tenant rents or leases the Subject Property from CBS.

ARTICLE VII INSURANCE

Section 7.1 Insurance

Tenant shall have and maintain property damage and comprehensive general liability insurance in the amount of one million dollars (\$1,000,000), including leasehold improvements. CBS shall be named as an additional insured. Additionally, Tenant shall have the statutory amount of any Worker's Compensation.

Section 7.2 Notification of Claim, Loss, or Adjustment

Tenant shall advise CBS of any claim, loss, adjustment, or negotiations and settlements involving any loss on the Subject Property under all policies of the character described in section 7.1.

Section 7.3 Waiver of Subrogation

The Party insured (or so required) releases the other Party from any liability the other Party may have on account of loss, cost, damage or expense to the extent of any amount recoverable by reason of insurance and waives any right of subrogation which might otherwise exist in or accrue to any person on account of the following circumstances: (i) any loss, cost, damage or expense resulting from fire, explosion or any other casualty or occurrence is incurred by either of the Parties to this Lease, or anyone claiming under it in connection with the Subject Property or improvements; and (ii) the Party is then covered in whole or in part by insurance with respect to loss, cost, damage or expense or is required under this Lease to be insured. The release of

liability and waiver of the right of subrogation shall not be operative in any case where the effect is to invalidate the insurance coverage or increase its cost. In the case of increased cost, the other Party shall have the right, within thirty (30) days following written notice, to pay the increased cost keeping the release and waiver in full force and effect.

ARTICLE VIII RESTRICTIONS REGARDING ASSIGNMENT, LEASES, AND TRANSFERS OF SUBJECT PROPERTY

Section 8.1 Tenant Without Power to Assign, Lease, or Encumber Subject Property.

Tenant has no power without CBS Assembly approval under this Lease to assign the Lease. Tenant has no power under this Lease to transfer the Subject Property. Tenant has no power to encumber Subject Property or pledge its interest in Subject Property as collateral for a loan or mortgage, or allow any liens to be filed against the Subject Property. Any such actions under this section may cause termination of the Lease.

Section 8.2 Limitations on Leases.

Tenant shall not sublease the Subject Property or any portion of it without the prior written approval of CBS Assembly. All subleases entered into demising all or any part of the Improvements or the Subject Property shall be expressly subject and subordinate to this Lease. CBS's consent to a sublease of the Subject Property shall not release Tenant from its obligations under the Lease. CBS's consent to a sublease shall not be deemed to give any consent to any subsequent subletting.

ARTICLE IX USE AND PROTECTION OF THE SUBJECT PROPERTY

Section 9.1 Property As Is - Repairs.

Tenant acknowledges that it has examined the Subject Property and the present improvements including any public improvements presently located there, and knows the condition of them, and accepts them in their present condition without any representations or warranties of any kind or nature whatsoever by CBS as to their condition or as to the use or occupancy which may be made of them. Tenant assumes the sole responsibility for the condition of the improvements located on the Subject Property. The foregoing shall not be deemed to relieve CBS of its general municipal obligations, or of its obligations under Section 3.1 above or under Subsection 9.1(c) below.

Section 9.2 Compliance with Laws.

Tenant shall throughout any term of this Lease, at Tenant's sole expense, promptly comply with all the laws and ordinances and the orders, rules, regulations, and requirements of all federal, state, and municipal governments and appropriate departments, commissions, boards, and officers and all other legal requirements that may be applicable to the Subject Property and its use. Nothing in the foregoing sentence shall be deemed to relieve CBS of its general obligations to CBS and Borough of Sitka in its municipal capacity.

Section 9.3 Notification of City and Borough of Sitka's Public Works Director of Discovery of Contamination.

Tenant shall promptly notify the Public Works Director of CBS within 24 hours if any contaminated soils or other contaminated materials that require special handling are encountered during construction or other activities.

Section 9.4 Use of Utility Lines.

Tenant shall connect or otherwise discharge to such utility lines as approved by the Director of Public Works and/or Electric Department, and shall obtain any permits and comply with any conditions specified by the Director of Public Works and/or Electric Department for such connections.

Section 9.5 Permits and Approvals for Activities.

Tenant shall be responsible for obtaining all necessary permits and approvals including food processing for its activities unless otherwise specifically allowed by CBS. Not less than ten (10) days in advance of applying for permits to any public entity other than CBS, Tenant shall provide copies of all permit applications and associated plans and specifications to CBS Director of Public Works to facilitate review by departments of CBS. CBS is not obligated to comment on the permit applications and plans, and the result of any review by CBS does not affect Tenant's obligation to comply with any applicable laws.

ARTICLE X CBS'S RIGHT TO PERFORM TENANT'S COVENANTS; REIMBURSEMENT OF CBS FOR AMOUNTS SO EXPENDED

Section 10.1 Performance of Tenant's Covenants To Pay Money.

Tenant covenants that if it shall at any time default resulting as condition of the Lease or shall fail to timely make any other payment (other than Rent), and the failure shall continue for ten (10) days after written notice to Tenant, then CBS may, but shall not be obligated so to do, and without further notice to or demand upon Tenant and without releasing Tenant from any obligations of Tenant under this Lease, make any other payment in a manner and extent that CBS may deem desirable.

Section 10.2 CBS's Right To Cure Tenant's Default.

If there is a default involving the failure of Tenant to keep the Subject Property in good condition and repair in accordance with the provisions of this Lease, to make any necessary renewals or replacements or to remove any dangerous condition in accordance with the requirements of this Lease or to take any other action required by the terms of this Lease, then CBS shall have the right, but shall not be required, to make good any default of Tenant. CBS shall not in any event be liable for inconvenience, annoyance, disturbance, loss of business, or other damage of or to Tenant by reason of bringing materials, supplies and equipment into or through the building during the course of the work required to be done to make good such default. The obligations of Tenant under this Lease shall remain unaffected by such work, provided that CBS uses reasonable care under the circumstances prevailing to avoid unnecessary inconvenience, annoyance, disturbance, loss of business, or other damage to Tenant.

Section 10.3 Reimbursement of CBS and Tenant.

All sums advanced by CBS pursuant to this Article and all necessary and incidental costs, expenses and attorney's fees in connection with the performance of any acts, together with interest at the highest rate of interest allowed by law from the date of the making of advancements, shall be promptly payable to CBS by Tenant in the respective amounts so advanced. This reimbursement shall be made on demand, or at the option of CBS, may be added to any Rent then due or becoming due under this Lease. Tenant covenants to pay the sum or sums with interest. CBS shall have, in addition to any other right or remedies, the same rights and remedies in the event of the nonpayment by Tenant as in the case of default by Tenant in the payment of any installment of Rent.

Conversely, Tenant shall be entitled to receive from CBS prompt payment or reimbursement on any sums due and owing from CBS to Tenant, together with interest at the highest rate allowed by law. However, nothing contained in this Lease shall entitle Tenant to withhold any Rent due to CBS or to offset or credit any sums against rent, except with respect to unpaid Rent due from CBS to Tenant under any sublease of Subject Property.

ARTICLE XI DAMAGE OR DESTRUCTION

Section 11.1 Repair and Replacement of Structures and Improvements Following Damage.

(a) If the Premises shall be destroyed or so injured by any cause as to be unfit, in whole or in part, for occupancy and such destruction or injury could reasonably be repaired within ninety (90) days from the date of such damage or destruction, then Tenant shall not be entitled to surrender possession of the Premises, nor shall Tenant's liability to pay Rent under this Lease cease, without the mutual consent of the Parties. In case of any such destruction or injury, CBS shall repair with all reasonable speed and shall complete such repairs within ninety (90) days from the date of such damage or destruction. If during such period Tenant shall be unable to use all or any portion of the Premises, a proportionate allowance shall be made to Tenant from the Fixed Rent corresponding to the time during which and to the portion of the Premises of which Tenant shall be so deprived of the use.

(b) If such destruction or injury cannot reasonably be repaired within ninety (90) days from the date of such damage or destruction, CBS shall notify Tenant within fifteen (15) days after the determination that restoration cannot be made in ninety (90) days. If CBS elects not to repair or rebuild, this Lease shall be terminated. If CBS elects to repair or rebuild, CBS shall specify the time within which such repairs or reconstruction will be complete, and Tenant shall have the option, to be exercised within thirty (30) days after the receipt of such notice, to elect either to terminate this Lease and further liability, or to extend the Term of this Lease by a period of time equivalent to the time from the happening of such destruction or injury until the Premises are restored to their former condition. In the event Tenant elects to extend the Term of this Lease, CBS shall restore the Premises to their former condition within the time specified in the notice, and Tenant shall not be liable to pay Rent for the period from the time of such destruction or injury until the Premises are so restored to its former condition.

(c) In addition to all rights to cancel or terminate this Lease set forth in Subsections 11.1(a) and 11.1(b), if the Subject Property is destroyed or damaged during the last two (2) years of the renewal Term of this Lease or any extension or renewal to the extent of fifty per cent (50%) or more of the value of the Subject Property, then CBS shall have the right to cancel and terminate this Lease as of the date of such damage or destruction by giving Tenant notice within ninety (90) days after the date of such damage or destruction.

ARTICLE XII MECHANIC'S LIENS

Section 12.1 Discharge of Mechanics' Liens.

Tenant shall neither suffer nor permit any mechanics' liens to be filed against the title to the Subject Property, nor against Tenant's interest in the Subject Property, nor against the improvements by reason of work, labor, services or materials supplied or claimed to have been supplied to Tenant or anyone having a right to possession of the Subject Property or Improvements as a result of an agreement with or the assent of Tenant. If any mechanics' lien shall be filed against the Subject Property, including the Improvements, Tenant shall cause it to be discharged of record within 30 days after the date that Tenant has knowledge of its filing. Failure to comply may subject the Lease to be terminated.

ARTICLE XIII LIEN FOR RENT AND OTHER CHARGES

Section 13.1 Lien for Rent.

The whole amount of the Rent and each and every installment, and the amount of all taxes, assessments, utility payments, insurance premiums and other charges, fees and impositions paid by CBS under the provisions of this Lease, and all costs, attorney's fees and other expenses which may be incurred by CBS in enforcing the provisions of this Lease or on account of any delinquency of Tenant in carrying out any of the provisions of this Lease, shall be and they are declared to constitute a valid and prior lien against property of Tenant, except the Subject Property, and may be enforced by law and equitable remedies, including the appointment of a receiver.

ARTICLE XIV DEFAULT PROVISIONS

Section 14.1 Events of Default.

Each of the following events is defined as an "Event of Default":

- (a) Failure of Tenant to pay any Installment of Rent, or any other payments or deposits of money, or furnish receipts for deposits as required, when due and the continuance of the failure for a period of ten (10) days after notice in writing from CBS to Tenant.
- (b) Failure of Tenant to perform any of the other covenants, conditions and agreements under this Lease, including filing tax forms and/or payment of taxes, fees, utilities, and the continuance of failure for a period of thirty (30) days after CBS's notice in writing. The notice shall specify the respects in which CBS contends that Tenant has failed to perform any of the covenants,

conditions and agreements. With respect to any default which cannot be cured within thirty (30) days, Tenant, or any person holding by, through or under Tenant, in good faith, promptly after receipt of written notice, shall have commenced and shall continue diligently and reasonably to prosecute all action necessary to cure the default within an additional 60 days.

(c) The filing of an application by Tenant (the term, for this purpose, to include any approved transferee other than a sublessee of Tenant's interest in this Lease): (i) for a consent to the appointment of a receiver, trustee or liquidator of itself or all its assets; (ii) of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing of its inability to pay its debts as they come due; (iii) of a general assignment for the benefit of creditors; or (iv) of an answer admitting the material allegations of, or its consenting to, or defaulting in answering, a petition filed against it in any bankruptcy proceeding.

(d) The entry of an order, judgment or decree by any court of competent jurisdiction, adjudicating Tenant a bankrupt, or appointing a receiver, trustee or liquidator of it or of its assets, and this order, judgment or decree continuing unstayed and in effect for any period of 60 consecutive days, or if this Lease is taken under a writ of execution.

Section 14.2 Assumption or Assignment of Lease to Bankruptcy Trustee.

In the event that this Lease is assumed by or assigned to a trustee pursuant to the provisions of the Bankruptcy Reform Act of 1978 (referred to as "Bankruptcy Code") (11 U.S.C. § 101 et seq.), and the trustee shall cure any default under this Lease and shall provide adequate assurances of future performance of this Lease as are required by the Bankruptcy Code (including but not limited to, the requirement of Code § 365(b)(1)) (referred to as "Adequate Assurances"), and if the trustee does not cure such defaults and provide such adequate assurances under the Bankruptcy Code within the applicable time periods provided by the Bankruptcy Code, then this Lease shall be deemed rejected automatically and CBS shall have the right immediately to possession of the Subject Property immediately and shall be entitled to all remedies provided by the Bankruptcy Code for damages for breach or termination of this Lease.

Section 14.3 Remedies in Event of Default.

CBS may treat any one or more of the Events of Default as a breach of this Lease. At its option, by serving written notice on Tenant and each Secured Party and Leasehold Mortgagee of whom CBS has notice (such notice not to be effective unless served on each such person) of the Event of Default, CBS shall have, in addition to other remedies provided by law, one or more of the following remedies:

(a) CBS may terminate this Lease. In such an event, CBS may repossess the entire Subject Property and Improvements, and be entitled also to recover as damages a sum of money equal to the value as of the date of termination of this Lease, of the Rent due from Tenant for the balance of the stated term of this Lease, and any other sum of money and damages due under the terms of this Lease to CBS. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(b) CBS may terminate Tenant's right of possession and may repossess the entire Subject Property and Improvements by forcible entry and detainer suit or otherwise, without demand or

notice of any kind to Tenant (except as above expressly provided for) and without terminating this Lease. In such event, CBS may, but shall be under no obligation to do so, relet all or any part of the Subject Property for rent and upon terms as shall be satisfactory in the judgment reasonably exercised by CBS (including the right to relet the Subject Property for a term greater or lesser than that remaining under the stated term of this Lease). For the purpose of reletting, CBS may make any repairs, changes, alterations or additions in or to the Subject Property and Improvements that may be reasonably necessary or convenient in CBS's judgment reasonably exercised. If CBS shall be unable, after a reasonable effort to do so, to relet the Subject Property, or if the Subject Property and building are relet and a sufficient sum shall not be realized from reletting after paying all of the costs and expenses of repairs, change, alterations and additions and the expense of reletting and the collection of the Rent accruing from it, to satisfy the Rent above provided to be paid, then Tenant shall pay to CBS as damages a sum equal to the amount of the Rent reserved in this Lease for the period or periods as and when payable pursuant to this Lease. If the Subject Property or any part of it has been relet, Tenant shall satisfy and pay any deficiency upon demand from time to time. Tenant acknowledges that CBS may file suit to recover any sums falling due under the terms of this section from time to time, and that any suit or recovery of any portion due Tenant shall be no defense to any subsequent action brought for any amount not reduced to judgment in favor of CBS. Any personal property not removed after such termination shall be addressed as provided for in Section 1.3 above.

(c) In the event of any breach or threatened breach by Tenant of any of the terms, covenants, agreements, provisions or conditions in this Lease, CBS shall have the right to invoke any right and remedy allowed at law or in equity or by statute or otherwise as through reentry, summary proceedings, and other remedies not specifically provided for in this Lease.

(d) Upon the termination of this Lease, or upon the termination of Tenant's right of possession, whether by lapse of time or at the option of CBS, Tenant will at once surrender possession of the Subject Property and dispose of personal property and Improvements as described in Section 1.3. If possession is not immediately surrendered, CBS may reenter the Subject Property and Improvements and repossess itself of it as of its former estate and remove all persons and their personal property, using force as may be necessary, without being deemed guilty of any manner of trespass or forcible entry or detainer. CBS may at its option seek expedited consideration to obtain possession if CBS determines that the Lease has terminated as described in the first sentence of this paragraph, and Tenant agrees not to oppose such expedited consideration.

(e) In the event that Tenant shall fail to make any payment required to be made provided for in this Lease or defaults in the performance of any other covenant or agreement which Tenant is required to perform under this Lease during the period when work provided for in this Lease shall be in process or shall be required by the terms of this Lease to commence, CBS may treat the default as a breach of this Lease and, in addition to the rights and remedies provided in this Article, but subject to the requirements of service of notice pursuant to this Lease, CBS shall have the right to carry out or complete the work on behalf of Tenant without terminating this Lease.

Section 14.4 Waivers and Surrenders To Be In Writing.

No covenant or condition of this Lease shall be deemed to have been waived by CBS unless the waiver be in writing, signed by CBS, or CBS's agent duly authorized in writing and shall apply only with respect to the particular act or matter to which the consent is given. It shall not relieve Tenant from the obligation, wherever required under this Lease, to obtain the consent of CBS to any other act or matter.

ARTICLE XV CBS'S TITLE AND LIEN

Section 15.1 CBS's Title and Lien Paramount.

CBS will hold title to the Subject Property.

Section 15.2 Tenant Not To Encumber CBS's Interest.

Tenant shall have no right or power to and shall not in any way encumber the title of CBS regarding the Subject Property. The fee-simple estate of CBS in the Subject Property shall not be in any way subject to any claim by way of lien or otherwise, whether claimed by operation of law or by virtue of any express or implied lease or contract or other instrument made by Tenant. Tenant's interest in the Improvements shall in all respects be subject to the paramount rights of CBS in the Subject Property.

ARTICLE XVI REMEDIES CUMULATIVE

Section 16.1 Remedies Cumulative.

No remedy conferred upon or reserved to CBS shall be considered exclusive of any other remedy, but shall be cumulative and shall be in addition to every other remedy given under this Lease or existing at law or in equity or by statute. Every power and remedy given by this Lease to CBS may be exercised from time to time and as often as occasion may arise or as may be deemed expedient by CBS. No delay or omission of CBS to exercise any right or power arising from any default shall impair any right or power, nor shall it be construed to be a waiver of any default or any acquiescence in it.

Section 16.2 Waiver of Remedies Not To Be Inferred.

No waiver of any breach of any of the covenants or conditions of this Lease shall be construed to be a waiver of any other breach or to be a waiver of, acquiescence in, or consent to any further or succeeding breach of it or similar covenant or condition.

Section 16.3 Right to Terminate Not Waived.

Neither the rights given to receive, sue for or distrain from any rent, moneys or other payments, or to enforce any of the terms of this Lease, or to prevent the breach or nonobservance of it, nor the exercise of any right or of any other right or remedy shall in any way impair or toll the right or power of CBS to declare ended the term granted and to terminate this Lease because of any event of default.

ARTICLE XVII SURRENDER AND HOLDING OVER

Section 17.1 Surrender at End of Term.

On the last day of the last Lease Year of the original term, or on the earlier termination of the term, Tenant shall peaceably and quietly leave, surrender and deliver the entire Subject Property to CBS, subject to the provisions of Section 1.3, in good repair, order, and condition, reasonable use, wear and tear excepted, free and clear of any and all mortgages, liens, encumbrances, and claims. At the time of the surrender, Tenant shall also surrender any and all security deposits and rent advances of Sublessees to the extent of any amounts owing from Tenant to CBS. If the Subject Property is not so surrendered, Tenant shall repay CBS for all expenses which CBS shall incur by reason of it, and in addition, Tenant shall indemnify, defend and hold harmless CBS from and against all claims made by any succeeding Tenant against CBS, founded upon delay occasioned by the failure of Tenant to surrender the Subject Property.

Section 17.2 Rights Upon Holding Over.

At the termination of this Lease, by lapse of time or otherwise, Tenant shall yield up immediately possession of the Subject Property to CBS and failing to do so agrees at the option of CBS, to pay to CBS for the whole time such possession is withheld, a sum per day equal to one hundred and seventy-five percent (175%) times 1/30th of the aggregate of the Rent paid or payable to CBS during the last month of the term of the Lease. The provisions of this Article shall not be held to be a waiver by CBS of any right or reentry as set forth in this Lease, nor shall the receipt of a sum, or any other act in apparent affirmance of the tenancy, operate as a waiver of the right to terminate this Lease and the Term granted for the period still unexpired for any breach of Tenant under this Lease.

ARTICLE XVIII MODIFICATION

Section 18.1 Modification.

None of the covenants, terms or conditions of this Lease to be kept and performed by either party to this Lease shall in any manner be waived, modified, changed or abandoned except by a written instrument duly signed, acknowledged, and delivered by both CBS and Tenant.

ARTICLE XIX INVALIDITY OF PARTICULAR PROVISIONS

Section 19.1 Invalidity of Provisions.

If any provision of this Lease or the application of it to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstance other than those as to which it is invalid or unenforceable, shall not be affected, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XX APPLICABLE LAW AND VENUE

Section 20.1 Applicable Law.

This Lease shall be construed and enforced in accordance with the laws of the State of Alaska. The forum and venue for any action seeking to interpret, construe, or enforce this Lease shall be only in the Superior Court for the State of Alaska at Sitka, Alaska.

ARTICLE XXI NOTICES

Section 21.1 Manner of Mailing Notices.

In every case where under any of the provisions of this Lease or otherwise it shall or may become necessary or desirable to make or give any declaration or notice of any kind to CBS or Tenant, it shall be sufficient if a copy of any declaration or notice is sent by United States mail, postage prepaid, return receipt requested, addressed: If to CBS at: Municipal Administrator, City and Borough of Sitka, of 100 Lincoln Street, Sitka, Alaska 99835, with a copy to: Municipal Clerk at address listed above; and if to Tenant, at: the address set out in the Preamble. Each party from time to time may change its address for purposes of receiving declarations or notices by giving notice of the changed address, to become effective seven days following the giving of notice.

Section 21.2 Notice to Leasehold Mortgagee and Secured Parties.

CBS shall provide each Leasehold Mortgagee and Secured Party, who has so requested, copies of all notices from CBS to Tenant relating to existing or potential default under, or other noncompliance with the terms of this Lease. All notices, demands or requests which may be required to be given by CBS or Tenant to any Leasehold Mortgagee and Secured Parties shall be sent in writing, by United States registered or certified mail or express mail, postage prepaid, addressed to the Leasehold Mortgagee at a place as the Leasehold Mortgagee may from time to time designate in a written notice to CBS and Tenant.

Section 21.3 Sufficiency of Service.

Service of any demand or notice as in this Article provided shall be sufficient for all purposes.

Section 21.4 When Notice Deemed Given or Received.

Whenever a notice is required by this Lease to be given by any Party to the other Party or by any Party to a Leasehold Mortgagee, the notice shall be considered as having been given when a registered or certified notice is placed in the United States Post Office mail as provided by this Article. It shall be deemed received on the third business day thereafter. For all purposes under this Lease of starting any time period after notice, the time period shall be conclusively deemed to have commenced three business days after the giving of notice, whether or not it is provided that a time period commences after notice is given or after notice is received.

ARTICLE XXII MISCELLANEOUS PROVISIONS

Section 22.1 Captions.

The captions of this Lease and the index preceding it are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease, nor in any way affect this Lease.

Section 22.2 Conditions and Covenants.

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

Section 22.3 Entire Agreement.

This Lease contains the entire agreement between the Parties and shall not be modified in any manner except by an instrument in writing executed by the Parties or their respective successors or assigns in interest.

Section 22.4 Time of Essence as to Covenants of Lease.

Time is of the essence as to the covenants in this Lease.

ARTICLE XXIII COVENANTS TO BIND AND BENEFIT RESPECTIVE PARTIES AND TO RUN WITH THE SUBJECT PROPERTY

Section 23. Covenants to Run with the Subject Property.

All covenants, agreements, conditions and undertakings in this Lease shall extend and inure to the benefit of and be binding upon the successors and assigns of each of the parties, the same as if they were in every case named and expressed, and they shall be construed as covenants running with the Subject Property. Wherever in this Lease reference is made to any of the parties, it shall be held to include and apply to, wherever applicable, also the officers, directors, successors and assigns of each party, the same as if in each and every case so expressed.

ARTICLE XXIV ADDITIONAL GENERAL PROVISIONS

Section 24.1 Absence of Personal Liability.

No member, official, or employee of CBS shall be personally liable to Tenant, its successors and assigns, or anyone claiming by, through or under Tenant or any successor in interest to the Subject Property, in the event of any default or breach by CBS or for any amount which may become due to Tenant, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease. No member, official, or employee of Tenant shall be personally liable to CBS, its successors and assigns, or anyone claiming by, through, or under CBS or any successor in interest to the Subject Property, in the event of any default or breach by Tenant or for any amount which become due to CBS, its successors and assigns, or any successor in interest to the Subject Property, or on any obligation under the terms of this Lease.

Section 24.2 Lease Only Effective As Against CBS Upon Assembly Approval.

This Lease is effective as against CBS only upon the approval of such Lease by the Assembly of CBS.

Section 24.3 Binding Effects and Attorneys Fees.

This Lease shall be binding up and inure to the benefit of the respective successors and assigns of the Parties hereto. In the event of litigation over this Lease, the Parties agree that the prevailing party shall receive full reasonable attorney's fees.

Section 24.4 Duplicate Originals.

This Lease may be executed in any number of copies, each of which shall constitute an original of this Lease. The warranties, representations, agreements and undertakings shall not be deemed to have been made for the benefit of any person or entity, other than the Parties.

Section 24.5 Declaration of Termination.

With respect to CBS's rights to obtain possession of the Subject Property or to revest title in itself with respect to the leasehold estate of Tenant in the Subject Property, CBS shall have the right to institute such actions or proceedings as it may deem desirable to effectuate its rights including, without limitation, the right to execute and record or file with the Recorder of Sitka Recording District, a written declaration of the termination of all rights and title of Tenant in the Subject Property, and the revesting of any title in CBS as specifically provided in this Lease.

Section 24.6 Authority.

CBS and Tenant represent to each other that each has, and has exercised, the required power and authority and has complied with all applicable legal requirements necessary to adopt, execute and deliver this Lease and perform its obligations. Both parties also represent that this Lease has been duly executed and delivered by each and constitutes a valid and binding obligation of each enforceable in accordance with its terms, conditions, and provisions.

JOAN BERGE

Individually and as owner of 4-JS Coffee

STATE OF ALASKA)
) ss:
FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this ____ day of _____, 2012, personally appeared before me JOAN BERGE, whose identity is personally known to me or proved to me on the basis of satisfactory evidence, and who by signing this agreement, swears or affirms that she is the owner of 4-JS Coffee, and individually and as owner is authorized to sign this document on and does so freely and voluntarily.

Notary Public for Alaska
My Commission Expires: _____

CITY AND BOROUGH OF SITKA

Jim Dinley, Municipal Administrator

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS CERTIFIES that on this ____ day of _____, 2012, before me, a Notary Public in and for the State of Alaska, personally appeared JIM DINLEY, who is the Municipal Administrator of the City and Borough of Sitka, Alaska, a municipal corporation organized under the laws of the State of Alaska, that he has been authorized by to execute the foregoing document, and does so freely and voluntarily.

Notary Public for Alaska
My Commission Expires: _____



NORTH

PROPOSED LOCATION OF STRUCTURE

GRIFFITH ISLAND

USCG&S "GRIFF"

RESTROOMS

THOMSEN HARBOR

SIGINAKA WAY

KATILIAN AVE.

RAMP TO NEW THOMSEN HARBOR



City and Borough of Sitka
DEPARTMENT OF PUBLIC WORKS
100 LINCOLN STREET • SITKA, ALASKA 99835
TEL (907) 747-1804 FAX (907) 747-3158

Griffith Island /
Lord Baranof Y.C.
Site Plan

DRAWN:	PAR	SCALE:	1" = 100'
CHECKED:	BBD	DATE:	6.6.01
DRAWING NAME:	GRIFFITH		
SHEET NO.	1 / 1		

Colleen Ingman

From: Stan Eliason [stan@cityofsitka.com]
Sent: Wednesday, February 22, 2012 10:10 AM
To: Colleen Pellett
Subject: permits

Colleen, here's Dan's reply as I suspected.

Stan,

It was discussed at the Feb 8Th meeting that the launch ramp permits sold by the Harbor Department, will match what the State of Alaska charges. There were no objections to the change from any of the committee members.

*Stan Eliason, Harbormaster
City and Borough of Sitka
Coast Guard City, USA*

<http://www.cityofsitka.com/government/departments/harbor/index.html>