

O'Brien And Son's Construction Facilities Support Yard

January 5, 2018

Gary White, President
Sitka Economic Development Association
329 Harbor Drive Suite 212
Sitka, Ak 99835

**Re: Letter of Intent to Lease
Lot 7, GPIP**

Dear Gary:

This Letter of Intent, outline's O'Brien And Son's desire to execute a lease agreement with SEDA, in good faith, for Lot 7 within GPIP. The intended use, lease term, and improvements are outlined in the proposal as follows:

- A. Landlord:** City And Borough Of Sitka
100 Lincoln Street
Sitka, Ak 99835
- B. Tenant:** O'Brien And Son's
- C. Effective Date:** February 1, 2018, or upon execution of lease agreement.
- D. Premises:** Lot 7, having approximately 32,789 SF Area, shown in **Exhibit A**.
- E. Planned Use of Premises:** Tenant shall use the Premises for the following purpose: Construction equipment and assorted materials yard. Rock sizing, sorting, and stockpile. Topsoil sizing, sorting and stockpile. Material fabrication, equipment repair and related activities. Container vans, construction materials, all types of construction equipment and other to be staged on the premises. Tenant to notify Landlord of any extreme changes to Tenant's planned use of premises.
- F. Lease Term:** 12 Months
- G. Option:** Tenant shall have three (3) successive options to extend the Lease Term for a period of twelve (12) months per option, exercisable in writing no less than 90 calendar days prior to the expiration of the original lease term and exercised option terms. Option Term rent shall be the same amount as stated in original lease;
- H. Rent Commencement Date:** Rent charges shall commence upon the execution of lease agreement (anticipated, February 1, 2018).

- I. Rent:** Tenant shall pay on the first of each month without the necessity of any billing by the landlord. Tenant shall pay \$986.37/month payable at a rate of \$0.03/SF/Month.
- J. Property Tax:** Tenant shall be responsible for property taxes for the lease term, including any options exercised..
- K. Insurance Expense:** Tenant shall be responsible for maintaining property damage and comprehensive general liability insurance in the amount of \$1,000,000.00. Landlord being named as an additional insured.
- L. Utilities:** Tenant shall pay for its own utilities including but not limited to water, sewer, and electricity consumed within the Premises. Tenant shall be responsible for installation of utilities within the Premises and for all utility hook-up charges.
- M. Improvements to The Premises:** Tenant, at Tenant's expense, shall improve the Premises to be more suitable to Tenant's planned use of the Premises, subject to Landlord's prior written approval. It is understood that Tenant's improvements are subject to the approval of the applicable local government authorities and Landlord.
- N. Tenant's Planned Improvements:** Upon Landlord's, Tenant plans on removing and disposing of material overlaying the existing concrete slab, see **Exhibit B**. The planned finished grade of Lot 7, is the existing slab elevation. Area beyond the limits of the concrete slab, but within the property lines of Lot 7 will be uniformly graded with 2" minus, see **Exhibit A**. The large slab is a far superior surface, why turn uphill to a 6" minus covering, when it could be a concrete yard at the same elevation as the existing roads and other occupied lease lots to the South.
- O. Nature of this Letter of Intent:** This Letter of Intent constitutes Tenant's offer to execute a lease agreement with Landlord. This Letter of Intent may not be relied upon by any party as evidence of a binding agreement or commitment between Landlord and Tenant for the lease of Lot 7, and no legal rights and obligations between the parties shall be created or deemed to exist with respect to the Premises until the parties have fully executed and delivered a lease agreement.

We look forward to your response to the above. Please contact us should you have any comments or questions.

Very truly yours,

Jim O'Brien, Owner
907-752-3742

Exhibit A

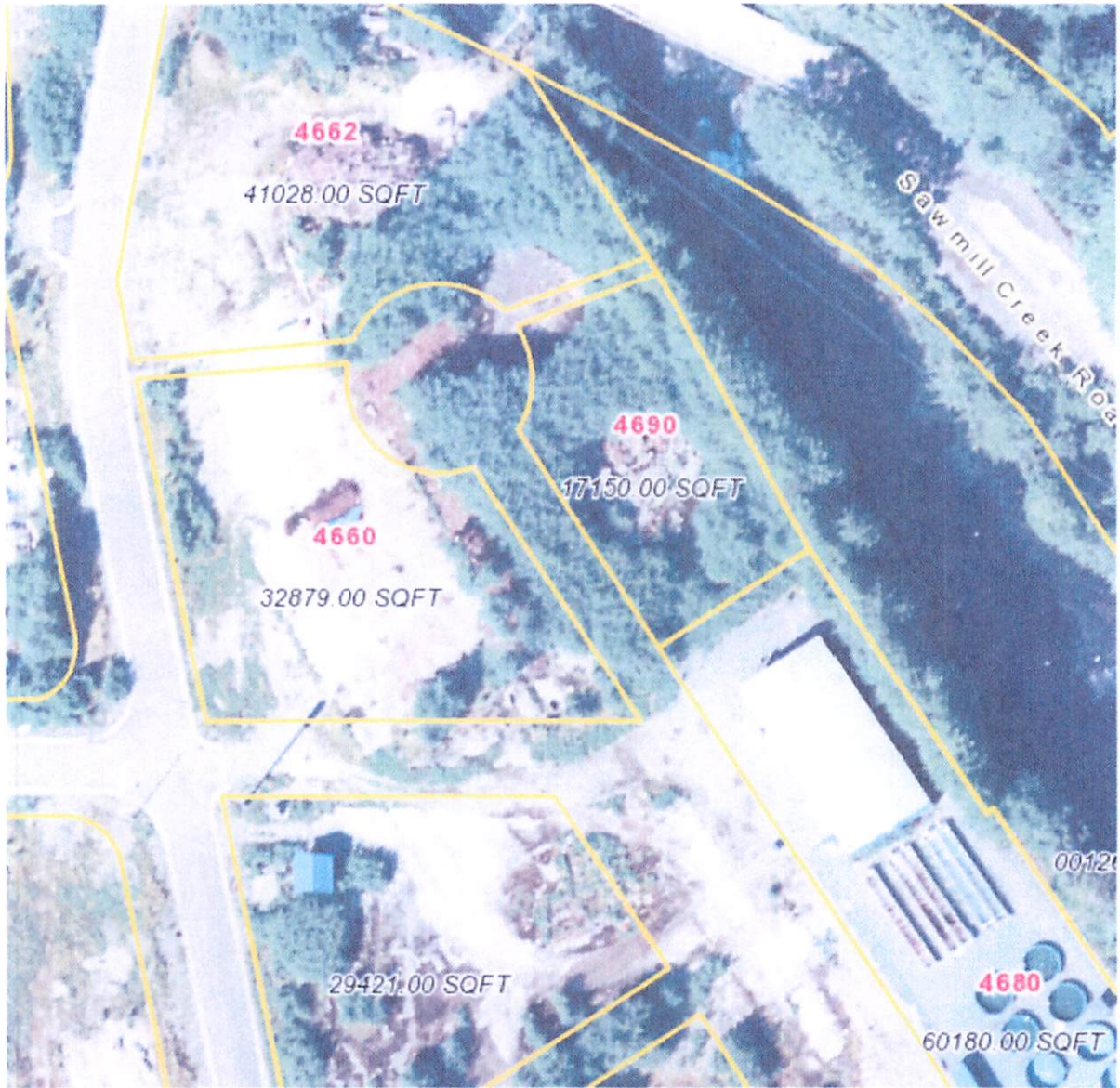


Exhibit B

