

Mayor Edna B. DeVries
Deputy Mayor Pete LaFrance
Council Member Julie Berberich
Council Member Steve Carrington
Council Member Linda Combs
Council Member Sabrena Combs
Council Member David Fuller

City Attorney Michael Gatti
City Clerk Norma I. Alley, MMC
City Manager Nathan Wallace

City of Palmer, Alaska
City Council Meeting
March 26, 2019, at 7:00 PM
City Council Chambers
231 W. Evergreen Avenue, Palmer
www.cityofpalmer.org

AGENDA

A. CALL TO ORDER

B. ROLL CALL

C. PLEDGE OF ALLEGIANCE

D. APPROVAL OF AGENDA

1. Approving Consent Agenda
 - a. Introduction of **Ordinance No. 19-003**: Amending Palmer Municipal Code Section 17.89.060(E) and Section 17.89.070(F) Relating to Short Term Rentals Page 3
 - b. **Action Memorandum No. 19-037**: Authorizing the City Manager to Execute Change Order #2 with North Star Excavation and Asphalt, Inc. for Execution of Additive Alternate #1, City Hall North Parking Lot Improvements in an Amount Not to Exceed \$35,400.00 Page 9
 - c. **Action Memorandum No. 19-038**: Authorizing the City Manager to Negotiate and Execute a New Lease Agreement with Alaska Tactical Aviation, LLC for a Lease on Lot 10, Block 3, Palmer Municipal Airport for the Purpose of Establishing a Commercial Business Use Aircraft Hangar Page 15
 - d. **Action Memorandum No. 19-039**: Approving the Termination of the Agreement Between Landowner Regarding Off-Site Parking Spaces for Lots 10, 11 & 12 (11-1), Block 3, Bailey Heights Subdivision Page 49
 - e. **Action Memorandum No. 19-040**: Confirming the Mayor's Nomination of George Hoden to the Parks, Recreation and Cultural Resources Advisory Board with a Term Ending October 31, 2020 Page 59
2. Approving Minutes of Previous Meetings
 - a. February 5, 2019, Joint City Council and Board of Economic Development Meeting Page 61
 - b. February 26, 2019, Regular Meeting Page 65

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Presentation of a Proclamation to the Palmer High School eSports Team for their Achievement in Competing in the 2018 Fall Overwatch National Championships Invitational..... Page 69
2. Presentation of a Proclamation Declaring April 2, 2019, as National Service Recognition Day Page 70
3. Presentation from Mat+Sar Search & Rescue Mark Stigar..... Page 71

F. REPORTS

4. City Manager's Report
5. City Clerk's Report
6. Mayor's Report
7. City Attorney's Report

G. AUDIENCE PARTICIPATION

H. NEW BUSINESS

I. RECORD OF ITEMS PLACED ON THE TABLE

J. AUDIENCE PARTICIPATION

K. COUNCIL MEMBER COMMENTS

L. EXECUTIVE SESSION

- 1. Subjects That Tend to Prejudice the Reputation and Character of Any Person – City Clerk Evaluation
(Note: action may be taken following the executive session)

M. ADJOURNMENT

Tentative Future Palmer City Council Meetings

Meeting Date	Meeting Type	Time	Notes
April 9	Regular	7 pm	
April 16	Joint	6 pm	PZC
April 23	Regular	7 pm	
May 14	Regular	7 pm	
May 28	Regular	7 pm	
June 11	Regular	7 pm	
June 25	Special	6 pm	Audit Presentation
June 25	Regular	7 pm	
July 9	Special	6 pm	Mid-Year Budget Review
July 9	Regular	7 pm	
July 23	Special	6 pm	2020 Budget Planning Priorities
July 23	Regular	7 pm	
Aug 13	Regular	7 pm	
Aug 27	Regular	7 pm	
Sept 10	Regular	7 pm	
Sept 24	Regular	7 pm	

**City of Palmer
Ordinance No. 19-003**

Subject: Amending Palmer Municipal Code Section 17.89.060(E) and Section 17.89.070(F) Relating to Short Term Rentals

Agenda of: March 26, 2019 – Introduction
April 9, 2019 – Public Hearing

Council Action: **Adopted** **Amended:** _____
 Defeated


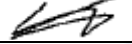

Originator Information:

Originator: City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
<u>√</u>	Community Development		<u>February 25, 2019</u>
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

	Signature:	Remarks:
City Manager		_____
City Attorney		_____
City Clerk		_____

Certification of Funds:


Total amount of funds listed in this legislation: \$ _____

- This legislation (√):
- Creates revenue in the amount of: \$ _____
 - Creates expenditure in the amount of: \$ _____
 - Creates a saving in the amount of: \$ _____
 - Has no fiscal impact

Funds are (√):

Budgeted Line item(s): _____

Not budgeted _____

Director of Finance Signature: 

Attachment(s):

- Ordinance No. 19-003
- Planning and Zoning Minutes of February 21, 2019 (draft copy)

Summary Statement/Background:

This text amendment will amend the short-term rental ordinance to allow Type-1 STRs by a conditional use permit in the R-1, Single-family Residential District as requested by City Council.

While preparing the amendment to the STR ordinance, staff realized a possible conflict in the STR matrix located under PMC 17.89.070(F). Due to the single-family residential restriction of the R-1E district, a Type-3 short-term rental of a multi-family residential property is not applicable and should be appropriately marked as N, not permitted.

At the February 21, 2019 Planning and Zoning meeting, the Commission discussed and reviewed the changes to the STR ordinance and voted unanimously to move the draft ordinance forward to City Council with a recommendation for adoption.

Administration's Recommendation:

Adopt Ordinance No. 19-003 amending the Palmer Municipal Code Sections 17.89.060(E) and 17.89.070(F).

LEGISLATIVE HISTORY

Introduced by: City Manager
Date: March 26, 2019
Public Hearing: April 9, 2019
Action:
Vote:

Yes:	No:

CITY OF PALMER, ALASKA

Ordinance No. 19-003

An Ordinance of the Palmer City Council Amending Palmer Municipal Code Section 17.89.060(E) and Section 17.89.070(F) Relating to Short Term Rentals

WHEREAS, the planning and zoning commission drafted and approved a short-term rental ordinance to address the current residential housing demands of the community; and

WHEREAS, the short-term rental ordinance was adopted by City Council on September 24, 2018, and amended on January 22, 2019, to correct identified errors for codification purposes; and

WHEREAS, upon additional review by the city council, it was recommended to amend the ordinance with the applicable changes.

THE CITY OF PALMER, ALASKA, ORDAINS:

Section 1. Classification. This ordinance shall be permanent in nature and shall be incorporated into the Palmer Municipal Code.

Section 2. Severability. If any provisions of this ordinance or application thereof to any person or circumstances are held invalid, the remainder of this ordinance and the application to the other persons or circumstances shall not be affected thereby.

Section 3. Palmer Municipal Code Section 17.89.060(E) is hereby amended to read as follows (new language is underlined and deleted language is stricken):

17.89.060 General provisions.

E. Additional Notice Requirements. For registrations and registration renewals of Type-1, Type-2 or Type-4 short-term rentals as defined in PMC 17.89.030 in R-1, R-1E and R-2 residential zoning districts, the applicant must give notice on a form provided by the city to each residence adjacent, including those residences adjacent across a public right-of-way and properties connected to the applicant’s property by property corners. The notice must include a description of the proposed use and the name, address, telephone number and email address (if any) of the responsible person.

Section 4. Palmer Municipal Code Section 17.89.070(F) is hereby amended to read as follows (new language is underlined and deleted language is stricken):

17.89.070 Standards.

F. The operation of a short-term rental is permitted as indicated in the following districts:

	Type 1	Type 2	Type 3	Type 4 (Bed and Breakfast Homestay)	Type 5 (Bed and Breakfast Inn)
R-1	N <u>CUP</u>	N	N	N	N
R-1E	CUP	CUP	CUP <u>N</u>	CUP	CUP
R-2	P	P	N	P	CUP
R-3	P	P	P	P	CUP
R-4	P	P	P	P	P
Agri	P	P	P	P	P
C-L	P	P	P	P	P
C-G	P	P	P	P	P

Key:

P = Permitted

N = Not permitted

CUP = Conditional Use Permit

Section 5. Effective Date. Ordinance No. 19-003 shall take effect upon adoption by the City of Palmer City Council.

Passed and approved this ____ day of _____, 2019.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

H. UNFINISHED BUSINESS:

1. Committee of the Whole to Continue Discussion of IM 19-004 Regarding PMC 17.28 CL-Limited Commercial District and PMC 17.32 CG-General Commercial District (note: action may be taken by the Commission following the committee of the whole).

Director Hanson explained the updated Land Use Matrix and Commercial Zoning District revisions from the last meeting (see IM 19-004 in the packet (p. 11)). There needs to be more work done concerning residential use within commercial and industrial districts. The Commission was asked to continue its discussion of Title 17 and make recommendations.

Main Motion: To Enter Committee of the Whole for open and ease of discussion of IM 19-004, PMC 17.28 CL and 17.32 CG.

Moved by:	Petty
Seconded by:	Wohlbach
In favor:	Corbin, Wohlbach, Ornquist, Benedetto, Petty, Lucas
Opposed:	None
Absent:	Thom-Bernier
Action:	Carried Unanimously by all persons present.

[The Commission entered Committee of the Whole at 7:04 p.m.; exited at 8:47 p.m.]

Committee of the Whole points of discussion included:

- Review and discussion regarding mixed use, open space requirements/considerations, setbacks, compatibility of uses;
- Intent language-Large Retail Establishments, consideration of performance-based standards for landscaping and screening;
- Review of language -- Industrial and Business Park Districts;
- Review of highlighted updates to the Land Use Matrix.

Staff will update and bring back additional information and/or corrections to a future meeting.

[The commission exited Committee of the Whole, without objection, at 8:47 p.m.]

I. NEW BUSINESS:

- 
1. **IM 19-005:** Consideration of text amendment to Palmer Municipal Code Chapter 17.89 Short-Term Rentals.

Director Hanson reported the City Council has requested that the Commission review and amend PMC 17.89 Short Term Rentals to allow a Type-1 STR to be permitted by a Conditional Use Permit in the R-1, Single-family Residential District.

Following review and discussion,

Main Motion: To recommend approval of PMC Ordinance No. 19-00X, An Ordinance of the Palmer City Council Amending Palmer Municipal

Code Section 17.89.060(E) and Section 17.89.070(F) Relating to Short Term Rentals and move forward to City Council for adoption.

Moved by:	Benedetto
Seconded by:	Corbin
In favor:	Corbin, Wohlbach, Ornquist, Benedetto, Petty, Lucas
Opposed:	None
Absent:	Thom-Bernier
Action:	Carried Unanimously by all persons present.

2. Committee of the Whole to Review and Discuss Palmer Municipal Code Chapter 17.27 R-4 High Density Residential District (note: action may be taken by the Commission following the committee of the whole).

Director Hanson introduced the R-4 High Density Residential District (packet pp. 57-60) for discussion. If anyone has questions, staff will research and bring back for further discussion at a future meeting.

It was the consensus of the Commission, without objection, that the item be placed on a future agenda to allow time for a more in-depth discussion.

J. PLAT REVIEWS:

1. **IM 19-003:** Abbreviated Plat Review – To adjust the common lot lines between Lots 2, 3 & 4, Homesite Tract No. 100 to create three new lots to be known as Homesite T/100 Lots 2A-4A, located outside Palmer city limits.

Director Hanson provided a staff report referring to written memo in the packet (p. 65) containing City Department comments regarding this 2nd review of the subject project. The lots are located outside Palmer city limits but would meet the minimums if they were located inside city limits. It was also noted these lots are located within the designated Airport Influence Area and a plat note should be added to the new plat reflecting this information.

The Commission had no additional comments.

K. PUBLIC COMMENTS: None.

L. STAFF REPORT:

Director Hanson:

- Offered to provide a current copy of Title 17 to those Commissioners who require one; staff will bring to the next meeting;
- Upcoming important dates to remember:
03/14/2019 -- Stantec public presentation on area-wide planning; cautioned only 3 Commissioners can attend per Open Meetings Act;
03/21/2019 -- Regular P&Z Meeting-Stantec telephonic presentation to the Commission;
04/16/2019--6 pm, P&Z/City Council Joint Meeting.

**City of Palmer
Action Memorandum No. 19-037**

Subject: Authorizing the City Manager to Execute Change Order #2 with North Star Excavation and Asphalt, Inc. for Execution of Additive Alternate #1, City Hall North Parking Lot Improvements in an Amount Not to Exceed \$35,400.00


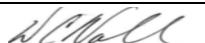
Agenda of: March 26, 2019

Council Action: **Approved** **Amended:** _____
 Defeated


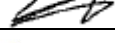
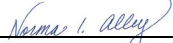
Originator Information:

Originator: City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
<u> √ </u>	Finance	<u></u>	<u>2/27/19</u>
_____	Fire	_____	_____
_____	Police	_____	_____
<u> √ </u>	Public Works	<u></u>	<u>2/27/19</u>

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u></u>	_____
City Attorney	<u></u>	_____
City Clerk	<u></u>	_____

Certification of Funds:


Total amount of funds listed in this legislation: \$ **35,400.00**

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 35,400.00
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 08-01-10-7164
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- HDL Recommendation of Award for Base Bid

Summary Statement/Background:

This action will authorize the City Manager to execute Change Order #2, Additive Alternate #1 of the City Hall and Access Improvements Project with North Star Excavation and Asphalt, Inc. in an Amount Not to Exceed \$35,400.00. This phase of the project will completely replace the North (employee) parking lot of City Hall.

Administration's Recommendation:

To approve Action Memorandum No. 19-037, authorizing the City Manager to Execute Change Order #2, Execution of Additive Alternate #1, North Parking Lot Improvements, with North Star Excavation and Asphalt, Inc. in an Amount Not to Exceed \$35,400.00.

March 27, 2018

Chris Nall, Public Works Director
 City of Palmer
 231 West Evergreen Ave.
 Palmer, AK 99645

RE: Recommendation of Award
 City Hall Parking and Access Improvements

Dear Mr. Nall:

We have reviewed the bids submitted for the subject project and have noted no bid irregularities.

The bid totals are summarized below:

Contractor	K&H Civil Constructors	Northstar Excavation and Asphalt	Dirtworks, Inc	Prosser Dagg Const. Co.	Engineer's Estimate
Base Bid	\$74,495.00	\$74,000.00	\$87,000.00	\$93,000.00	\$60,645.00
Add Alt 1	\$37,500.00	\$35,400.00	\$40,000.00	\$55,555.00	\$40,231.00
Add Alt 2	\$4,500.00	\$3,000.00	\$1,900.00	\$2,000.00	\$3,330.00
Add Alt 3	\$34,500.00	\$36,000.00	\$39,700.00	\$39,000.00	\$46,400.00
Add Alt 4	\$6,000.00	\$13,200.00	\$21,500.00	\$16,000.00	\$7,945.00
Total	\$156,995.00	\$161,600.00	\$190,100.00	\$205,555.00	\$158,551.00

The base bids are all at least 20% greater than the engineer's estimate. The engineer's estimate is based on historic unit prices and likely did not adequately account for inefficiencies of working in a constrained area, the complexity of the proposed concrete work, and the contractor's risk of performing earthwork on a lump sum basis without survey to determine earthwork quantities. The low bid of the total is within 1% of the engineer's estimate.

Based on our understanding of the available funding for this project, we recommend award of the base bid to Northstar Excavation and Asphalt of Palmer, Alaska. The table below provides a summary and rankings for award:

Contractor	Northstar Excavation and Asphalt	K&H Civil Constructors	Dirtworks, Inc	Prosser Dagg Const. Co.	Engineer's Estimate
Base Bid	\$74,000.00	\$74,495.00	\$87,000.00	\$93,000.00	\$60,645.00
Total	\$74,000.00	\$74,495.00	\$87,000.00	\$93,000.00	\$60,645.00
Rank	1	2	3	4	

CIVIL ENGINEERING
 GEOTECHNICAL ENGINEERING
 TRANSPORTATION ENGINEERING
 ENVIRONMENTAL SERVICES
 PLANNING
 SURVEYING & MAPPING
 CONSTRUCTION ADMINISTRATION
 MATERIAL TESTING
 RIGHT-OF-WAY SERVICES

RE: Recommendation of Award


March 27, 2018

Page 2 of 2

Please contact us if you need anything further.

Sincerely,

HDL Engineering Consultants, LLC



Steven Reed, PE

Civil Engineer

attach: Bid Tabulation

**City Hall Parking and Access Improvements
Bid Summary**

	Engineer's Estimate	K&H Civil	Northstar Excavation and Asphalt	Dirtworks, Inc.	Prosser Dagg Construction
Schedule A Total	\$ 60,645.00	\$ 74,495.00	\$ 74,000.00	\$ 87,000.00	\$ 93,000.00
Schedule B Total	\$ 40,231.00	\$ 37,500.00	\$ 35,400.00	\$ 40,000.00	\$ 55,555.00
Schedule C Total	\$ 3,330.00	\$ 4,500.00	\$ 3,000.00	\$ 1,900.00	\$ 2,000.00
Schedule D Total	\$ 46,400.00	\$ 34,500.00	\$ 36,000.00	\$ 39,700.00	\$ 39,000.00
Schedule E Total	\$ 7,945.00	\$ 6,000.00	\$ 13,200.00	\$ 21,500.00	\$ 16,000.00
As-submitted Total Bid	\$ 158,551.00	\$ 156,995.00	\$ 161,600.00	\$ 190,100.00	\$ 205,555.00
Acknowledged Addenda	-	none	none	none	none
Bid Proposal signed	-	yes	yes	yes	yes
5% Bid Bond or \$1,000. Whichever is less.	-	yes	yes	yes	yes
Bidder Qualification Form	-	no	yes	yes	yes

**City of Palmer
Action Memorandum No. 19-038**

Subject: Authorizing the City Manager to Negotiate and Execute a New Lease Agreement with Alaska Tactical Aviation, LLC for a Lease on Lot 10, Block 3, Palmer Municipal Airport for the Purpose of Establishing a Commercial Business Use Aircraft Hangar

Agenda of: March 26, 2019

Council Action: **Approved** **Amended:** _____
 Defeated




Originator Information:

Originator: City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

	Signature:	Remarks:
City Manager		_____
City Attorney		_____
City Clerk		_____

Certification of Funds:


Total amount of funds listed in this legislation: \$ **3,360.00**

This legislation (√):

<input checked="" type="checkbox"/>	Creates revenue in the amount of:	\$ <u>3,360.00</u>
<input type="checkbox"/>	Creates expenditure in the amount of:	\$ _____
<input type="checkbox"/>	Creates a saving in the amount of:	\$ _____
<input type="checkbox"/>	Has no fiscal impact	

Funds are (√):

<input type="checkbox"/>	Budgeted	Line item(s): _____
<input checked="" type="checkbox"/>	Not budgeted	<u>03-00-00-3431 Land Leases</u>

Director of Finance Signature: 

Attachment(s):

- Draft Lease Agreement PMA No. 19-003 & (Exhibit A)
- Preliminary Plot Plan

Summary Statement/Background:

Mr. Terrance "Terry" M. Cosgrove, now retired, wishes to build a commercial business use hangar for his now expanding limited liability company, Alaska Tactical Aviation. Mr. Cosgrove has been wanting to lease property and build a hangar at the Palmer Municipal Airport for many years and he has now decided to proceed with the venture. A new dedicated hangar on a lease lot will allow Alaska Tactical Aviation, LLC to properly invest in the business venture and give the operation the space needed to store, maintain, and sell aircraft among other aviation pursuits. Mr. Cosgrove owns numerous aircraft and purchases aircraft to use in his business or resell after repairs are completed.

Mr. Cosgrove has been soliciting bids from several well-known general contractors to assist with the construction of this 80' X 120' engineered steel hangar to house future operations. He intends to have the hangar shell and roughed in utilities completed before winter of 2019, enough to obtain a certificate of occupancy and then he wishes to improve the rest of the hangar interior into 2020.

Administration's Recommendation:

To approve Action Memorandum No. 19-038 Authorizing the City Manager to Negotiate and Execute a New Lease Agreement with Alaska Tactical Aviation, LLC for a lease on Block 3, Lease Lot 10, Palmer Municipal Airport for the purpose of establishing a commercial business use aircraft hangar.



City of Palmer
231 West Evergreen Avenue
Palmer, AK 99645
907-745-3271

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 19-003**

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DRAFT



City of Palmer

**231 West Evergreen Avenue
Palmer, AK 99645
907-745-3271**

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 19-003**

This LEASE AGREEMENT is made and entered into this _____ day of April 2019, by and between the City of Palmer, a municipal corporation organized and existing under its charter and the laws of the State of Alaska, hereinafter referred to as the "Lessor", and **Alaska Tactical Aviation, LLC**, hereinafter referred to as the "Lessee".

This lease agreement is not effective unless it is accompanied by signed and attached Exhibit A providing specific information for the following sections: 1., 1A, 1.1B, 1.2A, 1.2B, 1.3A, 2.1, 2.2, 2.7 and 2.8.

In consideration of the mutual covenants and promises contained herein, the parties agree as follows:

ARTICLE I - PREMISES, TERM AND RENTALS

Section 1.1 Premises and Purpose

- A. Lessor does hereby lease, demise and let unto Lessee, and Lessee does hereby lease from Lessor, real property more particularly described as a parcel of land located within Tract B, Palmer Municipal Airport recorded as Plat No. 2006-15 in the Palmer Recording District, Third Judicial District, State of Alaska and further described as follows:

**Palmer Municipal Airport, Block 3, Lease Lot 10
Containing 1.10 acres or 48,000 square feet, more or less
A.K.A. 720 East Yukon Street, Palmer, AK. 99645
See Attached "Exhibit A"**

Parcel may be subject to additional easements and/or encumbrances not shown or depicted hereon.

- B. Lessee shall use the Premises for the following Aeronautical uses only, and for no other: **Aircraft Storage, Maintenance, Sales, Charter and Training.**
- C. Any use of the premises for Non-Aeronautical activity is strictly prohibited, unless an approved amendment to this lease is adopted and fair market value rates for Non-aeronautical areas are applied.

Section 1.2 Term and Renewal

- A. **The term of the lease shall be for a period of 25 years**, commencing on the ____ day of April 2019 (the "Commencement Date") and ending on the 31st day of December of 2043, subject to the terms of provisions hereof.
- B. Provided Lessee fully and faithfully performs all of the covenants and conditions contained herein for the term of the Lease, **Lessor may approve an additional period of 20 years** at the expiration of this Lease so that the total number of years available to Lessee is 45 years. As with the initial term at the start of and continuing through the renewal period,

1. The rental rate will continue to be subject to changes as provided in Section 1.4 "Rent Adjustment,";
 2. The renewal insurance provision as provided in Section 4.3 will apply along with any other changes made in accordance with Section 4.3;
 3. The Lease will be subject to such other and further changes as are deemed necessary by Lessor for the reasonable protection of Lessor;
 4. In addition, if this Lease is renewed, it shall be subject to all provisions of the Palmer Municipal Code and to the City's Regulations that pertain to the Airport in effect at the time of the renewal or amended thereafter. Including but not limited to the current airport regulations.
- C. To renew this Lease, Lessee must comply strictly with the following:
1. Not more than 24 months nor less than 12 months before the end of the term of this Lease, the Lessee must indicate in a signed writing delivered to the Palmer City Manager, the Lessee's request to exercise the option to renew this Lease.
 2. If Lessee fails to notify Lessor within said time period, this Lease shall be deemed terminated at the scheduled expiration date.

Section 1.3 Rent

- A. Lessee shall pay to the Lessor as rent during the term hereof the sum \$3,360.00 per year, payable annually in advance without demand, beginning July 1, 2019 and continuing on the same day of each and every year thereafter during the term of the lease at the office of the Lessor set forth in Section 7.8 or at such other place as the Lessor may designate in writing. Rent is derived as follows: (48,000 square feet X \$0.070 cents per square foot)
1. In addition, Lessee shall pay the prorated amount from execution of lease to June 30, 2019 for \$337.70 (\$9.21 X 91 days), Less the \$500.00 lease application fee received on March 4, 2019 to be applied to the prorated portion. (\$837.70 - \$500.00 = \$337.70)
 2. Failure to pay rent by the thirtieth day after the due date shall obligate the Lessee to pay a late charge of \$100.00, which sum is agreed to a reasonable estimate of the Lessor's damages for late rental payments and shall not be construed as a penalty or a limitation on Lessor's remedies.
 3. This late charge is in addition to a 12 percent daily interest rate. ($0.12\% / 365 = .00033 \times \$3,360.00 = \$1.11$ dollars and cents per day)
- B. All rent shall be payable in current legal tender of the United States. Payment may be tendered by check, but payment shall not be made in fact until such check has been honored by the drawee bank. The tender of payment by check within the time provided shall be deemed sufficient to meet any due date only if the check is subsequently honored by the drawee bank and the Lessor subsequently receives the legal tender required by this Lease. Any subsequent dishonor and non-receipt of rent payment shall constitute a default of this Lease.
- C. The extension of time for the payment of any installment of rent, or the acceptance by the Lessor of any money other than of the kind herein specified, shall not be a waiver of the right Lessor to insist on all other payments of rent to be made in the manner and at the time herein specified. The acceptance by the Lessor of a past due installment payment shall not waive the Lessor's right as to any other default or breach of the Lease.
- D. The rent herein specified shall be net to the Lessor and such payment shall not be subject to any abatement, deduction or off set (except as otherwise provided in this Lease).
- E. All taxes, charges, costs, expenses, utilities and assessments which the Lessee is required to pay hereunder, and all damages, costs and expenses which the Lessor may incur by

reason of any default of the Lessee or failure on the Lessee's part to comply with the terms of the Lease, shall be deemed to be additional rent and in the event of nonpayment by the Lessee, the Lessor shall have all the rights and remedies with respect thereto that the Lessor has for the nonpayment of the basic rent.

Section 1.4 Rent Adjustment

- A. It is the intent of the parties that the Palmer Municipal Airport be a self-sustaining facility and operate without any support from the general fund of the Lessor.
- B. The rent shall be subject to adjustment at five (5) year intervals to achieve fair market rent, the first adjustment date is five (5) years following the annual payment. The rent shall be adjusted as follows:
 - 1. Six (6) months prior to the termination of the initial five (5) year period and any subsequent five (5) year period, Lessor shall propose the rent for the next five (5) year period of the lease term and the parties hereto may, by mutual agreement, set the rent for the five (5) year period. The basis of the initial proposed new rent for the next five (5) year term will be the accumulated increase or decrease in the Consumer Price Index for All Urban Consumers (CPI-U): Selected areas, semiannual averages, all items index for the Anchorage, AK. Local area, based upon 2015 as a base year. Additional factors for the basis of the initial proposed new rent will include, but are not limited to; the comparative leasing rate of similar airports in the Alaskan market place, as well as local and state economic conditions and the airports' vacancy rates.
 - a. If an agreement is not reached ninety (90) days prior to the end of the current five (5) year period, the fair market rental value of the premises shall be determined by an appraiser selected by the lessor who shall (a) be a member of The American Institute of Real Estate Appraisers, and (b) have experiencing in appraising properties similar to the premises. (The "Qualified Appraiser"). The cost of the initial appraisal shall be born equally between Lessor and Lessee. If either the Lessor or Lessee or both shall disapprove of the fair market rental of the premises as thus determined, the dissatisfied party(s) may then designate another Qualified Appraiser who shall conduct a second (or additional) independent appraisal(s) of the premises and the fair market rental of the premises shall be determined to be the average of the two appraisals. The cost of the additional appraisal shall be borne by the dissatisfied party. In the event that both the Lessor and the Lessee are both dissatisfied with the original appraisal than the cost of, the second appraisal shall be borne equally between the Lessor and Lessee.
 - 2. Lessor's failure to timely start this rent adjustment procedure does not affect the rent adjustment, other than that the rent shall not be adjusted for the period before Lessor starts the procedure for each five-year period.
 - a. If, for example, Lessor starts the rent-adjustment procedure for the first time on the first day of the seventh year of the lease term, then the rent shall remain unchanged for the previous six years.
 - b. Any adjustment in Section 1.4 would start as of the first day of the seventh year and remain in effect through year ten when Lessor could again start the rent-adjustment procedure.
- C. During the pendency of any determination of fair market rent, Lessee shall pay the rent last in effect for the Premises until such determination has been made. Any deficiency

between the rent so paid and the adjusted rent retroactive to the beginning of the period for which it is due shall be paid within thirty (30) days of being billed to Lessee with interest from the original due date of such rent at the rate highest rate allowed by law for debts under \$25,000 or twelve percent (12%) per annum, whichever rate is lower.

Section 1.5 Determination of Fair Market Rent

- A. The fair market rent of the premises shall be based on the Consumer Price Index for the Municipality of Anchorage from the United States Department of Labor statistics as outlined in Section 1.4.
- B. Fair market rent shall not include any return on improvements placed on the Premises by the Lessee or its predecessors in interest, but shall include a return for improvements placed on the Premises by the Lessor or otherwise belonging to Lessor.
- C. The parties acknowledge that certain property at Palmer Municipal Airport may not currently and may not in the future be leased for a fair market rent.
- D. The returns received by Lessor from other aviation Leases at Palmer Municipal Airport, therefore, shall not be used exclusively by the appraiser to determine a fair market rent.
- E. Any appraisal of the Premises shall consider any limitation or restriction on use imposed under this Lease or pursuant to any patent, deed, lease or grant from or agreement with the United States to the Lessor, including but not limited to aviation restricted use.
- F. Lessor shall send written notice to Lessee of the amount determined to be the fair market rent together with a copy of the appraisal.

ARTICLE II - IMPROVEMENTS

Section 2.1 Improvements

- A. Promptly after the execution and delivery of this Lease, and as hereinafter more particularly provided, the Lessee at its own cost and expense shall cause plans and specifications to be prepared for the construction of the following building, structures and improvements to be placed on the leased Premises, hereinafter referred to as "Improvements".
 - 1. Improvements consist of: 80' x 120" Pre-Engineered Metal Hangar Building
 - 2. Approximately 18,000 square foot of paved apron
 - 3. Utilities of: Water, Sewer, Electric, Natural Gas
- B. Failure to timely complete the improvements shall constitute a condition of default.
- C. The improvements shall fully comply with all applicable federal, state, and municipal laws and regulations, including but not limited to federal, state, and municipal building, fire, construction and safety codes and zoning regulations and requirements.

Section 2.2 Plans and Specifications

- A. The Lessee at its own cost and expense shall have prepared conceptual plans for improvements and shall prepare and submit them to the Department of Community Development and the Airport Manager on or before July 15, 2019. The conceptual plans shall have a site plan, building floor plan, all four building elevations and the improvements to be constructed.
- B. The Lessee shall submit the conceptual plans required (as outlined by this section) within the time specified, or the Lessor shall have the right and privilege to terminate this Lease on ten (10) days written notice and if such notice is given this Lease shall terminate and shall be of no further force and effect at the expiration of such ten-day period.

Section 2.3 Conceptual Plans

- A. The Department of Community Development shall examine the conceptual plans and within thirty (30) days after submission, the Airport Manager shall inform the Lessee in writing of any objections to the conceptual plans.
 - 1. In event of objections, the Lessee shall have thirty (30) days to propose any corrective amendments which the Airport Manager shall accept or reject within the next twenty (20) days.
 - 2. Failure of the Airport Manager to inform the Lessee in writing of his or her objections within twenty (20) days shall constitute the Airport Manager's and the Department of Community Development's approval.
- B. The Airport Manager's and Department of Community Development's approval of the conceptual plans submitted by Lessee shall not constitute the assumption of any liability of Lessor for their compliance or conformity with applicable building codes, zoning regulations, and/or city, borough, state and federal laws, ordinances and/or regulations, or for their accuracy.
 - 1. Lessee shall be solely responsible for such plans.
 - 2. The Airport Manager's and Department of Community Development approval of such plans shall not constitute a waiver of Lessor's right to thereafter require Lessee to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations, city, borough, state or federal laws, ordinances or regulations.
 - 3. The review and approval required by this section is in addition to any other review and approval needed for any required building permits or similar authorization.

Section 2.4 Final Plans

After the Airport Manager has notified the Lessee of his or her approval of the conceptual plans and specifications, the Lessee shall promptly apply to the appropriate municipal department for a building permit for any construction or building required to be erected by Lessee pursuant to this Article.

- A. The Lessee shall submit to the Airport Manager any plans and detailed drawings including copies which may be required for the permit before submitting the plans and drawings for a permit.
- B. Thereafter the Lessee at the Lessee's own expense shall proceed promptly with preparation of complete and final plans and complete detailed specifications (such plans and specification hereafter termed "final plans") for the Improvements and shall submit to the Airport Manager for the Airport Manager's approval the final plans as soon as practicable.
- C. The failure of the Lessee to proceed promptly with the preparation of final plans or to submit final plans as required by this section shall constitute a default and breach of this Lease and shall enable the Lessor to terminate this Lease on ten days written notice.

Section 2.5 Airport Manager's Approval

The Airport Manager shall not unreasonably withhold his or her approval to any conceptual plans, specifications, any plans and detailed drawings, or any final plans or complete detailed specifications.

Section 2.6 Compliance with part 77 FAR

Lessee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations and any similar requirement prior to the construction of the

Improvements and prior to the construction of any further structure or building upon the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

Section 2.7 Commencement of Construction

If the Lessee has not commenced construction of the Improvements by, on or before September 15, 2019, the Lessor shall have the right at Lessor's option to terminate this Lease on thirty (30) days written notice.

Section 2.8 Completion of Construction

- A. The Lessee shall have completed construction of the Improvements by, on or before September 15, 2020.
- B. The construction shall be completed when the Improvements have been substantially completed and are capable of the use for which they were intended.
- C. If the Lessee has not completed the construction by the scheduled completion date the Lessor shall have the right, at Lessor's option, to terminate the Lease on ten days written notice.

Section 2.9 Liens

- A. Lessee hereby warrants to Lessor that the Premises and all such other Improvements, shall be free and clear of all liens, claims and encumbrances and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, damages and costs, including reasonable attorney's fees and appellate attorneys' fees, with respect thereto.
- B. If any lien or notice of lien on account of the alleged debt of Lessee or lien or notice of lien by any party engaged by Lessee or Lessee's contractor to work on the Premises shall be filed against the Premises or Improvements, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of court or competent jurisdiction or otherwise.

Section 2.11 Performance Guarantee

- A. The work, of \$100,000, as described in this lease document shall not begin until the Lessee or Lessee's contractor has provided to the Lessor a performance guarantee in the form of a performance bond, escrow, an irrevocable letter of credit, or deed of trust in an amount equal to 110% of the estimated cost of the Improvements to be accomplished, which guarantees the completion of the work by Lessee or Lessee's contractor in accordance with the plans and specifications approved by Lessor and guarantees the payment by Lessee or Lessee's contractor of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.
- B. The work, if funded by an Alaskan Financial Institution on behalf of the Lessee of \$100,000, as described in this lease document shall not begin until the Lessee's Financial Institution has provided to the Lessor a "Letter of Guarantee" in an amount equal to 100% of the cost of improvements in a "Construction Escrow Account" and guarantees the payment by Lessee, Lessee's Contactor or Lessee's Financial Institution of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work, in a form approved by the City.
- C. Bonds shall be a performance bond from a company qualified by law to act as a surety in the State of Alaska. The bond shall be in a form approved by the City. The bond shall

name the City as the sole obligee and the Lessee as the principal. The surety must be rated by A.M. Best as an A or B surety.

- D. The Lessee may deposit cash in an escrow with a bank qualified by law to do business in the State of Alaska. The disbursement of the escrowed funds shall be governed by an escrow agreement in a form approved by the City.
- E. The Lessee may provide to the City, an irrevocable letter of credit or loan commitment by a bank qualified by law to do business in the State of Alaska naming the City as beneficiary. The letter of credit or loan commitment agreement shall be in a form approved by the City.
- F. The Lessee may grant the City a first deed of trust on real property located in the Matanuska-Susitna Borough to secure the estimated cost of all improvements. The City will accept the first deed of trust if:
 - 1. The Matanuska- Susitna Borough's assessed value for the tax purposes equals or exceeds the amount to be secured by the deed of trust; and
 - 2. The City obtains at the Lessee's expense, a policy of title insurance from a recognized Title Company doing business in the Matanuska Susitna Borough naming the City as the insured beneficiary of the first deed of trust in the amount of the estimated cost of all improvements.

Section 2.12 Inspection

During construction, the Lessor shall have the right, from time to time, to inspect the Improvements and in the event that during the construction or at any time prior to the issuance of a final certificate of occupancy, the Lessor determines that the Improvements are not being constructed in accordance with the plans and specifications specified in this lease, Lessor may give notice in writing to the Lessee specifying in detail the particular deficiency, omission or other respect in which the Lessor claims construction does not meet the plans and specifications. Upon receipt of any such notice the Lessee shall take steps necessary to correct any deficiencies, omissions or otherwise.

Section 2.13 Non-Responsibility

The Lessor may at the time enter upon the Premises for the purpose of posting notices of non-responsibility for any work, labor or materials supplied or furnished to these Premises and the Lessee shall notify, in writing, and in advance of any construction, the Lessor of any construction in order that the Lessor may post such notices of non-responsibility. It is the understanding of the parties hereto that any such work, labor, or materials are supplied only to further the purposes of the Lessee and that work, labor and materials have been contracted for solely by the Lessee for Lessee's own benefit and not as agent of Lessor.

Section 2.14 As Built Plans

Within sixty (60) days after the project's completion date, the Lessee shall deliver to the Lessor a surveyed plot plan of the leased Premises showing the completed Improvements as built in relation to the property lines of the leased Premises.

Section 2.15 Improvements Subject to Reversion or Removal

All alterations, buildings, structures or other Improvements placed on the Premises by Lessee shall be subject to Section 7.6 of this Lease.

Section 2.16 Alterations and Other Improvements

The Lessee shall have the right, from time to time, to make such alterations and improvements and decoration to the Premises. Any alterations, improvements and decorations shall be reasonably necessary or appropriate in the Lessor's judgment for the conduct Lessee's business. Lessee shall obtain Lessor's written approval before any such alterations are made. Approval shall not be reasonably withheld as long as Lessee complies with provisions of this article.

Section 2.17 Pavement/Utility Services

Any pavement or utility services to be constructed by the Lessee shall be constructed in accordance with design and specifications approved by the Lessor and the construction shall be subject to inspection by the Lessor. Such improvements shall not be constructed without the prior consent of the Lessor in writing.

ARTICLE III - USE OF THE LEASED PREMISES

Section 3.1 Airport Purposes

- A. Lessee shall have the right to conduct on the premises those activities stated in Section 1.1 B only, and Lessee shall not use the Premises for any other purpose or activity without first obtaining the written consent of the Airport Manager to do so.
- B. In addition, Lessees' activities are to be aeronautical related activities as defined in the Federal Aviation Administration's (FAA's) Airport Compliance Handbook, FAA order 5190.6B and the FAA Revenue Diversion Policy and all planned development shall be consistent with the Palmer Municipal Airport Layout Plan and Master Plan.
- C. It is the purpose of this Lease to foster and abet air commerce at Palmer Municipal Airport and it is not the intent of this Lease to provide premises for uses which do not promote the development and use of Palmer Municipal Airport.
- D. All uses normally incidental to an airport such as car rental agencies, limousine service, restaurants, insurance sales, and other such incidental services not directly related to the maintenance and operation of aircraft are prohibited except when the Airport and the FAA have established that a specific facility is not currently needed for aeronautical purposes.
- E. Any non-aeronautical use must be limited and incidental.
- F. Any non-aeronautical use must be approved by the Airport Manager and the FAA in writing prior to its commencement.
- G. Any approved non-aeronautical use will be allowed only on an interim basis and will be phased out if aeronautical demand increases.
- H. If a non-aeronautical use is approved, the rent provided in section 1.3 shall be increased to reflect the fair market value of the portion of the Premises used for non-aeronautical uses.
- I. Requests for non-aeronautical uses will be made first to the Airport Manager and if approved by the Airport Manager and FAA, the non-aeronautical use and the conditions associated therewith will be detailed in an addendum to this Lease.
- J. Lessee shall not use or permit any part of the Premises to be used for any unlawful purpose of or for any purpose or use that may constitute a nuisance or hazard to health, safety, or property.
- K. Lessee shall not use or allow the Premises or any part thereof to be used or occupied for any purpose in violation of any law, lawful order, or rule or regulation concerning the operation or use of Palmer Municipal Airport.

Section 3.2 Compliance with Laws

Lessee shall comply with all laws now or hereinafter in effect affecting the Premises or Lessee's use or occupancy thereof, including but not limited to Palmer Municipal Airport Regulations; PMC 12.08; and PMC 17 all as may be amended from time to time.

Section 3.3 Hazardous Materials

- A. Neither Lessee nor Lessee's agents shall cause or permit any Hazardous Materials or Substances to be brought upon, generated, stored, disposed of, or used in or about the Premises by Lessee, its agents, employees, contractors, or invitees without the prior written consent of Lessor.
- B. Lessee shall demonstrate to Lessor's reasonable satisfaction that such Hazardous Materials or Substances are necessary to Lessee's business and will be used, generated, disposed of, and stored in a manner that complies with all laws regulating any such Hazardous Materials or Substance so brought upon, generated, stored, disposed of or used in or about the Premises.
- C. Lessor may, at its option require Lessee to provide annual reports, submitted with the annual rent payment.
- D. The Lessee will report the kinds and quantities of Hazardous Materials or Substance on the Premises and how the Lessee complies with applicable laws regarding disposal.
- E. If Hazardous Material or Substances have been used, generated, disposed of or stored in or about the Premises during the term of this Lease, Lessor may, at its election, have any environmental assessment performed of the Premises, at the Lessee's expense, at the termination of this Lease or termination of Lessee's right to possession under this Lease.
- F. If any of the following occur;
 1. Lessee breaches the obligations in this section;
 2. The presence of Hazardous Material or Substance on the Premises caused or permitted by Lessee results in contamination of the Premises or contamination of any other property at the Palmer Municipal Airport; or
 3. Contamination of the Premises or any other property at Palmer Municipal Airport by Hazardous Material or Substance otherwise occurs for which Lessee is legally liable to Lessor for damage resulting therefrom;
 - a. Then Lessee shall indemnify, defend, and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, sums paid in settlement of claims, attorneys' fees, appellate attorney's fees, consultant fees, expert fees, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work required by any federal, state, or local governmental agency or political subdivision because of Hazardous Material or substance present in the soil or groundwater on or under the Premises which arise during or after the Lease term as a result of such contamination.
- G. Without Limiting the foregoing, if the presence of any Hazardous Material or Substance on the Premises caused or permitted by Lessee results in any contamination of the Premises or any other property at the Palmer Municipal Airport, Lessee shall promptly take all actions at its sole expense as are necessary to return the Premises and/or other property to the condition existing prior to the introduction of any such Hazardous Material

or Substance; provided that Lessor's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as such actions would not potentially have any material adverse long-term or short-term effect on the Premises or other property.

- H. As used herein, the term "Hazardous Material or Substance" shall be interpreted broadly to include, but not limited to, substances designated as hazardous under the Resource Conservation and Recovery Act, 42 USC Section 6901 et seq., the Federal Water Pollution Control Act, 33 USC Section 1257 et seq. the Clean Air Act, 42 USC Section 2001 et seq the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 USC Section 9601 et seq., Title 46 of the Alaska Statutes, or by any applicable federal, state, or local statute, regulation or ordinance now or hereafter in effect and as they may be amended or interpreted from time to time.
- I. The provisions of this Section 3.3 shall survive any termination of Lessee's right to possession of the Premises and/or termination of this Lease.

Section 3.4 Americans with Disabilities Act

Lessor and Lessee agree that as allowed by 28 C. F. R. S. 36.201(b), Lessee shall be responsible for all compliance responsibility under the Americans with Disabilities Act (42 U.S.C. S 12101 et. Seq.) related to Lessee's use and occupancy of the Premises. Lessee agrees to defend, indemnify and hold Lessee harmless from any claim, demand, or action, either by a private person or a governmental entity, under said Act due to failure to comply with the terms of said Act. The provisions of this Section 3.4 shall survive termination of Lessee's right to possession of the Premises and/or termination of this Lease.

Section 3.5 Reservations and Exceptions

This Lease is made by the Lessor and accepted by the Lessee conditioned upon and subject to any conditions, reservations, limitations, provisions or terms imposed upon the Premises of Palmer Municipal Airport, as contained in any grant (including any monetary grant or loan), lease, permit, patent, deed, or any other conveyance to the Lessor of the Premises, or of Palmer Municipal Airport, from the United States, or the State of Alaska, including their agencies. In the event that any such condition, reservation, limitation, provision or term shall prevent, without fault of the Lessor, this Lease from continuing in full force and effect, the Lessor shall have the option to terminate this Lease immediately (and at any time) without liability to the Lessee therefor.

Section 3.6 Subordination of Lease to Requirements of the Federal Aviation Administration

- A. This Lease shall be subordinated to the provisions of any existing or future agreements between the Lessor and the United States, relative to the operation or maintenance of Palmer Municipal Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development or operation of Palmer Municipal Airport.
- B. In connection therewith, the Lessor has undertaken and may in the future undertake certain obligations respecting its operation of Palmer Municipal Airport and activities of its contractors, Lessees and permitted thereon. The performance by Lessee of the covenants, promises and obligations contained in this Lease is therefore a special consideration and inducement to this Lease. Lessee further covenants and agrees that if the administrator of the Federal Aviation Administration, or any other governmental official or body having jurisdiction over the enforcement and the obligations of the City in connection with the

Federal or State aid, shall make any orders, recommendations or suggestions respecting the performances by Lessee of its obligations under this Lease, Lessee shall promptly comply therewith, at the time or times when and to the extent that the Lessor may direct.

Section 3.7 Aircraft on Premises

The Lessee shall provide the Airport Manager a list showing all aircraft on the Premises for any purpose, together with the aircraft type, model and number, the name and address of the owner, the purpose of the aircraft being on the Premises, and such other information concerning its identification thereof as the Airport Manager shall deem necessary.

Section 3.8 Discriminatory Acts Prohibited

- A. The Lessee shall furnish any service to be rendered by the Lessee in connection with or upon the Premises on a fair, equal and not unjustly discriminatory basis to all users thereof. In performing such services Lessee shall charge fair, reasonable and not unjustly discriminatory prices or rates for each unit of service furnished, provided the Lessee may take reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume users or purchasers.
- B. The Lessee, in its use and occupancy of the Premises, shall not discriminate against any person or class of persons by reason of race, color, creed or national origin, or by reason of any other basis that is illegal or becomes illegal during the term of this Lease, any extension, or any holdover period.
- C. The Lessor upon ten (10) days' notice to the Lessee of any violation of this section shall request that the Lessee either correct or justify any practice or charge alleged as a violation.
- D. In any proceeding whatsoever the burden of justification shall be on the Lessee to show that the practice or charge does comply with the requirements of this section. The Lessee, within ten (10) days after receipt of the notice, shall comply with the request or submit to the Lessor its justification in writing. The Lessor shall submit its findings and decision as to any alleged violation within fifteen (15) days after the receipt of the Lessee's justification, and such findings and decision of the Lessor shall be final. Unless the Lessee shall notify in writing the Lessor within ten (10) days of its objections to any request for compliance or to any adverse findings and decision, the Lessee shall waive any defense that the alleged violation is justified.
- E. The Lessor, at its option, may forthwith terminate this Lease without any liability to Lessee thereunder for failure by Lessee without justification to comply with Lessor's request for compliance within the time set forth in the request or the findings and decision to correct the alleged violation.

Section 3.9 Affirmative Action

- A. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered in this subpart. The Lessee assures that it will require that its covered sub-organizations provide assurances to the Lessor that any similarity will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect.

- B. The Lessor upon ten (10) days' notice to the Lessee of any violation of subsection A shall request that the Lessee either correct or justify any practice or charge alleged as a violation. In any proceeding whatsoever, the burden of justification requirement of subsection A. The Lessee within ten (10) days after receipt of the notice, shall comply with the request or submit to the Lessor its justification in writing. The Lessor shall submit its findings and decision as to any alleged violation within fifteen (15) days after receipt of the Lessee's justification, and such findings and decision of the days of its objections to any request for compliance or to any adverse findings and decision, the Lessee shall waive any defense that the alleged violation is justified.
- C. The Lessor, at its option, may forthwith terminate this Lease without any liability to Lessee thereunder for any failure by Lessee without justification to comply with Lessor's request for compliance within the time set forth in the request of the findings and decision to correct the alleged violation.

Section 3.10 Maintenance of Premises

- A. Lessee shall repair and maintain the Improvements in good order and repair and keep the Premises in a neat, safe, clean and orderly condition. Such obligation shall include, but not be limited to, the prevention of the accumulation of any refuse or waste materials which might be or constitute a fire hazard or a public or private nuisance.
- B. In the event that Lessee does not properly repair and/or maintain the Improvements or Premises, the Airport Manager shall notify the Lessee in writing of those areas that are not being properly repaired and/or maintained.
- C. If, however, after 60 days, Lessee fails to make such repair and/or maintenance, Lessor may cause to have such repair and maintenance made and invoice the Lessee for the repair and maintenance completed.
- D. If said costs are not paid promptly by Lessee, the lease shall be deemed to be in default, and Lessor shall be entitled to all legal remedies provided hereunder.
- E. Lessee shall neither cause nor allow any waste of the Premises or Improvements. In addition, Lessee shall be strictly liable for any waste of the Premises or Improvements and for any damage to reversion.

Section 3.11 Signs

- A. Lessee shall not, without Lessor's written consent, place or erect any sign of any nature on any part of the Premises, but such consent shall not be unreasonably withheld to one flat sign of reasonable size bearing the Lessee's trade name, providing such sign meets all city zoning and sign requirements.
- B. At the termination of this Lease, any such sign shall be removed by Lessee at Lessee's own expense.
- C. Lessee shall apply for a sign permit from the Department of Community Development and shall comply with Palmer Municipal Code.

Section 3.12 Improvements and Alterations

After the initial improvements set forth in Article II have been completed, and if the Lessee desires to construct further improvements:

- A. Prior to commencing construction, renovation, enlargement, demolition, or modification of leasehold improvements now or hereafter existing on the Premises, Lessee shall submit to the Airport Manager plans and specifications for such work (including plans for landscaping and irrigation, if any) and Timeline for various phases of work.

- B. The Airport Manager shall approve or disapprove such plans and specifications and accompanying Timeline at his or her sole discretion.
- C. Upon Lessee's receipt of the Airport Manager's written approval of such plans and specifications, Lessee agrees to construct the proposed leasehold improvements in strict accordance with such plans and specifications and Timeline.
- D. The Airport Manager's approval of submitted plans and specifications shall not constitute the assumption of any liability by Lessor for their compliance or conformity with applicable building codes, zoning regulations, and city borough, state and federal laws, ordinances and regulations, or for their accuracy, and Lessee shall be solely responsible for such plans and specifications.
- E. The Airport Manager's approval of plans and specifications shall not constitute a waiver of Lessor's right to therefore require Lessee to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations, city, borough, state or federal laws, ordinances or regulations.
- F. The review and approval required by Section 3.12 is in addition to any other review and approval needed for any required building permits or similar authorizations.
- G. Lessee shall obtain all necessary licenses and permits to accomplish any of the work described in Section 3.12. Nothing in this Lease is intended to limit or restrict the City of Palmer in the exercise of its police power, authority to enforce building, fire and other safety codes, laws, ordinances, or regulations.
- H. Lessee agrees to comply with the notification and review requirements covered in part 77 of the Federal Aviation Regulations prior to the construction of the Improvements and prior to the construction of any future building or structure situated on the Premises.
- I. Any contract or agreement for labor, services, materials or supplies furnished in connection with construction or alteration of any improvement to the Premises shall provide that no lien, claim or other encumbrance shall thereby be created, or arise, or be filed by anyone thereunder upon or against the Premises or the improvements.
- J. Before the commencement of any such work, Lessee shall deliver to Lessor either an executed duplicate original of such contract or a written waiver by the architect, engineer, contractor, material man, mechanic, person or corporation named in such contract of all right of lien which he or it might otherwise have upon or against the Premises, or the improvements to be constructed or altered, or the interest of Lessor therein.
- K. Lessee hereby warrants to Lessor that the Premises and all such other improvements thereto, shall be free and clear of all liens, claims and encumbrances and agrees to indemnify, defend and hold Lessor harmless from and against any and all losses, damages and costs, including reasonable attorneys' fees and appellate attorneys' fees, with respect thereto.
- L. If any lien or notice of lien on account of the alleged debt of Lessee or lien or notice of lien by any party engaged by Lessee or Lessee's contractor to work on the Premises shall be filed against the Premises or improvements, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of court or competent jurisdiction or otherwise.
- M. The work, in excess of \$100,000, as described in this lease document shall not begin until the Lessee or Lessee's contractor has provided to the Lessor a performance guarantee in the form of a performance bond, escrow, an irrevocable letter of credit, or deed of trust in an amount equal to 100% of the estimated cost of the Improvements greater than \$100,000 to be accomplished, which guarantees the completion of the work by Lessee or Lessee's contractor in accordance with the plans and specifications approved by Lessor and guarantees the payment by Lessee or Lessee's contractor of all subcontractors'

charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.

- N. All alterations, buildings, structures or other improvements placed on the Premises by Lessee shall be subject to section 7.6 of this Lease.

Section 3.13 Quiet Possession

The Lessee, upon paying rent and observing the conditions and terms of this Lease, shall and may have at all times during the term of this Lease peaceful and quiet enjoyment and possession of the Premises, except as otherwise set forth in this Lease.

Section 3.14 Lessee's option to Terminate

- A. Should any government body, agency, or official, other than Lessor, prohibit or otherwise prevent the use of Palmer Municipal Airport in its present condition as a public airport for one year or more, or should the continued use of Palmer Municipal Airport as an airport become impossible or unlawful without the fault of the Lessee, the Lessee shall have the option to terminate this Lease on thirty (30) days written notice to the Lessor.
- B. Upon such termination, this Lease shall be at an end, and neither party shall have any liability for such termination.
- C. The Lessor shall notify the Lessee in writing, of the prohibition, or intended prohibition, and the failure of the Lessee to exercise the option to terminate within thirty (30) days shall extinguish the Lessee's option to terminate.

Section 3.15 Lessor's Option to Terminate

- A. Lessee hereby grants to Lessor should it require the Premises in connection with the future expansion and/or operation of the Airport prior to the expiration or termination of the Lease, Lessor may, upon ninety (90) days written notice, cancel this Lease.
- B. In the event that this Lease is canceled under the provisions of this Section, Lessor shall pay to Lessee the fair market value of Lessee's remaining leasehold interest and the fair market value of Lessee owned buildings, structures, alterations and/or improvements placed by Lessee upon the Premises during the term of this Lease.
- C. The fair market value shall be determined by following the appraisal procedure set forth determination of the fair market rental of the Premises in Section 1.4 of this Lease.
- D. After payment therefore as provided herein, all buildings, structures, alterations and/or improvements shall be subject to the provisions of section 7.6 of this Lease.

Section 3.16 Right of Entry and Access

- A. Lessee hereby grants to Lessor, its contractors, employees, agents and assigns, the irrevocable right, permission and authority to enter into and upon all or part of the Premises for the purpose of:
 - 1. Inspecting the Premises;
 - 2. Cleaning, repairing, maintaining, altering or improving the Premises as Lessor may deem necessary;
 - 3. Abating any nuisance or hazardous condition on the Premises, and/or
 - 4. Preserving and/or protecting the Premises.
- B. It is understood and agreed that the entry and access may affect the use of the Premises from time to time. Lessor shall use reasonable efforts to coordinate any anticipated access or utility or other interruptions with Lessee in an attempt to reasonably reduce the effect of any disruption of Lessee's enjoyment and use of the Premises.

- C. The right of access and entry reserved herein does not impose, nor does Lessor assume by reason thereof, any responsibility for the care, maintenance or supervision of the Premises. Lessee shall not be entitled to any abatement or reduction in rent by reason of Lessors access and/or entry nor shall such access or entry be deemed an actual or constructive eviction.

Section 3.17 Lessor's Improvements

- A. Lessor shall have a permanent right of access over, under, around and across the Premises for the purposes of maintaining, servicing, upgrading, replacing or removing any Lessor-installed improvements including, but not limited to, light poles, utilities, and fencing.
- B. This section does not require Lessor to provide any improvements.
- C. Lessor's maintenance shall not include paving, aircraft tie downs, snow removal or sanding.
- D. All improvements constructed by the Lessor shall at all times remain the property of Lessor and may be maintained, upgraded, serviced or removed at Lessor's convenience and discretion.
- E. Lessor agrees to use reasonable efforts to notify of any upgrading, replacing or repair work with Lessee and to reasonably reduce disrupting Lessee's use of the Premises when practicable.
- F. In the event of abandonment or default, any Lessee improvement will become the property of the Lessor.

Section 3.18 Aviation Easement

Lessee's right to use the Premises for the purposes as set forth in this Lease shall be secondary to and subordinate to the operation of the airport. Lessor specifically reserves for itself, other Palmer Municipal Airport leaseholders, and for the public, an easement for the passage of aircraft in the air space above the surface of the described property together with the right to cause in said air space or on adjacent property such noise as may be inherent in the present or future operation of aircraft. Without in any way limiting Lessor's rights under Section 3.12, Lessee shall not construct any building or facility to a height which in Lessor's discretion will interfere with the operations of the airport.

Section 3.19 Right-of-Way and Easement

Lessor shall have the right to designate or grant rights-of-way or utility easements across the Premises without compensation to Lessee, provided that Lessee shall be entitled to compensation for the taking or destruction of any of Lessee's improvements and provided further that Lessee may terminate the Lease or demand a rental adjustment to reflect any reduction in value of the Premises.

ARTICLE IV - TAXES, INDEMNIFICATION, AND INSURANCE

Section 4.1 Taxes, Assessments, and Utilities

- A. Lessee, in addition to the rentals provided for herein, shall pay when due (and before delinquency) all taxes, utility fees, assessments, and charges upon the Premises, the leasehold interest, and upon buildings, improvements and property thereon, which are assessed or charged at any time during the term.
- B. The Lessee shall furnish to the Lessor for Lessor's inspection within thirty (30) days after the date any amount payable by the Lessee as required by this section, official receipts

- from the appropriate taxing authorities or other proof satisfactory to the Lessor evidencing payment.
- C. The Lessee shall have the right at all times to protest any assessment of taxes or other assessments or charges, but the Lessor may require the Lessee to deposit with the Lessor any sums in dispute to insure payment in the event that any contest is unsuccessful.
 - D. Lessee shall pay and be responsible for all charges for gas, electricity, water, light, heat, power, garbage, solid waste, and other utility service used in or about or supplied to the Premises.
 - E. Lessee shall timely pay all sales tax on the rent on the lease, utilities, sales, service, rents, etc., and shall comply with City and Borough sales tax laws.

Section 4.2 Indemnification

Lessee shall indemnify, defend and hold Lessor harmless from all liability or loss (including, but not limited to reasonable attorneys' fees and appellate attorneys' fees) arising from any injury to any person or persons (including without limitation Lessee, its agents or employees) or property of any kind whatsoever while in, upon, or in any way connected with the Premises during the term of this Lease, or any use or occupancy hereunder, however occurring, including any acts, negligent or otherwise, and any omissions (negligent or otherwise), by Lessee, its agents, independent contractors, or employees, unless caused by or resulting from the sole negligence of the Lessor or any of Lessor's agents or employees.

Section 4.3 Insurance

- A. Lessee, at its own expense, shall secure and maintain in full force at all times during the term of this Lease:
 - 1. Commercial general liability. Commercial general liability insurance with a single occurrence liability limit of \$1,000,000 and an aggregate of \$2,000,000 insuring against liability of Lessee, its officers, contractors, licensees, agents, employees, guests, invites and authorized representatives, arising out of and/or in connection with Lessee's use or occupancy of the Premises; or
 - 2. Airport premises liability. Airport premises liability insurance on an occurrence basis with a single combined liability limit of not less than \$1,000,000 occurrence and \$2,000,000 aggregate limit for bodily injury and property damage.
 - 3. If applicable, third-party aircraft liability insurance with a single combined liability limit of not less than \$1,000,000 per occurrence;
 - 4. Commercial property insurance in the amount of replacement costs.
 - 5. The Lessor reserves the right to require Lessee to provide pollution insurance as warranted by the proposed use of the Premises.
- B. This insurance required under this Section shall:
 - 1. Name the Lessor as an "additional insured"
 - 2. Contain a clause that the insurer will not cancel or change the insurance without first giving the Lessor thirty (30) days prior written notice;
 - 3. Be with an insurance company qualified to do business in the State of Alaska with a financial rating of at least "A" as rated in current Best's Insurance Reports;
 - 4. Include a waiver of subrogation clause by which the insurer waives all rights of subrogation against the Lessor for payments made under the policy; and
 - 5. Not contain a damage deductible for each and every loss that exceeds \$10,000.
- C. Lessee shall provide Lessor with proof of insurance coverage in the form of a certificate of insurance, and if requested by the Lessor, Lessee shall provide Lessor with a copy of the policy(ies). Failure to maintain such insurance in effect shall constitute grounds for

- immediate termination of this lease. Lessor may at its option purchase said insurance and charge the expense thereof to Lessee, which expense Lessee shall assume and pay.
- D. To reasonably protect itself, Lessor may adjust these minimum insurance requirements and add types of insurance or both by giving Lessee written notice of such adjustment ninety (90) days prior to the expiration of each five (5) year interval of the term of this Lease. Lessor may also adjust these minimum insurance requirements at any time if Lessee's use of the Premises changes, and in such event, Lessor shall give Lessee thirty (30) days written notice of such adjustment.
 - E. The requirements of insurance coverage do not relieve Lessee from any other obligation under this Lease.

ARTICLE V - ASSIGNMENT AND SECURITY INTERESTS

Section 5.1 Assignment and Subletting

- A. Lessee shall not voluntarily assign or encumber its interest in this Lease or in the Premises or sublease all or any part of the Premises, or allow any other person or entity to occupy or use all or any part of the Premises without first obtaining Lessor's prior written consent. Lessor will not unreasonably withhold its consent; provided, however, if Lessor does unreasonably withhold its consent, Lessor shall not be liable for any damages, costs or attorney's fees arising therefrom.
 - 1. Lessor may condition its consent upon such terms as are in its best interest, including but not limited to matters regarding laws, insurance, risks, Lessee's defaults or past practices, risks attributable to assignee, etc., but Lessor may not condition its consent upon raising the rent other than as already allowed under this Lease.
 - 2. Any assignment, encumbrance or sublease without Lessor's consent shall be voidable and, at Lessor's election, shall constitute a default.
 - 3. No consent to any assignment, encumbrance or sublease shall constitute a further waiver of the provisions of this section.
- B. If Lessee is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner or partners, member or members owning twenty-five percent (25%) or more of the partnership or LLC in one or more transactions, or the dissolution of the partnership or LLC, shall be deemed a voluntary assignment.
- C. If Lessee is a corporation any dissolution, merger, consolidation or other reorganization of Lessee, or the sale or other transfer of a controlling percentage of the capital stock of Lessee in one or more transactions, or the sale of twenty-five percent (25%) of the value of the assets of Lessee in one or more transactions without immediate replacement with assets of equal or greater worth, shall be deemed a voluntary assignment.
- D. Lessee hereby irrevocably assigns to Lessor, as security for Lessee's obligations under this Lease, all rent from any subletting of all or a part of the Premises, and Lessor, as assignee and attorney-in-fact for Lease, may collect such rent and apply it toward Lessee's obligations under this Lease, except that, until the occurrence of an act of default by Lessee, Lessee shall have the right to collect such rent as it becomes due, one payment period at a time, which payment period may never exceed one year.
- E. Lessee may not charge a sub-lessee a rent rate that changes from year to year, other than changes that result directly from changes made by Lessor, and Lessee shall never have the right to collect or receive rent in advance of when it is due. If the sub-lessee pays Lessee in advance and Lessor collects rent hereunder, then the sub-lessee must pay

the advanced rent to Lessor and sub lessee may retrieve the advanced rent from Lessee. Neither this section nor collection of any such rent by Lessor shall be deemed to be Lessor's approval of any such sublease.

- F. If, as a result of an assignment or sublease, the Premises will be used for purposes other than as set forth in section 3.1 herein. The consent of the Palmer City Council and the FAA, if applicable, must be obtained. It is the policy of the city council to discourage non-aviation related uses. Additionally, if incremental revenues over and above the Lessee's Lease payments will be realized from the sublease or assignment pertaining to non-aeronautical uses, Lessor may raise Lessee's existing rent to fair market value at the time of the approval of the sublease.
- G. All assignment instruments shall include language whereby Assignee expressly assumes and agrees to pay the obligations of Lessee under this Lease.
 - 1. No assignment shall release or diminish the obligations of any Lessee or any Guarantor for performance of Lessee's obligations hereunder and Lessee shall remain liable as if no assignment were made.
 - 2. Lessee and Assignee will be jointly and severally liable for such obligations.
 - 3. Neither this section nor any payment of rent by such Assignee shall be deemed to be Lessor's approval of any such assignment.
- H. All sublease instruments shall provide that the sublease is subject to all of the terms, covenants and conditions of this Lease.
- I. Lessee agrees to pay to Lessor \$500 for any request by Lessee for Lessor to consent to any assignment or subletting by Lessee.

Section 5.2 Mortgage and Encumbrances

- A. Lessee shall not mortgage or otherwise encumber this Lease (including Lessee's leasehold estate in the improvements thereon) without the prior written consent of Lessor.
- B. The Lessor's consent to the mortgage or encumbrance shall not be unreasonably withheld, provided the mortgage or beneficiary shall agree to the attached form of Assignment of Lease for Security Purposes and Consent to Assignment of Lease attached hereto as Exhibit C.
- C. Lessee shall furnish the Lessor with a copy of any security transaction mortgaging or encumbering the Premises for the Lessor's approval prior to any mortgaging or encumbering of the Premises, and shall further furnish a copy to the Lessor of any such executed security transactions.

ARTICLE VI - DEFAULT AND ENFORCEMENT

Section 6.1 Default Defined

The occurrence of one or more of the following shall be deemed a default by the Lessee and a breach of this Lease:

- A. Failure to pay the rent provided herein, or any part thereof, or other charge due hereunder, for a period of ten (10) days after written notice of such failure is given by Lessor to Lessee;
- B. Failure to perform the obligations set forth in Sections 3.8, 3.9, and 3.10 hereof, after any notice required by those sections;
- C. Failure to provide and maintain in effect **insurance** in compliance with Section 4.3 hereof **(for which failure there is no notice time requirement)**;
- D. Failure to do, observe, keep and perform any other terms, covenants, conditions, agreements and provisions contained in this Lease for a period of thirty (30) days after

written notice of such failure is given by Lessor to Lessee, or, in the case of a default not reasonably susceptible of being cured within thirty (30) days (which does not include any default which may be cured by the payment of money), failure to commence promptly and proceed diligently and in good faith to cure such default within the initial thirty (30) days and complete such cure within a total of sixty (60) days after the sending of the notice;

- E. The abandonment of the premises by the Lessee, the making by the Lessee of a general assignment for the benefit of creditors, or the appointment of a permanent or temporary receiver for the Lessee's property, which is not vacated or set aside within thirty (30) days of sending of written notice of such event by Lessor; or
- F. The issuance of three (3) written notices for defaults or breaches within any consecutive twelve-month period, regardless of whether or not the default or breach was cured within the applicable time period.

Section 6.2 Lessor Remedies on Default

Upon the occurrence of any default of Lessee as described in Section 6.1 or elsewhere in this Lease, Lessor shall have the option to pursue any one or more of the following remedies without any notice or demand whatsoever:

- A. Lessor may, at its election, terminate this Lease or terminate Lessee's right to possession only, without terminating this Lease.
- B. Upon termination of this Lease, whether by lapse of time or otherwise, or upon any termination of Lessee's right to possession without termination of this Lease, Lessee shall surrender possession and vacate the Premises immediately, and deliver possession thereof to Lessor, and Lessee hereby grants to Lessor full and free license to enter into and upon the Premises in such event with or without process of law and to repossess Lessor of the Premises and to expel or remove Lessee and any others who may occupy or be within the Premises and to remove and all property therefrom, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without incurring any liability for any damage resulting therefrom, Lessee hereby waiving any right to claim damage for such re-entry and expulsion and without relinquishing Lessors right to rent or any other right given to Lessor hereunder or by operation of law.
- C. Upon any termination of this Lease, whether by lapse of time or otherwise, Lessor shall be entitled to recover:
 - 1. The worth at the time of the award of the unpaid rent (including any amounts treated as additional rent) that had been earned at the time of termination;
 - 2. The worth at the time of the award of the amount by which the unpaid rent (including any amounts treated as additional rent) that would have been earned after the date of termination until the time of award exceeds the amount of the loss of rent for the same period that Lessee proves could have been reasonably avoided;
 - 3. The worth at the time of the award of the amount by which the unpaid rent (including a reasonable estimate of additional rent) for the balance of the term exceeds the amount of the loss of rent for the same period that Lessee proves could have been reasonably avoided; and
 - 4. Any other amount, full reasonable attorney's fees and court costs, necessary to compensate Lessor for all detriment proximately caused by Lessee's default.
- D. "The worth at the time of the award," used in this section, is to be computed by allowing interest as determined by the current bond rating from State of Alaska Municipal Bond

- Bank plus 5%. The "time of the award" is the date the Lessee is notified of the termination of the lease by the Lessor. Such notification shall be done by certified mail.
- E. Upon any termination of Lessee's right to possession only without termination of this Lease, Lessor may, at the Lessor's option enter into the Premises, remove Lessee's signs and other evidences of tenancy, and take and hold possession thereof as provided in this section, without such entry and possession terminating this Lease or releasing Lessee, in whole or in part, from any obligation, including Lessee's obligation to pay the rent, including any amounts treated as additional rent hereunder, for the full term.
 - F. Upon termination of Lessee's right to possession, Lessor may, but need not, relet the Premises or any part thereof for such rent and upon such terms as Lessor in its sole discretion shall determine (including, but not limited to, the right to relet the Premises for a greater or lesser term than that remaining under this Lease, the right to relet the Premises as a part of a larger area, and the right to change the character or use made of the Premises) and Lessor shall not be required to accept any tenant offered by Lessee or to observe any instructions given by Lessee about such reletting.
 - a. In any such case, Lessor may make repairs, alterations and additions in or to the, Premises, and Lessee shall, upon demand, pay the cost thereof, together with Lessor's expenses of reletting.
 - b. If the consideration collected by Lessor upon any such reletting plus any sums previously collected from Lessee are not sufficient to pay the full amount of all rent, including any amounts treated as additional rent here under and other sums reserved in this Lease for the remaining term hereof, together with the costs of repairs, alterations, additions, and Lessor's expenses of reletting and the collection of the rent accruing therefrom (including attorneys' fees), Lessee shall pay to Lessor the amount of such deficiency upon demand and Lessee agrees that Lessor may file suit to recover any sums falling due under this subpart from time to time.
 - E. Lessor may, at Lessor's option, enter into and upon the Premises, with or without process of law, if Lessor determines in its sole discretion that Lessee is not acting within a commercially reasonable time to maintain repair or replace anything for which Lessee is responsible hereunder and correct the same, without being deemed in any manner guilty of trespass, eviction or forcible entry and detainer and without incurring any liability for any damage resulting therefrom and Lessee agrees to reimburse Lessor, on demand, as additional rent, for any expenses which Lessor may incur in thus effecting compliance with Lessee's obligations under this Lease.
 - F. Any and all property which may be removed from the Premises by Lessor pursuant to the authority of this Lease or of law or in equity, to which Lessee is or may be entitled, may be handled, removed and stored, as the case may be, by or in the direction of Lessor at the risk, cost and expense of Lessee, and Lessor shall in no event be responsible for the value, preservation or safekeeping thereof.
 - 1. Lessee shall pay to Lessor, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in Lessor's possession or under Lessors control.
 - 2. Any such property of Lessee not retaken by Lessee from storage within thirty (30) days after removal from the Premises shall conclusively be presumed to have been conveyed by Lessee to Lessor under this Lease as a bill of sale without further payment or credit by Lessor to Lessee; provided, however, Lessor may disclaim as to any item or items and the effect of such disclaimer will be that the item or items never became the property of Lessor.

- G. Pursuit of any of the foregoing remedies shall not preclude pursuit of any of the other remedies herein provided or any other remedies provided by law or equity (all such remedies being cumulative), nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any rent, additional rent or other sum due to Lessor, hereunder or of any damages accruing to Lessor by reason of the terms, provisions and covenants herein contained.
- H. No act or thing done by Lessor or its agents during the term hereby granted shall be deemed a termination of this Lease or an acceptance of the surrender of the Premises, and no agreement to terminate this Lease or an acceptance of the surrender of the Premises shall be valid unless in writing signed by Lessor.
- I. No judicial action shall be necessary to terminate this Lease.
- J. No waiver by Lessor of any violation or breach of any of the terms, provisions, and covenants herein contained shall be deemed or construed to constitute a waiver of any other violation or breach of any of the terms, provisions and covenants herein contained.
- K. Lessors acceptance of the payment of rental, including any amount treated as additional rental, or other sums hereunder after the occurrence of an event of default shall not be construed as a waiver of such default, unless Lessor so notifies Lessee in writing.
- L. Forbearance by Lessor to be deemed or construed to constitute a waiver of such default or of Lessor's right to enforce any such remedies with respect to such default or any subsequent default.
- M. If, on account of any breach or default by Lessee in Lessee's obligations under the terms and conditions of this lease, it shall become necessary or appropriate for Lessor to employ or consult with an attorney concerning this Lease or enforce or defend any of Lessor's rights or remedies hereunder, Lessee agrees to pay any attorneys' fees and appellate attorneys' fees so incurred.
- N. Lessor shall not be responsible or liable for any failure to relet the Premises or any part thereof, or for any failure to collect any rent due upon such reletting.

Section 6.3 Lessor's Failure to Enforce and Nonwaiver

- A. Failure by the Lessor to insist the strict performance of any term, condition or covenant of this Lease or to exercise any right or remedy available on a breach thereof, and acceptance of full or partial rentals during the continuance of any such breach shall not constitute a waiver of any such breach or any such term, condition or covenant.
- B. Terms, conditions or covenants of this Lease required to be performed by the Lessee, and breach thereof, shall not be waived, altered or modified, except by written instrument executed by the Lessor.
- C. Waiver of any breach shall not affect or alter any term, condition or covenant of this Lease, and each such term, condition or covenant shall continue in full force and effect with respect to any other then existing or subsequent default or breach thereof, and any other or subsequent default or breach may be enforced by the Lessor as provided in this Lease.

ARTICLE VII - GENERAL COVENANTS

Section 7.1 Condition and Status of Premises

- A. Lessee acknowledges that Lessee has examined the Premises and accepts same in its present condition without any representation or warranty, express or implied in fact or by law, by the Lessor as to the title, nature, condition or usability of the Premises for the purposes set forth in this Lease, all of said warranties being hereby expressly property **as-is** in its present condition, together with all faults.

- B. Lessee agrees to provide written notice to Lessor immediately upon Lessee becoming aware or having a reasonable belief:
 - 1. That the Premises or any adjacent property is being, may be, or has been contaminated with any Hazardous Materials, or
 - 2. Of the existence of any Hazardous Materials in, within, on or near the Premises or adjacent property.

Section 7.2 Risk of Loss

Destruction or damage to any building or improvement on the Premises by fire, rain, ice, snow, windstorm, earthquake, aircraft accident, or any other casualty or action of the elements shall not entitle the Lessee to surrender possession of the Premises, to terminate this Lease, to violate any of its provisions, or to cause any rebate or abatement in rent when due or thereafter becoming due under the terms hereof.

Section 7.3 Repair or Rebuilding

- A. Upon the destruction or damage to any building or structure by fire or other casualty covered by insurance or that is supposed to be covered by Lessee's insurance, Lessee may, with Lessor's consent rebuild the building or structure.
- B. Upon the destruction or damage to any building or structure by casualty that is not covered by insurance and is not supposed to be covered by insurance, Lessee shall have the right to repair, restore or rebuild the building or structure within one (1) year after the date of such occurrence or as per written agreement with the Airport Manager.

Section 7.4 Condemnation

- A. If all the Premises, or any part thereof required for the reasonable use of the Premises, is taken by eminent domain, this Lease shall expire on the date when the Lessee is required to vacate the Premises, and the rent shall be apportioned as of that date.
- B. If there is a taking of a part of the Premises not required for the reasonable use of the Premises, then this Lease shall continue in full force and effect and the rent shall be equitably reduced, based on the proportion by which the Premises is reduce, such rent reduction to be effective as of the date possession of such portion is delivered to the condemning authority.
- C. Except for improvements constructed and paid for by Lessee, Lessor reserves all rights to damages to the Premises for any taking by eminent domain and Lessee hereby assigns to Lessor any right Lessee may have to such damages or award.
- D. Lessee shall make no claim against Lessor for damages for termination of the leasehold interest or interference with Lessee's business. Lessee shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Lessee may be put for Lessee's moving expenses and for the interruption of or damages to Lessee's business, provided that such damages may be claimed only if they are awarded separately in the eminent domain proceeding and not as part of the damages recoverable by Lessor.

Section 7.5 Surrender of Premises

At the expiration of any Lease term, upon termination of this Lease, upon reentry by Lessor or otherwise, the Lessee shall peacefully and quietly surrender the Premises in as good a condition as it was at the beginning of the initial term, reasonable use and wear and damages by the elements excepted.

Section 7.6 Reversion or Removal of Buildings and Improvements

- A. Any and all buildings, structures, alterations or improvements placed by the Lessee upon the Premises shall, at the option of the Lessor, revert to and become the property of the Lessor at and upon the expiration or termination of this Lease and/or the termination of Lessee's right to possession of the Premises.
- B. Lessor, in its sole discretion, may require Lessee to remove part or all of said buildings, structures, alterations and/or improvements including, but not limited to, fuel tanks and lines, and partially or completely restore the Premises to the condition of the Premises at the inception of this Lease by sending written notice requesting such removal and restoration within sixty (60) days after such expiration or termination.
- C. Lessee shall then at its own expense complete such removal and restoration within ninety (90) days of the sending of such notice.
- D. At the conclusion of the current lease and extension period(s) the existing Lessee shall be given preference in executing a new lease on the same premises, provided that the proposed land use is compatible with the current Airport Layout Plan and the Lessee is otherwise in good standing with the City of Palmer and in substantial compliance with the existing lease.
- E. Section(s) 7.5 and 7.6 do not necessarily preclude a lessee from recovering value from Lessee's leasehold improvements by selling to a third party at any time during the lease term, provided that all other conditions of the active lease have been met. At such time, the buying third party would request a new lease or an assignment of the existing lease, and such request would not be reasonably withheld.

Section 7.7 Holdover

- A. In the event the Lessee shall hold over after the expiration or termination of this Lease for any cause whatsoever, Lessee shall pay Lessor monthly rent at double the annual rental rate divided by twelve for the entire time Lessee remains in possession, and in addition thereto, Lessee shall hold Lessor harmless from all damages resulting from Lessee's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Lessee's failure to surrender the Premises.
- B. If Lessee remains in possession of the Premises after expiration of the term of the Lease, or after the date in any notice given by Lessor to Lease termination this Lease, such possession by Lessee shall be deemed to be a month-to-month tenancy terminable on thirty (30) days' notice given at any time by either party.
- C. The provisions of this section do not exclude Lessor's rights of re-entry or any other right under this Lease.

Section 7.8 Notices

Any notices required to be sent in accordance with the terms of this Lease, including legal process, shall be sent in writing by registered or certified mail, to the parties at the following addresses unless otherwise notified in writing and deemed to be received when so sent:

Lessor's address: City Manager, City of Palmer
231W. Evergreen Ave.
Palmer, AK 99645

Lessee's address: Alaska Tactical Aviation, LLC
2174 N. Nadina Street
Palmer, AK. 99645

Section 7.9 Rights or Remedies

No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive or any other right or remedy, but is intended to be in addition to any right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 7.10 Successors in Interest

This Lease shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

Section 7.11 Applicable Law and Forum

This Lease and the respective rights and obligations of the parties shall be construed and interpreted in accordance with the laws of the State of Alaska. Any civil action concerning this Lease shall be brought in Alaska District or Superior Court in Palmer, Alaska, only.

Section 7.12 Recordation of Lease

The parties prefer to record a memorandum of this Lease rather than the Lease itself and contemporaneously with the execution hereof they have executed a memorandum of Lease in the form of Attachment A which is attached hereto and may be recorded by either party. In the event it should be so require by any title company insuring title for Lessee, or by any lending institution from which Lessee proposed to make a loan, then Lessee may cause this Lease to be placed of record.

Section 7.13 Severability

The invalidity or unenforceability of any particular provision of this Lease shall not affect any remaining provisions hereof, and, in any such event this Lease shall be construed and interpreted in all respects as if such invalid or unenforceable provision were omitted.

Section 7.14 Construction

Lessee and Guarantor have been advised to have this Lease and the Guaranty reviewed by their own attorney. The parties agree that this Lease and Guaranty shall not be construed more strictly against one party than the other nor shall this lease be construed against the lessor.

7.15 Gender and Plurality

Unless the context of this Lease clearly requires a different interpretation of construction, all references to masculine, feminine or neuter genders shall be construed to refer to all such genders; and all references to the singular shall also include the plural, and vice versa.

Section 7.16 Joint and Several Liability

The obligations of each Lessee are joint and several.

Section 7.17 Entire Agreement

This written Lease constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior or contemporaneous agreements, oral or written, between the parties not included herein. No modifications, amendments, deletions, additions or alterations of this Lease shall be effective unless in writing and signed by all of the parties hereto or such representatives of the parties as have been duly authorized to make such change.

LESSOR: CITY OF PALMER

By: _____
Nathan E. Wallace, City Manager

Date: _____

LESSEE: Alaska Tactical Aviation, LLC

By: _____
Terrance M. Cosgrove, Member (100% Owner)

Date: _____

NOTARY

STATE OF ALASKA)

)ss.

THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the _____ day of _____, 2019, before me the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, Nathan E. Wallace, to me known and known to me to be the identical individual described in and who executed the within and foregoing LEASE AGREEMENT as City Manager of the City of Palmer, freely and voluntarily on behalf of the City of Palmer for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

Notary Public in and for Alaska

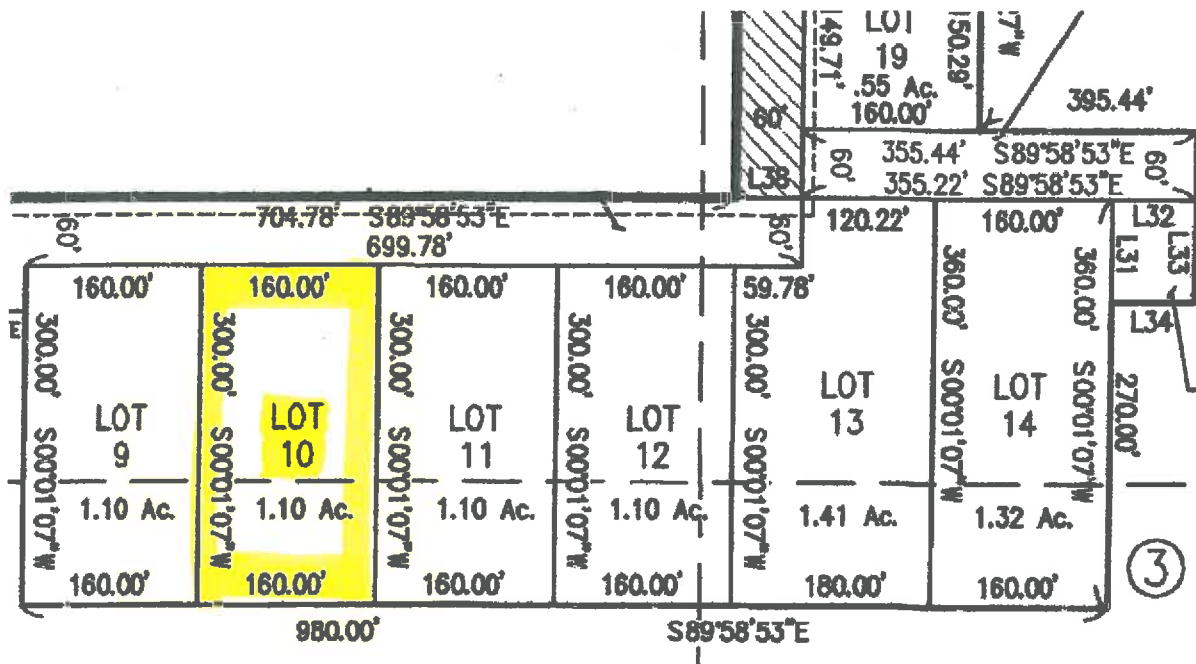
My commission expires: _____

EXHIBIT "A"

PMA LEASE NO. 19-003

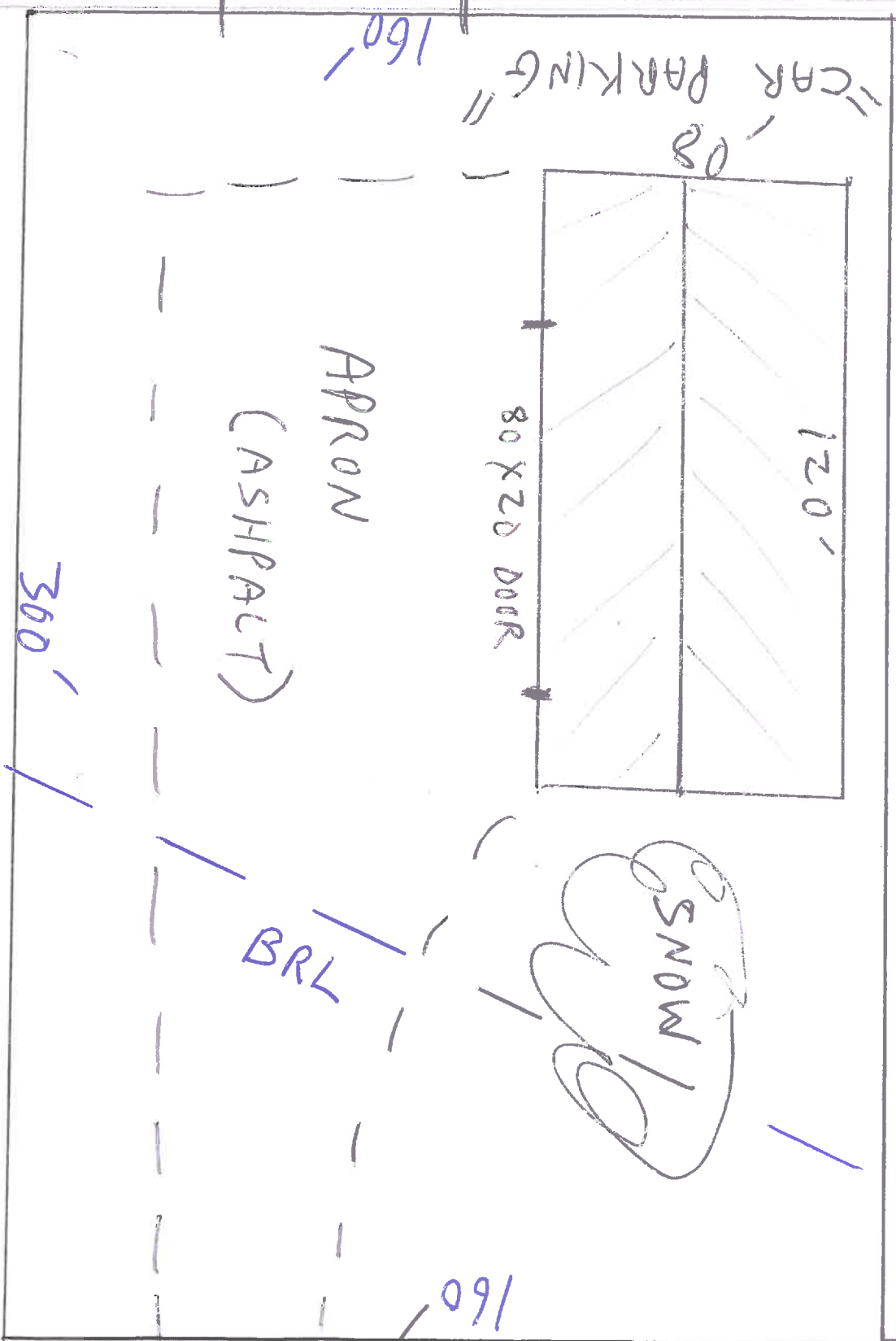
PALMER MUNICIPAL AIRPORT: BLOCK 3, LEASE LOT 10

A.K.A. 720 EAST YUKON STREET, PALMER, AK. 99645



YUKON STREET

UTILITIES



300' LL 102

BUILDING, 120 X 80

X 28' HEIGHT

TAXI WAY 5

**City of Palmer
Action Memorandum No. 19-039**

Subject: Approving the Termination of the Agreement Between Landowner Regarding Off-Site Parking Spaces for Lots 10, 11 & 12 (11-1), Block 3, Bailey Heights Subdivision

Agenda of: March 26, 2019

Council Action: **Approved** **Amended:** _____
 Defeated


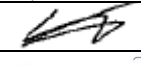

Originator Information:

Originator: City Manager

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
_____	Finance	_____	_____
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u></u>	_____
City Attorney	<u></u>	_____
City Clerk	<u></u>	_____

Certification of Funds:


Total amount of funds listed in this legislation: \$ _____

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ _____
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): _____
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- Letter from Faunus M. Doney and Jonathan L. Doney
- Agreement Between Landowner Regarding Off-Site Parking Spaces
- Conditional Use Permit for a daycare at Lot 11-1, Block 3, Bailey Heights subdivision

Summary Statement/Background:

An application for a conditional use permit was approved at the June 16, 2011 Planning and Zoning meeting and the conditional use permit was issued on August 18, 2011 with certain conditions for the operation of a daycare located on Lots 11 & 12 (11-1), Block 3, Bailey Heights subdivision, zoned R-1, Single-family Residential.

Part of the required parking for the daycare was located off-site, on the adjacent lot 10 which was under the same ownership as the daycare. One of the conditions of the CUP required the off-site lot be made subject to duly recorded enforceable covenants, per PMC 17.64.035(A.1). To comply with that condition of the CUP, an "Agreement Between Landowner Regarding Off-Site Parking Spaces" was signed and received by our office on August 17, 2011 but was not recorded.

On February 12, 2019 we received written notification stating that the property had been sold and is under new ownership as of September 1, 2018. The daycare, Palmer Lifeways was evicted on December 1, 2018, and the owner has requested to cease operations as a daycare, thus eliminating the need for the off-site parking agreement.

City Council approval is required to terminate the covenant contained within the Off-site Parking Agreement PMC 17.64.035(A.1c) & 17.64.035(A.5). The subject property meets the current parking requirement of 3 parking spaces for each dwelling unit over 1,800 square feet for a single-family residence.

Administration's Recommendation:

To approve Action Memorandum No. 19-039 for the termination of the Agreement Between Landowner Regarding Off-Site Parking Spaces located on Lots 10, 11 & 12 (11-1), Block 3, Bailey Heights subdivision.

Faunus M. Doney, BSc. DD
317 W. Eagle Ave
612 N 1st Street.
Palmer, Alaska 99645
907.602.9608

TO:

Nathan Wallace: City Manager

City Council: City of Palmer:

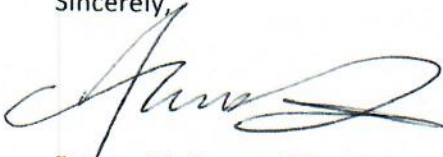
We are the new owners of Bailey Heights Lot 10-12; we took ownership of the property on September 1, 2018. we evicted the Day Care known as "Palmer Lifeways" on December 01, 2018.

Please accept this letter as our formal request to cease to operate a daycare located at Lot 11-1, Block 3, Bailey Heights Subdivision has ceased, and I am requesting to have the conditional use permit closed.

Additionally, since the use of the lot for off-site parking will no longer be required, as it was tied with the Conditional Use of the Day Care, so we are furthering requesting that the City Council take action of the Off-site Parking Agreement for Lots 10 – 12, Block 3, Bailey Heights Subdivision to be terminated.

The house and all its associated lots are to be returned to Residential use; to have and to hold forever peaceful living for my family and heirs.

Sincerely,



Faunus M. Doney, BSc. DD EMT-TP

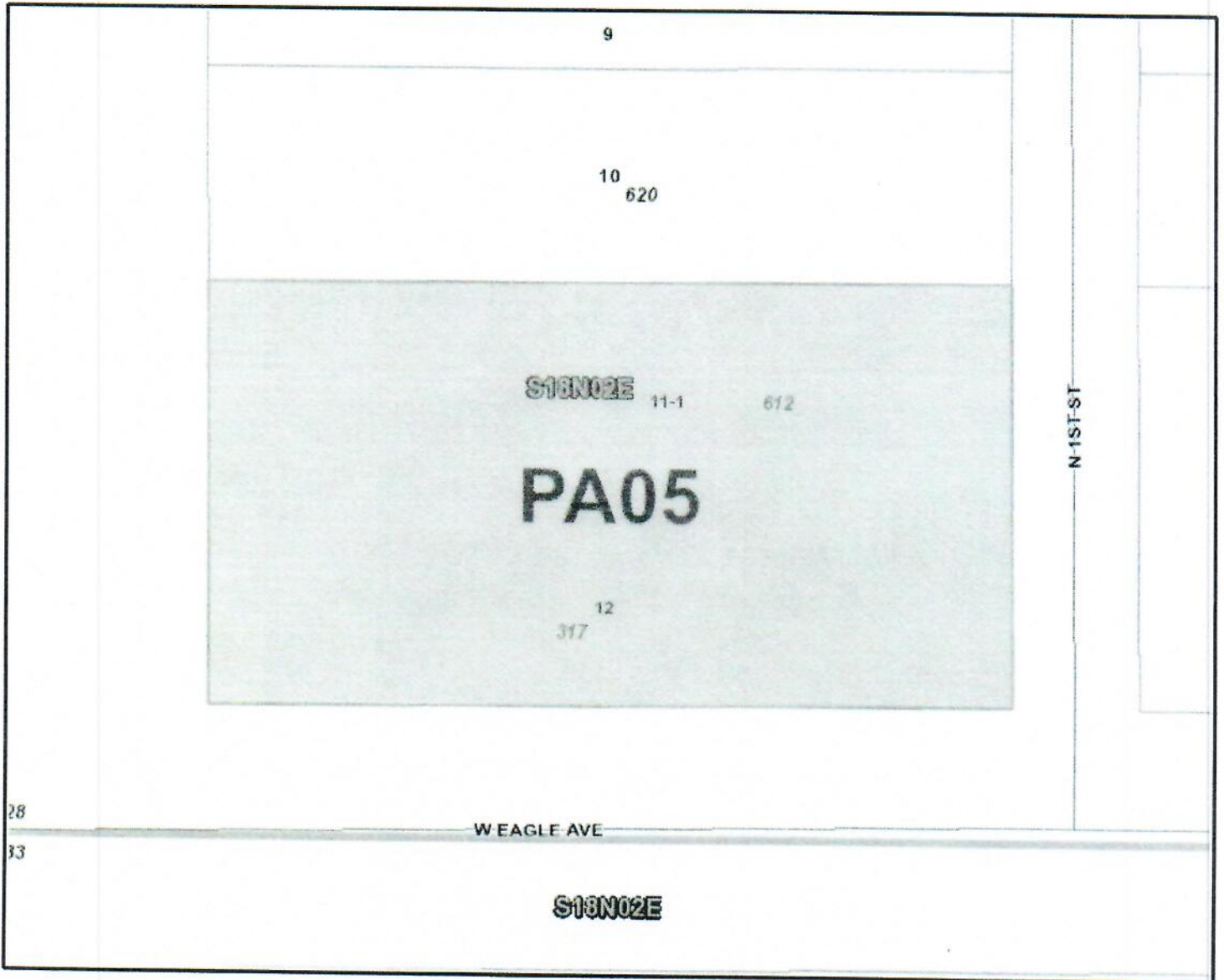


Jonathan L. Doney, BA

CC: Kimberly McClure: Planning & Code Compliance Technician



Matanuska-Susitna Borough Land Information Parcel Report



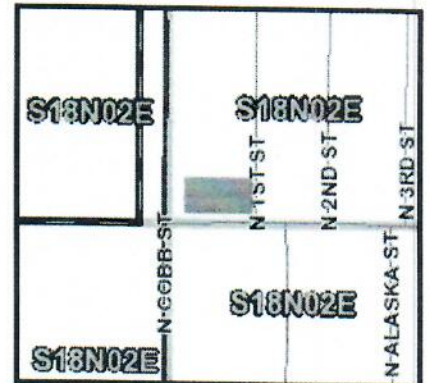
Selected parcel highlighted

Account ID: 5030B03L011-1

Owner(s): DONEY FAUNUS MICHAEL
DONEY JONATHAN LAWRENCE

General Owner: PRIVATE

Legal Description: BAILEY HTS BLOCK 3 LOT 11-1



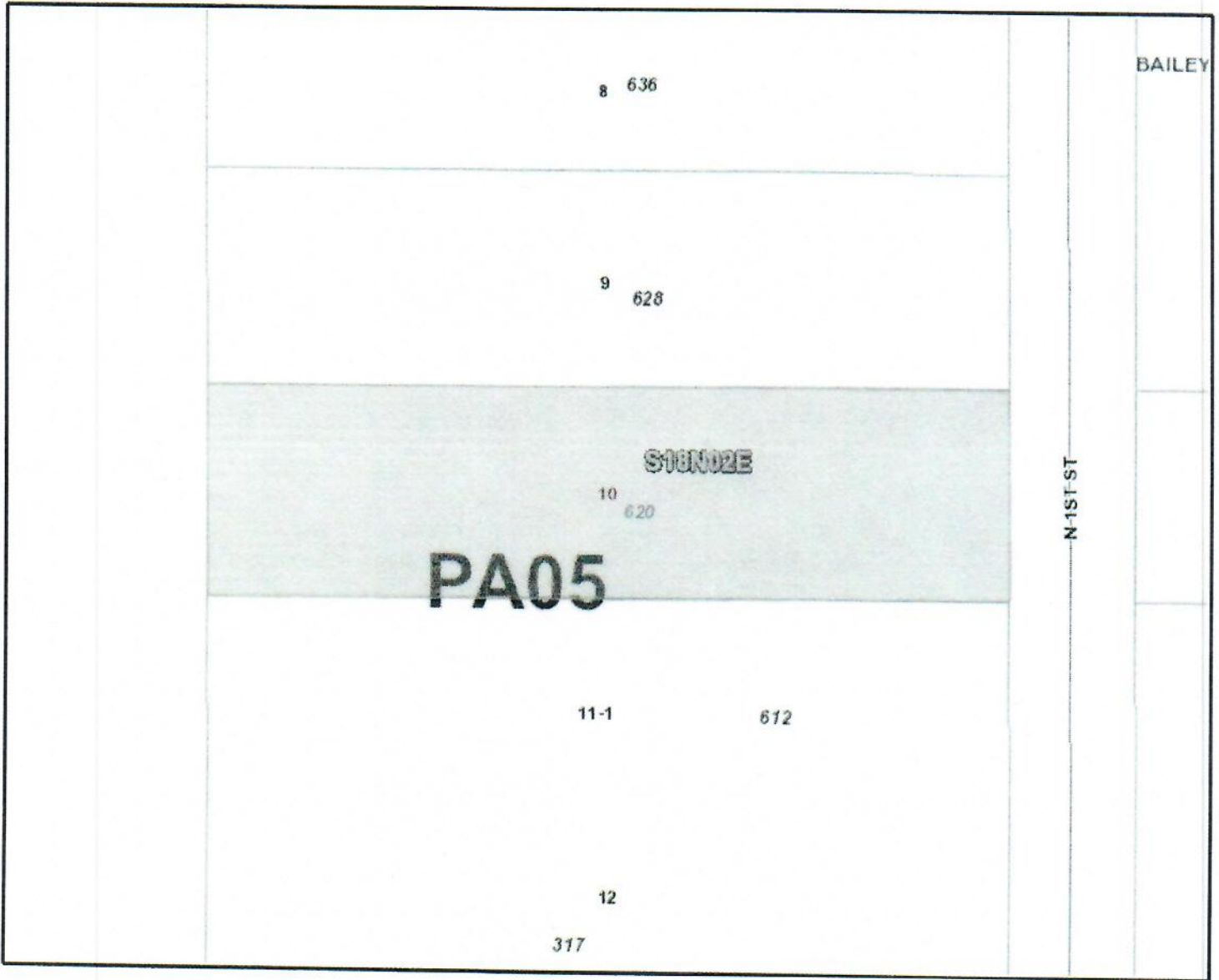
Parcel location within Matanuska-Susitna Borough

This map is solely for informational purposes only. The Borough makes no express or implied warranties with respect to the character, function, or capabilities of the map or the suitability of the map for any particular purpose beyond those originally intended by the Borough. For information regarding the full disclaimer and policies related to acceptable uses of this map, please contact the Matanuska-Susitna Borough GIS Division at 907-861-7858.

Report generated
2/12/2019 8:34:46 PM



Matanuska-Susitna Borough Land Information Parcel Report



Selected parcel highlighted

Account ID: 5030B03L010

Owner(s): DONEY FAUNUS MICHAEL
DONEY JONATHAN LAWRENCE

General Owner: PRIVATE

Legal Description: BAILEY HTS BLOCK 3 LOT 10



Parcel location within Matanuska-Susitna Borough

This map is solely for informational purposes only. The Borough makes no express or implied warranties with respect to the character, function, or capabilities of the map or the suitability of the map for any particular purpose beyond those originally intended by the Borough. For information regarding the full disclaimer and policies related to acceptable uses of this map, please contact the Matanuska-Susitna Borough GIS Division at 907-861-7858.

Report generated
2/12/2019 8:34:18 PM

Palmer Recording District

Agreement Between Landowner Regarding Off-Site Parking Spaces

This agreement is made on the 17 day of August, 2011, between *Euwer* of 317 W Eagle Ave Palmer, Alaska 99645, referred to herein as *First Owner*, and *Euwer* of 612 First Street, Palmer, Alaska 99645, referred to herein as *Second Owner*.

WHEREAS, *First Owner* is the owner in fee simple of a lot located at 317 W Eagle Ave, Palmer, Alaska 99645 that is described as follows:

Lots 10-12, Block 3, Bailey Heights Subdivision

WHEREAS, *Second Owner* is the owner in fee simple of a lot located at 612 First Street, Palmer, Alaska, 99645 that adjoins the above-described property of *First Owner* and that is described as follows:

Lots 10-12, Block 3, Bailey Heights Subdivision

WHEREAS, *First Owner* wants to grant permission to *Second Owner* for the off-site of parking spaces on the south side of Lot 10 and in gravel driveway of lot 12.

NOW, therefore, for and in consideration of the mutual covenants contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. For the duration of the useful life of the *parking spaces*, the *parking spaces* shall be used in a manner as originally planned.
2. The privilege granted by *First Owner* is made with the express condition that neither *Second Owner* nor any heirs, successors, assigns, or any person claiming under or through him, shall acquire any right of easement or any other right with respect to the parking spaces. Such permission shall also not evolve into a right or easement by lapse of time or otherwise.
3. *Second Owner* agrees to compensate *First Owner* for any damages that may be caused to the property of *First Owner* by reason of the parking spaces.
4. This Agreement shall remain in force and effect only as long as the *parking spaces*

of *Second Owner* remains in operation. Upon the removal, demolition, destruction, or replacement of it, all rights of *Second Owner* under this Agreement shall cease.

Received
AUG 17 2011
City of Palmer 

RETURN TO:
City of Palmer
Community Development Department
645 E. Cope Industrial Way
Palmer, AK 99645-XXXX

Witness our signatures as of the day and date first above stated.

Verna Euwer
Verna Euwer

STATE OF ALASKA

Personally appeared before me, the undersigned authority in and for the said country and state, on this 17th day of August, 2011, within my jurisdiction, the within named, who acknowledged that he executed the above and foregoing instrument.

Notary Public
Demetra Stewart
State of Alaska
My Commission Expires: 08/18/2014

NOTARY PUBLIC


My Commission Expires:
08-18-2014

City of Palmer
PLANNING AND ZONING COMMISSION
Conditional Use Permit

**Block 3 Lot 11-1, Bailey Heights, Located within Section 28, Township
18 North, Range 2 East, Seward Meridian, Alaska.**

The City of Palmer Planning and Zoning Commission (Commission) upon consideration of an application for a conditional use permit by Archie and Verna Euwer, hereby approves the operation of daycare at Block 3, Lot 11-1 Bailey Heights Subdivision; located within Section 28, Township 18 North, Range 2 East, Seward Meridian Alaska, subject to the conditions, controls, and safeguards stated in this permit.

Permit Term: This conditional use permit shall remain in force as long as all conditions, laws and ordinances are observed.

Other Conditions:

- 1) Within one growing season on the issuance of this permit, approximately August 18, 2012, landscaping shall meet the requirements of PMC 17.64.080.
 - a. Parking facilities which adjoin the side of a lot in residential districts shall be separated from the residential district by a fence or sight-obscuring landscaping. Fences shall be six feet in height; landscaping shall not be less than four feet. The fence or landscaping shall be maintained in good condition and shall comply with the requirements of PMC 17.60.070.
 - b. Buffer landscaping on 1st Street must comply with PMC 17.64.080(b) which requires parking lots of five spaces or more to provide a landscape buffer at least five feet in width along any property line adjacent to a street.
- 2) Parking requirements shall meet all the requirements of PMC 17.64.
 - a. All parking areas shall be designed so no parking space requires the backing of a vehicle into public rights-of-way. Standard met and inspected August 15, 2011.
 - b. Turning and maneuvering space shall be located entirely on private property. Standard met and inspected August 15, 2011.
 - c. Effective March 27, 2001, if the commission permits parking spaces to be on a lot other than the subject lot, then the commission, as a matter of law, shall require at a minimum the following conditions: that the off-site lot be made subject to duly recorded enforceable covenants running with the land reasonably acceptable to the city. Recordable document received August 17, 2011.

- 3) Prior to August 18, 2012 , obtain all necessary sign and driveway permits from the City of Palmer. Driveway Permit Issued August 2011.
- 4) Maximum number of children for this facility shall be limited to 40.
- 5) Project and site use must comply with all laws and ordinances of federal, state and local governments.

Every term and condition of this permit is binding upon the Owner, Owner's assigns and successors in interest, and every person occupying or operating on the property. The use of the term Owner in reference to the terms and conditions of this permit shall be construed to include every person operating on the property by, through, or under the authority or consent of the Owner.

Any changes, alterations or elections of the intended uses, unless permitted by ordinance, must receive prior approval of the Planning and Zoning Commission.

Dated this 18th day of August, 2011 for the Palmer Planning and Zoning Commission.

By: Michael W. Madar
Michael W. Madar, Chair

STATE OF ALASKA)
) ss:
THIRD DISTRICT)

THIS IS TO CERTIFY that on this 18th day of August, 2011, before the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, Michael W. Madar, designated representative for the Palmer Planning and Zoning Commission and he acknowledged that he had signed the same freely and voluntarily for the uses and purposes therein stated.

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



Joan E. Patterson
NOTARY PUBLIC FOR STATE OF ALASKA
My Commission Expires: With Office

Acceptance

The Owner, Verna Euwer, hereby accepts and agrees to abide by the terms and conditions of this permit.

Dated this 18 day of August, 2011.

By: Verna Euwer
Verna Euwer (Owner, or Designated Rep)

STATE OF ALASKA)
) ss:
THIRD DISTRICT)

THIS IS TO CERTIFY that on this 18th day of August, 2011, before the undersigned Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared, Verna Euwer, and she acknowledged that she had signed the same freely and voluntarily for the uses and purposes therein stated.

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



Joan E. Patterson
NOTARY PUBLIC FOR STATE OF ALASKA
My Commission Expires: With office

**City of Palmer
Action Memorandum No. 19-040**

Subject: Confirming the Mayor's Nomination of George Hoden to the Parks, Recreation and Cultural Resources Advisory Board with a Term Ending October 31, 2020


Agenda of: March 26, 2019

Council Action: **Approved** **Amended:** _____
 Defeated




Originator Information:

Originator: Mayor DeVries via City Clerk

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
X	Finance		3-18-19
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

	Signature:	Remarks:
City Manager		_____
City Attorney		_____
City Clerk		_____

Certification of Funds:


Total amount of funds listed in this legislation: \$ **600.00**

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 600.00/year
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-19-90-6059
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- None

Summary Statement/Background:

The Parks, Recreation and Cultural Resources Advisory Board (PRCRAB) is a seven-member board. PRCRAB Member Denise Christopher resigned, which was accepted by the City Council with approval of AM No. 19-026 on February 26, 2019.

Upon acceptance of Mrs. Christopher's resignation, the City Clerk's Office began the recruitment process. Public notice of this recruitment was posted on the City's website; published in *The Frontiersman* on 2/27, 3/2; posted on the City Hall bulletin board; posted on the City of Palmer Facebook page; and advertised in the Chamber's weekly e-newsletter.

As noted below, two applications were received, which was received prior to the final deadline of 4:30 p.m., Friday, March 6, 2019, As advertised, the Mayor reserved the right to extend deadlines and accept late applications.

Applicants were:

1. George Hoden
2. Emily Fortsner

The applicants met code requirements and were considered. After review, George Hoden was nominated to fill the seat.

Original applications are retained in the City Clerk's Office. Please call (907) 761-1301 to request a copy.

Mayor's Recommendation:

To approve Action Memorandum No. 19-040.

A. CALL TO ORDER

A special joint meeting of the Palmer City Council and the Board of Economic Development (Board) was held on February 5, 2019, at 6:00 p.m. in the Council Chambers, Palmer, Alaska. Mayor DeVries called the meeting to order at 6:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Edna DeVries, Mayor	Julie Berberich
Steve Carrington	Linda Combs
Sabrena Combs	David Fuller (participated telephonically) arrived at 6:22 p.m.
Pete LaFrance, Deputy Mayor	

Comprising a quorum of the Board of Economic Development, the following were present:

Dusty Silva, Chair	Peter Christopher
Barbara Hunt	Janet Kincaid
Lorie Koppenberg	Kelly Turney, Vice Chair

Board of Economic Development Member Christopher Chappel was absent and excused.

Staff in attendance were the following:

Nathan Wallace, City Manager	Norma I. Alley, MMC, City Clerk
Michael Gatti, City Attorney (participated telephonically)	Angie Anderson, Deputy City Clerk

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

Main Motion: To Approve the Agenda

Moved by:	L. Combs
Seconded by:	S. Combs
In favor:	Berberich, Carrington, L. Combs S. Combs, DeVries, LaFrance
Opposed:	None
Absent:	Fuller
Action:	Motion carried

Main Motion: To Approve the Agenda

Moved by:	Koppenberg
Seconded by:	Turney
In favor:	Christopher, Hunt, Kincaid, Koppenberg, Silva, Turney
Opposed:	None
Absent:	Chappel
Action:	Motion carried

E. AUDIENCE PARTICIPATION

None

F. NEW BUSINESS

1. Committee of the Whole (note: action may be taken by the council following the committee of the whole)
 - a. Recap of 2018 Board Accomplishments
 - b. 2019 Board Projects and Goals
 - c. Other Matters Related to the Board
 - d. City Council Direction to the Board

Main Motion: For City Council to Enter Into a Committee of the Whole

Moved by:	L. Combs
Seconded by:	S. Combs
In favor:	Berberich, Carrington, L. Combs S. Combs, DeVries, LaFrance
Opposed:	None
Absent:	Fuller
Action:	Motion Carried

Main Motion: For the Board of Economic Development to Enter Into a Committee of the Whole

Moved by:	Koppenberg
Seconded by:	Kincaid
In favor:	Christopher, Hunt, Kincaid, Koppenberg, Silva, Turney
Opposed:	None
Absent:	Chappel
Action:	Motion carried

The City Council and Board entered into a Committee of the Whole at 6:05 p.m.

- a. Recap of 2018 Board Accomplishments

Chair Silva reported on 2019 board accomplishments. Items of discussion included the following:

- Depot Rental and Use Policy;
- Short Term Rentals;
- Downtown Pavilion use;
- Presentation from Stantec regarding Brownfields;
- Downtown zoning districts;
- Roving/Itinerant Vendors;
- Electric boxes; and
- Online payment for sales tax and business licenses.

- b. 2019 Board Projects and Goals

Chair Silva reported on the 2019 Board Projects and Goals. Items of discussion included the following:

- Work Plan using the Strategic Plan as a base;
- Brownfields Areawide Plan;
- Downtown redevelopment;
- Support reducing crime and harassment in the Downtown District and creation of a business watch;
- Department of Transportation Glenn Highway Project Impacts on downtown;
- Review of zoning districts, creation of a Highway District, and creating an Historic District;

- Parking;
- Payment or fee in lieu of parking;
- Welcome Wagon for new businesses;
- Soliciting community input on Palmer development;
- Roving/Itinerant Vendors;
- Electric Boxes; and
- Online Payments for Sales Tax and Business Licenses.

Mayor DeVries called a ten minute recess at 7:43 p.m. The meeting reconvened at 7:53 p.m.

c. Other Matters Related to the Board

Items of discussion included a Palmer Municipal Code language regarding BED membership requirements and the purpose of the ex-officio members.

d. City Council Direction to the Board

Items of discussion included the following:

- Annexation;
- Fee for use of all public property; and
- Marijuana businesses in Palmer.

The Council and Board exited the Committee of the Whole and reconvened the joint meeting at 8:17 p.m.

G. RECORD OF ITEMS PLACED ON THE TABLE

None.

H. COUNCIL AND BOARD MEMBER COMMENTS

All Council and Commission Members expressed their gratitude for the opportunity to meet and have open discussion and recognized the BED for their dedication and hard work.

Council Member LaFrance requested legislation be brought forward to remove the BED's ex-officio members. Council Member L. Combs supported this request.

Council Member Berberich announced that her and Council Member S. Combs starting tomorrow, for one week, will find alternative transportation through Palmer and encouraged others to accept the challenge.

Council Member S. Combs commented:

- She would like to see annexation pursued;
- The city should not be afraid of annexations for the potential value it brings to the community and assurance our town stays the way we like it;
- She attended a forum on crime where those in attendance requested an ordinance on excessive calls; and
- Asked the city manager for a meeting to gather more information regarding an excessive calls ordinance.

Chair Silva expressed her appreciation to the City Council for scheduling the joint meeting and to allow open dialog amongst all members.

Mayor DeVries thanked the Board for all their hard work and dedication to the community.

I. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 8:24 p.m.

Approved by the City Council on this _____ day of March, 2019.

Norma I. Alley, MMC, City Clerk

Edna DeVries, Mayor

Approved by the Board of Economic Development this 11th day of February, 2019.

Brad Hanson, Community Development Director

Dusty Silva, Board of Economic Development Chair

A. CALL TO ORDER

A regular meeting of the Palmer City Council was held on February 26, 2019, at 7:00 p.m. in the Council Chambers, Palmer, Alaska. Mayor DeVries called the meeting to order at 7:00 p.m.

B. ROLL CALL

Comprising a quorum of the Council, the following were present:

Edna DeVries, Mayor	Linda Combs
Julie Berberich	Sabrina Combs
Steve Carrington	David Fuller

Deputy Mayor Pete LaFrance was absent and excused.

Staff in attendance were the following:

Nathan Wallace, City Manager	Michael Gatti, City Attorney
Norma I. Alley, MMC, City Clerk	Angie Anderson, Deputy City Clerk

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. APPROVAL OF AGENDA

1. Approval of Consent Agenda
 - a. **Action Memorandum No. 19-023:** Authorizing the City Manager to Purchase One New Police Patrol Vehicle and Equipment in the Amount of \$52,357.00 Under the Governmental and Proprietary Procurements Section of Palmer Municipal Code 3.21.230, by Attaching to the State of Alaska Contract Pricing
 - b. **Action Memorandum No. 19-024:** Authorizing the City Manager to Negotiate and Enter into a Contract with Bering Marine Corporation for the Purchase and Delivery of 175 Tons of Road Salt in the Amount of \$29,452.50
 - c. **Action Memorandum No. 19-025:** Authorizing the City Manager to Sign Amendment No. 1 to the Contract for Services with Greene Garden Services to Reflect Payments for 2019
 - d. **Action Memorandum No. 19-026:** Accepting Board Member Denise Christopher’s Resignation from the Parks, Recreation and Cultural Resources Advisory Board
2. Approval of Minutes of Previous Meetings
 - a. January 22, 2019, Regular Meeting

Main Motion: To Approve Agenda, Consent Agenda, and Minutes

Moved by:	S. Combs
Seconded by:	Fuller
In favor:	Berberich, Carrington, L. Combs, S. Combs, DeVries, Fuller
Opposed:	None
Absent:	LaFrance
Action:	Motion Carried

E. COMMUNICATIONS AND APPEARANCE REQUESTS

1. Presentation of a Proclamation to the Palmer High School Hockey Team for their Achievement as the Southcentral Conference Champions

Mayor DeVries read and presented a proclamation to the Palmer hockey team for their accomplishment.

2. Presentation from Palmer High School Principal Paul Reid Regarding the MSB School District School Resource Officer

Palmer High School Principal Mr. Reid reported on the new school resource officer position, how impactful it had been having an officer on campus, and had been a great asset for students and staff.

3. Presentation from Drug Enforcement Agency Special Agent Tom Olsen Regarding DEA Opioid Diversion Task Force

Special Agent Tom Olsen reported the tactical diversion squad experienced much success since starting two years ago with pharmacy sanctions, removal of practitioners who wrongly prescribe drugs, and arrests of those involved in criminal drug activity were highlighted as the most impactful.

F. REPORTS

4. City Manager's Report

City Manager Wallace gave an update on the wastewater treatment facility reporting all compliance requirements had been met and performance tests were underway.

5. City Clerk's Report

City Clerk Alley handed out a new agenda item request form and explained its use for City Council's request for legislation to be placed on an agenda.

6. Mayor's Report

Mayor DeVries announced Wendy's restaurant and Poppy Lane businesses opening in Palmer and stated she enjoyed the Fire Department's Awards Banquet.

7. City Attorney's Report

City Attorney Gatti reported on the complexity of the annexation process.

G. AUDIENCE PARTICIPATION

Mrs. Ann Thomas, Mat-Su Miners representative, announced the group would be putting on the Green Day Gallop on March 17, asked for continued support with approval of their council grant application, and thanked the Council for previous support.

Mr. Mike Chmielewski congratulated the Public Works Department for all the snow removal and encouraged more sidewalks and roads to be cleared.

H. NEW BUSINESS

1. **Action Memorandum No. 19-027:** Approving a Council Community Grant in the Amount of \$2,000.00 to Mat-Su Miners Baseball to Support the 2019 Mayor's Green Day Gallop

Main Motion: To Approve Action Memorandum No. 19-027

Moved by:	S. Combs
Seconded by:	Berberich
In favor:	Berberich, Carrington, L. Combs, S. Combs, DeVries, Fuller
Opposed:	None
Absent:	LaFrance
Action:	Motion Carried

2. **Action Memorandum No. 19-028:** Directing the City Clerk to Notify the State of Alaska of the City Council's Statement of Non-Objection to Liquor License No. 5032 for Arkose Brewery, Located at 650 E. Steel Loop
3. **Action Memorandum No. 19-029:** Directing the City Clerk to Notify the State of Alaska of the City Council's Statement of Non-Objection to Liquor License No. 744 for Loyal Order of Moose Lodge #793, Located at 1136 S. Cobb Street

Main Motion: To Approve Action Memorandum No. 19-028 and Action Memorandum No. 19-029

Moved by:	Fuller
Seconded by:	L. Combs
In favor:	Berberich, Carrington, L. Combs, S. Combs, DeVries, Fuller
Opposed:	None
Absent:	LaFrance
Action:	Motion Carried

I. RECORD OF ITEMS PLACED ON THE TABLE

City Clerk Alley reported the Council Agenda Item Request Form was the Item Placed on the Table.

J. AUDIENCE PARTICIPATION

None.

K. COUNCIL MEMBER COMMENTS

Council Members congratulated the Palmer High School Hockey team on their state championship.

L. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 8:05 p.m.

Approved this ____ day of _____, 2019.

Norma I. Alley, MMC, City Clerk

Edna B. DeVries, Mayor



PROCLAMATION

RECOGNIZING THE PALMER HIGH SCHOOL eSPORTS TEAM

WHEREAS, many of our children participate in worthwhile extracurricular activities while attending schools in the Matanuska-Susitna School District; and

WHEREAS, the Palmer High School eSports Team Overlords-Overwatch has persevered to reach and compete in the Electronic Gaming Federation High School 2018 Fall Overwatch National Championships a single elimination tournament with only four invited teams; and

WHEREAS, Coaches Sarah Kitzan and Nichelle Henry, the parents, administration, and educators at Palmer High School express the highest academic and athletic expectations from students; and

WHEREAS, the Palmer High School eSports Team Overlords-Overwatch concentrates on the joy, camaraderie, and skill of the game, with all team members contributing to the team's success, especially in its first year.

NOW, THEREFORE, IT IS PROCLAIMED by the Mayor and City Council of the City of Palmer, Alaska, do hereby express our pride and congratulations to the entire Palmer High School eSports Team. We call upon all citizens of Palmer to join in this special recognition of some of our fine youth in our community.

IN WITNESS WHEREOF, I have hereunto set my hand and cause the seal of the City of Palmer to be affixed on this 12th day of March, 2019.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk



PROCLAMATION

PROCLAIMING APRIL 2, 2019, AS NATIONAL SERVICE RECOGNITION DAY

WHEREAS, service to others is a hallmark of the American character, and central to how we meet our challenges; and

WHEREAS, the nation's cities are increasingly turning to national service and volunteerism as a cost-effective strategy to meet their needs; and

WHEREAS, AmeriCorps and Senior Corps participants address the most pressing challenges facing our communities, from educating students for the jobs of the 21st century and supporting veterans and military families to providing health services and helping communities recover from natural disasters; and

WHEREAS, national service expands economic opportunity by creating more sustainable, resilient communities and providing education, career skills, and leadership abilities for those who serve; and

WHEREAS, AmeriCorps and Senior Corps participants serve in more than 50,000 locations across the country, bolstering the civic, neighborhood, and faith-based organizations that are so vital to our economic and social well-being; and

WHEREAS, the AmeriCorps Volunteers Service to America (VISTA) in Palmer are building capacity with the goal of educating and exciting children and youth about gardening, local farming, procurement and healthy eating, one of many projects helping to make Palmer a better Alaskan community.

NOW, THEREFORE, IT IS PROCLAIMED by the Mayor and City Council of the City of Palmer, Alaska, do hereby proclaim April 2, 2019, as National Service Recognition Day, and encourage residents to recognize the positive impact of national service in our county; to thank those who serve; and to find ways to give back to their communities.

IN WITNESS WHEREOF, I have hereunto set my hand and cause the seal of the City of Palmer to be affixed on this 26th day of March, 2019.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

Alaska Search and Rescue (Land)

- Lead Agency in Alaska is: Alaska State Troopers (AST)
- Lower 49 Lead Agencies: County Sheriff Departments
- Ranges of capabilities varies greatly!
- So does \$\$ to Support for SAR.

- Coconino County AZ (Flagstaff):

- 120 Volunteers
- 10% show for a Call Out
- 2 Full Time Deputies
- 7 Vehicles, 4 Snow Machines, 2 Piston Bullies, 2 Boats, ATVs, Building for Vehicles and Classroom and other equipment.
- Funded By the County.
- AST Reimburses certain costs; fuel, airfare, lodging (covered under State Workers Comp)



MAT + SAR

SEARCH & RESCUE

Who are we : Local All Volunteer (501c3) Non Profit (Est. 2003)

(Train to National Standards)

We provide: Search and Rescue for Alaska State Troopers (AST) and other Law Enforcement and Emergency Responders Statewide (K9)

Only Respond to Law Enforcement Callout

What does MAT+SAR Provide:

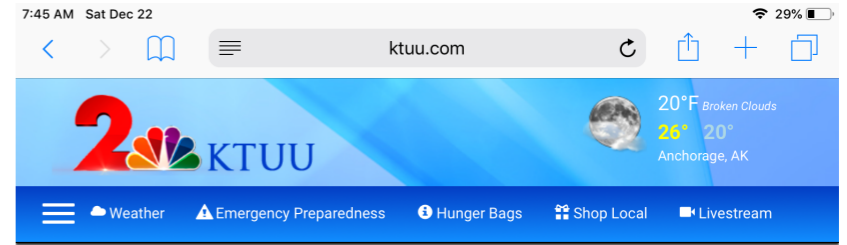
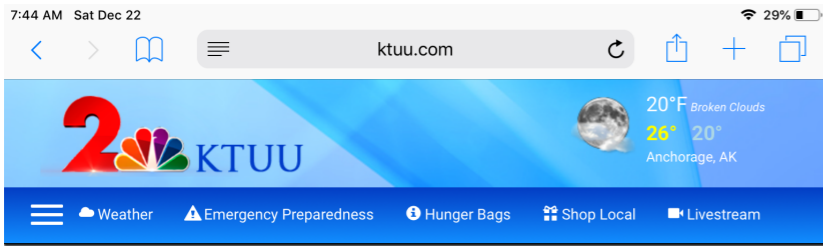
- Incident Command
- K9 Team:
 - Search: Air-Scent, Trailing
 - Specialties
 - Land, Avalanche
 - HRD : Land, Water
 - HRD: Law Enforcement
- Motorize Team
- Equine Team
- Ground Support
- Project Lifesaver Program for AST
- 33 Active Members



Incident Command

What do we do?

- Assist Local Law Enforcement in Mgt of the Incident.
- FEMA ICS Qualified
- Organize and Run the Search (Incident)
 - Dec 19th Requested by AST
 - 86 Snowmachine Volunteers
 - Dec 20th - 2pm located Laverne and Van



Dozens of snow machiners search for missing couple in Big Lake



Snowmachines are lined up at the Search And Rescue staging area in Big Lake (KTUU)

By Hank Davis | Posted: Wed 3:32 PM, Dec 19, 2018 | Updated: Wed 4:02 PM, Dec 19, 2018



ANCHORAGE (KTUU) — It's day two of an ongoing search for a missing couple last believed to have been snowmachining in the area of Big Lake. The Alaska State Troopers are currently searching in specific areas, h

Big Lake search honing in on specific areas; still no sign of snowmachining couple



Searchers gather to try to find LaVerne and Van Pettigen, missing since this weekend near Big Lake. (KTUU)

By Hank Davis | Posted: Thu 3:17 PM, Dec 20, 2018



BIG LAKE, Alaska (KTUU) — The search for a missing couple believed to have been snowmachining in the area of Big Lake is still ongoing. Searchers are honing in on specific areas, h

BIG 0% APR FOR 72 MONTHS on select 2018 and 2019 RAM 1500 Trucks AND NO PAYMENT FOR 90 DAYS! [VIEW INVENTORY](#)



What's Ahead?

Location for Callout Equipment Storage

- Equipment Trailer
- Boat
- Heated Storage for Radios/Medical Kits

Growth in Volunteers

- Ground Support Personnel
- Project Lifesaver for AST
- Growth in K9 Team- Trailing

Growth in Funding

- 4X4 Truck/Van to deploy Teams and Incident Command
- 16'-Jet Boat Re-condition from Donation
 - Susitna Rotary/MATSU Title/Alaska USA

