

Mayor Edna B. DeVries
Deputy Mayor Linda Combs
Council Member Richard Best
Council Member Steve Carrington
Council Member David Fuller
Council Member Brad Hanson
Council Member Pete LaFrance

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

City of Palmer, Alaska
Special City Council Meeting
April 11, 2017, at 6 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
- E. Audience Participation
- F. New Business
 - 1. Committee of the Whole (note: action may be taken by the council following the committee of the whole)
 - a. Presentation Pertaining to Matters Relating to Public Employees Retirement System
- G. Record of Items Placed on the Table
- H. Council Member Comments
- I. Adjournment

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Council Member David Fuller
Council Member Brad Hanson
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City Attorney Michael Gatti
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City of Palmer, Alaska
Regular City Council Meeting
April 11, 2017, at 7 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. Approval of Consent Agenda
 - a. Introduction of **Ordinance No. 17-007**: Repealing Chapter 17.84 of the Palmer Municipal Code in its Entirety and Adopting a New Chapter 17.84 Planned Unit DevelopmentPage 5
 - b. **Action Memorandum No. 17-025**: Authorize the City Manager to Negotiate and Execute a Replacement Lease Agreement with Custom Aircraft, Inc. for the Lease on Tract B, Lease Lot 31, Palmer Municipal Airport for the Purpose of Refinance and Business Expansion.....Page 21
 - c. **Action Memorandum No. 17-026**: Authorize the City Manager to Negotiate and Execute a New Lease Agreement with Kingdom Air Corps, Inc. for the Lease on Block 3, Lease Lot 9, Palmer Municipal Airport for the Purpose of Establishing a Permanent Operating Base at the Airport.....Page 61
 - d. **Action Memorandum No 17-027**: Authorize the City Manager to Execute Change Order Five for the Second Renewal Option with Alaska Sure Seal in the Amount of \$72,641.70 for Crack Sealing and Striping in 2017Page 97
 - e. **Action Memorandum No. 17-028**: Authorize the City Manager to Purchase New Glass for the MTA Events Center from Rink Systems, Inc. in the Amount of \$36,410.00Page 101
 - 2. Approval of Minutes of Previous Meetings
 - a. March 21, 2017, Special MeetingPage 109
- E. Communication and Appearance Requests
- F. Reports
 - 1. City Manager's Report.....Page 113
 - 2. City Clerk's Report.....Page 115
 - 3. Mayor's Report.....Page 123
 - 4. City Attorney's Report
- G. Audience Participation
- H. Public Hearing

1. **Ordinance No. 17-005:** Repealing Palmer Municipal Code Title 15 in its Entirety and Adopting a New Palmer Municipal Code Title 15 Buildings and Construction (IM No. 17-15)Page 127
 2. **Ordinance No. 17-006:** Amending Palmer Municipal Code Section 8.42.010 Definitions and Section 8.42.030 Use Prohibited to Define Sky Lanterns and Prohibit the Use of Sky Lanterns in the City of Palmer (IM No. 17-014)Page 163
 3. **Resolution No. 17-014:** Accepting and Appropriating Revenue from Pubic Donations to the Fiscal Year 2017 Budget to Cover Cost of Design and Construction of Uniquely Palmer Bicycle RacksPage 167
 4. **Resolution No. 17-015:** Accepting and Appropriating a Keep America Beautiful and Marlboro Community Trails Grant in the Amount of \$5,000.00 to be Used in the Construction of a Segment of the Shane Woods Memorial TrailPage 173
- I. Action Memoranda
1. **Action Memorandum No. 17-029:** Authorize the City Manager to Negotiate and Execute a Contract with AlasConnect, LLC for Information Technology (IT) Services in the Amount of \$114,000.00 AnnuallyPage 179
- J. Record of Items Placed on the Table
- K. Audience Participation
- L. Council Member Comments
- M. Adjournment

Tentative 2017 Palmer City Council Meetings

Meeting Date	Meeting Type	Time	Notes
April 25	Regular	7 pm	
May 9	Regular	7 pm	
May 23	Regular	7 pm	
June 13	Regular	7 pm	
June 27	Regular	7 pm	

Attachment(s):

- Ordinance No. 17-007
- Planning and Zoning Commission Recommendation

Summary Statement:

This ordinance will replace current Chapter 17.84 Planned Unit Development which uses a conditional use process to handle planned unit developments with a new chapter that will process applications for this type of development in the same way as a zone change. The current Chapter 17.84 was added to the Municipal Code in 1992.

Since Planned Unit Development may involve a mixture of residential and non-residential uses and impact both utility services and traffic on city maintained streets, this type of development is a permanent change in land use and therefore should be reviewed and the site plan approved by city council.

The P&Z Commission recommended no changes to PUD process.

Administration's Recommendation:

Adopt Ordinance No. 17-007 repealing Chapter 17.84 of the Palmer Municipal Code in its entirety and adopt a new Chapter 17.84 Planned Unit Development.

Introduced by: Council Member Hanson
and Deputy Mayor Combs
Date: April 11, 2017
Public Hearing:
Action:
Vote:

Yes:	No:

CITY OF PALMER, ALASKA

Ordinance No. 17-007

An Ordinance of the Palmer City Council Repealing Chapter 17.84 of the Palmer Municipal Code in its Entirety and Adopting a New Chapter 17.84 Planned Unit Development

WHEREAS, currently Chapter 17.84 treats Planned Unit Development as conditional uses with the Planning and Zoning Commission having final authority for approval and;

WHEREAS, Planned Unit Developments are land uses that have long term effects on property; and

WHEREAS, Council has determined that Planned Unit Development should be reviewed and processed as a rezoning of property.

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. The current Chapter 17.84 is hereby repealed in its entirety.

Section 4. A new Chapter 17.84 is hereby adopted to read as follows:

**Chapter 17.84
PLANNED UNIT DEVELOPMENT (PUD)**

Sections:

- 17.84.010 Intent.
- 17.84.020 Permitted locations.
- 17.84.030 Site area.

- 17.84.040 Permitted uses.
- 17.84.050 Application process.
- 17.84.060 Pre-application conference.
- 17.84.070 Commission review.
- 17.84.080 Council action for adoption.
- 17.84.090 Action on final plan.
- 17.84.100 Final plan.
- 17.84.110 Minor adjustments.
- 17.84.120 Major adjustments.
- 17.84.130 Status of PUD approval.

17.84.010 Intent.

The intent of the planned unit development (PUD) zoning district is to:

A. Effect a zoning change to the existing (underlying) zone through the process outlined in PMC 17.80 as follows:

1. The proposed change is in accordance with the borough and city comprehensive plan;
2. The proposed change is compatible with surrounding zoning districts and the established land use pattern;
3. Public facilities such as schools, utilities and streets are adequate to support the proposed change;
4. Changed conditions affecting the subject parcel or the surrounding neighborhood support the proposed change; and
5. The proposed change is consistent with the public welfare and does not grant a special privilege to the owners; and

B. Permit flexibility in design, placement of buildings, and use of open spaces, including modification in requirements for lot frontage, building setbacks, and design of circulation facilities to best use site potentials afforded by special features of geography, topography, size or shape; and

C. Encourage creative approaches in land development that will result in a more efficient, desirable environment in harmony with that of the surrounding area, including but not limited to providing a higher population density and increased intensity of use than is permitted in the zone in which the project is located. Appropriate mixing of uses and alternative approaches to development are permitted through the PUD zoning district process; and

D. To further this intent, the terms and conditions of a PUD district supplement the regulations in the underlying zoning district, and modify and supersede any conflicting regulations in the underlying zoning district.

E. A PUD zoning classification that contains commercial uses, where one or more buildings are principally designed for use for the retail sale of merchandise, and where the total building(s)

footprint exceeds 20,000 square feet, may only be approved in conjunction with an approved overall site plan in accordance with the criteria for a Large Retail Establishment Permit.

17.84.020 Permitted locations.

A. Planned unit development projects may be approved only in R-1, R-2, R-3, R-4, R-1E, CL and CG zones.

B. The site must abut, and the major internal street serving the planned unit development project must be directly connected to, a public road which has been improved, established, and is maintained by the city, borough or state.

C. In the R-1 district, commercial uses must front on a major arterial, arterial or commercial street.

17.84.030 Site area.

The required minimum area for a PUD is 60,000 square feet. The minimum area may be waived when planned unit development is used to facilitate redevelopment in the central business district as depicted on the most recently adopted zoning district map.

17.84.040 Permitted uses.

In a residential, nonresidential or mixed land use PUD, various land uses may be permitted, subject to limitations or conditions, if such uses are deemed by the council to be appropriate and further the goals of the city comprehensive plan. The following uses may be permitted in a PUD:

1. One-family, two-family, and multifamily residences;
2. Commercial uses as may be specifically and selectively authorized;
3. Recreational facilities including, but not limited to, tennis courts and playgrounds;
4. Schools, libraries, public buildings and community halls;
5. Shopping malls;
6. Any permitted or conditional use in the underlying zone.

17.84.050 Applications process.

The application process for a PUD involves a four (4) step process including (1) a pre-application conference, (2) preliminary review by the Planning and Zoning Commission with written recommendation forwarded to the city council, (3) council action, and (4) action on final plan.

17.84.060 Pre-application conference.

A. Before submitting application for approval of a PUD, the applicant shall confer in a pre-application conference with the zoning administrator, Public Works, the Building Official, and the Fire Department to obtain information and guidance regarding land development regulations, the city's Comprehensive Plan and the application process. At the pre-application conference, the applicant shall submit a preliminary sketch plan for the proposed PUD, containing both maps and a written statement. All maps shall show enough of the surrounding area to demonstrate the relationship of the PUD to adjoining uses. The maps that are a part of the preliminary sketch plan may be in general schematic form but must contain enough information to obtain feedback from city officials and consultants.

B. Contents of preliminary PUD plan. Upon completion of the pre-application conference stage, a preliminary PUD application shall be submitted to the commission for its review. At a minimum, the preliminary PUD plan shall contain the following information:

1. Name, address and phone number of applicant.
2. Name address, and phone number of Alaska registered surveyor, professional civil engineer, architect, landscape architect who prepared the preliminary plan.
3. Legal description of the property
4. Description of existing and proposed use(s).
5. A vicinity map at a scale no greater than one to one thousand (1:1000) feet showing property lines, streets, existing and proposed zoning, and such other items as the commission and council may require to show how the proposed development relates to adjacent land uses.
6. A preliminary development plan at a scale approved by the commission showing topography at two (2) foot intervals; location and type of residential, commercial, and industrial land uses; layout, dimensions, and names of existing and proposed streets, rights-of-way, utility easements, parks and community spaces; layout and dimensions of lots and building setback lines; preliminary improvements drawings showing water, sewer, drainage, electricity, telephone, and natural gas; and such other information as the commission deems necessary.
7. Proposed schedule for the development of the site.
8. The applicant must provide a narrative describing how the proposed PUD will provide a complementary mixture of uses or housing types, or clustering of units to preserve common open space, in a design not possible under current zoning district dimensional

regulations will have a beneficial effect, in terms of public health, safety, welfare, or convenience.

9. The number and dimensions of off-street parking shall be sufficient to meet the minimum required by the ordinances of the city. However, where warranted by overlapping or other parking arrangements, the commission or the council may reduce the required number of parking spaces.
10. All streets and parking areas within the planned unit development shall meet the minimum construction and other requirements of city ordinances.
11. Extensive landscaping shall be preserved and/or provided to ensure that proposed uses will be adequately buffered from one another and from surrounding public and private property.
12. Effort shall be used to preserve significant natural, historical, and architectural features.
13. Public water and sewer facilities shall be available or shall be provided for by the developer as part of the site development.
14. Safe, convenient, uncongested, and well defined vehicular and pedestrian circulation within and to the site shall be provided.
15. Drives, streets and other elements shall be designed to discourage through traffic, while promoting safe and efficient traffic operations within the site and at its access points.
16. The uses proposed shall be consistent with the city comprehensive plan.

17.84.070 Commission preliminary review.

A. Upon receipt of a complete application for a PUD, the zoning administrator shall schedule a public hearing date before the commission following the established meeting schedule. Notice of the public hearing shall be in accordance with PMC 17.80.030.

B. Before the commission may act on the PUD application, the commission shall review the preliminary plan to determine if it is consistent with the intent and purposes of this ordinance; whether the proposed development advances the general welfare of the community and neighborhood; and whether the benefits, combination of various land uses, and the interrelationship with the land uses in the surrounding area justify the deviation from standard district regulations.

C. Within thirty days following the conclusion of the public hearing, and upon making the required findings for a zone change and in conformance with 17.84.070.B, the commission shall make a written report to the council for approval or modification of the proposed PUD zone change, and shall recommend that the council approve a change from preliminary site plan to interim site plan as submitted or as modified.

D. If unable to make the required finding to support approval, the commission shall deny both the rezoning and the preliminary site plan and no further action shall be taken thereon unless the initiating party or property owner within twenty days of the commission decision files a written statement with the clerk requesting that the PUD be considered by council.

17.84.80 Council action.

The following council action shall be required for a PUD zoning district:

A. Upon receipt of a written recommendation for adoption of a PUD zoning district and approval of the preliminary plan by the commission, or by appeal of the petitioner, the clerk shall cause an ordinance to be prepared setting forth the details of the proposed zoning map amendment. The ordinance shall be introduced at the next council meeting in the normal course and a date for the public hearing established. The clerk shall give notice of the public hearing in accordance with the procedures of PMC 17.80.030. Notice of the public hearing given to the property owners described in PMC 17.80.030(A)(2) shall include a description of the protest rights established by PMC 17.80.081.

B. After due consideration of the recommendation by the commission, written comments received from the public, testimony at the public hearing, the information provided, and the effect the proposed change would have on the public health, safety, welfare, and convenience, the council may decide to approve PUD rezoning and grant interim approval of the PUD site plan, deny the PUD rezoning, or may decide to amend the PUD district as follows:

1. As submitted by the initiating party; or
2. With special limitations, more restrictive than submitted; provided that a PUD initiated under this chapter may be so modified only with the written consent of the initiating party.

C. For a PUD zoning district, the decision of the council shall be final.

17.84.090 Action on final plan.

A. The applicant shall, within one year of the date of council interim approval of the PUD site plan, submit a final PUD plan of the proposed development to the zoning administrator, which must incorporate all the changes and conditions required by the council. An appeal stays the decision appealed until a written decision is rendered.

B. The final PUD plan must include reproducible copies of all necessary maps and drawings. The zoning administrator may approve of the final PUD plan if the plan is substantially the same as the interim PUD plan approved by the council and all changes and conditions of the approval have been satisfactorily met.

C. If the final plan is not received within one year of council approval of the interim plan, the approval of the interim plan expires and the applicant may renew consideration of the PUD project only by filing a new application under this chapter.

D. No permit of any nature may be issued by the city relating to the PUD project until the final PUD plans have been approved.

E. No activity or improvements may commence on the site in furtherance of the approved PUD or PUD phase until all construction surety bonds have been posted with and approved by the city, any necessary final plat has been approved and recorded and a notice to proceed has been issued by the zoning administrator.

F. The PUD resulting from application of provisions of this section must be indicated on the official city zoning map and identified thereon by the symbol "PUD" with appropriate reference to the PUD plan and explanatory text.

17.84.100 Final plan.

A. The final plan shall be in substantial conformance with the interim site plan approved by council.

B. The final site plan shall include all the following information:

1. Application form and required fee as set by resolution.
2. A schedule indicating the period within which the project will be completed.
3. Building footprints, setbacks, floor plans and elevations showing height for all proposed structures; typical layout for project structures.
4. Locations of utility services (with sizes), noting which will remain and which are to be removed, including storm drainage, sanitary/storm sewer, fire hydrants, and any public or private easements.
5. Detailed description and location of stormwater management system including pre- and post-site development run-off calculations used for determination of stormwater management.
6. A landscape plan indicating proposed plant locations with common plant name, number, and size at installation. Berms, retaining walls or fences shall be shown with elevations from the surrounding average grade.
7. A site grading plan with existing and proposed topography at a minimum of two-foot contour intervals and with topography extending a minimum of fifty (50) feet beyond the site in all directions and further where required to indicate stormwater run-off into an approved drain or detention/retention pond.
8. Locations of significant natural, historical, and architectural features, including trees, that will be designated "to remain," and/or location and acreage of areas "not to be disturbed;" noting protection method such as a fence, barrier or police line installed prior to site preparation.

9. Location and method of screening for all refuse storage stations/dumpsters.
10. Location and dimensions of parking spaces, loading/unloading areas and calculations to meet the parking requirements.
11. Details of exterior lighting including locations, height, method of shielding.
12. Locations of all signs including:
 - a) Location, type, height and method of lighting for identification signs;
 - b) Location and type of any directional or regulatory/traffic control signs.
13. Details of site circulation and access design, including:
 - a) Indication of street pavement widths and pavement type;
 - b) Street horizontal and vertical dimensions, including curve radii;
 - c) Dimensions of access points, including deceleration or passing lanes, distance from adjacent driveways or intersection streets, including those across a street;
 - d) Identification of width and material to be used for pedestrian paths.
14. Written verification of access easements or agreements, if applicable.
15. A note on each plan sheet stating, "Not to be used as construction drawings."
16. Any additional graphics or written materials requested by the commission or council to assist in determining the impacts of the proposed site plan, including, but not limited to, economic or market studies; impact on public primary and secondary schools, and utilities; traffic impacts; impact on significant natural, historical, and architectural features and drainage; impact on the general area and adjacent property; and estimated construction cost.
17. The following information shall be submitted as a part of an application for permission to commence any type of development within a floodplain:
 - a) The elevation in relation to mean sea level of the floor, including basement, of all structures;
 - b) A description of the extent to which any watercourse will be altered or relocated as a result of proposed development;
18. Additional information that may be reasonably necessary to determine compliance with the provisions of this chapter.

17.84.110 Minor adjustments.

A. In considering the final plan, the zoning administrator may permit minor adjustments to the approved interim PUD site plan in location and dimensions of buildings if required by engineering or other circumstances not foreseen at the time the interim plan was approved by council provided such adjustments shall not:

1. Exceed the permitted lot coverage or the total density authorized in the interim PUD site plan;
2. Change the orientation of the project;
3. Change the use(s) of land from that approved on the interim PUD site plan; or
4. Increase the traffic nor change any points of ingress to or egress from the site.

B. The developer must advise the zoning administrator in writing of any and all minor adjustments. A record of any action under this section must be made a part of the final PUD plan by the zoning administrator.

17.84.120 Major adjustments.

In the event the final plan contains substantial changes from the approved interim PUD site plan as described in 17.84.110. A.1-4 above, the zoning administrator shall forward the final PUD plan to council for its review and final approval.

17.84.130. Status of PUD approval.

A. Final approval of a PUD application confers on the applicant and any subsequent owners of the PUD property the right to utilize the property included as part of the approved PUD in accordance with the overall density, dwelling unit mix and final plan of the approved PUD. However, for the total PUD or for each portion of the PUD, if staging of development is planned, a site plan review by the zoning administrator is required for each phase, prior to the issuance of building permits, and for any portion of the PUD having a council approved interim PUD plan

B. Signed agreement. If the application and site plan are approved by the council, the applicant and all owner(s) of record or the legal representative of the owner(s) of record of all property included within the planned development shall then sign an agreement that the approved application and site plan, and the conditions of approval, shall be binding upon the applicant and owner(s) of record and upon their heirs, successors, and assigns. The city shall require a bond or surety to guarantee construction of road, water, and sewer improvements. Such agreement shall be reviewed and approved by the council. The application and site plan shall not be officially approved nor may the building permit be issued, until said agreement has been signed as required herein and has been received by the clerk.

C. Revocation or changes. The council may revoke a PUD or any portion thereof in instances where substantial construction activity has not been ongoing anywhere within the PUD within a

three (3) year period after the final approval. Revocation of any portion of a PUD reverts that portion of the PUD to the status and requirements of the original zoned district, without benefit of the PUD provisions. Proposed changes in a PUD, other than those considered a part of site plan review for all or a portion of the PUD, must be processed in the same manner as the original PUD procedure. The council shall give notice of intention to revoke such approval at least thirty (30) days prior to review by the council.

Section 5. Effective Date. Ordinance No. 17-007 shall take effect upon adoption by the City of Palmer City Council.

Adopted this ____ day of _____, 2017.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

PALMER PLANNING AND ZONING COMMISSION

RESOLUTION NO. 17-001

A RESOLUTION OF THE PALMER PLANNING AND ZONING COMMISSION REPORTING TO CITY COUNCIL ON COMMISSION'S CONSIDERATION OF TEXT AMENDMENT TO PMC 17.84 PLANNED UNIT DEVELOPMENT (PUD)

WHEREAS, as requested by City Council, at the November 17, 2016 Planning and Zoning meeting the Commission began discussion on a text amendment to PMC 17.84 Planned Unit Development (PUD) to change the process from a conditional use process to a zone overlay process with City Council as final authority; and

WHEREAS, at the December 15, 2016 Planning and Zoning meeting, the Commission continued their discussion and began formalizing their reasons for their recommendation; and

WHEREAS, the Planning and Zoning Commission has summarized their reasons on the attached Memorandum dated January 19, 2017 for recommending no change to the current approval process of Planned Unit Developments (PUD) in PMC 17.84; and

WHEREAS, at the January 19, 2017 meeting, the Commission also discussed adopting an appeal to City Council process from a decision of the Commission regarding a Planned Unit Development; and

NOW, THEREFORE, BE IT RESOLVED that the Palmer Planning and Zoning Commission does hereby recommend the City Council not change PMC 17.84 Planned Unit Development (PUD) from the current conditional use process to a zone overlay process with City Council as final authority.

Passed by the Planning and Zoning Commission of the City of Palmer, Alaska, this 19th day of January, 2017.



Dan Lucas, Chairman



Kimberly A. McClure
Planning & Code Compliance Technician



MEMORANDUM

TO: Palmer City Council
FROM: Planning & Zoning Commission
DATE: January 19, 2017
SUBJECT: Report to City Council on text amendments to PUD

At the November 17, 2016 Planning and Zoning meeting, the Commission discussed text amendments to PMC 17.84 Planned Unit Development (PUD) to change the process from the current one with City Council as final authority.

As requested, the Planning and Zoning Commission has reviewed PMC 17.84 Planned Unit Development (PUD) text and recommends no change to the process of approval of Planned Unit Developments. Below is a summary of the Planning and Zoning Commission's reasons for recommending no change to the current procedures or processing of Planned Unit Developments:

- 1) The PUD language should remain as is to guard against the possibility that a special interest group could influence City Council. There are rules currently in place to prevent such occurrence.
- 2) The Planning & Zoning Commission is a neutral "appointed" body, providing a layer of insulation between it and the "elected" City Council, who could more likely be swayed by the emotions of the citizens in the event of an unpopular decision. The Council has so many other important areas of responsibility, they rarely have the time to look deeply into these matters and render a judgement/decision that follows the intent of the City's Comprehensive Plan. It is the business of the appointed Commission to make decisions with the future of the community foremost in mind, in accordance with the Comprehensive Plan and existing regulations.
- 3) There are adequate safeguards and an appeal process currently in place to address any unpopular decisions of the Planning & Zoning Commission.
- 4) The current process provides checks and balances that may no longer be in place should final authority be handed off to the City Council. The concern is that decisions may be made using criteria that may not be in the best long term interest of the City.

**City of Palmer
Action Memorandum No. 17-025**

Subject: Authorize the City Manager to Negotiate and Execute a Replacement Lease Agreement with Custom Aircraft, Inc. for the Lease on Tract B, Lease Lot 31, Palmer Municipal Airport for the Purpose of Refinance and Business Expansion

Agenda of: April 11, 2017

Council Action: **Approved** **Amended:** _____
 Denied




Originator Information:

Originator: Frank J. Kelly, Airport Superintendent

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
X	Finance		3/22/17
_____	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: \$ 1,000.00

This legislation (√):

<input checked="" type="checkbox"/>	Creates revenue in the amount of:	\$ <u>\$1,000.00</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 Airport Land Leases</u>

Director of Finance Signature: 

Attachment(s):

- Draft Replacement Lease Agreement 17-001
- Exhibit A (Lot Diagram)
- Exhibit B (Draft Assignment of Lease for Security Purposes)

Summary Statement:

Richard Walker, 100% corporate owner of Custom Aircraft, Inc. has requested a new leasing arrangement with the City of Palmer to facilitate a commercial cash out refinance of his Palmer Municipal Airport Hangar. Mr. Walker purchased the hangar and equipment in April of 2012 from the previous owner (Robert Lutz of BJ Custom Aircraft Engines, Inc.) and was granted an assignment of the existing lease with the remaining term.

The commercial loans amortization schedule and the financial institutions guidelines for lending on lease hold interest have necessitated this request. The initial lease term will be extended out to 20 years again with an additional 20 year renewal period (functionally a reset from five (5) years ago). Funds will be used to extinguish the underlying indebtedness to Mr. Lutz, with the additional proceeds used to expand Mr. Walker's hangar facility by approximately 2,100 square feet.

The City will benefit from this transaction as the lease rate will increase to \$0.065 cents per square foot from the previous \$0.04 cents that has been in effect since 1992, as well as an upgraded insurance requirement and the probable increase in sales and property tax revenue.

Due to the ongoing, but much outdated leasing document from 1992 that was assumed, a modification to the existing document would not have allowed for the sweeping changes needed to the agreement, hence the replacement lease methodology was utilized.

Administration's Recommendation:

To approve Action Memorandum No. 17-025 for a Replacement Lease Agreement to Custom Aircraft, Inc.



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

**PALMER MUNICIPAL AIRPORT
REPLACEMENT LEASE AGREEMENT No. 17-001**

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DRAFT

Office Use Only:

Lease entered into on: _____

Lease ending date: _____

First rate adjustment date: _____

Second rate adjustment date: _____

Third rate adjustment date: _____

Fourth rate adjustment date: _____

Fifth rate adjustment date: _____

Sixth rate adjustment date: _____

Date lease was renewed: _____



City of Palmer

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

**PALMER MUNICIPAL AIRPORT
REPLACEMENT LEASE AGREEMENT No. 17-001**

This Replacement Lease Agreement is made and entered into this _____ day of April 2017 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 Custom Aircraft, Inc., hereinafter referred to as the "Lessee". The purpose of this agreement is to replace the existing Airport Lease Agreement # 92-2, for the economic benefit of the Lessee and Lessor.

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 Palmer Municipal Airport Tract B, Lot 31, located in the Palmer Recording District, Third Judicial District, State of Alaska and more particularly described as follows:

Commencing at the Section Corner common to Sections 3 and 4, Township 17 North, Range 2 East, Seward Meridian and Sections 33 and 34, Township 18 North, Range 2 East, Seward Meridian, Palmer Recording District, Third Judicial District, Palmer Alaska, monumented by a 2" standard brass cap, reset 1978, thence S 89°49'W for 665.00 feet; thence N 00°11'W for 889.00 feet to the True Point of Beginning; thence S89°49'W for 200.00 feet; then N 00°11'W for 200.00 feet; thence N 89°49'E for 200.00 feet; thence S 00°11'E for 200.00 feet to the True Point of the Beginning.

Containing 40,000 Square Feet or .918 acres, more or less, as shown on the drawing Exhibit A, attached hereto;

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: Operation of Aircraft Repair, Maintenance and Parts facility.
- 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 20 years, commencing on the 1st day of April 2017 (the "Commencement Date") and ending on the 31st day of March 2037, 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 40 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 City of Palmer, 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 the sums as follows below 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.
 - 1. Lessee shall pay \$2,600.00 per year, payable annually in advance without demand, beginning July 1, 2017 and continuing on the same day of each year through July 1, 2022. (40,000 square feet X .065 cents per square foot)
 - 2. Failure to pay rent by July 14th of the year due, the thirteenth 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 to begin accruing 15 days after the due date, based upon the lease payment due at that time.
- 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 of the 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 first 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.
 - 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 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. 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.
- B. 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.
- C. 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.
- D. 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.
- E. 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 **additional building, structures and improvements** to be placed on the leased Premises, hereinafter referred to as "Improvements".
 - 1. Improvements currently consist of: Pre-engineered 3,672 square foot Steel Frame Aircraft Hanger on a concrete foundation with an additional small wood framed office.
 - 2. Gravel and paved pad for aircraft movement and operations area.
 - 3. Utilities from Aircraft Road of: Water, Sewer, Natural Gas, Electric, Telecommunications.
 - 4. **Proposed improvements consisting of a 30' X 72' addition to the south.**
- 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 Superintendent on or before **120 days** from the execution of the lease. 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 Superintendent 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 Superintendent shall accept or reject within the next twenty (20) days.
 - 2. Failure of the Airport Superintendent to inform the Lessee in writing of his or her objections within twenty (20) days shall constitute the Airport Superintendent's and the Department of Community Development's approval.
- B. The Airport Superintendent'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 Superintendent'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 Superintendent has notified the Lessee of his or her approval of the conceptual plans and specifications, the Lessee shall promptly apply to the Department of Community Development 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 Superintendent 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 Superintendent for the Airport Superintendent'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 Superintendent's Approval

The Airport Superintendent 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 site preparation work by, on or before **September 15, 2017**, 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, 2018.
- 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, if funded by Lessee 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 110% 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, in a form approved by the City.
- B. The work, if funded by an Alaskan Financial Institution on behalf of the Lessee in excess 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 Superintendent 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 Superintendent 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 Superintendent and if approved by the Airport Superintendent 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 stature, 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 permittees 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

If requested, the Lessee shall provide the Airport Superintendent 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 Superintendent 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. The Lessee shall waive any defense that the alleged violation is justified, unless the Lessee, in writing, notifies the Lessor within ten (10) days of its objections to any request for compliance or to any adverse findings and decision.
- D. 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 the receipt of the Lessee's justification, and such findings and decision of the Lessor shall be final. The Lessee shall waive any defense that the alleged violation is justified, unless the Lessee, in writing, notifies the Lessor within ten (10) days of its objections to any request for compliance or to any adverse findings and decision.
- 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 Superintendent 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 Superintendent plans and specifications for such work (including plans for landscaping and irrigation, if any) and timeline for various phases of work.
- B. The Airport Superintendent 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 Superintendent'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 Superintendent'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 Superintendent'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, if funded by Lessee 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 110% 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, in a form approved by the City.
- N. The work, if funded by an Alaskan Financial Institution on behalf of the Lessee in excess 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 Contractor 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.
- O. 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. Prior to the Commencement of Construction and no later than June 1, 2017, the 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 of Palmer 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 B or in such form as agreed to by Lessor.
- C. Lessee shall furnish the Lessor with a copy of any security transaction, mortgage or encumbrance of the Premises for the Lessor's approval prior to any mortgage or encumbrance 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 hereof 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 Superintendent.

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-moth 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
231 W. Evergreen Ave.
Palmer, AK. 99645

Lessee's address: Custom Aircraft, Inc.
821 East Aircraft Rd.
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.

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: _____

LESSEE: Custom Aircraft, Inc.

By: _____
Richard Walker, President

By: _____
Robin Walker, Secretary

Date: _____

Date: _____

NOTARY

STATE OF ALASKA)

)ss.

THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 20____, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, Richard Walker, President of the Corporation named in the forgoing instruments, acknowledged to me that he/she had, in his/her official capacity is authorized by the Corporation to execute the foregoing instruments as the free act and deed of the said Corporation for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska
My commission expires: _____

NOTARY

STATE OF ALASKA)

)ss.

THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 20____, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, Robin Walker, Secretary of the Corporation named in the forgoing instruments, acknowledged to me that he/she

"EXHIBIT A"

PALMER MUNICIPAL AIRPORT: TRACT B, LEASE LOT 31

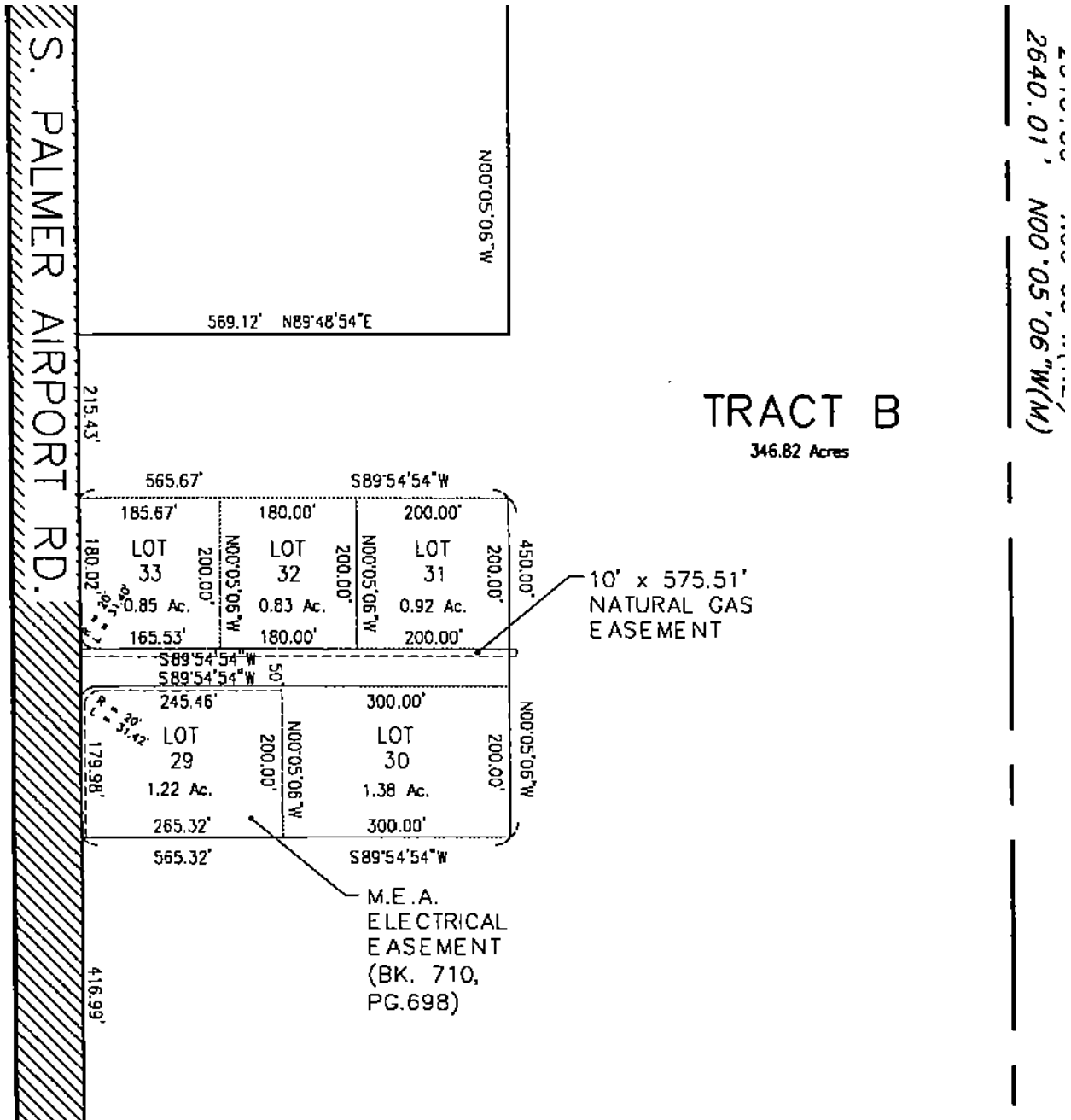


EXHIBIT B

CITY OF PALMER, PALMER MUNICIPAL AIRPORT

AGREEMENT AND CONSENT TO ASSIGNMENT
OF LEASE FOR SECURITY PURPOSES
AIRPORT REPLACEMENT LEASE NO. 17-001

This Agreement and Consent to Assignment of Lease for Security Purposes (this "Consent") is effective the _____ day of _____, 2017, between **THE CITY OF PALMER**, hereinafter called "Lessor," and **Alaska USA Federal Credit Union**, hereinafter called "Lender."

WITNESSETH

WHEREAS, on _____, Lessor entered into a Lease with **Custom Aircraft, Inc.**, hereinafter called "Lessee," which was recorded on _____, Serial No. _____, records of the Palmer Recording District (the "Lease"), with respect to the following-described real property:

Palmer Municipal Airport Tract B, Lot 31, located in the Palmer Recording District, Third Judicial District, State of Alaska and more particularly described as follows:

Commencing at the Section Corner common to Sections 3 and 4, Township 17 North, Range 2 East, Seward Meridian and Sections 33 and 34, Township 18 North, Range 2 East, Seward Meridian, Palmer Recording District, Third Judicial District, Palmer Alaska, monumented by a 2" standard brass cap, reset 1978, thence S 89°49'W for 665.00 feet; thence N 00°11'W for 889.00 feet to the True Point of Beginning; thence S89°49'W for 200.00 feet; then N 00°11'W for 200.00 feet; thence N 89°49'E for 200.00 feet; thence S 00°11'E for 200.00 feet to the True Point of the Beginning.

Containing 40,000 Square Feet or .918 acres, more or less, as shown on the drawing Exhibit A, attached hereto;

WHEREAS, Lessee has agreed to assign Lessee's interest under such Lease to Lender as security for a loan, evidenced by a promissory note, in the principal sum of **Two Hundred Thirty Thousand (\$230,000.00)**, or to secure the loan by a commercial deed of trust, subject to Lessor's consent; and

WHEREAS, the parties hereto desire to enter into an agreement respecting their interests with respect to such assignment and deed of trust,

IT IS AGREED:

1. Representations: Lessee has the right to assign the Lease and Rents hereby assigned and no other person or entity has any right, title or interest therein, subject to the provisions of the Use Provision (below), Federal Aviation Administration regulations and airport grant assurances.

EXHIBIT B

2. Use: Use of Subject Property. The parties agree that the Subject Property will be used only for aeronautical purposes, and that further assignment or subletting shall be subject to the prior written consent of Lessor, which shall not be unreasonably denied.

3. Lessor's Consent. Lessor does hereby consent to said assignment as collateral security for purposes specified herein and to Lessee's execution, delivery and recording of the deed of trust encumbering the Leasehold interest of Lessee and all improvements installed by lessee on the premises. By virtue of said assignment, Lender shall incur no obligations of Lessee under said Lease and Lessee shall remain liable for the rent and all other obligations to Lessor under said Lease, except as expressly provided herein.

4. Notice of Default; Termination of Lease. Lessor will provide Lender and Lessee copies of any notice of default required to be given by Lessor to Lessee under the terms of the Lease. Lessor may deliver copies of written notices to Lender via e-mail but the written notice required by this Agreement and Consent also shall be delivered as set forth in Section 8, below. Lender shall have the right, at its option, to cure any default by Lessee within the time periods set forth in the Lease. Any such curative action by Lender shall be the equivalent of curative action by Lessee. Such curative action shall not alone, however, constitute Lender being deemed to be in possession of the premises. If, after Lessor gives notice of default as provided herein and neither Lender nor Lender has cured such default or taken reasonable steps to commence the remedy of such default in accordance with the provisions of the Lease, then Lessor may terminate the Lease or pursue any other right or remedy against Lessee available to it under the Lease.

5. Notice to Lessor. Concurrent with any notice provided to Lessee, Lender agrees to provide notice to Lessor of any default by Lessee under any promissory note, deed of trust or other instrument related to this Consent, and shall provide notice to Lessor of any extension, renewal, rearrangement, acceleration, or release relative to the same.

6. Responsibility of Lender. In accepting the security interest in the Lease, Lender assumes no responsibility or liability for the performance by Lessee of its duties and obligations, except as to such period of time, if any, during which Lender is in actual physical possession of the premises. Lender shall be deemed in "actual physical possession" of the premises if it changes the locks on the premises or otherwise takes steps to preclude Lessee and others from gaining access to the premises without its prior consent. In the event Lender takes actual physical possession of the property, it shall subject to and be governed by the provisions of the Lease in the same manner as though Lender were the original lessee and shall perform the obligations of Lessee under the Lease which accrue during the period ninety (90) days prior to the delivery of the notice of default by Lessor to Lender and which accrue while Lender remains in actual physical possession of the premises. In addition, Lender shall provide any proof of insurance and arrange for performance of any maintenance obligations as required under the Lease. Lender shall also secure the premises and comply with all terms of the Lease. Notwithstanding the foregoing, Lender shall not assume or be responsible for any indemnity obligation of Lessee that has accrued prior to the date Lender takes physical possession. Lender shall have no obligation for pollution or hazardous waste contamination which existed prior to Lender taking actual physical possession of the premises even if such pollution contamination is discovered after Lender takes such possession. Lender shall only be responsible for any pollution or hazardous waste contamination that results from Lender's activities while in actual physical possession of the premise.

7. Foreclosure and Sale. In the event of a default by Lessee under the terms and conditions of the promissory note, deed of trust, and other related security documents or the Lease, Lender may foreclose its security interest in the Leasehold with or without taking physical

EXHIBIT B

possession of the premises. In the event Lender becomes the owner of Lessee's interest in the Lease by foreclosure, deed in lieu of foreclosure, or otherwise, it shall be entitled to sell or transfer Lessee's interest in the Lease to a third party under such terms and conditions as Lender may elect; provided that, a sale or transfer of Lessee's interest to a third party by Lender shall be subject to the consent of the Lessor. The consent of the Lessor shall not be unreasonably withheld, conditioned or delayed so long as the third party agrees to cure all defaults, if any, under the Lease, demonstrates it has the financial ability to perform all obligations under the Lease, and assumes and agrees to be bound by all the terms and conditions of the Lease. In the event the Lender transfers Lessee's interest in the Lease to a third party in accordance with the foregoing, Lender shall have no further duty or obligation under the Lease. In the event Lender elects to relinquish possession of the premises to Lessor for any reason, it shall give not less than thirty (30) days prior notice to Lessor. In such event, effective upon the date possession is relinquished to Lessor, Lender shall have no further obligation under the Lease, or this Consent, except for its responsibility for rent and pollution or hazardous waste contamination that results from Lender's activities as described in Section 4, above. In such event, Lender shall relinquish its lien on Lessee's interest in Lease. In the event Lender does not transfer Lessee's interest in the Lease to a third party, but instead elects to occupy the premises for Lender's purposes, Lender will provide a detailed explanation of its proposed use, and request Lessor approve Lender's assumption of Lessee's remaining obligations under the Lease. Lessor will not unreasonably withhold, condition or delay such consent. During the time Lender owns Lessee's interest in the Lease, and so long as the rental payments, insurance, utility and maintenance requirements of the Lease are being properly performed, Lender may keep such interest and diligently and in a commercially reasonable manner attempt to assign or sell Lessee's interest or Lender may elect to relinquish possession of the property to Lessor as provided above, all within such time period as Lender deems commercially reasonable; provided that, Lender shall at all times perform all obligations under the Lease.

8. Possession of Security. Notwithstanding any provision in the Lease to the contrary, no improvement constructed and no personal property of Lessee shall become the property of Lessor until such time as Lender is paid in full or Lender has relinquished its lien on Lessee's interest in the premises or the personal property, or the Lease has terminated as in accordance with the terms of the Lease and this Consent. Lessor agrees to subordinate (i) any landlord's lien or any other possessory lien and (ii) any right of possession or sale which Lessor may have against any asset in which Lender has a security interest and which is located on or permanently affixed to the property subject to the Lease. In the event the Lender elects not to take physical possession of the premises under the Lease, it shall be authorized to go upon the property for purposes of removing its remaining collateral. Such action shall not, however, constitute Lender being deemed to be in actual physical possession of the property. Lender shall be liable for all damages to the premises caused by removing the collateral. Subject to provision of insurance and payment of rent due under the Lease which accrue during the period needed to conduct a sale, Lender shall also have access to the premises for the purpose of an onsite liquidation sale of its collateral.

9. Insurance and Condemnation Proceeds. Insurance and condemnation proceeds payable by any entity as a result of loss, damage or a taking of any interest of Lessee related to the premises shall, irrespective of the named insured or loss payee and notwithstanding any claims or offsets to which Lessor is otherwise entitled, be made by check payable jointly to Lender. Lender shall have the option of applying all such proceeds to the remaining balance due on the Note. Any remaining proceeds shall be paid to Lessor for payment to Lessor and Lessee in accordance with the provisions of the Lease.

EXHIBIT B

10. Notices. All notices, requests and demands to or upon the respective parties hereto shall be in writing and shall be deemed to have been duly given or made: if delivered in person, immediately upon delivery; if by facsimile transmission, immediately upon sending and upon confirmation of receipt; if by nationally recognized overnight courier service with instructions to deliver the next business day, one (1) business day after sending; and if by registered or certified mail, return receipt requested, five (5) days after mailing. All notices, requests and demands upon the parties are to be given to the following addresses (or to such other address as any party may designate by notice in accordance with this section):

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

Lessee's address: Custom Aircraft, Inc.
821 East Aircraft Rd.
Palmer, AK. 99645

11. Miscellaneous. This Consent shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Consent. This Consent shall be governed by and construed in accordance with the laws of the State of Alaska. Each person executing this Consent on behalf of Lessor and Lender represents and warrants to the other party that he or she has full power and authority to execute this Consent on Lessor's or Lender's behalf. Neither party shall be deemed to have waived any rights under this Consent unless such waiver is in writing and signed by the party. No delay or omission on the part of Lender or Lessor in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender or Lessor of a provision of this Consent shall not constitute a waiver of or prejudice Lender's or Lessor's right otherwise to demand strict compliance with that provision or any other provision. Whenever consent by Lender or Lessor is required in this Consent, the granting of such consent by Lender or Lessor in any one instance shall not constitute continuing consent to subsequent instances where such consent is required. This Consent may only be modified in a writing signed by both parties. If either party shall employ counsel in connection with enforcement of its rights under this Consent, the prevailing party shall be entitled to recover reasonable attorney's fees and costs from the other party. This Consent shall continue in effect for so long as either party owes any duty or obligation to the other. This Consent shall not be construed against the party that prepared it. Notwithstanding any of the foregoing limitations, nothing contained herein is intended to or shall preclude Lessor from declaring a default under the Lease and resorting to any available remedy, if any of Lessee's duties and obligations are not fully performed in accordance with the terms of the Lease. The provisions of this Consent do not alter the rights of Lessor as against the Lessee under the Lease.

12. Jurisdiction. The parties hereto hereby consent to the exclusive jurisdiction of the courts of the State of Alaska, Third Judicial District, located in Palmer, Alaska, in any action or proceeding under, arising out of or related to this Consent. In any action, suit or other proceeding, each of the parties hereto irrevocably and unconditionally waives and agrees not to assert by way of motion, as a defense or otherwise any claims that it is not subject to the jurisdiction of the above court, that such action or suit is brought in an inconvenient forum or that the venue of such action, suit or other proceeding is improper.

**City of Palmer
Action Memorandum No. 17-026**

Subject: Authorize the City Manager to Negotiate and Execute a New Lease Agreement with Kingdom Air Corps, Inc. for the Lease on Block 3, Lease Lot 9, Palmer Municipal Airport for the Purpose of Establishing a Permanent Operating Base at the Airport

Agenda of: April 11, 2017

Council Action: **Approved** **Amended:** _____
 Denied


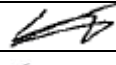
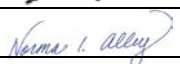
Originator Information:

Originator: Frank J. Kelly, Airport Superintendent

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
X	Finance		3/23/17
_____	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: \$ 2,584.00

This legislation (√):

<input checked="" type="checkbox"/>	Creates revenue in the amount of:	\$ <u>\$2,584.00</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 Airport Land Leases</u>

Director of Finance Signature: 

Attachment(s):

- Draft Lease Agreement 17-002
- Exhibit A (Lot diagram)

Summary Statement:

Kingdom Air Corps, Inc. (501C3) has requested a new leasing agreement with the City of Palmer to establish a much needed permanent base on the Palmer Municipal Airport. For the past two and a half years, this non-profit aviation ministry group, has been trying to operate off of tie down spaces at the airport and their other location at the King Ranch in Sutton.

Kingdom Air Corps, Inc. owns and operates over 30 small general aviation aircraft and 1 DC 3 parked on the south ramp. Many of these small aircraft will now migrate to PAQ once the new facility is completed. The DC 3 will remain on the south ramp as the new location is not weight restriction compatible.

Kingdom Air Corps receives all funding through monetary donations, donations in kind (gifted aircraft and vehicles) and a robust volunteer labor force from all over the United States and the world. They support missionary work in Alaska (Brooks Range Bible Camp), Russia and the Far East. They provide needed supplies of donated goods, aircraft and train pilots from all over these territories to fly the donated aircraft in support of this work.

With the help off the Airport Superintendent, they have secured an affordable lease lot and a donated building to be moved onto the airport. The aforementioned lease lot (9) is bisected by an FAA mandated building Restriction Line or (BRL) which makes almost half of this lot unsuitable for building development and therefore has been discounted accordingly (\$0.065 cents per sq. ft. above the BRL and \$0.04 cents per sq. ft. below). KAC has worked out a donation with the Palmer Senior Center for the maintenance garage to be moved that is currently located on Chugach St. This building will be transported on to the airport grounds on the back side of runway 9, placed under a new foundation, given an addition and remodel. Much of the labor and materials for this project will come from donations already in place, with little out of pocket expense (\$40K estimated). Under more normal circumstances, the cost of this project would approach upwards of \$100K. In order to protect the City and guarantee completion, an \$80K construction bond will be required. The building will be moved before ground thaw and placed behind the BRL while the pad and foundation are developed.

It is anticipated in the near future that KAC will also begin looking for a building site in close proximity to the airport to construct temporary housing for the missionary pilots they train.

Administration's Recommendation:

To approve Action Memorandum No. 17-026 for a New Lease Agreement to Kingdom Air Corps, Inc.



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

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 17-002**

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Section 7.17 Entire Agreement..... 27

DRAFT

Office Use Only:

Lease entered into on: _____

Lease ending date: _____

First rate adjustment date: _____

Second rate adjustment date: _____

Third rate adjustment date: _____

Fourth rate adjustment date: _____

Fifth rate adjustment date: _____

Sixth rate adjustment date: _____

Date lease was renewed: _____



City of Palmer

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

**PALMER MUNICIPAL AIRPORT
LEASE AGREEMENT No. 17-002**

This LEASE AGREEMENT is made and entered into this _____ day of April, 2017 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 Kingdom Air Corps, Inc., 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 9

Containing 1.10 acres or 48,000 square feet, more or less

See "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: Aviation Ministry to include: Aircraft parking, repair and maintenance, pilot training, air cargo staging.
- 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 20 years, commencing on the 14th day of April 2017 (the "Commencement Date") and ending on the 31st day of March 2037, 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 40 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 \$2,584.00 per year, payable annually in advance without demand, beginning July 1, 2017 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. In consideration of the bi-section of this lot with the Building Restriction Line or (BRL), Lessee has received a discounted blended rate of \$0.05 cents per square foot, derived as follows: 26,560 square feet X \$.065 cents per square foot (above the BRL) and 21,440 square feet X \$0.04 cents per square foot (below the BRL).
1. In addition, Lessee shall pay the prorated amount from execution of lease to June 30, 2017 for \$552.20 (\$7.08 X 78 days), Less the \$500.00 lease application fee received on March 21, 2017.
 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.
- 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 or 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.
 - 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: 48' x 56' Wooden Frame Aircraft Hanger.
 2. 5,824 square foot gravel-parking area.
 3. Utilities from Yukon Street of : Water, Sewer, Electric, Natural Gas, and Telecommunications.
- 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 90 days from the execution of the

lease. 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 such~~ 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 August 1, 2016, 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 April 15, 2018.
- 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 \$40,000, 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 200% 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. 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.

- C. 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.
- D. 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.
- E. 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-moth 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: Kingdom Air Corps, Inc.
39911 North Glenn Hwy
Sutton, AK. 99674

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

Guarantor(s):

_____, individually, _____, individually,
Dwayne W. King David W. King

Date

Date

NOTARY

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the ____ day of _____, 2017, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, Dwayne W. King, known to me to be the person named in the foregoing instruments, acknowledged to me that he/she had executed the same for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska
My commission expires: _____

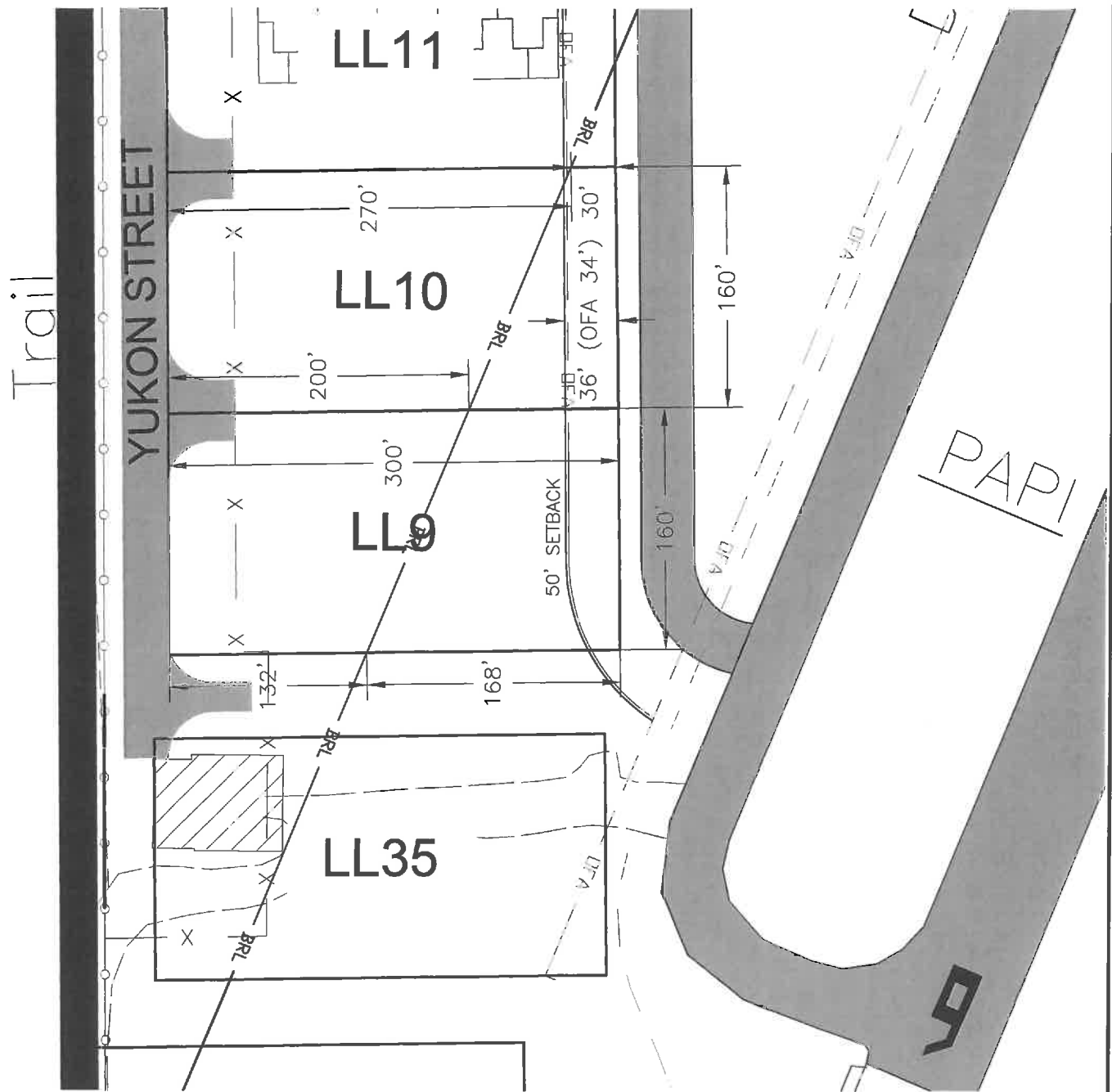
NOTARY

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the ____ day of _____, 2017, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared, David W. King, known to me to be the person named in the foregoing instruments, acknowledged to me that he/she had executed the same for the uses and purposes therein stated.

WITNESS my hand and official seal the date and year first above written.

Notary public in and for Alaska
My commission expires: _____



NOTES

1. THIS IS A SCHEMATIC DETAIL.
2. BUILDING SET BACK IS 50' FROM TAXIWAY EDGE. THIS LINE FALL 36' INTO LEASE LOT 10 AND PORTIONS OF 9.
3. TAXIWAY J OFA IS 48' FROM TAXIWAY EDGE. THIS LINE FALL 34' INTO LEASE LOT 10 AND PORTIONS OF 9.

HDL ENGINEERING Consultants

civil - geotechnical - surveying - environmental - material testing

ANCHORAGE 907.564.2120
 MAT-SU 907.746.5230
 KENAI 907.283.2051
 3335 Arctic Boulevard, Suite 100 Anchorage, AK 99503
 AECL861 www.HDLalaska.com

City of Palmer
 Palmer Airport

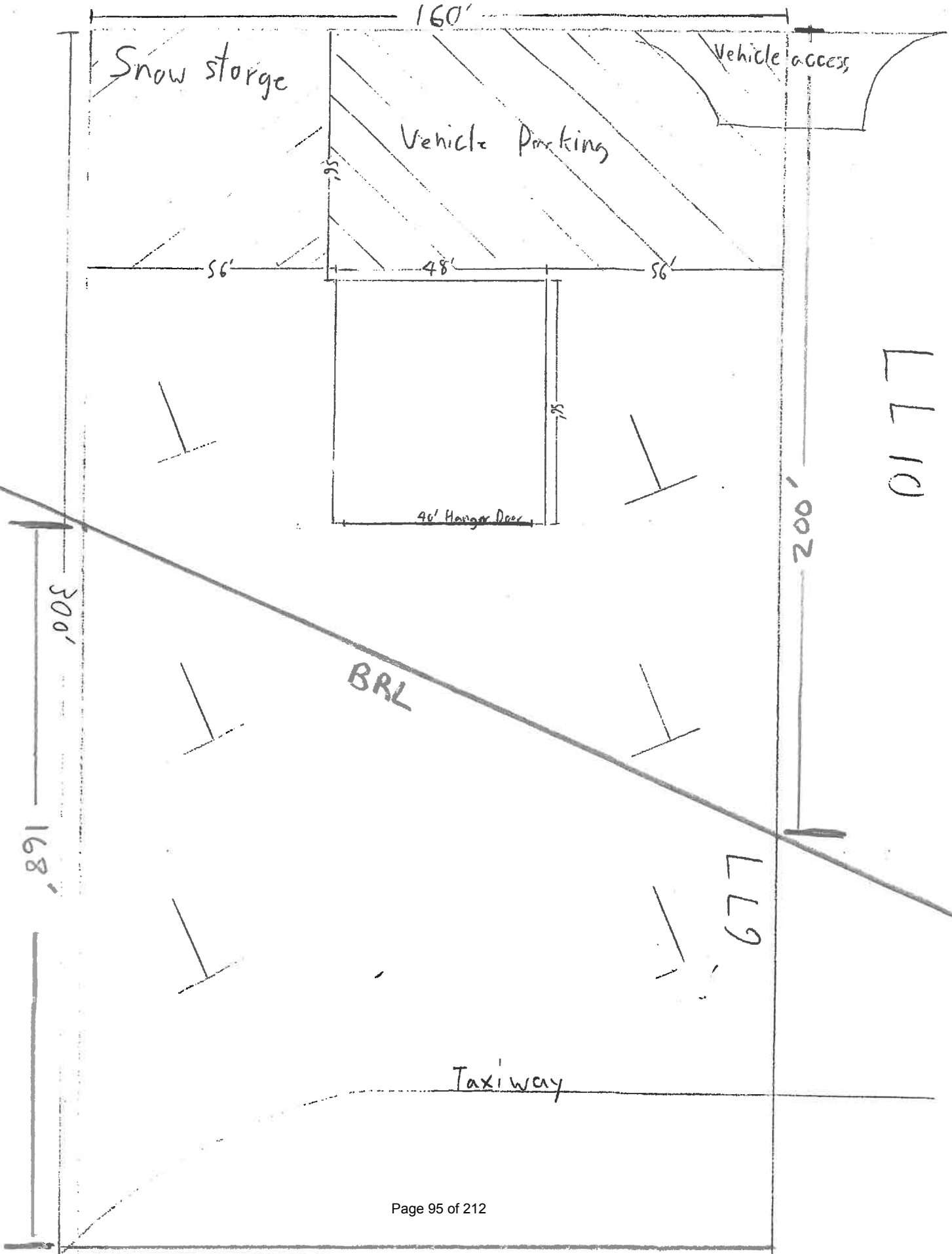
DATE: NOVEMBER 2016
 SCALE: 1" = 100'

DRAWN BY: TV
 CHECKED BY: TA

SHEET: 3
 JOB NO.: 16-020

Yukon Street

LL9



**City of Palmer
Action Memorandum No. 17-027**

Subject: Authorize the City Manager to Execute Change Order Five for the Second Renewal Option with Alaska Sure Seal in the Amount of \$72,641.70 for Crack Sealing and Striping in 2017

Agenda of: April 11, 2017

Council Action: **Approved** **Amended:** _____
 Denied

Originator Information:

Originator: Greg Wickham, Public Works

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
<u> √ </u>	Finance	<u><i>E. Sheene</i></u>	<u>03-23-17</u>
_____	Fire	_____	_____
_____	Police	_____	_____
<u> √ </u>	Public Works	<u><i>W. Hall</i></u>	<u>03/23/17</u>

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u><i>[Signature]</i></u>	_____
City Attorney	<u><i>[Signature]</i></u>	_____
City Clerk	<u><i>Norma L. Alley</i></u>	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ **72,641.70**

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 72,641.70
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 01-17-40-6065 (road paint) 01-17-40-6068 (crack sealing)
- Not budgeted

Director of Finance Signature: *E. Sheene*

Attachment(s):

- CO 5 with Alaska Sure Seal

Summary Statement:

Action Memorandum 17-027 requests authorization to exercise the second one-year renewal option for the 2015 Crack Sealing and Striping contract with Alaska Sure Seal. The contract was bid and awarded to Alaska Sure Seal by AM 15-028. The City budgets annually for pavement crack sealing and street striping maintenance.

The City and Contractor have mutually agreed to exercise the second one-year renewal option and the funds are budgeted. The attached change order reflects the change in quantities and extends the contract. The unit prices remain the same.

This is the last renewal option for this contract. In 2018, the City will put the crack sealing and striping out for competitive bid.

Administration's Recommendation:

Approve Action Memorandum No. 17-027 authorizing the City Manager to execute the second renewal option with Alaska Sure Seal in the amount of \$72,641.70.

CHANGE ORDER

PROJECT: 2015 Crack Sealing and Street Striping
Palmer, Alaska

CHANGE ORDER NUMBER: 005
INITIATION DATE: 3/10/2017
PROJECT NO: 15-01PW
CONTRACT DATE: 5/5/2015
NOTICE TO PROCEED: 5/5/2015

TO: Alaska Sure Seal
785 Brooks Avenue
Soldotna, AK 99669

This Change Order changes the following items:

Change Order 05 will add additional quantities to the original contract and will execute the second of two one-year renewal options to the contract as stated in Section 10.07 Article 2 paragraph 2. The contractor agrees that the prices will be the same for the change order as they were for the base bid.

Item	Description	Unit	Unit Price	Qty	Total
A-1	Rubberized Asphalt Crack Sealant	Per Pound	\$ 1.99	9,000	\$ 17,910.00
B-1	Painted traffic markings, 4" white	LF	\$ 0.39	10,500	\$ 4,095.00
B-2	Painted traffic markings 4' yellow	LF	\$ 0.39	105,000	\$ 40,950.00
B-3	Painted traffic markings 48" white turn arrow	EA	\$ 100.00	21	\$ 2,100.00
B-4	Painted traffic markings 24" white stop bars	LF	\$ 2.85	559	\$ 1,593.15
B-5	Painted traffic markings 24" white banded crosswalk	LF	\$ 2.85	2,103	\$ 5,993.55
NET REVISION TO CONTRACT SUM					\$ 72,641.70

Note: All work shall be in accordance with the Contact Documents and must be approved by the City of Palmer representative.

The original Contract Sum was	\$ 48,325.35
Net change by previously authorized Change Orders	\$ 21,744.64
The Contract Sum prior to this Change Order was	\$ 70,069.99
The Contract Sum will be (Increased) by this Change Order	\$ 72,641.70
The new Contract Sum including this Change Order will be	\$ 142,711.69

BY ACCEPTING THIS CHANGE ORDER, THE CONTRACTOR AGREES THAT THE AMOUNT PAID FOR ON THE ABOVE ITEMS IS EQUITABLE AND THAT NO FURTHER COMPENSATION FOR THE ABOVE ITEMS WILL BE MADE.

Accepted:
Alaska Sure Seal
 CONTRACTOR
 785 Brooks Ave.
 Soldotna, AK 99669

Authorized:
City of Palmer
 OWNER
 231 W. Evergreen Ave.
 Palmer, AK 99645

Tracy Palm, Owner
 Date: _____

Nathan Wallace, City Manager
 Date: _____

Fund source and verification of funds for this project:

01-17-40-6068	2017 Crack Sealing Budget Amount	\$ 25,000.00
01-17-40-6065	2017 Road Painting Servies	\$ 60,000.00

 Verified by _____ Date _____

**City of Palmer
Action Memorandum No. 17-028**

Subject: Authorize the City Manager to Purchase New Glass for the MTA Events Center from Rink Systems, Inc. in the Amount of \$36,410.00

Agenda of: April 11, 2017

Council Action: **Approved** **Amended:** _____
 Denied

Originator Information:

Originator: Chris Nall, Public Works

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
<u> √ </u>	Finance	<u><i>E. Greene</i></u>	<u>3/23/17</u>
_____	Fire	_____	_____
_____	Police	_____	_____
<u> √ </u>	Public Works	<u><i>CHNall</i></u>	<u>3/23/2017</u>

Approved for Presentation By:

	Signature:	Remarks:
City Manager	<u><i>[Signature]</i></u>	_____
City Attorney	<u><i>[Signature]</i></u>	_____
City Clerk	<u><i>Norma L. Alley</i></u>	_____

Certification of Funds:

Total amount of funds listed in this legislation: \$ **36,410.00**

This legislation (√):

- Creates revenue in the amount of: \$ _____
- Creates expenditure in the amount of: \$ 36,410.00
- Creates a saving in the amount of: \$ _____
- Has no fiscal impact

Funds are (√):

- Budgeted Line item(s): 08-01-05-6253 MTA Events Center Capital Project Fund
- Not budgeted

Director of Finance Signature: *E. Greene*

Attachment(s):

- Quotes from Rink Systems, Inc., All American Arena Products, Mid-America Rink Services

Summary Statement:

The glass that surrounds the rink was part of the package the City got from the Bonnie Cusack Arena. It is old, scratched, hazy, and in need of replacement.

Public Works solicited three quotes from companies specializing in rink products and Rink Systems, Inc. had the most responsible quote.

The glass will be delivered to the MTAEC in mid-May. The ice will be out of the Arena and City crews will install the glass and stanchions before the ice goes in for the 2017-2018 season.

The City anticipates the installation project taking two weeks to execute.

Administration's Recommendation:

Approve Action Memorandum No. 17-028 authorizing the City Manager to purchase new glass for the MTA Events Center rink.



1103 Hershey Street
 Albert Lea, MN 56007
 www.rinksystems.com

Phone # 800-944-7930 Fax # 507-377-1060

Quote

Date	Quote #
2/23/2017	2446

Name / Address

MTA Events Center
 231 W Evergreen Ave
 Palmer, AK 99645

Ship To

MTA Events Center
 1317 Kerry Weiland Way
 Palmer, AK 99645

Requested By	Sales Rep	Due Date	FOB	Terms
	SLO	3/5/2017	RSI	Net 10

Qty	U/M	Description	RSI #	Cost	Total
1,580	sqft	GLASS, 1/2 TEMPERED W/EDGEWORK X 5 FT HIGH APPROX. 316 LINEAR FEET ONE END TWO RADIUS CORNERS BOX SIDE 131' ON SPECTATOR SIDE	325-0011	7.50	11,850.00T
968	sqft	GLASS, 1/2 TEMPERED W/EDGEWORK X 8 FT HIGH APPROX. 121 LINEAR FEET ONE END TWO RADIUS CORNERS 13' ON SPECTATOR SIDE	325-0011	7.50	7,260.00T
30	ea	TWO PIECE ROUND ALUMINUM SHIELDING POST X 8' HIGH WITH CUSHION	CUSTOM	125.00	3,750.00T
4	ea	L-CHANNEL X 8' HIGH FOR DOOR AND JAMS WITH CUSHION	CUSTOM	75.00	300.00T
1	ea	SUCTION CUP, POWR-GRIP VACUUM LIFTER - 700LB	P11104DC	3,500.00	3,500.00T
1		FREIGHT		9,750.00	9,750.00T

Subtotal \$36,410.00

Sales Tax (0.0%) \$0.00

Total \$36,410.00

THANK YOU FOR ALLOWING US THE OPPORTUNITY TO PROVIDE
 THIS QUOTE. WE APPRECIATE YOUR BUSINESS.
 IF YOU HAVE ANY QUESTIONS, PLEASE CALL US AT (800) 944-7930.



ALL★AMERICAN
ARENA PRODUCTS

www.allamericanarena.com

100 W. Main St
PO Box 355
Alden, MN 56009
Toll free (844) 231-2227

Quote

Date	Quote #
10/6/2016	306

Name / Address	Ship To
MTA Events Center 1317 Kerry Weiland Way Palmer, AK 99654	MTA Events Center 1317 Kerry Weiland Way Palmer, AK 99654

Requested By	Sales Rep	FOB	Terms
	DP		Net 30

Description	Qty	U/M	Cost	Total
1/2" tempered glass 31 pcs @ 48" wide x 96" tall 1 pc @ 33" wide x 96" tall 1 pc @ 39" wide x 96" tall	1,041.34	sqft	8.50	8,851.39T
Crating	7	ea	75.00	525.00T
2 piece "quick release" glass support - 96" glass	31	ea	140.00	4,340.00T
Shipping	1	ea	4,325.00	4,325.00T

Subtotal	\$18,041.39
Sales Tax (0.0%)	\$0.00
Total	\$18,041.39

Phone #	E-mail
844-231-2227	sean@allamericanarena.com

A. CALL TO ORDER

A special meeting of the Palmer City Council was held on March 21, 2017, at 6:00 pm in the council chambers, Palmer, Alaska.

Mayor DeVries called the meeting to order at 6:00 pm.

B. ROLL CALL

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

Edna DeVries, Mayor	Linda Combs, Deputy Mayor
Richard Best – arrived at 7:35	Steve Carrington
David Fuller	Brad Hanson
Peter LaFrance	

Also in attendance were the following:

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

C. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was performed.

D. AUDIENCE PARTICIPATION

City Clerk Alley handed out written testimony from Mr. Jack Snodgrass to be entered into the record.

E. NEW BUSINESS

Item 1 – Discussion on City of Palmer Vision and Goals

Main Motion: To enter into a Committee of the Whole to Discuss City of Palmer Vision and Goals

Moved by:	Combs
Seconded by:	Carrington
Action:	Motion carried unanimously by all members present
In favor:	Carrington, Combs, DeVries, Fuller, Hanson, LaFrance
Opposed:	None
Absent:	Best

The Council entered into a Committee of the Whole at 6:05 pm.

City Manager Wallace reviewed each of the handouts provided on the table. Discussion ensued regarding the vision statement.

Topics of discussion and ideas brought forth included:

- Continue current standard of Public Safety services;
- Ensuring the Palmer community remains desirable and sought after due to good quality of life, translated to walkability, access to wilderness, and quality beverages provided by the community;
- Proposed additions to the vision statement including:
 - Growth of tourism;
 - Palmer’s relationship with surrounding area regarding recreational uses;
 - Hotels
 - Value of Quad and green space to the community. Define long term value and possibly remove the fence;
 - Clarify different sections of the City to become a destination point.
 - Provide more clarification on Matanuska River being a multi-use area;
 - Clean up the transportation piece of the Vision Statement to provide clarity. Incorporate the major transportation discussions had by Council, and tie them together.
 - Annexation providing growth being an important part of a viable community;
 - Include Palmer as a skiing recreation destination;
 - Removal of limiting descriptors such as “basic shopping needs”; and
- Obtaining input from the public through meetings or a survey.

Discussion ensued on Comprehensive Plan Goals and topics included:

- The use of the term adequate being equated to average and that not being the tone the City wants to project;
- Goals speak of services being provided inside the City of Palmer; however, those services are also being provided outside the City of Palmer limits, and the goals need to reflect current practice; and
- Focus needs to reflect the Palmer Community rather than the City of Palmer.

Main Motion: To Come Out of the Committee of the Whole

Moved by:	Fuller
Seconded by:	Carrington
Action:	Motion carried unanimously by all members present
In favor:	Best, Carrington, Combs, DeVries, Fuller, Hanson, LaFrance
Opposed:	None

The Council exited the Committee of the Whole at 7:44 pm.

F. RECORD OF ITEMS PLACED ON THE TABLE

Written Testimony provided by Mr. Jack Snodgrass
Palmer 2035 Vision Statement
City of Palmer Goals
Cross Reference Terms
Mission Statement

Mayor DeVries suspended the rules and hearing no objection from the Council, she opened an additional Audience Participation.

Ms. Terry Snyder:

- Complimented the Council for their work and discussion;
- Announced she would be presenting on AARP’s Livable Communities at the Regular City Council meeting next week; and
- Believed the information to be presented may significantly add to the vision and goals discussion.

G. COUNCIL MEMBER COMMENTS

Deputy Mayor Combs:

- Complimented the initiative and creativity of the City Manager to inspire the Council.

Council Member Fuller:

- Encouraged the mention of annexation from the beginning if there is a vision to pursue it; and
- Felt it was a great meeting.

Council Member LaFrance:

- Stated the Council would not go wrong if it continued to focus on livability and quality of life.

Council Member Carrington:

- Thanked the City Manager and staff for providing a good starting point for the Council.

Mayor DeVries:

- Thanked the City Manager for his work, and stated he did an excellent job.

H. ADJOURNMENT

With no further business before the Council, the meeting adjourned at 7:51 pm.

Approved this 11th day of April, 2017.

Norma I. Alley, MMC, City Clerk

Edna B. DeVries, Mayor



Public Works Spring Prep Begins:

- Storm drain clearing to allow better runoff and drainage
- Temporary “pot hole” filling until warmer weather allows more permanent fix
- Miscellaneous thawing (water/sewer/storm)
- Prep for City Clean up day
- Bench and trash can prep for parks

WWTP upgrades

- Negotiations in progress with low bidder
- Ammonia is starting to drop slowly with warmer temps

MTA Event Center

- Final weeks of ice coming up
- Prep spring/summer event support (car show)
- Glass installation
- Mechanical equipment maintenance

Airport Runway update

- Final design to FAA
- DBE plan updated
- Grant application process to begin

Solid Waste new truck is here!





Norma I. Alley, MMC
City Clerk

Phone: (907) 745-3271
Direct: (907) 761-1321
Fax: (907) 745-0930

231 W. Evergreen Ave.
Palmer, Alaska 99645-6952
www.cityofpalmer.org

TO: Palmer City Council
FROM: Norma I. Alley, MMC *Norma I. Alley*
SUBJECT: City Clerk's Report for the April 11, 2017, Council Meeting

1. The monthly Boards & Commissions attendance spreadsheets are attached.
 - a. AAC
 - b. BED
 - c. PRCRAB
 - d. P&ZC
2. May 9th Council Meeting and Palmer High School Graduation

I would like to find out if it is Council's desire to cancel the May 9th Council meeting. This night is also Palmer High School's graduation and we currently have one item tentatively scheduled for the meeting (records retention schedule), which could be moved to later date.

3. Upcoming Meetings

The tentative meetings schedule for 2017 is attached.

Meeting Date	Meeting Type	Time	Notes
April 25	Regular	7 pm	
May 9	Regular	7 pm	
May 23	Regular	7 pm	
June 13	Regular	7 pm	
June 27	Regular	7 pm	
July 11	Regular	7 pm	
July 25	Regular	7 pm	
Aug 8	Regular	7 pm	
Aug 22	Regular	7 pm	
Sept 12	Regular	7 pm	
Sept 26	Regular	7 pm	
Oct 9	Special	6 pm	Election Certification
Oct 10	Regular	7 pm	
Oct 17	Special	6 pm	2018 Budget

Oct 24	Special	6 pm	2018 Budget
Oct 24	Regular	7 pm	
Nov 7	Special	6 pm	2018 Budget
Nov 14	Special	6 pm	2018 Budget
Nov 14	Regular	7 pm	
Nov 21	Special	6 pm	2018 Budget
Nov 28	Special	6 pm	2018 Budget
Nov 28	Regular	7 pm	
Dec 5	Special	6 pm	2018 Budget
Dec 12	Special	6 pm	2018 Budget
Dec 12	Regular	7 pm	Budget Adoption
Dec 26	Regular	7 pm	
Jan 9, '18	Regular	7 pm	

City of Palmer

Airport Advisory Commission Members

PMC 2.25.020. There is created a city airport advisory commission which shall consist of seven members.

Seat	Board Member	Term Expires
A	John Lee	Oct. 2019
B	Kenneth More	Oct. 2019
C	Jeff Helmericks	Oct. 2017
D	Andrew Weaver	Oct. 2018
E	Joyce Momarts	Oct. 2017
F	Shannon Jardine	Oct. 2019
G	Allan Linn	Oct. 2018

PMC 2.25.140.B. Cause for removal. In addition, a board member may be removed by the council if, during any 12-month period while in office: 1) The board member is absent from three regular meetings without excuse; or 2) The board member is absent from six regular meetings.

2017 Attendance Record

Board Member	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Lee	✓	✓	✓									
More	✓	✓	✓									
Helmericks	U	✓	✓									
Weaver	✓	✓	✓									
Momarts	E	✓	✓									
Jardine	✓	✓	✓									
Linn	✓	✓	✓									

2016 Attendance Record

Board Member	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Lee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
More	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Helmericks	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Weaver											E	✓
Momarts	E	✓	✓	✓	✓	✓	✓	✓	E	✓	✓	✓
Jardine											✓	✓
Linn										✓	✓	✓

- * Meeting Cancelled
- ** Special Meeting
- ✓ - Present
- E - Excused
- U - Unexcused Absence
- V - Vacant

City of Palmer

Board of Economic Development Members

PMC 2.30.010.A. There is created a city board of economic development which shall consist of seven members.

Seat	Board Member	Term Expires
A	LaMarr Anderson	Oct. 2017
D	Christopher Chappel	Oct. 2018
B	Peter Christopher	Oct. 2019
E	Janet Kincaid	Oct. 2019
C	Lorie Koppenberg	Oct. 2018
F	Tendra Nicodemus	Oct. 2017
G	Dusty Silva	Oct. 2018
CC	David Fuller	Oct. 2017
PZC	Not Yet Appointed	Oct. 2017

PMC 2.30.140.B. Cause for removal. In addition, a board member may be removed by the council if, during any 12-month period while in office: 1) The board member is absent from three regular meetings without excuse; or 2) The board member is absent from six regular meetings.

2017 Attendance Record

Board Member	Jan	Feb	Mar	Mar **	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Anderson	E	✓	✓	✓									
Chappel	✓	✓	✓	✓									
Christopher	✓	✓	✓	E									
Kincaid	✓	E	✓	✓									
Koppenberg	✓	✓	E	✓									
Nicodemus	✓	✓	✓	✓									
Silva	✓	✓	✓	✓									
Fuller	✓	✓	✓	✓									
PZ&C	V	V	V	V									

2016 Attendance Record

Board Member	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Anderson	*	✓	✓	✓	✓	E	✓	✓	✓	✓	✓	✓
Chappel	*	✓	✓	✓	✓	✓	✓	✓	✓	✓	E	✓
Christopher											✓	✓
Kincaid											✓	✓
Koppenberg	*	E	✓	✓	E	✓	✓	✓	✓	✓	E	✓
Nicodemus	*	E	✓	✓	✓	E	E	E	✓	✓	E	✓
Silva	*	✓	✓	✓	✓	✓	✓	E	✓	✓	✓	✓
Fuller												✓
PZ&C	V	V	V	V	V	V	V	V	V	V	V	V

* Meeting Cancelled
 ** Special Meeting
 ✓ – Present

E – Excused Absence
 U – Unexcused Absence
 V – Vacant

City of Palmer

Parks, Recreation and Cultural Resources Advisory Board Members

PMC 2.22.010.A. There is created a city board for parks, recreation and cultural resources which shall consist of seven members.

Seat	Board Member	Term Expires
A	Stephanie Allen	Oct. 2017
F	Meggie Aube-Trammell	Oct. 2018
D	Shannon Connelly	Oct. 2019
B	Jo Ehmann	Oct. 2018
C	Dot Helm	Oct. 2017
E	Jan Newman	Oct. 2017
G	Fran Seager-Boss	Oct. 2017

PMC 2.22.140.B. Cause for removal. In addition, a board member may be removed by the council if, during any 12-month period while in office: 1) The board member is absent from three regular meetings without excuse; or 2) The board member is absent from six regular meetings.

2017 Attendance Record

Board Member	Jan	Feb	Mar	Mar **	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Allen	E	✓	✓	E									
Aube-Trammell	✓	✓	✓	✓									
Connelly	✓	✓	✓	✓									
Ehmann	✓	✓	✓	✓									
Helm	✓	✓	✓	✓									
Newman	✓	E	✓	E									
Seager-Boss	✓	✓	E	E									

2016 Attendance Record

Board Member	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
Allen	✓	✓	U	E	✓	E	✓	✓	✓	✓	✓	✓
Aube-Trammell	✓	✓	✓	✓	✓	✓	✓	✓	E	✓	✓	✓
Connelly											✓	✓
Ehmann	✓	✓	E	✓	✓	E	✓	E	✓	✓	✓	✓
Helm	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Newman	✓	E	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Seager-Boss			E	✓	E	✓	✓	✓	✓	U	U	✓

* Meeting Cancelled

** Special Meeting

✓ – Present

E – Excused Absence
U – Unexcused Absence
V – Vacant

City of Palmer

Planning & Zoning Advisory Commission Members

PMC 2.20.010.A. There is created a city planning and zoning commission which shall consist of seven members who shall be nominated by the mayor and confirmed by the city council. All members must be residents of the city.

Seat	Commission Member	Term Expires
A	Gena Ornquist	Oct. 2017
B	Erik Cordero-Giorgana	Oct. 2019
C	Merry Maxwell	Oct. 2018
D	Kristy Thom Bernier	Oct. 2019
E	Dan Lucas	Oct. 2017
F	David Petty	Oct. 2018
G	Douglas Cruthers	Oct. 2018

PMC 2.20.321.C. Cause for removal. In addition, a commissioner may be removed by the council if, during any 12-month period while in office: 1) The commissioner is absent from three regular meetings without excuse; or 2) The commissioner is absent from six regular meetings.

2017 Attendance Record

Commissioner	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ornquist	✓	*	✓									
Cordero-Giorgana	✓	*	E									
Maxwell	✓	*	✓									*
Thom Bernier	✓	*	✓									
Lucas	✓	*	✓									*
Petty	✓	*	✓									*
Cruthers	E	*	E									*

2016 Attendance Record

Commissioner	Jan	Feb	Mar	Apr **	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Ornquist											✓	✓
Cordero-Giorgana											U	E
Maxwell	✓	*	✓	✓	E	✓	✓	✓	✓	E	E	✓
Thom Bernier											✓	✓
Lucas	✓	*	✓	✓	✓	✓	E	✓	✓	✓	✓	✓
Petty	✓	*	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cruthers	✓	*	✓	✓	✓	U	✓	✓	✓	✓	✓	✓

- * Meeting Cancelled
- ** Special Meeting
- ✓ – Present
- E – Excused Absence
- U – Unexcused Absence
- V – Vacant

Mayor's Memo

Council Meeting report – April 11, 2017

OUTREACH:

- ✓ **Rotary Luncheon – April 6**
- ✓ **“No More” Summit – Glenn Massay Sunrise Wasilla Rotary – 2 to 4 pm**

MEETINGS:

- ✓ **Agenda setting – Manager, Attorney and Clerk – April 13 and 27**
- ✓ **Mayor/Manager's meeting – April 20 – upcoming trips to Juneau, Governor's office, Borough budget**
- ✓ **Saturday, April 15 – Mat Su Borough Recycle 8:30 to 4 pm**
- ✓ **Friday, April 28, Style Show -Who Let the Girls Out**
- ✓ **Saturday, April 29 – Welcome to Kiwanis Clubs from Alaska and Yukon Territory.**

UP COMING EVENTS

- ✓ **Town Hall meeting on Sewer Project**
- ✓ **Outreach to High school age student(s) for Boards and Commission**
- ✓ **Mayor's Minute on Radio – May 12**
- ✓ **Town Hall meeting in April on airport improvements**
- ✓ **Mat Su Miners fund raiser – April 29**
- ✓ **Car Show – May 5, 6 and 7**
- ✓ **Rally to the Ranch – Ranch – fundraiser – June 3**
- ✓ **Palmer Pride – July 28**

Resignation letter from Japanese Counsel – see attached letter

Remember the Library's Basket Silent Auction – ends April 13.

Leaders choose the right things to do
and managers do those things.

Consular Office of Japan

3601 C Street, Suite 1300

Anchorage, AK 99503

PHONE: (907) 562-8424

FAX: (907) 562-8434

March 20, 2017

Dear Mayor DeVries,

I am writing this letter to inform you of my impending retirement from the Ministry of Foreign Affairs on March 31st, 2017. Further, I will be departing from my role as the Head Consul at the Consular Office of Japan in Anchorage in just a few days and returning to my home in Japan.


While I am happy to have time to rest with my family, I will truly miss my time with my friends in Alaska.

During my two years in Alaska, I have had the pleasure of meeting many excellent people across the entire state, and enjoyed partnering with you through different efforts to promote the Alaska-Japan relationship. I thank each one of you for your support and guidance. The friendships and associations I have made here will remain a strong memory.

For over 35 years, Palmer has shared a special friendship with the town of Saroma in Hokkaido, Japan. The Palmer-Saroma relationship has given great opportunities to students and teachers to experience intercultural exchange. I would like to thank the City of Palmer for their continued efforts in strengthening the Japan-Alaska friendship. I hope this friendship will continue for many more generations.

As I have come to count on your assistance, I know that my successor will rely on you to maintain our efforts to further the Japan-Alaska relationship. Please give my successor the same courtesies that you have so graciously extended to me.

Thank you and farewell,


Makoto Izakura
Consul, Consular Office of Japan in Anchorage

**City of Palmer
Information Memorandum No. 17-015
Ordinance No. 17-005**

Subject: Ordinance No. 17-005: Repealing Palmer Municipal Code Title 15 in its Entirety and Adopting a New Palmer Municipal Code Title 15 Buildings and Construction

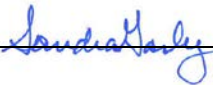
Agenda of: March 28, 2017 - Introduction
April 11, 2017 – Public Hearing

Council Action: **Approved** **Amended:** _____
 Denied


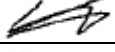

Originator Information:

Originator: David Meneses, Building Inspector

Department Review:

Route to:	Department Director:	Signature:	Date:
<u> x </u>	Community Development	<u></u>	<u>2/23/17</u>
_____	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):

- Ordinance of the Palmer City Council repealing Palmer Municipal Code Title 15 in its entirety and adopting a new Palmer Municipal Code Title 15 Buildings and Construction

Summary Statement: This ordinance will repeal Title 15 which references the older codes in its entirety and replace it by adopting a new Title 15 which includes the most current codes.

Background: Title 15 of the Palmer Municipal Code currently adopts the 2009 ICC codes and older Uniform Building Codes. The adoption of this ordinance will bring the City of Palmer into conformance with the most current codes. Adoption of the 2015 ICC codes along with updating the editions of other Title 15 codes will ensure that our structures meet the current standards. The timing of this change is based on a provisional lowering of our ISO (Insurance Services Office) rating following the most recent evaluation due to our codes not being within 3 years of current standards. Unless we adopt more current ICC codes, our ISO rating will change from 3 Commercial and 4 Residential to a 9 Commercial and 9 Residential. This would impact the residents of our community by raising the cost of insuring their properties.

Upon completion of this revision, ISO has indicated that they will re-evaluate and readjust their ratings to reflect the updated applicable standards. This will bring us back to the previous ratings and could possibly improve them.

ICC standards being adopted include the following Sections:

<u>Section</u>	<u>Section Title</u>	<u>Code</u>	<u>Prepared by</u>	<u>Edition</u>
15.00	Administrative Code	Uniform Administrative Code	International Conference of Building Officials	1997
15.04	Building Code	International Building Code	International Code Council	2015
15.10	Existing Building Code	International Existing Building Code	International Code Council	2015
15.12	Residential Code	International Residential Code	International Code Council	2015
15.20	Mechanical Code	International Mechanical Code	International Code Council	2015
15.28	Electrical Code	National Electrical Code	National Fire Protection Association	2014
15.36	Plumbing Code	Uniform Plumbing Code	International Association of Plumbing & Mechanical Officials	2015
15.42	Fuel Gas Code	International Fuel Gas Code	International Code Council	2015
15.44	Fire Code	International Fire Code	International Code Council	2015
15.52	Dangerous Buildings	Uniform Code for the Abatement of Dangerous Buildings	International Conference of Building Officials	1997
15.57	Energy Conservation Code	International Energy Conservation Code	International Code Council	2015

Local jurisdictions are permitted to amend these national or international code standards to fit local conditions. The Palmer Building Inspector has provided appropriate local amendments to each of these eleven sections in the ordinance.

Administration’s Recommendation: Approve Ordinance No. 17-005 repealing Palmer Municipal Code Title 15 in its entirety and adopting a new Palmer Municipal Code Title 15.

Introduced by: City Manager
Date: March 28, 2017
Public Hearing:
Action:
Vote:

Yes:	No:

CITY OF PALMER, ALASKA

Ordinance No. 17-005

An Ordinance of the Palmer City Council repealing Palmer Municipal Code Title 15 in its Entirety and Adopting a New Palmer Municipal Code Title 15, Buildings and Construction

WHEREAS, the current chapter of the Palmer Municipal Code dealing with buildings and construction references the 2009 edition of the International Building Code as developed by the International Code Council (ICC) and older uniform building codes; and

WHEREAS, The Insurance Services Council (ISO) evaluation of each community places a high value on the adoption of the most current building codes many of which were updated in 2015; and

WHEREAS, the city's ISO rating is negatively impacted by the continued use of the 2009 edition of the International Building Code as developed by the International Code Council (ICC) and older uniform building codes; and

WHEREAS, the most current building codes include the 1997 Administrative Code, the 2015 International Building Code, the 2015 International Residential Code, the 2015 International Mechanical Code, the 2014 National Electrical Code, the 2015 Uniform Plumbing Code, the 2015 International Fuel Gas Code, the 2015 International Fire Code, the 1997 Uniform Code for the Abatement of Dangerous Buildings, and the 2015 International Energy Conservation Code; and

WHEREAS, it is determined to be in the best interest of the residents and property owners of the city of Palmer to adopt the most current building codes;

NOW, THEREFORE, 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 provision of this ordinance or any application thereof to any person or circumstance is held invalid, the remainder of this ordinance and the application to other persons or circumstances shall not be affected thereby.

Section 3. The current Title 15 is hereby repealed in its entirety.

Section 4. A new Title 15 is hereby adopted to read as follows:

TITLE 15

BUILDINGS AND CONSTRUCTION

Chapters:

- 15.00 Administrative Code
- 15.02 Administrative Code Amendments
- 15.04 Building Code
- 15.08 Building Code Amendments
- 15.10 Existing Building Code
- 15.11 Existing Building Code Amendments
- 15.12 Residential Code
- 15.16 Residential Code Amendments
- 15.20 Mechanical Code
- 15.24 Mechanical Code Amendments
- 15.28 Electrical Code
- 15.32 Electrical Code Amendments
- 15.36 Plumbing Code
- 15.40 Plumbing Code Amendments
- 15.42 Fuel Gas Code
- 15.43 Fuel Gas Code Amendments
- 15.44 Fire Code
- 15.48 Fire Code Amendments
- 15.52 Dangerous Buildings
- 15.56 Dangerous Buildings Amendments
- 15.57 Energy Conservation Code
- 15.58 Energy Conservation Code Amendments
- 15.60 Penalties
- 15.70 Appeals

Chapter 15.00

ADMINISTRATIVE CODE

Sections:

- 15.00.010 Adoption.
- 15.00.020 Modifications.
- 15.00.030 Appeals.
- 15.00.040 Building permits--Compliance with ordinances.

15.00.010 Adoption.

The bound volumes containing the code known as the Uniform Administrative Code, 1997 Edition, of the International Conference of Building Officials, and every part thereof, together with the

local amendments as set forth in PMC 15.02, shall constitute the laws of the city relating to code administration.

15.00.020 Modifications.

The building official shall have the power to modify any of the provisions of the Uniform Administrative Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.00.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

15.00.040 Building permits--Compliance with ordinances.

It is established that no permit will be issued for the construction of new buildings or building, within the corporate limits of the city, which is inconsistent with the current comprehensive plan of the city or any city ordinances and regulations.

**Chapter 15.02
ADMINISTRATIVE CODE AMENDMENTS**

Sections:

- 15.02.010 Local amendments to the Uniform Administrative Code, 1997 Edition.
- 15.02.101.3 Scope.
- 15.02.204 Board of appeals.
- 15.02.301.1 Permits required.
- 15.02.301.2.1 Building permits.
- 15.02.303.2 Retention of plans.
- 15.02.304.2 Permit fees.
- 15.02.304.3 Plan review fees.
- 15.02.305.5 Required building inspections.

15.02.010 Local amendments to the Uniform Administrative Code, 1997 Edition.

The amendments to the 1997 Edition of the Uniform Administrative Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the Uniform Administrative Code being amended; i.e., PMC 15.02.204 refers to Section 204.

15.02.101.3 Scope.

Amend by adding a section as follows:

All references to the International Electrical Code shall refer to the National Electrical Code, 2014 Edition (NEC 2014), and all references to the International Plumbing Code shall refer to the Uniform Plumbing Code, 2015 Edition (IAPMO UPC 2015).

15.02.204 Board of appeals.

Delete the entire section and insert the following:

Appeals under PMC 15.02 shall be in accordance with PMC 15.70.

15.02.301.1 Permits required.

Amend by adding a sentence as follows:

Separate permits are not required for the different types of work when only one building or structure or portion thereof is involved and all of the work is under the control and direction of one firm or person and in process at the same time.

15.02.301.2.1 Building permits.

Amend by adding a section as follows:

2. Fences not over 6 feet (1,829 mm) high.

15.02.303.2 Retention of plans.

Amend by revising to read as follows:

One set of approved plans, specifications and computations shall be retained by the building official for a period of not less than 90 days from the date of completion of the work covered therein.

15.02.304.2 Permit fees.

Amend the first sentence to read as follows:

The fee for a permit shall be as set forth in the current, adopted budget.

15.02.304.3 Plan review fees.

Amend by revising the first sentence to read as follows:

When submittal documents are required by Uniform Administrative Code Section 302.2, a plan review fee may be required to be paid before a permit will be issued.

15.02.305.5 Required building inspections.

Add item 3(a) to read as follows:

- 3(a). Insulation inspection: To be made after placement of insulation and vapor barrier but before any gypsum board or lathing is installed.

**Chapter 15.04
BUILDING CODE**

Sections:

- | | |
|-----------|---|
| 15.04.010 | Adoption. |
| 15.04.020 | Modifications. |
| 15.04.030 | Appeals. |
| 15.04.040 | Building permits--Compliance with ordinances. |
| 15.04.050 | Moving buildings. |

15.04.010 Adoption.

The bound volumes containing the code known as the International Building Code, 2015 Edition, of the International Code Council, including Appendix C, together with local amendments as set forth in PMC 15.08, shall constitute the laws of the city relating to building regulations. Where the International Building Code conflicts with this code, this code shall prevail.

15.04.020 Modifications.

The building official shall have the power to modify any of the provisions of the International Building Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.04.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

15.04.040 Building permits--Compliance with ordinances.

It is established that no permit will be issued for the construction of new buildings or building, within the corporate limits of the city, which is inconsistent with the current comprehensive plan of the city or any city ordinances and regulations.

15.04.050 Moving buildings.

No building of any kind or nature shall be moved to a location within the corporate limits of the city from outside the corporate limits of the city without approval of the building official. In the event any person(s) move a building into the corporate limits of the city from a location outside the corporate limits of the city, the building shall not be permitted for use, either for residential or business purposes, until the building official has approved the building for the purpose intended.

**Chapter 15.08
BUILDING CODE AMENDMENTS**

Sections:

- | | |
|-----------|--|
| 15.08.010 | Local amendments to the International Building Code, 2015 Edition. |
| 15.08.020 | Administration. |

15.08.202	Definitions.
15.08.305.2	Group E daycare facilities
15.08.305.2.3	Family child care homes.
15.08.308.3	Institutional Group I-1.
15.08.308.4	Institutional Group I-2
15.08.308.6	Institutional Group I-4.
15.08.310.5	Residential Group R-3.
15.08.310.5.1	Care facilities within a dwelling.
15.08.509	Table 509 Incidental uses.
15.08.718.4.2	Groups R-1 and R-2.
15.08.903.2.8	Group R.
15.08.903.4.2	Alarms.
15.08.907.2.3	Group E.
15.08.915.3	Detection equipment.
15.08.1030.1	General.
15.08.1030.2	Minimum size.
15.08.1101	Accessibility.
15.08.1203.4.1	Openings for under-floor ventilation.
15.08.1209.2	Attic spaces.
15.08.Chapter 13	Energy Efficiency.
15.08.1609.1.1	Determination of wind loads.
15.08.1804.4	Site grading.
15.08.1805.2	Depth of footings.
15.08.1809.7	Table 1809.7 - Foundations for stud bearing walls.
15.08.1905.1.7	ACI 318, Section 14.1.4
15.08.Chapter 27	Electrical.
15.08.Chapter 29	Plumbing.
15.08.3103	Temporary buildings or structures.
15.08.3108.2.1	Towers and monopoles - Fall radius.

15.08.010 Local amendments to the International Building Code, 2015 Edition.

The amendments to the 2015 Edition of the International Building Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the International Building Code being amended; i.e., PMC 15.08.202 refers to Section 202.

15.08.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.08.202 Definitions.

Delete the following definitions and replace as follows:

ALLEY is a public space or thoroughfare, 20 feet or less, but not less than 10 feet in width, which has been dedicated for public use.

FOSTER CARE FACILITIES are facilities that provide care on a 24-hour basis to more than five children 2.5 years of age or less, including children related to the staff, and shall be classified as Group I-2.

NURSING HOMES are facilities that provide care, including both intermediate care facilities and skilled nursing facilities, serving more than two persons and any of the persons are incapable of self-preservation.

Add the following definitions:

BUILDING, PUBLIC shall be any structure which is other than a Group R-3 dwelling or Group U occupancy.

FAMILY CHILD CARE HOME is a licensed facility that is located within a single-family dwelling unit in which personal care services are provided by the owner or tenant that normally occupies the residence on a 24-hour basis

WATER DISPENSER is a plumbing fixture that is connected to the potable water distribution system of the premises and manually controlled by the user for the purpose of dispensing potable drinking water into a receptacle such as a cup, glass or bottle. Or a freestanding apparatus that is manually controlled by the user for the purpose of dispensing potable water into a receptacle which is not connected to the potable water distribution system and supplied with potable water from a container, bottle or reservoir.

15.08.305.2 Group E, day care facilities.

Revise this section as follows:

This group includes buildings and structures or portions thereof occupied by more than five children older than 2.5 years of age, including children related to the staff, who receive educational, supervision or personal care services for fewer than 24 hours per day.

15.08.305.2.3 Family child care homes.

Delete this section and replace as follows:

Family child care homes operating between the hours of 6:00 am and 10:00 pm may accommodate a total of twelve children, provided that no more than five children are under the age of 2.5 years. Family child care homes as defined are classified as an R-3 occupancy and shall comply with Section 907.2.11 (smoke alarms), Section 915 (carbon monoxide detection) and Section 1030 (emergency escape and rescue openings) for napping and sleeping rooms. Fire extinguishers shall be provided in accordance with the International Fire Code.

15.08.308.3 Institutional Group I-1.

Delete Sections 308.3.3 and 308.3.4 and replace with the following:

Section 308.3.3 Three to 16 persons receiving custodial care. A facility housing more than two persons and no more than 16 persons receiving custodial care shall be classified as a Group R-4.

Section 308.3.4 Fewer than 3 persons receiving custodial care. A facility with fewer than three persons receiving custodial care shall be classified as a Group R-3 or shall comply with the International Residential Code, as amended by the city of Palmer.

15.08.308.4 Institutional Group I-2.

Revise the first sentence of this section to read as follows:

Institutional Group I-2 occupancy shall include buildings and structures used for medical care on a 24-hour basis for more than two persons who are incapable of self-preservation.

Delete Section 308.4.2 and replace with the following:

Section 308.4.2 Fewer than three persons receiving medical care. A facility with fewer than three persons receiving medical care shall be classified as a Group R-3 or shall comply with the International Residential Code, as amended by the city of Palmer.

15.08.308.6 Institutional Group I-4, day care facilities.

Revise the first sentence of this paragraph to read as follows:

Institutional Group I-4 shall include buildings and structures, or portions thereof occupied by more than five persons of any age, including persons related to the staff, receiving custodial care for fewer than 24 hours per day.

15.08.310.5 Residential Group R-3.

Delete the following in this section:

Care facilities that provide accommodations for five or fewer persons receiving care.

15.08.310.5.1 Care facilities within a dwelling.

Delete this section in its entirety.

15.08.509 Table 509 Incidental Uses.

Amend table by adding footnote (a) to read as follows:

footnote (a). Regardless of the Btu rating, psi rating or horsepower rating a one hour separation or automatic fire extinguishing system is required for furnace or boiler rooms providing heat for Group E, R-1, R-2, I and R-4 occupancies.

15.08.718.4.2 Groups R-1 and R-2.

Delete the last sentence in its entirety and replace with the following:

Draft stops in attic spaces shall be installed so that the maximum area between draft stops does not exceed 3,000 square feet and the greatest horizontal dimension does not exceed 60 feet. Such draft stops are not required to be located directly above or in line with walls separating tenant spaces.

Delete exception 1 in its entirety.

Revise exception 3 to read as follows:

In R-2 occupancies that do not exceed four stories in height, the attic space shall be subdivided into areas not exceeding 3,000 square feet.

15.08.903.2.8 Group R.

A four-plex or greater shall include an automatic sprinkler system installed in accordance with Section 903.3 throughout all buildings with a Group R fire area.

15.08.903.4.2 Alarms.

Amend this section by adding the following sentence to the paragraph:

Buildings equipped with a sprinkler system without an alarm system shall have at least one notification device (horn/strobe) located inside the building in a commonly occupied area to alert occupants of a sprinkler activation.

15.08.907.2.3 Group E.

Revise this section by adding a second paragraph to read as follows:

Rooms used for sleeping or napping purposes within a day care use for a Group E occupancy shall be provided with smoke alarms that comply with Section 907.2.11 and carbon monoxide detection as specified in Section 915.

15.08.915.3 Detection equipment.

Add a sentence to this section to read as follows:

In new construction, all carbon monoxide detectors and alarms located within a single dwelling unit shall be interconnected in such a manner that actuation of one alarm shall activate all of the alarms within the individual dwelling unit.

15.08.1030.1 General.

Revise the first sentence of the paragraph to read as follows:

In addition to the means of egress required by this chapter, provisions shall be made for emergency escape and rescue in Group R, I-1 and day care occupancies where napping or sleeping rooms are provided.

Delete exception 1.

15.08.1030.2 Minimum size.

Delete the exception.

15.08.1101 Accessibility.

For the purpose of accessibility, the owner, or designee, shall ensure that all state and federal standards shall be met.

15.08.1203.4.1 Openings for under-floor ventilation.

Delete Sections 1203.4.1 and 1203.4.2 in their entirety and replace with the following:

Each under-floor space shall be ventilated by an approved mechanical means or by openings in exterior foundation walls. Such openings shall have a net area of not less than 0.1 square foot for each 150 square feet of under-floor area. There shall be two openings located as close to corners as practical on opposite sides to provide cross ventilation. The openings shall be covered with corrosion resistant wire mesh approximately one-quarter inch in size. All structures with a crawlspace shall have a minimum six mil ground vapor retarder to prevent the flow of water vapor from soils into the heated building interior.

15.08.1209.2 Attic spaces.

Add a sentence as follows:

Attic access shall not be located in a room containing bathing facilities.

15.08.Chapter 13 Energy efficiency.

Delete this chapter in its entirety and refer to the International Energy Conservation Code as currently adopted and amended by the city of Palmer.

15.08.1609.1.1 Determination of wind loads.

Wind loads on every building or structure shall be 110 miles per hour. The type of opening protection required, the basic wind speed and the exposure category for a site are permitted to be determined in accordance with Section 1609 or ASCE 7. Wind shall be assumed to come from any horizontal direction and wind pressures shall be assumed to act normal to the surface considered.

15.08.1804.4 Site grading.

Add the following sentence to the last paragraph:

It shall be the responsibility of the building owner to assure that discharge of roof and surface runoffs are disposed of without affecting adjacent property.

15.08.1805.2 Depth of footings.

Delete the first sentence and insert the following:

Footings shall have a minimum depth of 42 inches unless another depth is recommended by a foundation investigation.

15.08.1809.7 Table 1809.7 - Foundations for stud bearing walls.

NUMBER OF FLOORS SUPPORTED BY THE FOOTING	WIDTH OF FOOTING (INCHES)	THICKNESS OF FOOTING (INCHES)
1	15	7

2	15	7
3	18	8

15.08.1905.1.7 ACI 318, Section 14.1.4.

Amend this section by revising Section 14.1.4 to read as follows:

14.1.4.1 - Structures assigned to seismic design category D, E or F shall not have elements of structural plain concrete.

Amend this section by further deleting subsections (a), (b) and (c).

15.08.Chapter 27 Electrical.

Delete this chapter in its entirety and replace with the National Electrical Code as adopted and amended by the city of Palmer.

15.08.Chapter 29 Plumbing.

Delete this chapter in its entirety and replace with the Uniform Plumbing Code as currently adopted and amended by the city of Palmer.

15.08.3103 Temporary buildings or structures.

Amend by adding a sentence as follows:

No temporary building or structure shall remain in place longer than six months without city council approval.

15.08.3108.2.1 Towers and monopoles - Fall radius.

All towers and monopoles shall have a fall radius equal to at least one and one-half times its height and shall not encroach on any public right-of-way or other public space.

**Chapter 15.10
EXISTING BUILDING CODE**

Sections:

- 15.10.010 Adoption.
- 15.10.020 Modifications.
- 15.10.030 Appeals.

15.10.010 Adoption.

The bound volume containing the code known as the International Existing Building Code, 2015 Edition, of the International Code Council, and every part thereof, together with the local amendments as set forth in PMC 15.11, shall constitute the laws of the city relating to housing.

15.10.020 Modifications.

The building official shall have the power to modify any of the provisions of the International Existing Building Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and

substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.10.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

**Chapter 15.11
EXISTING BUILDING CODE AMENDMENTS**

Sections:

- 15.11.010 Local amendments to the International Existing Building Code, 2015 Edition.
- 15.11.020 Administration.

15.11.010 Local amendments to the International Existing Building Code, 2015 Edition.

The amendments to the 2015 Edition of the International Existing Building Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the International Existing Building Code being amended; i.e., PMC 15.11.101 refers to Section 101.

15.11.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

**Chapter 15.12
RESIDENTIAL CODE**

Sections:

- 15.12.010 Adoption.
- 15.12.020 Modifications.
- 15.12.030 Appeals.

15.12.010 Adoption.

The bound volumes containing the code known as the International Residential Code, 2015 Edition, of the International Code Council, and every part thereof excluding Chapters 11 through 43, together with the local amendments as set forth in Chapter 15.16 PMC, shall constitute the laws of the city relating to residences.

15.12.020 Modifications.

The building official shall have the power to modify any of the provisions of the International Residential Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.12.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

Chapter 15.16 RESIDENTIAL CODE AMENDMENTS

Sections:

15.16.010	Local amendments to the International Residential Code, 2015 Edition.
15.16.020	Administrative.
15.16.R202	Definitions.
15.16.R301.2(1)	Table R301.2(1) Climatic and geographic design criteria.
15.16.R301.5	Table R301.5 Minimum uniformly distributed live loads.
15.16.R302.5.1	Opening protection.
15.16.R302.6	Table 302.6 Dwelling/garage separation.
15.16.R303.1	Habitable rooms (light and ventilation).
15.16.R303.3	Bathrooms.
15.16.R309.1	Garages and carports.
15.16.R310.2.1	Minimum opening area.
15.16.R313	Automatic fire sprinkler systems.
15.16.R315.1	Interconnection.
15.16.R401.3	Drainage.
15.16.R403.1	General.
15.16.R403.1.1	Minimum size.
15.16.Table R403.1	Minimum width of concrete or masonry footings.
15.16.R403.3.3	Drainage.
15.16.R403.3.4	Termite damage.
15.16.R403.4.1	Crushed stone footings.
15.16.Table R403.4	Minimum depth of crushed stone footings.
15.16.R406.1	Concrete and masonry foundation damp-proofing.
15.16.R807.1	Attic access.
15.16.R905.14	Sprayed polyurethane foam roofing.

15.16.010 Local amendments to the International Residential Code, 2015 Edition.

The amendments to the 2015 Edition of the International Residential Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the International Residential Code being amended; i.e., PMC 15.16.R202 refers to Section R202.

15.16.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.16.R202 Definitions.

Amend by adding the following definition:

DUPLEX DWELLING UNIT is a building which contains not more than two dwelling units which are not otherwise distinguished or separated by a recorded lot line.

15.16.R301.2(1) Table R301.2(1) Climatic and geographic design criteria.

Amend this table to read as follows:

Roof Snow load:	50 psf
Wind speed:	110 mph
Seismic Design Category:	D2
Weathering:	Severe
Frost line depth:	42" below finished grade

15.16.R301.5 Table R301.5 Minimum uniformly distributed live loads.

Amend this table by deleting the value of 30 psf for sleeping rooms and replace with 40 psf live load for sleeping rooms.

15.16.R302.5.1 Opening protection.

Add the following sentence to this section:

Doors between the garage and residence shall be self-closing and latching. Doors shall be equipped with tight fitting smoke gasket seals installed along the top and sides of doors. A tight-fitting threshold seal shall also be installed.

15.16.R302.6 Table R302.6 Dwelling/garage separation.

Amend this table as follows:

Revise all references in the table to one-half inch gypsum board and replace with five-eighths inch thick type X gypsum board.

Revise line two of the Material column to read as follows:

Not less than one layer five-eighths inch type X gypsum board for nominal dimensional lumber or two layers of gypsum board as required by ICC Report ESR 1336 or as required by other proprietary research reports for specific engineered I joists which achieve a one-hour rated assembly.

15.16.R303.1 Habitable rooms (light and ventilation).

Replace this section and the exceptions with the following:

All habitable rooms shall be provided with natural light by means of exterior glazed openings with an area of not less than five percent of the floor area of such rooms with a minimum area of five square feet, except that minimum egress requirements shall govern. Natural ventilation shall be provided by openings to the exterior of not less than four percent of the floor area of habitable rooms. Such openings shall be openable and readily controllable by the building occupants. In lieu of required exterior openings for natural ventilation, a mechanical ventilating system may be provided. Such system shall be capable of providing air changes in accordance with the 2015 IECC as adopted and amended.

15.16.R303.3 Bathrooms.

Delete this section in its entirety, rename and replace with the following:

Section R303.3 Bathrooms and kitchens. Bathrooms, water closet compartments and similar rooms shall have a mechanical ventilating system connected directly to the outside capable of providing five air changes per hour. Moisture exhaust ducts shall be smooth and rigid. All moisture exhaust ducts located in an unconditioned space shall be insulated with a minimum R-11 and installed so as not to create low points where condensation may collect. All exhaust ducts shall be equipped with back-draft damper.

Kitchens shall have mechanical exhaust ventilation provided directly above or immediately adjacent to the primary cooking appliance. All vents shall be in accordance with IMC 2015.

15.16.R309.1 Garages and carports.

The area of floor used for parking of automobiles or other vehicles shall be sloped to facilitate the movement of liquids to a drain or toward the main vehicle entry doorway. The door entering the residence shall be self-closing and self-latching with smoke gasket.

15.16.R310.2.1 Minimum opening area.

Delete the exception.

15.16.R313 Automatic fire sprinkler systems.

Delete this section in its entirety.

15.16.R315.1 Interconnection.

Add new subsection to read as follows:

In new construction, carbon monoxide detectors shall be interconnected in such a manner that the actuation of one alarm will activate all of the alarms in the individual dwelling unit.

15.16.R401.3 Drainage.

Delete the section and the exception and replace with the following:

Surface drainage shall be diverted to a storm sewer conveyance or other approved point of collection so as to not create a hazard. Lots shall be graded to drain surface water away from foundation walls. The grade shall be sloped a minimum of two percent within the first 10 feet. It shall be the responsibility of the owner or contractor to assure that discharge of roof and surface runoff is disposed of without affecting the adjacent property. Surface drainage across lot lines is prohibited.

15.16.403.1 General.

Delete the reference to "wood foundations" in the first sentence and add the following sentence to the end of the section to read as follows:

Wood footings shall be designed and stamped by a registered engineer licensed in the State of Alaska.

15.16.R403.1.1 Minimum size.

Amend by adding the following:

Footings shall have a minimum depth of 42 inches unless another depth is recommended by a foundation investigation.

15.16.Table R403.1 Minimum width of concrete or masonry footings.

Amend by revising the minimum footing width to 15 inches and minimum thickness to seven inches for supporting one floor.

15.16.R403.3.3 Drainage.

Delete this section in its entirety and replace with the following:

Final site drainage shall be in accordance with Section R401.3.

15.16.R403.3.4 Termite damage.

Delete this section in its entirety.

15.16.R403.4.1 Crushed stone footings.

Delete this section in its entirety.

15.16.Table R403.4 Minimum depth of crushed stone footings.

Delete this section in its entirety.

15.16.R406.1 Concrete and masonry foundation damp-proofing.

Amend this section by revising the first sentence to read as follows:

Except where required by Section R406.2 to be water proofed, foundation walls that retain earth and enclose interior spaces and floors below grade shall be damp-proofed from the top of the footing to 6 inches above finished grade.

Amend this section by adding exception 2 to read as follows:

2. Crawl space foundation walls or walls backfilled on both sides, such as those used in conjunction with a "slab on grade", do not require damp-proofing.

15.16.R807.1 Attic access.

Add the following sentence to the end of the second paragraph:

Attic access shall not be located in a room containing bathing facilities or closets. The minimum size of the access shall be 23 inches by 48 inches.

Exception: Attic access may be provided from the exterior gable vent in accordance with size and opening requirements of this section. The gable vent must be readily accessible.

15.16.R905.14 Sprayed polyurethane foam roofing.

Delete this section in its entirety.

Chapter 15.20 MECHANICAL CODE

Sections:

15.20.010	Adoption.
15.20.020	Modifications.
15.20.030	Appeals.

15.20.010 Adoption.

The bound volumes containing the code known as the International Mechanical Code, 2015 Edition, of the International Code Council, and every part thereof including Appendix A, together with the local amendments as set forth in PMC 15.24, shall constitute the laws of the city relating to heating, cooling and ventilation installations.

15.20.020 Modifications.

The building official shall have the power to modify any of the provisions of the International Mechanical Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.20.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.010.

Chapter 15.24 MECHANICAL CODE AMENDMENTS

Sections:

15.24.010	Local amendments to the International Mechanical Code, 2015 Edition.
15.24.020	Administration.
15.24.201.3	Terms defined in other codes.
15.24.301.2	Energy utilization.
15.24.301.19	Carbon monoxide alarm.
15.24.303.8	Elevator shafts.
15.24.401.4	Intake openings.
15.24.401.5	Intake opening protection.
15.24.403.3.1.1	Outdoor airflow rate.
15.24.507.1	General.
15.24.508.1	Makeup air.
15.24.602.1	General.
15.24.1005.2	Potable water supply.
15.24.1006.8	Electrical requirements.
15.24.1105.3	Refrigerant detector.
15.24.1301.4	Fuel tanks, piping and valves.

15.24.010 Local amendments to the International Mechanical Code, 2015 Edition.

The amendments to the 2015 Edition of the International Mechanical Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the International Mechanical Code being amended; i.e., PMC 15.24.201.3 refers to Section 201.3.

15.24.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.24.201.3 Terms defined in other codes.

Revise this section as follows:

Where terms are not defined in this code and are defined in the International Building Code, National Electrical Code, International Fire Code, International Fuel Gas Code or Uniform Plumbing Code, such terms shall have meanings ascribed to them in those codes as currently adopted and amended by the city of Palmer.

15.24.301.2 Energy utilization.

Delete this section in its entirety.

15.24.301.19 Carbon monoxide alarm.

Add this section numbering, title and the following after Section 301.18.

Where a fuel-fired appliance is installed or replaced in an existing dwelling an approved carbon monoxide alarm shall be installed outside of each separate sleeping area in the immediate vicinity of the bedrooms. A single station, battery-operated carbon monoxide alarm shall be listed as complying with UL 2034 and shall be installed according to the manufacturer's installation instructions.

15.24.303.8 Elevator shafts.

Delete this section in its entirety and replace as follows:

Mechanical systems shall not be located in an elevator shaft except mechanical equipment and devices exclusively serving the elevator. Discharge piping from any sump pump shall exit the hoist way as low as practicable. Sump pumps shall be sized per the Uniform Plumbing Code as currently adopted and amended by the city of Palmer.

15.24.401.4 Intake openings.

Add the following exception:

Exception: Passive Outdoor Air intake openings, including opening doors and windows, shall not be located closer than three feet horizontally to any gas pressure regulator vent opening, unless such vent opening is located at least three feet above the air intake opening.

15.24.401.5 Intake opening protection.

Add an exception at the end of this section as follows:

Exception: HRV weather hoods as provided by the respective unit's manufacturer may be used for its intake and Exhaust Air openings.

15.24.403.3.1.1 Outdoor airflow rate.

Amend this section by revising the first sentence to read as follows:

Ventilation systems shall be designed to have the capacity to supply the minimum outdoor airflow rate determined in accordance with Table 403.3.1.1 based on the occupancy of the spaces and the occupant load or in accordance with the latest edition of ASHRAE Standard 62.

15.24.507.1 General.

Amend this section by adding the following sentence.

Design documents for commercial hoods, commercial ventilation and makeup air systems shall be designed by and bear the stamp of a professional mechanical engineer currently registered in the State of Alaska.

15.24.508.1 Makeup air.

Amend this section by adding the following sentence.

Design documents for commercial hoods, commercial ventilation and makeup air systems shall be designed by and bear the stamp of a professional mechanical engineer currently registered in the State of Alaska.

15.24.602.1 General.

Revise this section as follows:

Supply, return, exhaust, relief and ventilation air plenums shall be limited to areas above a ceiling or below the floor, attic spaces and mechanical equipment rooms. Plenums shall be limited to one fire area. Fuel-fired appliances shall not be installed within a plenum.

Exception: Underfloor crawlspaces shall not be used as plenums.

15.24.1005.2 Potable water supply.

Delete this section and its title in their entirety and substitute the following:

Section 1005.2 Water Supply. An automatic means of water or heat transfer liquid makeup supply is required to be connected to all boilers. Connections to the potable water piping system shall be in accordance with the Uniform Plumbing Code as currently adopted and amended by the city of Palmer.

15.24.1006.8 Electrical requirements.

Add the following sentence:

The required means of disconnect shall be within clear view of the boiler burner.

15.24.1105.3 Refrigerant detector.

Amend this section by adding a second sentence to read as follows:

Refrigerant detectors shall alarm both inside and outside the machinery room and refrigerated space.

15.24.1301.4 Fuel tanks, piping and valves.

Amend and add to this section as follows:

The tank, piping and valves for appliances burning oil shall be installed in accordance with the requirements of this chapter. The fuel oil supply line is required to be taken from the top of the tank only, and where the level of fuel within the tank may be above the inlet port of the appliance served an approved method to prevent siphoning from the tank must be provided. If the tank is located inside a building, emergency pressure relief venting is required to the exterior.

**Chapter 15.28
ELECTRICAL CODE**

Sections:

- 15.28.010 Adoption.
- 15.28.020 Modifications.
- 15.28.030 Appeals.

15.28.010 Adoption.

The bound volumes continuing the code known as the National Electrical Code, 2014 Edition, of the National Fire Protection Association, and every part thereof, together with the local amendments as set forth in PMC 15.32, shall constitute the laws of the city relating to electrical installations.

15.28.020 Modifications.

The building official shall have the power to modify any of the provisions of the National Electrical Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.28.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

**Chapter 15.32
ELECTRICAL CODE AMENDMENTS**

Sections:

- 15.32.010 Local amendments to the National Electrical Code, 2014 Edition.

15.32.020	Administration.
15.32.090.4A	Schedule of permit fees.
15.32.100A	General.
15.32.210.8(A)(7)	Dwelling units.
15.32.210.8(E)	Day care facilities.
15.32.230.70(A)(1)	Location.
15.32.230.70(B)	Marking.
15.32.334.104	Conductors.

15.32.010 Local amendments to the National Electrical Code, 2014 Edition.

The amendments to the 2014 Edition of the National Electrical Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the National Electrical Code being amended; i.e., PMC 15.32.210.8 refers to Section 210.8.

15.32.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.32.090.4A Schedule of permit fees.

The fee for each permit shall be as set forth in the current, adopted budget.

15.32.100A General.

Amend by adding the following definition:

BUILDING OFFICIAL: The officer or other designated authority charged with the administration and enforcement of this code.

15.32.210.8(A)(7) Dwelling units.

Amend by revising subsection to read as follows:

Sinks - where receptacles within 1.8 m (six ft.) of the outside edge of the sink as measured along wall.

15.32.210.8(E) Day care facilities.

Add subsection (E) to read as follows:

(E) Day Care Facilities - In all day care facilities as defined by the current building codes as adopted and amended by the city of Palmer all 125-volt, single phase, 15- and 20-ampere receptacles installed where accessible to children shall have ground-fault circuit-interrupter (GFCI) protection.

15.32.230.70(A)(1) Location.

Add the following:

If installed inside, a means to disconnect all conductors in the building from the service entrance conductors shall be provided on the building exterior.

15.32.230.70(B) Marking.

Add the following:

When there is more than one meter on any single service, they shall be permanently identified with numbers painted on the meter base at least one inch in height or identified by other approved means that corresponds to the number on the unit served.

15.32.334.104 Conductors.

Amend the first sentence to read as follows:

The 600 volt insulated conductors shall be sizes No. 12 AWG through No. 2 AWG with copper conductors or sizes No. 6 AWG through No. 2 AWG with aluminum or copper-clad aluminum conductors.

**Chapter 15.36
PLUMBING CODE**

Sections:

- 15.36.010 Adoption.
- 15.36.020 Modifications.
- 15.36.030 Appeals.

15.36.010 Adoption.

The bound volumes containing the code known as the Uniform Plumbing Code, 2015 Edition, of the International Association of Plumbing and Mechanical Officials, and every part thereof, including Appendices A through L, together with the local amendments as set forth in Chapter 15.40 PMC, shall constitute the laws of the city relating to plumbing installations.

15.36.020 Modifications.

The building official shall have the power to modify any of the provisions of the Uniform Plumbing Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.36.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

**Chapter 15.40
PLUMBING CODE AMENDMENTS**

Sections:

- 15.40.010 Local amendments to the Uniform Plumbing Code, 2015 Edition.
- 15.40.020 Administration.
- 15.40.422.0 Minimum number of required fixtures.
- 15.40.422.1 Table 422.1 Minimum plumbing facilities.

- 15.40.501.0 General
- 15.40.505.1 Locations.
- 15.40.603.5.10 Steam or hot water boilers.
- 15.40.609.1 Installation, unions and location.
- 15.40.609.4 Testing.
- 15.40.612 Residential fire sprinkler systems.
- 15.40.719.1 Cleanout location.
- 15.40.807.3 Domestic dishwashing machines.
- 15.40.812.2 Elevator pits.
- 15.40.1106.2 Methods of testing storm drainage systems.
- 15.40.Chapter 14 Firestop protection.
- 15.40.C101.1 Applicability.
- 15.40.Appendix H Private sewage disposal systems.

15.40.010 Local amendments to the Uniform Plumbing Code, 2015 Edition.

The amendments to the 2015 Edition of the Uniform Plumbing Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the Uniform Plumbing Code being amended; i.e., PMC 15.40.422.0 shall reference Section 422.0.

15.40.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.40.422.0 Minimum number of required fixtures.

Delete this section in its entirety and refer to Alaska State Statute 18.60.705 as follows:

Section 18.60.705. Plumbing code.

(a) Except as provided otherwise in this section, and unless the department adopts by regulation a later edition of the following publications or a later version of another nationally recognized code approved by the legislature by law, the following publications are adopted as the minimum plumbing code for the state:

(1) Chapters 2-14, and the appendices A through L of the 1997 edition of the Uniform Plumbing Code published by the International Association of Plumbing and Mechanical Officials and adopted at the 67th annual conference, September 1996, excluding Table 4.1, "Minimum Plumbing Facilities"; and adding Appendix Chapter 29, Table A-29-A, "Minimum Plumbing Fixtures", of the 1997 edition of the Uniform Building Code published in April 1997 by the International Council of Building Officials, except that for the category identified in Table A-29-A as "Assembly places - Auditoriums, convention halls, dance floors, lodge rooms, stadiums and casinos", when the category is applied to auditoriums, convention halls, stadiums and casinos, the ratios

(A) indicating the number of water closets required for females are changed to provide the following:

- (i) four water closets for 1 - 50 females;
- (ii) six water closets for 51 - 100 females;
- (iii) 10 water closets for 101 - 200 females;
- (iv) 14 water closets for 201 - 400 females; and

- (v) one additional water closet for each 100 females over 400 females; and
- (B) indicating the number of lavatories required for females and males are changed to:
 - (i) one lavatory for each water closet up to four water closets; and
 - (ii) one additional lavatory for each two additional water closets beyond four water closets;

15.40.422.1 Table 422.1 Minimum plumbing facilities.

Delete this table in its entirety and refer to Table 2902.1 in the 1997 Uniform Building Code as currently adopted and amended by the city of Palmer for plumbing.

15.40.501.0 General.

Delete this section and substitute the following:

The regulations of this chapter shall govern the construction, location and installation fuel-burning and other water heaters heating potable water. All fuel and combustion air systems, chimneys, vents and their connectors shall be regulated by the respective sections of the International Mechanical Code and the International Fuel Gas Code as currently adopted and amended by the city of Palmer. The minimum capacity for water heaters shall be in accordance with the first hour rating listed in Table 501.1(1). All design, construction and workmanship shall be in conformity with accepted engineering practices, manufacturer's installation instructions, and applicable standards and shall be of such character as to secure the results sought to be obtained by the respective codes.

15.40.505.1 Locations.

Amend by adding a second sentence to read as follows:

Fuel-burning water heaters shall not be installed under a stairway, landing or required exit.

15.40.603.5.10 Steam or hot water boilers.

Add the following exception:

Exception: Potable water makeup connections to boilers containing only heat-transfer mediums of water or other nontoxic fluid having a toxic rating or Class of one as listed in Clinical Toxicology of Commercial Products, 5th Edition shall be permitted to be provided with a listed backflow preventer with intermediate atmospheric vent.

15.40.609.1 Installation, unions and location.

Amend by adding Section 609.1 as follows:

Water meters and related fittings shall be installed according to city regulations. The water meter shall be accessible for maintenance and repair.

15.40.609.4 Testing.

Delete the third sentence and substitute the following:

A one hundred (100) pound per square inch air pressure test may be substituted for the water test.

15.40.612 Residential fire sprinkler systems.

Delete this section in its entirety.

15.40.719.1 Cleanout location.

Delete the first paragraph in its entirety and replace with the following:

Cleanouts shall be placed at the connection of the building sewer and building drain outside the building and extend to grade.

15.40.807.3 Domestic dishwashing machines.

Add the following subsection:

Section 807.3.1 When a compartment or space for a domestic dishwasher is provided, an approved dishwasher airgap fitting shall be installed.

15.40.812.2 Elevator pits.

Add this new subsection:

Where drains are not provided to prevent the accumulation of water in elevator pits, sumps are required. Drains connected directly to the sanitary system shall not be installed in elevator pits. Sumps in elevator pits, where provided, shall be covered and the cover shall be level with the pit floor. The pump shall be of sufficient capacity to prevent the accumulation of water in the pit. If the building is fire-sprinklered, the pump shall be sized of at least the capacity of one energized sprinkler head.

15.40.1106.2 Methods of testing storm drainage systems.

Delete the first sentence of this section and substitute the following:

The piping of storm drain systems shall be tested upon completion of the rough piping installation by water or air and proved tight.

15.40.Chapter 14 Firestop protection.

Delete this chapter in its entirety and replace with the International Building Code as currently adopted and amended by the city of Palmer.

15.40.C101.1 Applicability.

Add the following to this section:

For the plumbing systems in Appendix C, other than those of C301.0, C302.0 and C501.0, the design by a registered professional engineer is required where the work is not exempted by AS 08.48.331. A riser diagram or isometric indicating the provisions of Appendix C intended to be installed shall be submitted for review and approval by the Building Department prior to the work being commenced. The riser diagram or isometric is in addition to the other details or data that may be required by the Building Official.

15.40. Appendix H Private sewage disposal systems.

Delete this section in its entirety and replace with the following:

Private sewage disposal systems shall be designed and installed in accordance with the current standards as published by the State of Alaska Department of Environmental Conservation (DEC). Written verification from DEC or a State of Alaska certified septic system installer of the DEC's approved installation shall be submitted to the Building Department. A Certificate of Occupancy shall not be issued until this written verification is submitted to the Community Development Department.

Chapter 15.42 FUEL GAS CODE

Sections:

- 15.42.010 Adoption.
- 15.42.020 Modifications.
- 15.42.030 Appeals.

15.42.010 Adoption.

The bound volume containing the code known as the International Fuel Gas Code, 2015 Edition, of the International Code Council, Chapters 6 and 7, together with the local amendments as set forth in Chapter 15.43 PMC, shall constitute the laws of the city relating to fuel gas installations.

15.42.020 Modifications.

The building official shall have the power to modify any of the provisions of the International Fuel Gas Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.42.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

Chapter 15.43 FUEL GAS CODE AMENDMENTS

Sections:

- 15.43.010 Local amendments to the International Fuel Gas Code, 2015 Edition.
- 15.43.020 Administration.

15.43.010 Local amendments to the International Fuel Gas Code, 2015 Edition.

The amendments to the 2015 Edition of the International Fuel Gas Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the article and section of the International Fire Code being amended; i.e., PMC 15.43.101 refers to Section 101.

15.43.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

**Chapter 15.44
FIRE CODE**

Sections:

- 15.44.010 Adoption.
- 15.44.020 Modifications.
- 15.44.030 Appeals.

15.44.010 Adoption.

The bound volumes containing the code known as the International Fire Code, 2015 Edition, of the International Code Council, including Appendices B, C, D and E, together with the local amendments as set forth in PMC 15.48, shall constitute the laws of the city relating to conditions hazardous to life and property from fire or explosion.

15.44.020 Modifications.

The chief of the fire department shall have the power to modify any of the provisions of the International Fire Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the chief of the fire department thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.44.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

**Chapter 15.48
FIRE CODE AMENDMENTS**

Sections:

- 15.48.010 Local amendments to the International Fire Code, 2015_Edition.
- 15.48.020 Administration.
- 15.48.105.6 Permit required.
- 15.48.201.3 Terms defined in other codes.
- 15.48.903.2.8 Group R.
- 15.48.1030.1 General.
- 15.48.1030.2 Minimum size.
- 15.48.1031.10 Protection from falling snow and ice.
- 15.48.2306.2.3.1 Locations where aboveground tanks are prohibited.

15.48.010 Local amendments to the International Fire Code, 2015 Edition.

The amendments to the 2015 Edition of the International Fire Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the article and section of the International Fire Code being amended; i.e., PMC 15.48.103.1.4 refers to Section 103.1.4.

15.48.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.48.105.6 Permit required.

Delete all required permits except the following:

105.6.15	Explosives.
105.6.16	Fire hydrants and water-control valves.
105.6.3	Aircraft refueling vehicles.
105.6.33	Candles and open flames in assembly areas.

15.48.201.3 Terms defined in other codes.

Where terms are not defined in this code and are defined in the International Building Code, International Fuel Gas Code, International Mechanical Code or Uniform Plumbing Code as currently adopted and amended by the city of Palmer, such terms shall have the meanings ascribed to them as in those codes.

Where reference to any electrical code is made in this code, it shall be taken to mean the National Electrical Code as currently adopted and amended by the city of Palmer.

15.48.903.2.8 Group R.

A four-plex or greater shall include an automatic sprinkler system installed in accordance with Section 903.3 throughout all buildings with a Group R fire area.

15.48.1030.1 General.

Revise the first sentence of the paragraph to read as follows:

In addition to the means of egress required by this chapter, provisions shall be made for emergency escape and rescue in Group R, I-2 and day care occupancies where napping or sleeping rooms are provided.

Revise Section 1030.1 by deleting exception 1.

15.48.1030.2 Minimum size.

Delete the exception.

15.48.1031.10 Protection from falling snow and ice.

Section 1030 Maintenance of the means of egress is revised by adding the following section:

Section 1031.10 Protection from falling snow and ice.

Where the accumulation of snow and/or ice on a structure creates a hazardous condition, the areas below the accumulation shall be protected from falling snow and/or ice. These areas shall include but are not limited to building entrances and exits, pedestrian, driveways, public rights-of-way and utility locations for gas meters, fire department connections and electrical meters, services and disconnects, etc.

15.48.2306.2.3.1 Locations where aboveground tanks are prohibited.

Insert a section to read as follows:

Storage of Class I and II liquids in aboveground tanks outside of buildings is prohibited in all areas of the city except those designated as an Industrial Use District on the Zoning Map.

**Chapter 15.52
DANGEROUS BUILDINGS**

Sections:

- 15.52.010 Adoption.
- 15.52.020 Modifications.

15.52.010 Adoption.

The bound volumes containing the code known as the Uniform Code for the Abatement of Dangerous Buildings, 1997 Edition, of the International Conference of Building Officials, and every part thereof except Chapter 5, together with the local amendments as set forth in PMC 15.56, shall constitute the laws of the city relating to the abatement of dangerous buildings.

15.52.020 Modifications.

The building official shall have the power to modify any of the provisions of the Uniform Code for the Abatement of Dangerous Buildings adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured, and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

**Chapter 15.56
DANGEROUS BUILDINGS AMENDMENTS**

Sections:

- 15.56.010 Local amendments to the Uniform Code for the Abatement of Dangerous Buildings, 1997 Edition.
- 15.56.020 Definitions.
- 15.56.201.2 Inspections.
- 15.56.205 Board of appeals.
- 15.56.402 Recordation of notice and order.
- 15.56.905 Personal obligation and special assessment.

- 15.56.907 Payment schedule provisions amended.
- 15.56.908 Lien of assessment.

15.56.010 Local amendments to the Uniform Code for the Abatement of Dangerous Buildings, 1997 Edition.

The amendments to the 1997 Edition of the Uniform Code for the Abatement of Dangerous Buildings are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the Uniform Code for the Abatement of Dangerous Buildings being amended; i.e., PMC 15.56.205 refers to Section 205. The Uniform Code for the Abatement of Dangerous Buildings is also amended by the definitions contained in PMC 15.56.020. All these amendments are in addition and supplementary to those amendments set out in Chapter 15.52 PMC.

15.56.020 Definitions.

“Board of appeals” as used in the code means “city manager”.

“County” as used in the code means “Matanuska-Susitna Borough”.

“Fire marshal” as used in the code means “chief of the city fire department or designee”.

“Misdemeanor” as used in the code means “violation”.

15.56.201.2 Inspections.

Delete “health officer, the”.

15.56.205 Board of appeals.

Delete the entire section and insert the following:

Appeals under this chapter shall be in accordance with PMC 15.70.

15.56.402 Recordation of notice and order.

Change the term “county recorder” as appears twice in this section to “State of Alaska recorder’s office”.

15.56.905 Personal obligation and special assessment.

Delete the provisions of this section and replace as follows:

(a) The responsibility for payment of the charges for abatements as set forth in this chapter shall rest upon the owners of the property upon which the abatement occurred, to include the owners at the time of occurrence of the condition rendering the property subject to these abatement proceedings and the owners at the time of the actual abatement proceedings.

(b) The city shall have the right to bring suit for the collection of charges for abatement as set forth in this chapter plus costs and attorney’s fees against all the parties responsible for payment, jointly and severally.

(c) In addition, the city shall have the right to impose an assessment against the property for the repayment of the abatement charges. If the city proceeds with an assessment, it shall confirm the assessment, cause the same to be recorded on the assessment roll, and thereafter said assessment shall constitute a special assessment and a lien upon the property.

(d) The lien created herein may be enforced as provided in AS 34.35.005 to AS 34.35.045. The enforcement of the lien is a cumulative remedy and does not bar the collection of the charges for abatement as provided in subsection (b) above.

15.56.907 Payment schedule provisions amended.

Delete the title and the entire section and substitute the following:

Payment Schedule--Delinquency, Interest. These matters shall be controlled by PMC 3.08.100 A, B, C and D, except that the following will be deleted from B, "(or interest installment under subsection (E) (4) of this section)".

15.56.908 Lien of assessment.

Delete the subsections (a) and (b) and substitute the following:

Immediately upon its being placed on the assessment roll the assessment shall be deemed to be complete, the several amounts assessed shall be payable, and the assessments shall be liens against the lots or parcels of land assessed, respectively. The lien shall be subordinate to all existing special assessment liens previously imposed and to state, borough and city property taxes upon the same property. The lien shall be paramount to all other liens. The lien shall continue until the assessment and all interest due and payable thereon are paid.

**Chapter 15.57
ENERGY CONSERVATION CODE**

Sections:

- 15.57.010 Adoption.
- 15.57.020 Modifications.
- 15.57.030 Appeals.

15.57.010 Adoption.

The bound volume containing the code known as the International Energy Conservation Code, 2015 Edition, of the International Code Council, together with local amendments as set forth in Chapter 15.58 PMC, shall constitute the laws of the city relating to energy conservation regulations. Where the International Energy Conservation Code conflicts with this code, this code shall prevail.

15.57.020 Modifications.

The building official shall have the power to modify any of the provisions of the International Energy Conservation Code adopted by this chapter upon application in writing by the owner, lessee or duly authorized agent, when there are practical difficulties in the way of carrying out the strict letter of the code; provided, that the spirit of the code is observed, public safety secured,

and substantial justice done. The particulars of the modification, when granted or allowed, and the decision of the building official thereon shall be entered upon the records of the department, and a signed copy shall be furnished to the applicant.

15.57.030 Appeals.

Appeals under this chapter shall be in accordance with PMC 15.70.

**Chapter 15.58
ENERGY CONSERVATION CODE AMENDMENTS**

Sections:

- 15.58.010 Local amendments to the International Energy Conservation Code, 2015 Edition.
- 15.58.020 Administration.
- 15.58.103.1.1 Above code programs.

15.58.010 Local amendments to the International Energy Conservation Code, 2015 Edition.

The amendments to the 2015 Edition of the International Energy Conservation Code are listed hereafter by section. The last digits of the section number, after the title and chapter digits, refer to the section of the International Energy Conservation Code being amended; i.e., PMC 15.58.103.1.1 refers to Section 103.1.1.

15.58.020 Administration.

Administrative actions under this chapter shall be in accordance with PMC 15.00 and PMC 15.02.

15.58.103.1.1 Above code programs.

Amend by adding a new section as follows:

For the purpose of energy conservation, the requirements of this code along with the Alaska Building Energy Efficiency Standard amendments for residential as adopted by the State of Alaska will be the criteria to be used for new construction.

**Chapter 15.60
PENALTIES**

Sections:

- 15.60.010 Violation--Fine.

15.60.010 Violation--Fine.

A. A violation of this title is an offense punishable by the fine established in the current, adopted budget.

B. The imposition of a fine for any violation shall not excuse the violation or permit it to continue; and all such persons shall be required to correct or remedy the violations or defects within a reasonable time; and, when not otherwise specified, each 10 days of that prohibited conditions are maintained shall constitute a separate offense.

C. The application of the penalty set forth in subsection (A) of this section shall not be held to prevent the enforced removal of prohibited conditions.

Chapter 15.70 APPEALS

Sections:

15.70.010 Appeals.

15.70.010 Appeals.

A. Whenever the building official disapproves an application or refuses to grant a permit applied for, or when it is claimed that any provision of the code has been misconstrued or wrongly interpreted, the person disagreeing with the building official, referred to as applicant, may appeal from the decisions of the building official to the city manager within 30 days from the date of the decision.

B. Applicant must file the appeal with the city manager within 30 calendar days of applicant's receipt of the building official's decision. Applicant's failure to duly appeal within this time constitutes a waiver of applicant's appeal rights and the building official's decision becomes final.

C. In the appeal, the applicant must:

1. State that the document is an appeal;
2. Specify the specific order, action or inaction protested;
3. State any material facts claimed to support applicant's contention;
4. State the relief sought and the reasons why it is claimed the protested order, action, or inaction should be reversed, modified, or otherwise set aside;
5. Applicant must verify, under penalty of perjury, the truth of the matters stated in the appeal.

D. Upon timely receipt of the appeal, the city manager will set a date to hear the appeal. Such date will not be less than 10 calendar days nor more than 60 calendar days from the date the city manager received the appeal. The city manager will send notice of the date, time, and place of the hearing to the applicant and the building official at least 10 calendar days before the hearing.

E. The applicant and the building official may be represented by counsel. The city manager may be assisted by counsel.

F. All testimony shall be under oath. The proceedings shall be tape-recorded. Upon written request, applicant is entitled to a copy of the tape at no charge. Applicant and the building official may examine and cross-examine witnesses. The city manager or representative may also question witnesses. Exhibits may be introduced. The rules of evidence need not be strictly followed. Irrelevant or unduly repetitious evidence may be excluded. The factual record is closed

at the close of the hearing, and may be reopened only upon good cause. The city manager may continue the hearing for good cause.

G. The order of presentation will be:

1. Brief opening statement by applicant;
2. Brief opening statement by building official;
3. Presentation of evidence by applicant;
4. Presentation of evidence by the building official;
5. Rebuttal evidence as necessary;
6. Argument by applicant;
7. Argument by building official.

H. Applicant bears the burden of proof by a preponderance of the evidence on all factual matters.

I. The decision of the city manager shall be in writing and shall contain findings of fact, a determination of the issues presented, and the requirements to be complied with.

J. An applicant who is dissatisfied with the city manager's decision may appeal it to the superior court in Palmer only. Such appeal must be filed within 30 calendar days of applicant's receipt of the final decision. Applicant's failure to meet this 30-calendar-day deadline constitutes a waiver of all appeal rights and the city manager's decision becomes final.

K. The city manager's decision must notify applicant in writing of provisions of subsection (J) of this section.

Section 5. Effective Date. Ordinance No. 17-005 shall take effect upon adoption by the City of Palmer City Council.

Passed and approved this _____ day of _____, 2017.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

**City of Palmer
Information Memorandum No. 17-014
Ordinance No. 17-006**

Subject: Ordinance 17-006: Amending Palmer Municipal Code Section 8.42.010 Definitions and Section 8.42.030 Use Prohibited to Define Sky Lanterns and Prohibit the Use of Sky Lanterns in the City of Palmer

Agenda of: March 28, 2017 – Introduction
April 11, 2017 – Public Hearing

Council Action: **Approved** **Amended:** _____
 Denied


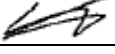

Originator Information:

Originator: Fire Chief John McNutt 

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: \$ _____

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. 17-006

Summary Statement:

Ordinance No. 17-006 amends the Palmer Municipal Code (PMC) as it relates to the definitions, approved, and prohibited use of fireworks. Palmer Municipal Code (PMC) 8.42 Fireworks, needs revision due to obsolete commissions and lack of definitions regarding fireworks/pyrotechnics. The current code lacks clarification of permissible items authorized for use inside the city limits of Palmer. In addition, previous code referenced the Interstate Commerce Commission regulations for suitable items, this Commission was dissolved on January 1, 1996. The recommended changes to the PMC will allow for the public to better understand what is safe, authorized for use per the code, and corrects the reference to the Interstate Commerce Commission.

Sky lanterns are an uncontrolled open flame device that heat the air inside the lantern and then are released to float freely with the winds. In September 2016, an event held at the Alaska State Fairgrounds released a large number of sky lanterns and some of the sky lanterns floated into Crowley Petroleum's fuel yard still burning as Crowley employees were in the process of fueling gasoline tanker trucks. These lanterns also fell onto propane storage stacks and if one of the propane bottles would have had a small leak this could have ignited and then spread and caused a large explosion. These lanterns were also found on power lines, across the airfield, and on private property creating a liter of garbage of which the responsible party does not always clean up. These uncontained, uncontrolled flames could have the potential to start fires to buildings, private property, or the wildland areas that are in and surround the City of Palmer.

In the 2015 International Fire Code and National Fire Protection Association Standard 1, *Fire Code*, 2015 Edition, they have banned the use of sky lanterns due to the dangers of starting fires and danger to the communities. There have also been reports of fires, traffic hazards and hazards to livestock and animals from these sky lanterns. It is recommended the City of Palmer follow suit and adopt Ordinance No. 17-006.

Administration's Recommendation:

Adopt Ordinance No. 17-006 Amending Palmer Municipal Code Section 8.42.010

Introduced by: City Manager Wallace
Date: March 28, 2017
Public Hearing:
Action:
Vote:

Yes:

No:

CITY OF PALMER, ALASKA

Ordinance No. 17-006

An Ordinance of the Palmer City Council Amending Palmer Municipal Code Section 8.42.010 Definitions and Section 8.42.030 Use Prohibited to Define Sky Lanterns and Prohibit the Use of Sky Lanterns in the City of Palmer

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 is hereby amended to read as follows (new language is underlined and deleted language is stricken):

Chapter 8.42 - FIREWORKS
8.42.0110 Definitions.

In this chapter, the definition of "fireworks" includes any:

- A. Combustible or explosive composition or any substance producing a visible or an audible effect by combustion, explosion, deflagration or detonation;
- B. Blank cartridges, toy pistols, toy cannons, toy canes or toy guns in which explosives are used;
- C. Roman candles, daygo bombs, or any other fireworks of like construction which contain any explosives or flammable compound, or any tablets or other device containing any explosive substance;
- D. The term "fireworks" shall not include sky lanterns, ~~auto~~ road flares or novelties ~~paper caps~~. ~~not containing in excess of an average of 25 hundredths of a grain of explosive content per cap manufactured in accordance with the Interstate Commerce Commission regulations for packing and shipping, as provided therein, and toy pistols, toy canes, toy guns, or other devices for use of such caps, the same any use of which shall be permitted at all times.~~

1. Sky Lanterns are an airborne lantern typically made of paper with a wood frame containing a candle, fuel cell composed of waxy flammable material or other open flame which serves as a source to heat the air inside of the lantern to cause it lift into the air including "sky candles", "air paper lanterns", "Chinese lanterns", and other similar devices designed to be levitated by open flame and released into the air uncontrolled.

2. Road flares (fusee) are type of flare which burns for 10–60 minutes with a bright red light. Road flares are commonly used to indicate obstacles or advise caution on roadways at night; in this usage, they are also called *highway flares*, *traffic flares*, or *ground flares*. They are commonly found in roadside emergency kits.

3. Novelties are a device containing small amounts of pyrotechnic and/or explosive composition. Such devices produce limited visible or audible effects. Authorized novelties in the city limits of Palmer are listed below.

a. Party Poppers are a small device with paper or plastic exteriors that are actuated by means of friction (a string or trigger is typically pulled to actuate the device.) They frequently resemble champagne bottles or toy pistols in shape. Upon activation, the device expels flame-resistant paper streamers, confetti, or other novelties and produces a small report. Devices may contain not more than 16 mg (0.25 grains) of explosive composition, which is limited to potassium chlorate and red phosphorus.

b. Snappers are a small, paper-wrapped device containing not more than 1.0 mg of silver fulminate coated on small bits of sand or gravel. When dropped, the device explodes, producing a small report.

c. Toy caps are for toy pistols in sheets, strips, rolls, or individual caps, containing not more than an average of 0.25 grains (16 mg) of explosive composition per cap. Toy caps are described as Toy Caps NA0337 and classed as 1.4S.

8.42.030 Use Prohibited.

Except as provided in this chapter, it is unlawful to discharge fireworks or sky lanterns within the city.

Section 4. Effective Date. Ordinance No. 17-006 shall take effect upon adoption by the City of Palmer City Council.

Adopted this ____ day of _____, 2017.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

Attachment(s):

- Resolution No. 17-014
- Bicycle Rack Contest concept from Parks, Recreation & Cultural Resources Advisory Board

Summary Statement:

Following discussions of the recommendations in the Parks, Trails and Recreational Fields Master Plan to support recreational trail use and the recommendation in the 2006 Comprehensive Plan "to make it easier to move around town without a car," the Parks, Recreation & Cultural Resources Advisory Board would like to work on increasing the number of bicycle racks in the downtown area and at the city's recreational facilities. The Board would also like to involve the community in designing one or more uniquely Palmer bicycle racks.

The Board has developed a concept for a Bicycle Rack Contest that would provide basic design criteria for a bicycle rack and that would invite community members to submit their ideas. Palmer businesses could also participate by donating to help create a prize fund for the winning designs and that could also be used to construct one or more unique bike racks. Local businesses could also select one of the submitted designs to construct themselves.

Board members have spoken to a few members of the downtown business community and have found them very supportive of this idea.

Administration's Recommendation:

Approve Resolution No. 17-014 accepting and appropriating donations to the Fiscal Year Budget to cover cost of design and construction of uniquely Palmer bicycle racks.

Introduced by: City Manager Wallace

Date:

Action:

Vote:

Yes:

No:

CITY OF PALMER, ALASKA

Resolution No. 17-014

A Resolution of the Palmer City Council Accepting and Appropriating Revenue from Public Donations to the Fiscal Year 2017 Budget to Cover Cost of Design and Construction of Uniquely Palmer Bicycle Racks

WHEREAS, the Parks, Recreation, and Cultural Resources Advisory Board wishes to implement the recommendation in the Palmer Parks, Trails and Recreational Fields Master Plan that the city enhance funding and finance strategies to support the acquisition, development, operations and maintenance of parks, trails and recreation facilities by seeking community donations for the design and construction of uniquely Palmer bicycle racks; and

WHEREAS, donated funds must be accepted and appropriated in order to be accounted for in the FY 2017 Budget.

NOW, THEREFORE, BE IT RESOLVED the Palmer City Council hereby approves the acceptance and appropriation of donations for the design and construction of uniquely Palmer bicycle racks in the Fiscal Year Budget of 2017:

Revenue

08-00-00-3669 Bike Rack Project Donations

Expenditures

08-01-10-7169 Bike Rack Project.

Approved by the City Council of the City of Palmer, Alaska, this ____ day of _____, 2017.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

City of Palmer Bicycle Rack Design Competition

The City of Palmer and the Palmer Parks, Recreation & Cultural Resources Advisory Board is pleased to announce a design competition for new creative bicycle racks.

The City wants to promote cycling as a sustainable, mainstream transportation option in Palmer and seeks a unique design that will add both visual appeal to the functional utility of new bicycle racks.

Concept

- ⊕ Designs that reflect the history and character of Palmer are preferred
- ⊕ Designers are tasked to re-envision the standard bicycle rack
- ⊕ There will be two categories of bicycle racks
 1. Racks for two bicycles
 2. Racks that secure three or more bicycles

Dimensions & Materials

- ⊕ Height: 36" max – 30" minimum
- ⊕ Materials: Stainless steel or galvanized round or square pipe [2-3/8 in OD, 0.154-inch wall, Schedule 40 steel pipe] [1-5/8 inch OD, 0.140 wall Schedule 40 steel pipe]

Safety

- ⊕ To comply with ADA Standards, designs must have no sharp edges and no overhangs or protrusions that could be difficult for visually impaired in the walkway or that may cause tripping hazard;
- ⊕ Minimum 10" gap at the bottom of the rack to allow space for pedal;
- ⊕ Space gaps on the rack shall be larger than 9" and smaller than 3.5"

Locking Points

- ⊕ Racks must provide minimum of two-point connection between the bicycle frame and the rack;
- ⊕ Locking points must be a minimum of 1 inch in diameter and a maximum of 4 inches

Installation & Fabrication

- ⊕ Design rack for permanent installation into a concrete surface, with a minimum 10 year life expectancy
- ⊕ Rack will be installed on sidewalk and requires surface mount hardware with permanent anchored bolts and tamper resistant fasteners
- ⊕ Fabrication will be coordinated by the City Department of Public Works
- ⊕ Cost of production must be considered in overall design and shall not exceed \$250 for a two bicycle rack; a higher production cost is allowable for racks of 3 or more bicycles
- ⊕ Design must include space for a small plaque for the name of the designer and the name of the sponsor who will provide the rack installation
 - Designer: _____
 - Funded by: Name of sponsoring individual or business

Submission

Submissions accepted from _____, 2017 to _____, 2017

- ⊕ All submitted designs must include:
 - ⊕ A complete description of the design including a schematic drawing
 - ⊕ Description of the materials to be used in construction of the rack
 - ⊕ Estimated cost to build (do not include installation cost)
 - ⊕ Designer's full name, email address, and phone number
 - ⊕ Bicycle rack must be an original design created by the competition entrant

Prizes

All designs will be submitted to the Community Development Director. Designs will be reviewed by the Parks, Recreation, and Cultural Resource Advisory Board to provide City Council their recommendation for award. The City Council will select the first place winner in each category. The winning designs will be installed in downtown Palmer and the winner will receive a \$ ___ ??? ___ prize. The second place winner will win \$ ___ ?? ___.

**City of Palmer
Resolution No. 17-015**

Subject: Accepting and Appropriating a Keep America Beautiful and Marlboro Community Trails Grant in the Amount of \$5,000.00 to be Used in the Construction of a Segment of the Shane Woods Memorial Trail

Agenda of: April 11, 2017

Council Action: **Approved** **Amended:** _____
 Denied


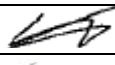
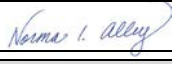
Originator Information:

Originator: Sandra Garley, Community Development Director

Department Review:

Route to:	Department Director:	Signature:	Date:
<u>X</u>	Community Development		<u>3/20/17</u>
<u>X</u>	Finance		<u>3/20/17</u>
_____	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: \$ 5,000.00

This legislation (√):

- Creates revenue in the amount of: \$ 5,000.00 08-00-00-3605 Revenue
- Creates expenditure in the amount of: \$ 5,000.00 08-01-10-7169 Expenditure
- 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):

- Resolution No. 17-015
- Grant announcement and application
- Notification of grant award

Summary Statement:

The City was notified in January 2017 by Keep America Beautiful of an opportunity to apply for a small, \$5,000 grant. The Keep America Beautiful organization was working with a sponsor to provide funds to support community efforts to build, restore or enhance a trail in each of the 50 states between June and September 2017.

Based on a community survey conducted as part of the Local Foods Local Places initiative, one of the key missing trail connections identified by pedestrians and bicyclist is located behind the Depot. An application for funds to assist in the construction of this key trail connection was submitted to Keep America Beautiful on January 14, 2017 and at the end of February, the City was notified that this project was selected to be the Alaska trail project.

Public Works helped in the preparation of the grant application and will be in charge of the trail's construction. Project completion date is estimated to be before August 31, 2017.

Administration's Recommendation:

Approve Resolution No. 17-015 accepting and appropriating a Keep America Beautiful and Marlboro Community Trails Grant in the amount of \$5,000 to be used in the construction of a segment of the Shane Woods Memorial Trail.

Introduced by: City Manager Wallace

Date: April 11, 2017

Action:

Vote:

Yes:

No:

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CITY OF PALMER, ALASKA

Resolution No. 17-015

A Resolution of the Palmer City Council Accepting and Appropriating a Keep America Beautiful and Marlboro Community Trails Grant in the Amount of \$5,000.00 to be Used in the Construction of a Segment of the Shane Woods Memorial Trail

WHEREAS, it is a goal of the Palmer Comprehensive Plan to develop a quality trail system and to integrate the system with existing trails and sidewalks; and

WHEREAS, the Shane Woods Memorial Trail ends at the north Depot parking lot; and

WHEREAS, the city was notified in January of an opportunity to apply for a \$5,000.00 Keep American Beautiful Community Trails grant to build, restore or enhance a trail in each of the 50 states; and

WHEREAS, having submitted an online grant application to construct a trail connecting the Shane Woods Memorial Trail to the sidewalks in downtown Palmer on January 14, 2017, the city was notified of being awarded \$5,000.00 by Keep America Beautiful toward the construction of this trail connector at the end of February;

NOW, THEREFORE, BE IT RESOLVED the Palmer City Council accepts and appropriates a \$5,000.00 Keep America Beautiful and Marlboro Community Trails Grant in the Amount of \$5,000.00 to be used in the construction of a segment of the Shane Woods Memorial Trail.

Approved by the City Council of the City of Palmer, Alaska, this ____ day of _____, 2017.

Edna B. DeVries, Mayor

Norma I. Alley, MMC, City Clerk

Nathan Wallace

Subject: FW: [EXTERNAL]2017 KAB & Marlboro Community Trails Grant Announcement

From: Grace Keegan [<mailto:gkeegan@kab.org>]

Sent: Thursday, February 23, 2017 12:06 PM

To: Sandra Garley <sgarley@palmerak.org>

Subject: [EXTERNAL]2017 KAB & Marlboro Community Trails Grant Announcement

**KEEP AMERICA
BEAUTIFUL**

February 23, 2017

Keep America Beautiful & Marlboro Community Trails Grant Announcement and Agreement

Grant Recipient Organization Name: The City of Palmer

City, State: Palmer, AK

Grant Amount: \$5,000

Thank you for your outstanding application and congratulations on receiving a 2017 KAB/Marlboro Community Trails Grant!

By accepting the terms of this grant, The City of Palmer agrees that the funds associated with the grant in the initial amount of \$4,500 will be issued to The City of Palmer by Keep America Beautiful. After project completion, a wrap-up report must be submitted to Keep America Beautiful by **Nov. 15, 2017** to receive the remainder of the grant funds. Checks will be mailed out in the next 6 – 8 weeks. A link to the wrap-up report will be emailed to you in the coming weeks, as well.

If you have not shared your project event date with Keep America Beautiful yet, please email Grace at gkeegan@kab.org so we can update your project file. Feel free to recruit volunteers for your event the way you normally do -- no reference to the Marlboro brand is necessary in any of your communications. On or before June 1, your trail project description along with email contact information will be posted on Marlboro.com to drive adult consumer volunteers to your event.

The City of Palmer agrees that if a final project wrap-up report for this grant is not submitted or the project cannot be completed by Nov. 15, 2017 (except for prior agreements discussed with Keep America Beautiful), they must return grant funds in full back to Keep America Beautiful.

Signed:

_____ Title: _____ Date: _____

Please fax back to 203.659.3033 or email to gkeegan@kab.org

**City of Palmer
Action Memorandum No. 17-029**

Subject: Authorize the City Manager to Negotiate and Execute a Contract with AlasConnect, LLC for Information Technology (IT) Services in the Amount of \$114,000.00 Annually

Agenda of: April 11, 2017

Council Action: **Approved** **Amended:** _____
 Denied


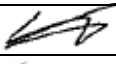

Originator Information:

Originator: City Manager Wallace

Department Review:

Route to:	Department Director:	Signature:	Date:
_____	Community Development	_____	_____
X	Finance		3/24/17
_____	Fire	_____	_____
_____	Police	_____	_____
_____	Public Works	_____	_____

Approved for Presentation By:

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

Certification of Funds:


Total amount of funds listed in this legislation: \$ 114,000.00

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): 01-01-05-6096 Computer Services
- Not budgeted

Director of Finance Signature: 

Attachment(s):

- Notice of Intent to Award Letter
- Draft Agreement

Summary Statement:

The current agreement for IT services expired on March 31st, 2017. A request for proposals was published in February with responses from 3 providers. The IT committee comprised of staff members from each department evaluated and scored the responses. AlasConnect was the high score and contract negotiations were conducted to determine if a fair and reasonable contract could be reached based on the proposal.

The attached contract is what was negotiated in order to provide a Notice of Intent to Award in accordance with Palmer Municipal Code 3.21.210 D.

The contract is for a 2 year period with the ability to renew for 3 additional 1 year periods.

Administration's Recommendation:

To approve Action Memorandum No. 17-029 with a description of what is being approved.



March 24, 2017

TO: Jeff Yauney, AlasConnect – jpy@alascconnect.com
Dylan McDonald, Alaska Communciations – dylan.mcdonald@acsalaska.com
Melissa Steen, C.S.G., Inc. – msteen@csgak.com

RE: NOTICE OF INTENT TO AWARD -IT Support Services

This is the City of Palmer's Notice of Intent to Award the contract for **IT Support Services** to **AlasConnect, LLC** at the Palmer City Council meeting scheduled for **7:00 P.M., April 11, 2017** in the Council Chambers at Palmer City Hall, 231 W. Evergreen Avenue, in Palmer.

Three proposals were received and after the IT Steering Committee reviewed and scored them based on criteria listed in the Request for Proposals, AlasConnect, LLC scored the highest. Alaska Communications was the next qualified proposer.

In accordance with Palmer Municipal Code (PMC) 3.21.210, the City entered into discussions with the most qualified proposer, AlasConnect., discussions resulted in a fair and reasonable contract. Discussions are concluded and reasonable access by competing proposers to the successful proposal will be available upon request in accordance with PMC 3.21.210 D.

In accordance with PMC 3.21.290 B., a protest based upon alleged improprieties in an intended award of a contract must be filed with the Palmer City Manager (with a copy previously served upon the intended awardee) within two business days after the issuance of this notice of intent to award - in this case, by **5 p.m., Tuesday, March 28, 2017**. Failure to meet this time line shall constitute a waiver of the protesting party's rights and a bar on any further action regarding this matter.

Respectfully,

Nathan Wallace
City Manager

Professional and Data Center Services Agreement

Between

**CITY of Palmer
231 W. Evergreen Ave
Palmer, AK 99645**

And

**AlasConnect, LLC
612 Illinois St
Fairbanks, AK 99701**

April 1, 2017

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CITY OF PALMER
and
ALASCONNECT, LLC

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ATTACHMENTS

Attachment A – Proposal for Core Information Technology Services

Professional and Data Center Services Agreement

This Professional and Data Center Services Agreement (“Agreement”) is made effective April 17, 2017 (“Effective Date”), by and between CITY of Palmer (“CITY”) and AlasConnect LLC (“AlasConnect”).

WHEREAS, CITY desires to retain the services of AlasConnect to manage, operate, maintain and oversee its corporate computer, network, communication and application systems;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements of the Parties herein contained, the Parties hereto, intending to be legally bound hereby agree as follows:

1. SERVICES, COMPENSATION AND MANNER OF PAYMENT

AlasConnect shall provide those services listed in Table 1-1, as detailed in Attachment A, to CITY for the term of the Agreement. CITY agrees to pay all fees in Table 1-1 for aforementioned services.

Table 1-1: Schedule of Services and Fees

Service	Description	Unit Price	Monthly Recurring Fee
Data Center Base Package	CITY Provided Hardware	\$1,500	\$ 1,500
End User Workstation Support	110 Workstations	\$90	\$ 9,900
Negotiated Discount			(\$ 190)
Term Agreement Discount	2 Year Term		(\$ 1,710)
Total			\$9,500

On request by CITY, the following “As Needed Services” may be rendered by AlasConnect on an as needed basis:

Table 1-2: Schedule of As Needed Services

Service	Description	Unit of Measure	Fee
Call Out Support (24/7/365)	End User Remote Support	Per hour (Minimum ½ hour increment)	\$ 135 per hour
Call Out Support (24/7/365)	System Outage/On Site Response	Per hour (Minimum 1 hour increment)	\$ 135 per hour
Strategic IT Planning		Per hour (Minimum ½ hour increment)	\$ 135 per hour
Systems & Network Project Work	Any required technical services outside of fixed scope	Per hour (Minimum ½ hour increment)	\$ 135 per hour
End User Training		Per hour (Minimum ½ hour increment)	\$ 135 per hour

Payment due upon receipt of invoice. Any outstanding balance after the first day of the following month shall accrue interest at the rate of one and one half percent (1.5%) per month or any part thereof, or the maximum rate permitted by law, whichever is less, until paid.

All invoices must be submitted in duplicate and addressed as follows:

City of Palmer
Attn: City Manager
231 W. Evergreen Ave
Palmer, AK 99645

Payment shall be remitted to AlasConnect at the following address:

AlasConnect, LLC
ATTN: Accounts Receivable
PO Box 71217
Fairbanks, AK 99707
USA

2. NOTICES

The primary address and contact for receipt of any Notice required by this Agreement is listed below. Each Party will give the other Party Notice if the address or contact changes.

City of Palmer
ATTN: City Manager
231 W. Evergreen Ave
Palmer, AK 99645
Telephone: (907) 761-1317

AlasConnect LLC
ATTN: Administration
612 Illinois St.
Fairbanks, AK 99701
Telephone: (907) 459-4900

For all purposes of this Agreement, Notice will be in writing, delivered by:

- i. Regular or certified US Postal Service delivery,
- ii. Commercial courier, or
- iii. Hand delivery between the Parties

Facsimile Notice and Notice by electronic mail will be deemed courtesy. All Notices, shall be deemed to have been duly given (a) three business days after being deposited with the US Postal Service, postage pre-paid; (b) one business day after being deposited with a commercial courier; or (c) when hand delivered. Either party may from time to time change the notice address set forth above by delivering Notice to the

other party in accordance with this section setting forth the new address and the date on which it will become effective.

3. TERM OF AGREEMENT

This Agreement is for a term commencing on the Effective Date and continuing for a period of two (2) years, unless terminated in accordance with the provisions of this Agreement in Section 4 or Section 5.

CITY shall have the option, to renew the contract on current terms for up to three (3) additional one year periods at the completion of the initial contract term.

4. VOLUNTARY TERMINATION

CITY may elect to unilaterally terminate this Agreement by providing thirty (30) day Notice to AlasConnect, paying all fees due until the final date of termination.

In the event of voluntary termination of this Agreement by CITY, AlasConnect shall make all good faith efforts to transition CITY to replacement services. AlasConnect shall provide a complete time and materials quote for those required materials and services to fully migrate CITY to a new IT infrastructure. CITY shall be responsible for the cost of all such replacement materials and services, but is not obligated to purchase them from AlasConnect.

5. DEFAULT TERMINATION

The occurrence of one or more of any of the following events shall constitute a Default by AlasConnect under this Agreement:

- i. AlasConnect fails to perform, observe or comply with any of the terms, provisions, agreements, covenants or conditions of this Agreement and such failure shall continue thirty (30) days after receipt of Notice from CITY of such failure by AlasConnect.

In the event of a default by AlasConnect, CITY shall have the right to terminate this Agreement without penalty. AlasConnect shall be responsible for making all good faith efforts to assist CITY with transition to other replacement services.

The occurrence of one or more of any of the following events shall constitute a Default by CITY under this Agreement:

- i. CITY fails to pay when due any fee or monetary charge due to AlasConnect under this Agreement and when due and payable and such failure continues for a period of thirty (30) days after Notice from AlasConnect of such failure; or
- ii. CITY fails to perform, observe or comply with any of the terms, provisions, agreements, covenants or conditions of this Agreement and such failure shall continue for thirty (30) days after receipt of Notice from AlasConnect of such failure by CITY.

In addition to any other rights or remedies, in the event of a default by CITY, AlasConnect shall have the right to terminate this Agreement.

In the event of termination of this Agreement due to Default by CITY or AlasConnect, AlasConnect shall make all good faith efforts to transition CITY to replacement services. AlasConnect shall provide a complete time and materials quote for those required materials and services to fully migrate CITY to a new IT infrastructure. CITY shall be responsible for the cost of all such replacement materials and services, but is not obligated to purchase them from AlasConnect.

6. MODIFICATIONS

All modifications to this Agreement shall be mutually agreed to by both parties in writing (email is acceptable).

The total monthly recurring fee in Section 1 reflects the minimum monthly recurring fee for the term of the Agreement. Additional services may be provided as per Attachment B, however the scope of service may not be reduced below the levels set forth in Section 1.

If AlasConnect proceeds with providing additional services before a written modification is agreed to, AlasConnect shall not be required to continue to provide additional services if the CITY does not agree to the modification for those additional services.

7. RELATIONSHIP

For all work performed for CITY under this Agreement, AlasConnect acts as an independent contractor and not as an employee of CITY. Consistent with that designation AlasConnect shall have the right to supervise, hire, fire and direct its own employees, agents, contractors and assistants. Unless otherwise specifically provided in this Agreement, AlasConnect shall provide and pay for all labor, transportation, and other services necessary for the proper execution and completion of the services to be provided under this Agreement. AlasConnect and CITY understand and agree that the relationship between the Parties is not, and shall not be construed as, that of employer and employee, partnership, joint venture, joint employment, dual employment, teaming agreement or any other legal relationship other than an independent contractor relationship.

Consistent with the terms, provisions, agreements, covenants or conditions of this Agreement, CITY relies on AlasConnect's best independent professional judgment in choosing the methods and means by which AlasConnect fulfills its responsibilities under this Agreement, subject to specific conditions and requests of CITY as may be communicated to AlasConnect.

AlasConnect or its subcontractors shall furnish all tools, equipment and vehicles necessary to perform the services specified under this Agreement.

8. CONFIDENTIALITY

In the course of service under this Agreement, a party may have access to information that is confidential and proprietary to the other party ("Confidential Information"). For the purposes of this Agreement, Confidential Information of a party means information, ideas, materials or other subject matter of such party, whether disclosed orally, in writing or otherwise, that is provided under circumstances reasonably indicating that it is confidential or proprietary. Additionally, Confidential Information includes, without limitation, technical information or data, product ideas, methodologies, algorithms; and all personnel, client, contracts and financial information. Without limiting the generality of the foregoing, AlasConnect

shall treat as Confidential Information all CITY data that is stored on a server or other storage device which is provided or managed by AlasConnect.

AlasConnect and CITY agree to ensure that Confidential Information is not inadvertently disclosed, altered or distributed publically or to third parties.

AlasConnect will ensure that any employee or subcontractors of AlasConnect with access to infrastructure containing Confidential Information will have signed a confidentiality agreement with AlasConnect and shall be trained on the importance of proper handling of Confidential Information.

9. DEFENSE AND INDEMNIFICATION

AlasConnect shall indemnify, hold harmless, and defend the CITY from and against any claim of, or liability for negligent acts of AlasConnect under this Agreement. AlasConnect shall not be required to indemnify the CITY for a claim of, or liability for, the independent negligence of the CITY. If there is a claim of, or liability for, the joint negligent error or omission of AlasConnect and the independent negligence of the CITY, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "AlasConnect" and "CITY," as used within this article, include the employees, agents and other AlasConnects/contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the CITY's selection, administration, monitoring, or controlling of AlasConnect and in approving or accepting AlasConnect's work.

10.INSURANCE

It is specifically agreed between the parties executing this Agreement that it is not intended by any of the provisions of the Agreement to create in the public or any member thereof a third party benefit hereunder, or to authorize anyone not a party to this Agreement to maintain a suit for personal injuries or property damage pursuant to the terms or provisions of this Agreement.

It is highly recommended that AlasConnect confer with their respective insurance companies or brokers to determine if their insurance program complies with the CITY's Insurance requirements.

AlasConnect shall procure and maintain the following insurances:

A. Minimum Limits of Insurance

AlasConnect shall maintain limits no less than:

1. General Liability:

\$300,000 combined single limit per occurrence for bodily injury, property damage, personal injury and advertising injury. The general aggregate limit shall be \$300,000. The general aggregate limits shall apply separately to each project.

If the general liability insurance is written on a claims made form, AlasConnect shall provide insurance for a period of two years after final payment of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.

2. Auto Liability:

\$100,000 combined single limit per accident for bodily injury and property damage.

3. Worker's Compensation and Employers Liability:

Workers' Compensation shall be statutory as required by the State of Alaska. Employer's liability shall be endorsed to the following minimum limits:

- Bodily injury by Accident - \$100,000 each accident
- Bodily injury by Disease - \$100,000 each employee
- Bodily injury by Disease - \$500,000 policy limit

4. Professional Liability:

\$500,000 combined single limit per occurrence. The general aggregate limit shall be \$500,000. The professional liability insurance shall be maintained in effect until final acceptance by the CITY of the completed project.

If the professional liability insurance is written on a claims made form, AlasConnect shall provide insurance for a period of two years after final payment of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.

5. Excess Liability:

In order to meet the required minimum limits of insurance it is permissible for AlasConnect to combine an excess liability or umbrella policy with the general liability, auto liability or employer's liability. In the instance where AlasConnect purchases an excess liability or umbrella policy the occurrence limit and the aggregate limit may be of the same amount.

B. Deductibles and Self-Insured Retention

Prior to work commencing any deductible or self-insured retention must be declared and approved by the CITY. AlasConnect may be requested to demonstrate how the deductible or self-insured retention will be funded in the event of a claim. At the option of the CITY, AlasConnect shall reduce or eliminate such deductibles or self-insured retention as respects the CITY, its officers, officials, employees and volunteers; or AlasConnect shall procure a bond guaranteeing payment of losses and related investigations, claim administration and defense expenses.

C. Other Insurance Provisions

The policies are to contain, or be endorsed to contain, the following provisions:

1. General Liability, Automobile Liability

a. The CITY, its Administrator, officers, officials, employees and volunteers are to be covered as additional insured as respects: liability arising out of activities performed by or on behalf of AlasConnect; products and completed operations of AlasConnect premises owned, occupied or used by AlasConnect or automobiles owned, leased, hired or borrowed by AlasConnect. The coverage shall contain no special limitation on the scope of protection afforded to the CITY, its Administrator, officers, officials, employees and volunteers.

b. AlasConnect's insurance coverage shall be primary insurance as respects the CITY, its Administrator, officers, officials, employees and volunteers. any insurance or self-insurance maintained by the CITY, its Administrator, officers, officials, employees and volunteers shall be excess of AlasConnect insurance and shall not contribute to it.

c. AlasConnect insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

2. Workers' Compensation and Employer's Liability

The insurer shall agree to waive all rights of subrogation against the CITY, its Administrator, officers, officials, employees and volunteers for losses arising from work performed by AlasConnect or any subcontractor for the CITY.

3. All Insurance

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party, reduced in coverage or in limits except after 30 days prior written notice for nonpayment of premium or fraud on the part of AlasConnect or 60 days prior written notice for any other reason by certified mail, return receipt requested, has been given to the CITY. Such notice shall be mailed by AlasConnect to the attention of the CITY's Purchasing Officer.

D. Acceptability of Insurers

Insurance is to be placed with insurers with a Best's rating of no less than A-:VII.

E. Verification of Coverage

AlasConnect shall furnish the CITY with certificates of insurance and with certified copies of all endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The certificates are to be on forms acceptable to the CITY. All certificates are to be received and approved by the CITY before work commences. The CITY reserves the right to require complete, certified copies of all required insurance policies, at any time.

F. Subcontractors

AlasConnect shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all requirements stated herein.

G. Lapse in Coverage

A lapse in insurance coverage is a material breach of this Agreement which shall result in immediate termination of the Agreement, pursuant to Section 5.

11.FORCE MAJEURE

Neither Party shall be considered to have Defaulted for failure or delay of performance if caused by: an act of war, hostility, or sabotage; labor strikes or actions; act of nature; electrical, internet, or

telecommunication outage that is not caused by the obligated party; government restrictions (including the denial or cancellation of any license); or other event outside the reasonable control of the obligated party. Both Parties will use reasonable efforts to mitigate the effect of a force majeure event. This section does not excuse either party's obligation to take reasonable steps to follow its normal disaster recovery procedures.

If either party is rendered wholly or partly unable to perform its obligation under this Contract because of Force Majeure, that party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that:

- a. either party is rendered wholly or partly unable to perform its obligation under this Contract because of Force Majeure, that party shall be excused from whatever performance is affected by the Force Majeure to the extent so affected, provided that: the suspension of performance must be of no greater scope and of no longer duration than is required by the Force Majeure;
- b. no obligations of either party, including the payment of money, which arose before the occurrence causing the suspension of performance will be excused as a result of the occurrence; and
- c. the non-performing party uses its best efforts to remedy its inability to perform.

12. PERMITS, LAWS and TAXES

AlasConnect shall acquire and maintain in good standing all permits, licenses and other entitlements necessary to the performance under this Agreement. All actions taken by AlasConnect under this Agreement shall comply with all applicable statutes, ordinances, rules and regulations. AlasConnect shall pay all taxes pertaining to its performance under this Agreement.

13. EQUAL EMPLOYMENT OPPORTUNITY

A. The Consultant will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam war era. The Consultant shall take affirmative action to ensure that applicants are employed and that employees are treated during employment without regard to their race, color, religion, sex, national origin, physical handicap, age, status as a disabled veteran, or veteran of the Vietnam war era. Such actions shall include, but not be limited to the following: employment, upgrading, demotions, or transfers; recruitment or recruitment advertising; layoffs or terminations; rates of pay or other forms of compensation; selection for training, including apprenticeship; and participation in recreational and educational activities. The Consultant agrees to post in conspicuous places available for employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause. The Consultant will, in all solicitations or advertisements for employees placed by or on behalf of the Consultant; state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin, physical handicap, age, or status as a disabled veteran, or veteran of the Vietnam war era. The Consultant will cause the foregoing provisions to be inserted in all subcontracts for any work covered by this Agreement.

B. The Consultant shall keep such records and submit such reports concerning the equal opportunity employment provisions set forth in subsection 12(A) for applicants for employment and employees as the CITY may require.

14. INTEREST of MEMBERS OF CITY and OTHERS

No officer, member or employee of the CITY and no member of its governing body, and no other public official of the governing body shall participate in any decision relating to this Agreement which affects

their personal interest or the interest of any corporation, partnership or association in which they are, directly or indirectly, interested or having any personal or pecuniary interest, direct or indirect, in this Agreement or the proceeds thereof.

15.DISPUTE RESOLUTION

Except where either party determines that its strict adherence to the initial dispute resolution requirements of this Section would limit or impair its legal rights or remedies, the parties agree that, in the first instance, all disputes or claims under this Contract shall be settled informally between the parties through discussion and negotiation as follows:

1. If a claim or dispute arises and is not resolved by representatives of the parties within twenty (20) days, the parties shall, within twenty (20) days after the end of this period, prepare and exchange their written positions, concerning the disputes or claims, attaching all relevant documents as necessary.
2. Within twenty (20) days of receipt of such written positions, executives who have the authority to settle the dispute, shall meet.

16.CHOICE OF LAW

Any civil action arising from this Agreement shall be brought in the Superior Court for the Third Judicial District of the State of Alaska at Palmer. The laws of the State of Alaska shall govern the rights and the obligations of the parties under this Agreement.

17.SEVERABILITY

If any provision of this Agreement is held unenforceable, all remaining provisions of this Agreement shall remain in full force and effect.

18.ASSIGNABILITY

A. AlasConnect shall not assign any interest in this Agreement and shall not transfer any interest in the same (whether by assignment or novation) without the prior written consent of the CITY, thereto; provided, however that claims for money due or to become due to AlasConnect from the CITY under this Agreement may be assigned by court order or to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the CITY, or AlasConnect shall be responsible to the CITY for any moneys due the assignee of this Agreement which are paid directly to AlasConnect.

B. AlasConnect shall not delegate duties or otherwise subcontract work or services under this Agreement without the prior written approval of the CITY.

19.ENTIRE AGREEMENT

This Agreement and its exhibits attached hereto contain the entire agreement of the Parties with respect to this Agreement. This Agreement cancels and supersedes all prior negotiations, agreements and understandings with respect thereto, both written and oral, including any proposals submitted by AlasConnect.

20.SIGNATURES

IN WITNESS WHEREOF, CITY and AlasConnect have executed this Agreement as of the dates set forth below.

For CITY

By: _____ **Dated:** _____

For AlasConnect

By: _____ **Dated:** _____

Attachment A
Proposal for Core Information Technology Services



Proposal for Core Information Technology Services

Prepared for

CITY of Palmer
231 West Evergreen Ave.
Palmer, AK 99645

February 8th, 2017

Organization History and Location (response for 4.a.i, 4.a.vii, 5.a)

AlasConnect is the premier provider of Data Center, IT infrastructure and IT support services in Alaska, with qualified technical staff in Palmer, Fairbanks and Anchorage. AlasConnect provides support to over 90 businesses in Alaska (from Ketchikan to Prudhoe Bay), ranging across numerous professional industries (construction, engineering, design/architecture, accounting, insurance, financial investment, doctors, lawyers, dentists, medical clinics, utilities, government agencies and municipalities). A few of our smaller CITYs have less than 10 workstations, while our larger CITYs have 500+ workstations/managed devices.

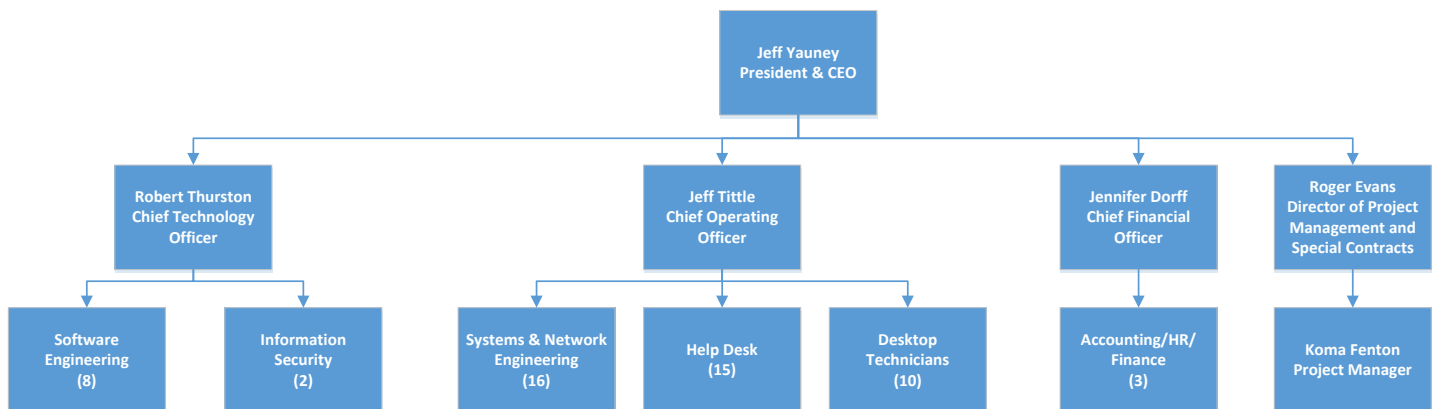
AlasConnect was incorporated in 1999 as a subsidiary of Golden Valley Electric Association, providing fiber optic networks, telecommunications and leased line services in Fairbanks. Starting in 2003, AlasConnect began offering its flagship Data Center Service to CITYs in Fairbanks, utilizing an extensive last mile fiber optic network to deliver 100Mbps, 1Gbps and 10Gbps Metro Ethernet capaCITY to businesses along with off-site server hosting, managed networks, and full range IT support services on a fixed price basis.

Having seen excellent growth in our CITY base in Fairbanks, AlasConnect opened an office in Anchorage in 2012 to better serve our existing CITYs with office locations in both cities. Construction of our Anchorage Data Center was completed in July of 2015.

In December of 2015, AlasConnect was purchased by Matanuska Telephone Association (MTA) and continues to operate as an independent subsidiary. With this change in ownership AlasConnect is now stronger and better aligned with our parent organization for continued success in delivering the highest quality telecommunication and IT support services in Alaska. AlasConnect now operates a fourth Data Center, located in the main MTA complex on Commercial Drive in Palmer, and currently has 12 Technicians/System Engineers on staff in the Palmer office.

With Data Center facilities in Palmer, Fairbanks and Anchorage we are uniquely positioned to offer a wide scope of cost saving services to the CITY of Palmer. Under RFP 17-01F the CITY of Palmer has requested bids for Core Information Technology Services, this proposal addresses those requirements with opportunities for future reductions in IT expense through additional services under the Value Added Plan.

AlasConnect Organization Chart



Data Center Facilities

AlasConnect currently operates two Data Center facilities in the Fairbanks area, each with private fiber optic connectivity and redundant power systems.

- 612 Illinois Street – Data Center 1 (DC1)
- Bidwell Avenue – Data Center 3 (DC3)

Additionally, AlasConnect operates one Data Center facility in the Anchorage area with additional collocation space in a second Data Center:

- 7441 DeBarr Road – Data Center 4 (DC4) – Leased Collocation Space
- 3403 Minnesota Drive – Data Center 5 (DC5)

As of December 2015, AlasConnect began operating an additional Data Center facility in the Palmer area:

- 480 Commercial Drive – Data Center 2 (DC2)

Managed Hosting in Data Center

AlasConnect provides managed hosting to our clients including fully managed compute, storage, security and network resources. For many CITYs on the fiber optic network this system becomes their primary server and hosting environment for a multitude of both internal and external facing applications. In addition to the infrastructure systems provided by AlasConnect, complete management, monitoring, patching, support and troubleshooting of these systems is provided by qualified AlasConnect personnel.

Many of our CITYs also make use of the AlasConnect Data Center infrastructure as a disaster recovery and business continuity center. In this model AlasConnect is able to provide a number of solutions including:

- Fully managed virtual machines on AlasConnect infrastructure
- Fully managed block and file based storage
- Collocation space and power for CITY provided hardware systems

IT Support and Engineering Services

AlasConnect provides full IT support services to CITYs in:

- | | |
|------------------|-----------------|
| • Anchorage | • Nenana |
| • Delta Junction | • Palmer |
| • Fairbanks | • Prudhoe Bay |
| • Healy | • Sitka |
| • Juneau | • Soldotna |
| • Kenai | • Wasilla |
| • Ketchikan | |

Staff Experience, Certifications, and Skills (response for 4.a.v, 4.a.vi, 5.b)

The contract support for the CITY of Palmer will consist of two phases, 1) initial migration to AlasConnect support, followed by 2) ongoing support and maintenance. The primary AlasConnect employees assigned to the CITY of Palmer are listed below. In addition, the resources of the entire company are used, as necessary, to ensure that all aspects of the CITY’s IT infrastructure run smoothly. This provides multiple layers of support and guarantees a high level of quality and CITY satisfaction.

Technical Background Summary, Past Engagements & Individual References

Robert Thurston

Chief Technology Officer overseeing all technical aspects of AlasConnect’s support infrastructure. Rob specializes in Networks, Servers, SAN, Security, Project Management, wireless and E911 EsiNet design and support. Rob has Cisco CCNA and ITIL certifications.

- | | |
|--|---|
| • Jon Watkins, ACMHS | jwatkins@acmhs.com (907) 261-5349 |
| • Kevin Smith, AMLJIA | kevins@amljia.org (907) 258-2625 |
| • Keith Hannemen, PDC Engineers | keithhanneman@pdceng.com (907) 452-1414 |
| • Robert Hingst, FNSBSD
0619 | robert.hingst@k12northstar.org (907) 328- |
| • Stephanie Johnson, CITY of Fairbanks | sljohnson@fairbanks.us (907) 450-6588 |

Mike Ryan

Systems & Network Engineer specializing in Server and Network Systems, SAN, Backups, Disaster Recovery, Virtualization, Security, Project Management and Application Support. Mike has Cisco CCNA, Microsoft MCSA and VMWare VCP-6 certifications

- Roy Roehl, Fairbanks Memorial Hospital roy.roehl@bannerhealth.org (907) 750-3182
- Raymond Billings, GVEA rbillings@gvea.com (907) 452-1151
- Tammy Wilkerson, Interior Community Health tammy.wilkerson@inhc.org (907) 455-4567

Jacob Hawkins

Systems & Network Engineer specializing in Servers, Virtualization, Backups, Networks, Project Management, Application Support and eMail Systems. Jake has Cisco CCNA and VMWare VCP-6 certifications.

- Sabrina Cabana, Denali Commission scabana@denali.gov (907) 271-5239
- Roy Rountree, Bettisworth North rrountree@bettisworthnorth.com (907) 561-5780
- Katie Fosselman, Fosselman & Associates katie@alaska-cpas.com (907) 745-0135
- Colin Dean, PDC Engineers colindean@pdceng.com (907) 743-3210

Thomas Voight

Systems Technician with extensive background in helpdesk and desktop support (and all associated peripherals).

- Roy Rountree, Bettisworth North rrountree@bettisworthnorth.com (907) 561-5780
- Katie Fosselman, Fosselman & Associates katie@alaska-cpas.com (907) 745-0135
- Colin Dean, PDC Engineers colindean@pdceng.com (907) 743-3210

Orion Viens

Systems Technician with extensive background in helpdesk and desktop support (and all associated peripherals).

- Les Helfrich, MTA Call Center lhelfrich@mta-telco.com (907) 864-4167
- Katie Fosselman, Fosselman & Associates katie@alaska-cpas.com (907) 745-0135
- Wanda Tankersley, MTA wtankersley@mta-telco.com (907) 761-2654

AlasConnect Certifications

- Apple Certified Mac Technician
- Avaya Professional Design Specialist (APDS)
- Avaya Professional Sales Specialist (APSS)
- BOMGAR representative
- CompTIA A+
- CompTIA Network+
- CompTIA Server+
- CompTIA Security+
- CompTIA Project+
- Certified Casper Administrator (OS X/iOS Management)
- Cisco CCNA Routing and Switching
- Cisco CCNA Wireless
- Cisco CCENT
- Cisco SMB Account Manager

- Cisco SMB Solutions for Engineers
- Cisco Express Foundation Field Engineer
- CISSP: Certified Information Systems Security Professional
- Extron AV Associate, Extron Electronics
- FCNSA: Fortinet Certified Network Security Administrator
- HDI Support Center Analyst
- Information Systems Security Professional
- ITIL Foundations v3
- Lean IT Foundations
- Microsoft Certified Professional (MCP)
- Microsoft Certified Trainer
- Microsoft Certified IT Professional
- Microsoft Certified Solutions Associate
- Microsoft Certified Technology Specialist
- Microsoft Specialist, Windows 7
- Microsoft MCITP: Enterprise Desktop Support Technician on Windows 7
- Microsoft MCITP: Database Administrator
- Microsoft MCITP, Windows Server Administrator 2008
- Microsoft MCNPS
- Microsoft MCPS
- Microsoft MCSA, Windows Server 2012
- Microsoft MCSA: Security
- Microsoft MCSA: Windows 7
- Microsoft MCSE: Security
- VMware Certified Professional 5 - Data Center Virtualization (VCP5-DCV)
- VMware Certified Professional 6 - Data Center Virtualization (VCP6-DCV)

Additional AlasConnect Qualifications

- FBI InfraGard Member in Good Standing
 - 3 AlasConnect Employees
- Criminal Justice Information Services (CJIS) Clearance for **All** Technical & Management Staff
 - This allows us to provide services to Police Departments & Alaska State Troopers
- Electrical Administrator License
- 2 Certified Public Accountants (CPAs)
- Tower Climbing Certified
- Tower Climbing Rescue Certified
- First- Aid/CPR

Network Support Capabilities (response for 5.c)

AlasConnect operates network infrastructure for several large organizations such as the CITY of Fairbanks, CITY of North Pole, Fairbanks North Star Borough, Golden Valley Electric Association, Fairbanks North Star Borough School District and the E911 Network for the Fairbanks North Star Borough.

Services proposed under this scope of work include the following for each:

- Installation, troubleshooting, engineering and design of Local Area Networks (LAN)

- Installation, troubleshooting, engineering and design of Wireless Local Area Networks (WLAN)
- Installation, troubleshooting, engineering and design of Wide Area Networks (WAN) including coordination with third party providers/vendors
- Monitoring of CITY owned network equipment
- 24/7/365 On Call Support (reference the On Call Support section)

Employee Clearance and Vetting

- Prior to hiring, all applicants undergo a criminal background check, driving record check, credit history verification and an illegal drug use screening. Negative results on these pre-employment verifications are immediate grounds for withdrawal of a job offer or termination if discovered after the fact.
- Additionally, due to existing contracts with the CITY of Fairbanks and the CITY of North Pole, all technical and management employees are subject to fingerprinting and APSIN Clearance requirements for unescorted access to both the Fairbanks and North Pole Police departments.
- Recently AlasConnect was engaged to provide IT support for Fairbanks Memorial Hospital, as part of this contract all AlasConnect staff were successfully vetted through the Hospital's background check process as well.
- AlasConnect's management team has over 150 years of combined experience in the IT field in Alaska, we are very familiar with the talent pool within the State and are extremely selective in bringing new individuals into the company.

Regularly Scheduled Technical Support Services (response for 4.a.iii, 4.a.iv, 4.a.viii, 4.a.ix, 4.a.xviii, 5.d)

On Site Workstation Support

AlasConnect will provide the following services under "On Site Workstation Support" services:

- Unlimited, fixed price, technical support for end user requests via the Help Desk from 7:30AM to 5:30PM, Monday through Friday.
- Provide first point of contact for all CITY support requests by telephone, web portal and email.
- Provide remote troubleshooting and support via remote management tools.
- Escalate tickets requiring Tier 2 or Tier 3 intervention based on SLA and criticality.
- Dispatch on site technicians (or additional AlasConnect staff) as required to resolve support issues to any CITY of Palmer location.
- All SLA's for on-site support called for in RFP 17-01F are reasonable and will be met as written, including after-hours support for emergency and police services.
- One full time Systems Technician position on site at CITY Hall, providing immediate resolution and escalation of any IT related issues, including walk-ups.
 - Monday - Friday
 - 8AM – 5PM with 1 hour for lunch
 - No on site staffing during CITY holidays and closures
- Staffing will be on a "weekly rotation" schedule with a new staff member being on site each week (2 to 3 different technicians). This will provide full coverage and cross training to avoid potential "knowledge silos" and loss of coverage when a staff member is out of the office due to sickness or leave (we use this process at all of our larger clients and it has proven to work very well).

- AlasConnect Systems Technician will coordinate with manufacture representatives for warranty replacement and repairs (or install manufacture provided replacement parts if necessary).
- CITY of Palmer to provide an office location for the on-site Technician.

Data Center Base Package (Systems Management)

AlasConnect proposes to provide Data Center Base Package services to CITY of Palmer, which shall include the following service components:

- Unlimited, fixed price, technical support within the scope of the contract for CITY of Palmer IT systems (blanket coverage) during the hours of 8am to 5pm, Monday through Friday.
- Management, support and troubleshooting of all server, hypervisor, storage (SAN), Wireless and application systems owned and operated by the CITY of Palmer.
- Management, support and troubleshooting of all Local Area Network (LAN) systems including wireless LAN (WLAN) owned and operated by the CITY of Palmer.
- Management, support and troubleshooting of all firewall, security, filtering appliances and backups.
- Planning, implementation and installation of all IT systems purchased and approved by the CITY of Palmer.
- Monitoring and capaCITY planning for CITY of Palmer IT systems including servers, storage, and network assets.
- Maintain technical documentation including configuration/change management records, circuit layout records (CLR) and infrastructure.

The intent of this scope of work is to provide a full scale, robust IT outsourcing solution for the CITY of Palmer, wherein AlasConnect takes on the responsibility of planning, executing and supporting IT services in support of business functions.

Fee Schedule

Quantity	UOM		Unit Monthly Fee	Ext. Monthly Fee
1	Per Organization	Data Center Base Package - Customer Provided Hardware	\$ 1,500.00	\$ 1,500.00
150	Per Workstation	End User Workstation Support	\$ 90.00	\$ 13,500.00
		Term Discount (2 Year)		\$ (4,200.00)
				\$ 10,800.00

This monthly fee includes all IT support services outlined in the RFP document 17-01F. The only additional charges are associated with after-hours support (assuming that the outage was not caused by AlasConnect personnel), end user training and strategic planning sessions. These additional charges are detailed in the corresponding sections of the proposal.

As-Needed Call Out Support Services (response for 4.a.xiii, 4.a.ix, 5.e)

AlasConnect provides 24/7/365 support for CITYs on an “on call” basis. Outside of normal business hours, our CITYs contact our after-hours support line that will collect initial request information and a CITY point of contact. This information is then forwarded to the current on call engineer who will attempt to remotely resolve the issue, or activate additional resources and personnel to respond on site.

We have extensive experience in this area supporting Gilmore Creek Tracking Station (NOAA & NASA), CITY of Fairbanks, CITY of North Pole, Golden Valley Electric Association, Matanuska Telephone Association and numerous other businesses and medical facilities including Fairbanks Memorial Hospital.

These services are provided on the following fee schedule:

Description	Rate	Minimum Increment
Call Out (End User Remote Support)	\$135 Per Hour	1/2 Hour
Call Out (System Outage/On Site Support)	\$135 Per Hour	1 Hour

Procurement of Hardware and Software for CITY of Palmer (response for 4.a.xiv, 5.f)

AlasConnect acts as a distributor for a number of IT equipment manufacturers and provides discount pricing to clients using these distribution channels. Clients contacting our Help Desk will be assisted with designing and quoting the required solution, and if requested can provide a purchase ready quote for:

- Cisco Select Partner
- Microsoft Gold Partner
- VMWare Partner
- Veeam Gold Partner
- CommVault Partner
- Sophos Silver Partner
- Meraki Partner
- Dell Preferred Partner
- Axis Partner
- Citrix Partner
- AlienVault Partner
- Xerox Partner
- Avaya Partner

While these procurement channels are available to all CITYs, AlasConnect does not require its clients to use them.

Technical Project Services (response for 4.a.ii, 4.a.x, 4.a.xi, 4.a.xii, 4.a.xv, 5.g)

CITY of Fairbanks – Backup and Recovery Solution – November 2016 - Present

AlasConnect, as the IT service provider for the CITY of Fairbanks, developed an architecture and implemented a solution to address gaps in their current backup and recovery system. After evaluating the current backup and recovery system, AlasConnect developed a proposed project plan and budget, which was submitted for approval to the Management team.

The project budget was approved and the licensing was purchased by the CITY of Fairbanks.

AlasConnect then deployed the infrastructure required (including virtual servers and re-aligning storage systems) on CITY provided hardware.

Once complete, this solution will provide full virtual machine level backup, retention and recovery capabilities (along with granular recovery) from an AlasConnect off-site Data Center location.

This project is expected to be completed on budget and on time. Once complete AlasConnect will continue as the managed IT service provider supporting this system.

Foundation Health Partners – Microsoft Exchange and Skype for Business Solution – December 2016

Fairbanks Memorial Hospital and Tanana Valley Clinic were challenged with a need to deploy on premise Exchange email and Skype for Business services, serving over 2000+ end users across two major campus locations, in replacement of a third party hosted platform. Additionally, compliance requirements included the need for implementation of an email security and data loss prevention (DLP) solution in concert with Exchange. The timeline for deployment was extremely short as the existing provider was terminating services and support effective January 1, 2017.

AlasConnect evaluated the current utilization of systems and designed a full server deployment architecture for review and approval by the Management team at Foundation Health Partners. After

approval, AlasConnect successfully deployed all services (including underlying virtual machines, Active Directory domain controllers, reverse proxy solution and email security appliance).

Shortly after the commencement of the project, the client requested additional assistance with the implementation a SIP trunk and coordination with the local exchange provider, to allow dial in conferencing for Skype for Business. In coordination with the LEC, AlasConnect implemented SIP trunking (including Ethernet transport design).

At the completion of the project, full network topology diagrams were provided to the CITY for their records and documentation.

This project was completed on time and on budget. Additionally, AlasConnect was retained to provide on going support and maintenance for the environment, acting as a Tier 3 escalation point for Foundation Health Partners.

Foundation Health Partners – Endpoint Encryption Solution – December 2016

Foundation Health Partners, as a medical organization subject to HIPAA regulations, was required to implement full disk encryption for all workstations and laptops, to reduce risk of breach of confidential patient information. The legacy solution leveraged Microsoft Bitlocker technology, which had been a source of continuing problems.

After reviewing the current environment of over 2000+ workstations, AlasConnect recommended that Foundation Health Partners implement Trend Micro Endpoint Encryption, utilizing a full disk and removable media encryption agent. The recommended platform provided several advantages including:

- Full management and compliance reporting dashboard to verify encryption status for all workstations
- Agent based solution, requiring only Internet access to “check in” with management server, providing enhanced visibility and tracking for workstations taken outside of the corporate network.

After review and approval by the Management team at Foundation Health Partners, AlasConnect was tasked with the implementation of the system, including provisioning of virtual servers, installation and configuration of the application management suite, development of a custom tailored installation script (for use with the client Microsoft Systems Center deployment).

This project was completed on time and on budget. The CITY compliance officer was able to track and verify that workstations were re-encrypted using the Trend Micro product and validate the transition from BitLocker using provided tools.

Strategic Planning and Oversight of IT Services (response for 4.a.xvi, 5.h)

Examples of AlasConnect’s strategic planning capabilities:

Golden Valley Electric Association – Oracle Licensing Audit Support – November 2014 – February 2015

Golden Valley Electric Association received notice from Oracle that they would be auditing the complete licensing of their organization. AlasConnect, in its role as an IT service provider, assisted with the completion of the Oracle licensing audit including:

- Data Collection
- License reconciliation
- Software planning and audit defense
- Final verification and strategic planning of hypervisor architecture to minimize cost and license compliance risk

After the audit was completed, the solution forwarded by AlasConnect avoided significant licensing costs, by segregating VMWare hypervisors into separate vCenter management systems and lowering the overall financial impact to the organization.

Matanuska Telephone Association – Enterprise Software and Integration Architecture – July 2016 – Present

AlasConnect, as the strategic IT service provider for Matanuska Telephone Association, is charged with the evaluation of existing enterprise software systems (billing, CITY care, enterprise resource planning, mapping and plant management). Existing systems, in their current configuration, are not sufficient to meet the strategic goals of the organization and limit the ability of the organization to deliver next generation broadband services in a timely manner.

This project will be a multi-year endeavor requiring AlasConnect to:

- Analyze existing systems, business requirements and workflows
- Develop new applications to replace existing functions and provide enhanced support
- Develop a new enterprise service bus and software integration design

In support of this and other projects, AlasConnect has developed an in house Software Engineering division including a Software Architect and five full time Software Engineers, providing full scale enterprise software solutions and support systems.

Foundation Health Partners – Active Directory Migration Project – December 2016

Foundation Health Partners was undergoing a significant organizational change (separation from parent organization), requiring a complete rebuild of their Microsoft Active Directory solution and migration of approximately 2000 workstations and 2400 end user accounts within 17 days to meet organization deadlines. While being brought in at the “final hour” AlasConnect was able to organize, structure and augment the capabilities of the in-house IT department with additional support from AlasConnect System Technicians and Engineers to complete the project.

For the duration of this project, our President & CEO Jeff Yaune was instated as the Interim IT Director for Foundation Health to facilitate the transition.

This project was completed on time and on budget, representing a significant win for Foundation Health Partners in meeting their corporate reorganization goals and timelines.

AlasConnect will provide the following service under “IT Strategic Planning and Reporting” services:

- A qualified Systems & Network Engineer will assist the CITY of Fairbanks in developing and maintaining strategic IT plans and documents including (but not limited to):
 - Technology plan
 - Information Technology budget
 - Change Management records and approvals
 - IT and Security audits (internal/external)
 - Disaster recovery and emergency mode operations plan
 - Ad-hoc performance reports
- Assistance with procurement of IT assets, including preparation of bills of material and solicitation of competitive pricing in compliance with CITY ordinance and purchasing procedures.

Understanding the desire of the CITY of Palmer to enhance its Disaster Recovery capabilities AlasConnect would recommend a phased approach to analysis and design including:

- Development and update Backup and Disaster Recovery Policy, including geo-diversity, RTO and RPO objectives
- Development and update of Data Retention Policy
- Design and architecture of overall backup solution, utilizing existing Nimble storage hardware
- Preparation of initial budget options (including various solution architectures) for review and selection by CITY of Palmer
- Development of long term cost plan (including ongoing maintenance and growth projections) for planning purposes
- Implementation of core backup solution, including pivot of existing IT infrastructure

These services are provided on the following fee schedule:

Confidential & Proprietary – Not for Third Party Distribution

Description	Rate	Minimum Increment
Strategic IT Planning	\$135 Per Hour	1/2 Hour

A team of Account Managers will review all products before submittal at no additional charge.

Other Information Technology Services (response for 5.i)

AlasConnect will act as an escalation point for CITY staff members in support of CITY operated online payment solutions for the general public. In the case of a system outage or technical fault, AlasConnect will troubleshoot and work with CITY staff members to repair the system to normal operation. It is not the intent of this proposal for AlasConnect to take calls or requests directly from the general public in support of the online payment solutions.

AlasConnect can provide training for end users on business applications or other systems under the following fee schedule. This training would provide for an on-site Systems Technician or Engineer to provide formal training sessions to staff members.

Description	Rate	Minimum Increment
End User Training	\$135 Per Hour	1/2 Hour

Support for remote users, being employees of the CITY, is included in the base monthly support service. Multiple avenues of remote support including remote screen sharing via the Internet are utilized by AlasConnect to provide this service. End users may call or email our Help Desk to arrange for immediate remote support as needed during normal business hours. After hours remote support is subject to after hour call out fees (see Section 5e).

Business References (response for 4.a.xvii)

Jim Matherly

Mayor
 CITY of Fairbanks
 911 Cushman Street
 Fairbanks, AK 99701
 E: jmatherly@fairbanks.us
 T: (907) 459-6793

Data Center Service & Complete IT Outsourcing – July 1, 2016 to present

Teal Soden

Executive Assistant to the Mayor/Director of Communications
 CITY of Fairbanks
 911 Cushman Street
 Fairbanks, AK 99701
 E: tsoden@fairbanks.us
 T: (907) 459-6793

Data Center Service & Complete IT Outsourcing – July 1, 2016 to present

Eric Jewkes

Chief of Police
CITY of Fairbanks
911 Cushman Street
Fairbanks, AK 99701
E: eric.jewkes@fairbanks.us
T: (907) 450-6500

Data Center Service & Complete IT Outsourcing – July 1, 2016 to present

Bryce Ward

Mayor
CITY of North Pole
125 Snowman Lane
North Pole, AK 99705
E: bryce.ward@northpolealaska.org
T: (907) 488-2281

Data Center Service & Complete IT Outsourcing – March 1, 2015 to present

Steve Dutra

Chief of Police
CITY of North Pole
125 Snowman Lane
North Pole, AK 99705
E: sdutra@northpolealaska.org
T: (907) 488-2281

Data Center Service & Complete IT Outsourcing - March 1, 2015 to present

Jon Watkins

Chief Financial Officer
Anchorage Community Mental Health Services
4020 Folker Street
Anchorage, AK 99508
E: jwatkins@acmhs.com
T: (907) 563-1000

Data Center Service & Complete IT Outsourcing – October 1, 2013 to present

Robert Hingst

Director of Network & Computer Service
Fairbanks North Star Borough School District
301 Cushman Street, Suite 200
Fairbanks, AK 99701

E: robert.hingst@k12northstar.org

T: (907) 452-2000 x11360

Wide Area Network/Internet & Data Center Collocation/Disaster Recovery – August 2005 to present

Tom Narrow

Program Manager

ASRC Federal – Space and Defense

NOAA/NESDIS FCDAS, 1300 Eisele Road

Fairbanks, AK 99712

E: thomas.narrow@noaa.gov

T: (907) 451-1272

Wide Area Network/Dark Fiber Networks/Internet – March 2000 to present

Additional references upon request.

Transition Plan

Planning and Evaluation Phase

Upon finalization of the contract, AlasConnect will meet with the current IT support staff of the CITY of Palmer and key managers within the organization to plan and communicate the transition plan.

Key milestones of this project phase include:

- Full technical assessment of all current IT systems
- Conduct a risk assessment and vulnerability scan of current IT infrastructure in cooperation with current IT support staff formalize understand operational environment and existing risks
- Conduct a briefing by current IT support staff on current projects and initiatives currently underway which must be assumed by AlasConnect
- Interviews with key business managers to fully understand each departments role and IT support needs
- Communicate points of contact to key business managers for AlasConnect Help Desk and primary account managers
- Establish physical access procedures (including issuing credentials or keys) for AlasConnect personnel to CITY offices and locations

Expected timeline: 1 week

Preliminary Support Phase

After initial planning and evaluation are completed, in cooperation with the CITY, a date will be affixed to begin “Preliminary Support” of IT systems and end users. During this phase, AlasConnect support staff will be available to all end users and AlasConnect personnel will be working in parallel with existing IT support staff to transition roles and responsibilities.

Key milestones of this project phase include:

- Installation of remote support tools on all workstations and laptops to facilitate support via the Help Desk
- Hand off of key administrative accounts, credentials and passwords from current IT support staff to AlasConnect
- Hand off of existing technical documentation from current IT support staff to AlasConnect

- Current IT support staff to brief AlasConnect Systems Technician on daily routines, scheduled tasks and other daily support activities.
- Begin on site staffing of Systems Technician at CITY of Palmer office
- Communicate points of contact to all CITY staff for AlasConnect Help Desk and begin technical support
- Develop and verify sample reports required for delivery to the CITY on a periodic basis
- Begin full availability of support to all CITY staff members.

Expected timeline: 1 week

Full Support Transition

After a preliminary period of handing off roles and responsibilities, AlasConnect will assume full operational responsibility for all CITY IT systems and end users. AlasConnect will continue all maintenance responsibilities for IT infrastructure and carry out continuing improvement evaluations in order to make appropriate recommendations to the CITY on strategic IT direction.

Key milestones of this project phase include:

- Follow up meeting with key business managers to assure that transition of responsibility is proceeding smoothly and identify/resolve any areas of concern.

NOTE: This transition process will involve a team of AlasConnect personnel and is included in the monthly flat fee price.

AlasConnect Business Plan

AlasConnect has a unique approach to providing complete IT support to businesses in Alaska, we do not advertise at all. All of our business comes through “word of mouth” referrals. Alaska is a “small town” and if you do things right you do not need to advertise, however, if you don’t do it right everyone knows about it right away!

We were the first in the state of Alaska to offer this type of complete IT support and we are very proud of our reputation. I don’t know of another company that gives the home number of the President and CEO to all of the CITYs they serve. One of the things that we are most proud of is that we have never lost a CITY to a competitor, the only two businesses that have left AlasConnect left when the owners retired and closed their businesses down.

If you have any questions about our service offerings please don’t hesitate to give me a call: Cell (907)-460-6360, Office (907)-459-4929, Home (907)-479-7783

Jeff Yauney

Risk Analysis and Mitigation

Risk	Likelihood	Impact	Mitigation
Existing technical documentation is incomplete or inaccurate	Moderate	Moderate	Additional focus during Preliminary Support phase to complete and verify technical documentation
Existing administrative credentials are unavailable or unrecoverable	Low	Extreme	Communicate expectations of hand off to current IT staff and assure that passwords are documented in a secure location.
End users do not know how to contact Help Desk which leads to frustration and upset	Moderate	High	Be sure to over-communicate the transition plan and points of contact to managers and staff during Planning/Evaluation/Preliminary Support phases
Key applications are not supported well by vendors or documentation is incomplete	Moderate	High	Additional focus during Preliminary Support on any applications without existing vendor support contracts or custom developed software packages to assure knowledge transfer
Existing "borderline" issues are exacerbated during transition	Low	High	Verify that all daily routines and scheduled maintenance activities are fully documented and handed off during Preliminary Support phase.

Application and System Experience

AlasConnect currently supports a wide breadth of both AlasConnect and CITY provided applications and systems. In addition, we have the ability to “come up to speed” quickly on additional applications as needed:

- Abacus Law Case Management Software
- Apache Web Server
- Adobe Products
- ArcGIS
- AutoDesk AutoCAD and Land Desktop
- AutoDesk Infrastructure Map Server
- AutoDesk Revit
- AutoDesk Vault
- CentOS Linux
- Cisco AnyConnect Mobility Client
- Cisco ASA Firewall
- Cisco ASDM
- Cisco Catalyst Switches
- Cisco FirePower (replacing Prime Security Manager)
- Cisco Identity Services Engine
- Cisco IOS Routers
- Cisco IP Video Surveillance Manager
- Cisco IronPort Email Security Appliance
- Cisco Physical Access Manager
- Cisco Wireless LAN Controllers
- Citrix ShareFile Enterprise Storage Zones
- CommVault Simpana
- Dell Equallogic SANHQ

Deltek Vision
Dexter + Chaney Spectrum
E-ClinicalWorks
Elasticsearch
GE CentriCITY
Incode Financial Software
Intuit Quickbooks
Kibana
Laserfiche
Logmein Remote Desktop
Logstash
Meraki Security Appliances
Microsoft Dynamics
Microsoft FRx
Microsoft Hyper-V
Microsoft Office (All Versions)
Microsoft Server Infrastructure (Active Directory and Services – All Versions)
Microsoft SharePoint Server
Microsoft Skype for Business Server
Microsoft SQL Server
Microsoft Windows Deployment Server
MySQL Server
NetApp Data ONTAP
NetApp OnCommand Intellisnap
NetApp OnCommand Systems Manager
Netmotion VPN Client
Nginx Web Server
Oracle Database
Oracle E-Business Suite ERP
Oracle WebLogic Application Server
OSISoft Pi Server
PostgreSQL Server
Red Hat Enterprise Linux
Sage 100 (MV90)
Sage 50
Sigmund Software ERP
SolarWinds Network Configuration Manager
SolarWinds Network Performance Manager
SunGuard OneSoltion Mobile Computing (MCT) Applcation
Tegile Intelliflash
Texada Software
Veeam Backup and Replication
VMWare vCenter Management Server
VMWare vSphere Hypervisor