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**Palmer City Council Meeting**

**Meeting Date:** 04/23/2024  
**Submitted For:** Brad Hanson, Community Development Director  
**Department:** Community Development  
**Agenda Category:** Consent Agenda  
**Legislation Number:** AM 24-019  **Approved**

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**Subject**

**Action Memorandum No. 24-019:** Authorizing the City Manager to Negotiate and Execute Two Lease Extension Agreements with ES Properties and Nicole Reed to Provide Long-term Storage for Library Books and the Temporary Library

**Summary Statement/Background**

As a result of the collapse of the Palmer Public Library on February 15, 2023, the City contracted with ES Properties and Nicole Reed for rental space in order to provide library services to the community. AM 24--019 Extends the leases at the two sites rented by the City of Palmer for the Library, including long-term storage and the temporary library. These are the same leases that were approved by the City Attorney in March '23 except for the lease term. Both landlords understand our need for rental space until a suitable facility is completed and are willing to extend the lease agreements.

This amount for lease extension is covered by insurance until the point a settlement is reached with our insurance carrier APEI.

**Administration's Recommendation:**

Approve AM 24-019 to negotiate and execute two lease agreements with ES Properties and Nicole Reed for library purposes.

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**Fiscal Impact**

**Total Amount of funds listed in this legislation:** \$94,650  
**Legislation creates expenditure in the amount of:** \$94,650  
**Budgeted Y/N?:** y  
**Line Item(s):** 01-19-10-6036

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**Attachments**

Updated ES Properties Library Lease  
Updated Alaska Commercial Lease Agreement for Library City of Palmer

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## ***REAL ESTATE LEASE***

This Lease Agreement (this "Lease") is dated March 6, 2024, by and between ES Properties LLC ("Landlord"), and City of Palmer (Tenant"). The parties agree as follows:

**PREMISES.** Landlord, in consideration of the lease payments provided in this Lease, leases to Tenant 2700 square feet of office and shop space located at 640 E Steel Loop Street, Palmer, AK 99645 (the "Premises).

**TERM.** The lease term will begin May 01, 2024, and continue until May 31, 2026, with the option to extend quarterly provided written notification is made at least 60 days in advance.

**LEASE PAYMENTS.** Tenant shall pay to Landlord monthly installments of \$4,062.00 payable in advance on the first day of each month. Monthly installments to include base rent at \$1.25 sq. ft. plus associated monthly property expenses.

Base rental rate is subject to 3% escalation every 12-month period. Associated monthly property expenses to be recalculated to actuals every 12-month period.

**POSSESSION.** Tenant shall be entitled to possession on the first day of the term of this Lease and shall yield possession to Landlord on the last day of the term of this Lease, unless otherwise agreed by both parties in writing. At the expiration of the term, Tenant shall remove its goods and effects and peaceably yield up the Premises to Landlord in as good a condition as when delivered to Tenant, ordinary wear and tear excepted.

**USE OF PREMISES.** Tenant may use the Premises for storage, offices, or manufacturing space. The Premises may be used for any other purpose only with the prior written consent of Landlord, which shall not be unreasonably withheld.

**PROPERTY INSURANCE.** Landlord and Tenant shall each maintain appropriate insurance for their respective interests in the Premises and property located on the Premises. Tenant is responsible for maintaining casualty insurance on its own property.

**MAINTENANCE.** Landlord shall have the responsibility to always maintain the Premises in good repair.

**UTILITIES AND SERVICES.** Landlord shall be responsible for all utilities and services incurred in connection with the Premises.

**TAXES.** Taxes attributable to the Premises or the use of the Premises shall be allocated as follows:

**REAL ESTATE TAXES.** Landlord shall pay all real estate taxes and assessments for the Premises.

**TERMINATION UPON SALE OF PREMISES.** Notwithstanding any other provision of this Lease, Landlord may terminate this lease upon 60 days' written notice to Tenant that the Premises have been sold.

**DEFAULTS.** Tenant shall be in default of this Lease if Tenant fails to fulfill any lease obligation or term by which Tenant is bound. Subject to any governing provisions of law to the contrary, if Tenant fails to cure any financial obligation within 5 days (or any other obligation within 10 days) after written notice of such default is provided by Landlord to Tenant, Landlord may take possession of the Premises without further notice (to the extent permitted by law), and without prejudicing Landlord's rights to damages. In the alternative, Landlord may elect to cure any default and the cost of such action shall be added to Tenant's financial obligations under this Lease. Tenant shall pay all costs, damages, and expenses (including reasonable attorney fees and expenses) suffered by Landlord by reason of Tenant's defaults. All sums of money or charges required to be paid by Tenant under this Lease shall be additional rent, whether or not such sums or charges are designated as "additional rent". The rights provided by this paragraph are cumulative in nature and are in addition to any other rights afforded by law.

**LATE PAYMENTS.** For any payment that is not made within 5 days after its due date, Tenant shall pay a late fee of \$25.00.

**HOLDOVER.** If Tenant maintains possession of the Premises for any period after the termination of this Lease ("Holdover Period"), Tenant shall pay to Landlord lease payment(s) during the Holdover Period at a rate equal to the most recent rate preceding the Holdover Period. Such holdover shall constitute a month-to-month extension of this Lease.

**CUMULATIVE RIGHTS.** The rights of the parties under this Lease are cumulative and shall not be construed as exclusive unless otherwise required by law.

**NON-SUFFICIENT FUNDS.** Tenant shall be charged \$35.00 for each check that is returned to Landlord for lack of sufficient funds.

**REMODELING OR STRUCTURAL IMPROVEMENTS.** Tenant shall have the obligation to conduct any construction or remodeling (at Tenant's expense) that may be required to use the Premises as specified above. Tenant may also construct such fixtures on the Premises (at Tenant's expense) that appropriately facilitate its use for such purposes. Such construction shall be undertaken, and such fixtures may be erected only with the prior written consent of the Landlord which shall not be unreasonably withheld. Tenant shall not install awnings or advertisements on any part of the Premises without Landlord's prior written consent. At the end of the lease term, Tenant shall be entitled to remove (or at the request of Landlord shall remove) such fixtures and shall restore the Premises to substantially the same condition of the Premises at the commencement of this Lease.

**ACCESS BY LANDLORD TO PREMISES.** Subject to Tenant's consent (which shall not be

unreasonably withheld), Landlord shall have the right to enter the Premises to make inspections, provide necessary services, or show the unit to prospective buyers, mortgagees, tenants or workers. However, Landlord does not assume any liability for the care or supervision of the Premises. As provided by law, in the case of an emergency, Landlord may enter the Premises without Tenant's consent. During the last three months of this Lease, or any extension of this Lease, Landlord shall be allowed to display the usual "To Let" signs and show the Premises to prospective tenants.

**INDEMNITY REGARDING USE OF PREMISES.** To the extent permitted by law, Tenant agrees to indemnify, hold harmless, and defend Landlord from and against any and all losses, claims, liabilities, and expenses, including reasonable attorney fees, if any, which Landlord may suffer or incur in connection with Tenant's possession, use or misuse of the Premises, except Landlord's act or negligence.

**DANGEROUS MATERIALS.** Tenant shall not keep or have on the Premises any article or thing of a dangerous, flammable, or explosive character that might substantially increase the danger of fire on the Premises, or that might be considered hazardous by a responsible insurance company, unless the prior written consent of Landlord is obtained, and proof of adequate insurance protection is provided by Tenant to Landlord.

**COMPLIANCE WITH REGULATIONS.** Tenant shall promptly comply with all laws, ordinances, requirements and regulations of the federal, state, county, municipal and other authorities, and the fire insurance underwriters. However, Tenant shall not by this provision be required to make alterations to the exterior of the building or alterations of a structural nature.

**MECHANICS LIENS.** Neither the Tenant nor anyone claiming through the Tenant shall have the right to file mechanics liens or any other kind of lien on the Premises and the filing of this Lease constitutes notice that such liens are invalid. Further, Tenant agrees to (1) give actual advance notice to any contractors, subcontractors or suppliers of goods, labor, or services that such liens will not be valid, and (2) take whatever additional steps that are necessary in order to keep the premises free of all liens resulting from construction done by or for the Tenant.

**SUBORDINATION OF LEASE.** This Lease is subordinate to any mortgage that now exists, or may be given later by Landlord, with respect to the Premises.

**ASSIGNABILITY/SUBLETTING.** Tenant may not assign or sublease any interest in the Premises, nor effect a change in the majority ownership of the Tenant (from the ownership existing at the inception of this lease), nor assign, mortgage or pledge this Lease, without the prior written consent of Landlord, which shall not be unreasonably withheld.

**Termination Upon Non-Use of Premises.** In the event that the building and premises become partially or wholly unusable so the tenant's purpose in renting the premises is significantly limited, constrained or becomes impractical then the tenant will notify the landlord in writing of the tenants desire to terminate the contract based upon non-use of premises; and this Agreement will be terminated within 30 days of written notice.

**NOTICE.** Notices under this Lease shall not be deemed valid unless given or served in writing and forwarded by mail, postage prepaid, addressed as follows:

**LANDLORD:**

ES Properties, LLC  
1960 S Eklutna St  
Palmer, AK 99645

**TENANT:**

City of Palmer  
231 West Evergreen  
Palmer, AK 99645

Such addresses may be changed from time to time by either party by providing notice as set forth above. Notices mailed in accordance with the above provisions shall be deemed received on the third day after posting.

**GOVERNING LAW.** This Lease shall be construed in accordance with the laws of the State of Alaska.

**ENTIRE AGREEMENT/AMENDMENT.** This Lease Agreement contains the entire agreement of the parties and there are no other promises, conditions, understandings, or other agreements, whether oral or written, relating to the subject matter of this Lease. This Lease may be modified or amended in writing, if the writing is signed by the party obligated under the amendment.

**SEVERABILITY.** If any portion of this Lease shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Lease is invalid or unenforceable, but that by limiting such provision, it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

**WAIVER.** The failure of either party to enforce any provisions of this Lease shall not be construed as a waiver or limitation of that party's right to subsequently enforce and compel strict compliance with every provision of this Lease.

**BINDING EFFECT.** The provisions of this Lease shall be binding upon and inure to the benefit of both parties and their respective legal representatives, successors, and assigns.

**LANDLORD:**  
**ES Properties LLC**



By: \_\_\_\_\_ Date: 3/6/2024  
Hans Vogel

**TENANT:**  
**City of Palmer**



By: \_\_\_\_\_  
John Moosey – City Manager

Date: 04.03.24

# COMMERCIAL LEASE AGREEMENT

**THE PARTIES.** This Lease Agreement agreed on \_\_\_\_\_ 2023 is between:

The **Lessor** is 1 individual(s) known as Nicole Reed with a mailing address of 5222 Burgdorf Road, Bonanza, Oregon, 97623, hereinafter referred to as the "Lessor."

**AND**

The **Lessee** is a business entity known as City of Palmer with a mailing address of 645 E. Cope Industrial Way, Palmer, Alaska, 99645, hereinafter referred to as the "Lessee."

The Lessor and Lessee hereby agree as follows:

**DESCRIPTION OF LEASED PREMISES.** The Lessor agrees to lease to the Lessee the following described 4125.45 square feet (SF) of office space located at 137 E. Arctic Avenue, Palmer, Alaska, 99645.

Additional Description: Upstairs Suite 2B (752.47 sq ft), 2C (1048.76 sq ft), 2D "Kitchen" (357.59 sq ft) & 2E (251.90 sq ft).

Downstairs Suites 1B (337.71 sq ft), 1C (760.56 sq ft) & 1D (616.20 sq ft)

Hereinafter referred to as the "Premises".

**USE OF LEASED PREMISES.** The Lessor is leasing the Premises to the Lessee and the Lessee is hereby agreeing to lease the Premises for The Palmer Public library.

Any change in use or purpose of the Premises other than as described above shall be upon prior written consent of Lessor only otherwise the Lessee will be considered in default of this Lease Agreement.

**EXCLUSIVE USE.** The Lessee shall hold exclusive rights to operate on the Premises with the following use(s): The Landlord will not lease the remaining space on the Property to any other library.

**TERM OF LEASE.** This Lease shall commence on \_\_\_\_\_, 2023 and expire at Midnight on \_\_\_\_\_, 2025 ("Initial Term").

**RENT AMOUNT.** Payment shall be made by the Lessee to the Lessor in the amount of \$7,838.00 for the Initial Term of this Lease Agreement hereinafter referred to as the "Rent."

**RENT PAYMENT.** The Rent shall be paid under the following instructions:

Rent shall be paid by the Lessee to the Lessor on a per month basis with payment due no later than the 1st of every month.

Rent shall be paid by the Lessee to the Lessor's Bank Account with the following details:

Initials \_\_\_\_\_

Account Holder's Name: Nicole A Reed  
Account Street Address: USAA, 9800 Fredericksburg Rd., San Antonio, Texas, 78288  
E-Mail Address: nikiandlindsey@yahoo.com  
Account Type: Checking  
Routing Number: 314074269  
Account Number: 0169676463

**RETURNED CHECKS (NSF).** If the Lessee attempts to pay Rent with a check that is not deemed valid by a financial institution due to non-sufficient funds, or any other reason for it to be returned, the Lessee will be subject to a fee of \$25 in addition to any late fee.

**LATE FEE.** The Lessor shall charge a late payment fee if rent is not paid on time in the following amount:

The Lessee shall be charged a late fee in the amount of \$50.00 per occurrence if the rent is not paid after the 10th day payment is due.

**OPTION TO RENEW.** The Lessee shall not have the right to renew this Lease Agreement.

**EXPENSES.** In accordance with a Gross Lease the responsibility of the expenses shall be attributed to the following:

It is the intention of the Parties, and they hereby agree, that the above mentioned Rent is the entirety of the payment due per month and expenses payable by Lessee to Lessor and Lessee is not obligated to pay any additional expenses including real estate taxes, insurance (other than on the Lessee's personal property) liens, charges or expenses of any nature whatsoever in connection with the ownership and operation of the Premises. The Lessor shall be obligated to maintain the general exterior structure of the Premises and, in addition, shall maintain all major systems such as the heating, plumbing and electrical, and shall maintain the parking area and shall also provide snow removal and ground maintenance of the grounds and lands surrounding the Premises, except as hereinafter set forth. The Lessee will maintain, at their expense, casualty insurance insuring the leased Premises against loss by fire and negligence. The Lessee shall provide and maintain personal liability and property damage insurance as a lessee and will designate the Lessor as an "also named insured". The Lessee shall provide the Lessor with a copy of such insurance certification or policy prior to the effective date of this Lease, at least to the limits of \$1,000,000.00.

**UTILITIES.** The Lessor shall be responsible for the following utilities on the Premises: Electric, Gas, Water, Sewer, Garbage

**SECURITY DEPOSIT.** In lieu of a deposit, the Landlord requires an assessment of the property at the time of vacancy. Wear and tear including but not limited to carpet replacement, bathroom repairs, etc. in the rented spaces and the common areas shall be paid for by the City of Palmer. The City of Palmer Library can take pictures of any defects prior to the start of the lease.

**FURNISHINGS.** The Lessor will not provide any furnishings to the Lessee under this Lease.

**PARKING.** Parking shall be provided to the Lessee in a shared manner provided on the Premises. There is no set number of parking spaces provided to the Lessee.



There shall be no fee charged to the Lessee for the use of the Parking Space(s).

**LEASEHOLD IMPROVEMENTS.** The Lessee agrees that no leasehold improvements, alterations or changes of any nature, (except for those listed on any attached addenda) shall be made to the leasehold Premises or the exterior of the building without first obtaining the consent of the Lessor in writing, which consent shall not be unreasonably withheld, and thereafter, any and all leasehold improvements made to the Premises which become affixed or attached to the leasehold Premises shall remain the property of the Lessor at the expiration or termination of this Lease Agreement. Furthermore, any leasehold improvements shall be made only in accordance with applicable federal, state or local codes, ordinances or regulations, having due regard for the type of construction of the building housing the subject leasehold Premises. If the Lessee makes any improvements to the Premises the Lessee shall be responsible for payment.

Nothing in the Lease shall be construed to authorize the Lessee or any other person acting for the Lessee to encumber the rents of the Premises or the interest of the Lessee in the Premises or any person under and through whom the Lessee has acquired its interest in the Premises with a mechanic's lien or any other type of encumbrance. Under no circumstance shall the Lessee be construed to be the agent, employee or representative of Lessor. In the event a lien is placed against the Premises, through actions of the Lessee, Lessee will promptly pay the same or bond against the same and take steps immediately to have such lien removed. If the Lessee fails to have the Lien removed, the Lessor shall take steps to remove the lien and the Lessee shall pay Lessor for all expenses related to the Lien and removal thereof and shall be in default of this Lease.

**LICENSES AND PERMITS.** A copy of any and all local, state or federal permits acquired by the Lessee which are required for the use of the Premises shall be kept on-site at all times and shall be readily accessible and produced to the Lessor and/or their agents or any local, state, or federal officials upon demand.

**MAINTENANCE.** The Lessee shall be responsible for all repairs and maintenance on the Premises due to normal wear and tear on the Premises. Particularly items which need immediate attention including but not limited to, the replacement of light bulbs, normal repair and cleaning of windows, cleaning of bathrooms, clearing of toilets, etc. The Lessee shall properly maintain the premises in a good, safe and clean condition and shall properly and promptly remove all rubbish and hazardous wastes and see that the same are properly disposed of according to all local, state or federal laws, rules regulations or ordinances.

In the event the Premises is damaged as a result of any neglect or negligence of Lessee, his employees, agents, business invitees, or any independent contractors serving the Lessee or in any way as a result of Lessee's use and occupancy of the premises, then the Lessee shall be primarily responsible for seeing that the proper claims are placed with the Lessee's insurance company, or the damaging party's insurance company, and shall furthermore be responsible for seeing that the building is safeguarded with respect to said damage and that all proper notices with respect to said damage, are made in a timely fashion, including notice to the Lessor, and the party or parties causing said damage.

**SALE OF PROPERTY.** Lessee shall, in the event of the sale or assignment of Lessor's interest in the building of which the premises form a part, or in the event of any proceedings brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage made by Lessor covering the premises, attorn to the purchaser and recognize such purchaser as Lessor under this Lease.

**HVAC MAINTENANCE.** Lessor will provide or engage a reputable and experienced firm for the purpose of periodically inspecting and maintaining the heating ventilating, and air conditioning equipment located on the Premises, hereinafter referred to as the "HVAC System." In addition, the Lessor shall be responsible for all costs associated to the everyday upkeep and maintenance of said HVAC System.

**INSURANCE.** In the event Lessee shall fail to obtain insurance required hereunder and fails to maintain the same in force continuously during the term, Lessor may, but shall not be required to, obtain the same and charge the Lessee for same as additional rent. Furthermore, Lessee agrees not to keep upon the premises any articles or goods which may be prohibited by the standard form of fire insurance policy, and in the event the insurance rates applicable to fire and extended coverage covering the premises shall be increased by reason of any use of the premises made by Lessee, then Lessee shall pay to Lessor, upon demand, such increase in insurance premium as shall be caused by said use or Lessee's proportionate share of any such increase.

Lessor requires a commercial liability insurance policy with a certificate of liability and Landlord named as addition insured for \$1,000,000 per occurrence. In addition, business personal property insurance and proof of workmen's compensation insurance for employees is required. If a subcontractor is used proof of insurance is needed.

**SUBLET/ASSIGNMENT.** The Lessee may not transfer or assign this Lease, or any right or interest hereunder or sublet said leased premises or any part thereof.

**DAMAGE TO LEASED PREMISES.** In the event the building housing the leased premises shall be destroyed or damaged as a result of any fire or other casualty which is not the result of the intentional acts or neglect of Lessee and which precludes or adversely affects the Lessee's occupancy of the leased premises, then in every such cause, the rent herein set forth shall be abated or adjusted according to the extent to which the Premises have been rendered unfit for use and occupation by the Lessee and until the demised premises have been put in a condition at the expense of the Lessor, at least to the extent of the value and as nearly as possible to the condition of the premises existing immediately prior to such damage. It is understood, however, in the event of total or substantial destruction to the Premises that in no event shall the Lessor's obligation to restore, replace or rebuild exceed an amount equal to the sum of the insurance proceeds available for reconstruction with respect to said damage.

The Lessee shall, during the term of this Lease, and in the renewal thereof, at its sole expense, keep the interior of the leased premises in as good a condition and repair as it is at the date of this Lease, reasonable wear and use excepted. This obligation would include the obligation to replace any plate glass damaged as a result of the neglect or acts of Lessee or her guests or invitees. Furthermore, the Lessee shall not knowingly commit nor permit to be committed any act or thing contrary to the rules and regulations prescribed from time to time by any federal, state or local authorities and shall expressly not be allowed to keep or maintain any hazardous waste materials or contaminants on the premises. Lessee shall also be responsible for the cost, if any, which would be incurred to bring her contemplated operation and business activity into compliance with any law or regulation of a federal, state or local authority.

**HAZARDOUS MATERIALS LAWS.** Shall mean any and all federal, state, or local laws, ordinances, rules, decrees, orders, regulations, or court decisions relating to hazardous substances, hazardous materials, hazardous waste, toxic substances, environmental conditions on, under, or about the Premises, the Building, or the Property, or soil and ground water conditions, including, but not limited

to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Hazardous Materials Transportation Act, any other law or legal requirement concerning hazardous or toxic substances, and any amendments to the foregoing.

**LESSEE'S DEFAULT AND POSSESSION.** In the event that the Lessee shall fail to pay said rent and expenses as set forth herein, or any part thereof, when the same are due and payable, or shall otherwise be in default of any other terms of said Lease for a period of more than 30 days, after receiving notice of said default, then the parties hereto expressly agree and covenant that the Lessor may declare the Lease terminated and may immediately re-enter said premises and take possession of the same together with any of Lessee's personal property, equipment or fixtures left on the premises which items may be held by the Lessor as security for the Lessee's eventual payment and/or satisfaction of rental defaults or other defaults of Lessee under the Lease. It is further agreed, that if the Lessee is in default, that the Lessor shall be entitled to take any and all action to protect its interest in the personal property and equipment, to prevent the unauthorized removal of said property or equipment which threatened action would be deemed to constitute irreparable harm and injury to the Lessor in violation of its security interest in said items of personal property. Furthermore, in the event of default, the Lessor may expressly undertake all reasonable preparations and efforts to release the Premises including, but not limited to, the removal of all inventory, equipment or leasehold improvements of the Lessee's, at the Lessee's expense, without the need to first procure an order of any court to do so, although obligated in the interim to undertake reasonable steps and procedures to safeguard the value of Lessee's property, including the storage of the same, under reasonable terms and conditions at Lessee's expense, and, in addition, it is understood that the Lessor may sue the Lessee for any damages or past rents due and owing and may undertake all and additional legal remedies then available.

**LESSOR'S DEFAULT.** The Lessee may send written notice to the Lessor stating duties or obligations that have not been fulfilled under the full performance of this Lease Agreement. If said duties or obligations have not been cured within 30 days from receiving such notice, unless the Lessor needs to more time to cure or remedy such issue in accordance with standard industry protocol, then the Lessor shall be in default of this Lease Agreement.

If the Lessor should be in default the Lessee shall have the option to terminate this Lease Agreement and be held harmless against any of its terms or obligations.

**DISPUTES.** If any dispute should arise in relation to this Lease Agreement the Lessor and Lessee shall first negotiate amongst themselves in "good faith." Afterwards, if the dispute is not resolved then the Lessor and Lessee shall seek mediation in accordance with the laws in the State of Alaska. If the Lessor and Lessee fail to resolve the dispute through mediation then the American Arbitration Association shall be used in accordance with their rules. Lessor and Lessee agree to the binding effect of any ruling or judgment made by the American Arbitration Association.

**INDEMNIFICATION.** The Lessee hereby covenants and agrees to indemnify, defend and hold the Lessor harmless from any and all claims or liabilities which may arise from any cause whatsoever as a result of Lessee's use and occupancy of the premises, and further shall indemnify the Lessor for any losses which the Lessor may suffer in connection with the Lessee's use and occupancy or care, custody and control of the premises. The Lessee also hereby covenants and agrees to indemnify and hold harmless the Lessor from any and all claims or liabilities which may arise from any latent defects in the subject premises that the Lessor is not aware of at the signing of the lease or at any time during the lease term.

**BANKRUPTCY - INSOLVENCY.** The Lessee agrees that in the event all or a substantial portion of the Lessee's assets are placed in the hands of a receiver or a Trustee, and such status continues for a period of 30 days, or should the Lessee make an assignment for the benefit of creditors or be adjudicated bankrupt, or should the Lessee institute any proceedings under the bankruptcy act or any amendment thereto, then such Lease or interest in and to the leased premises shall not become an asset in any such proceedings and, in such event, and in addition to any and all other remedies of the Lessor hereunder or by law provided, it shall be lawful for the Lessor to declare the term hereof ended and to re-enter the leased land and take possession thereof and all improvements thereon and to remove all persons therefrom and the Lessee shall have no further claim thereon.

**SUBORDINATION AND ATTORNMENT.** Upon request of the Lessor, Lessee will subordinate its rights hereunder to the lien of any mortgage now or hereafter in force against the property or any portion thereof, and to all advances made or hereafter to be made upon the security thereof, and to any ground or underlying lease of the property provided, however, that in such case the holder of such mortgage, or the Lessor under such Lease shall agree that this Lease shall not be divested or in any way affected by foreclosure, or other default proceedings under said mortgage, obligation secured thereby, or Lease, so long as the Lessee shall not be in default under the terms of this Lease. Lessee agrees that this Lease shall remain in full force and effect notwithstanding any such default proceedings under said mortgage or obligation secured thereby.

Lessee shall, in the event of the sale or assignment of Lessor's interest in the building of which the Premises form a part, or in the event of any proceedings brought for the foreclosure of, or in the event of exercise of the power of sale under any mortgage made by Lessor covering the Premises, attorn to the purchaser and recognize such purchaser as Lessor under this Lease.

**USAGE BY LESSEE.** Lessee shall comply with all rules, regulations and laws of any governmental authority with respect to use and occupancy. Lessee shall not conduct or permit to be conducted upon the premises any business or permit any act which is contrary to or in violation of any law, rules or regulations and requirements that may be imposed by any authority or any insurance company with which the premises is insured, nor will the Lessee allow the premises to be used in any way which will invalidate or be in conflict with any insurance policies applicable to the building. In no event shall explosives or extra hazardous materials be taken onto or retained on the premises. Furthermore, Lessee shall not install or use any equipment that will cause undue interference with the peaceable and quiet enjoyment of the premises by other Lessees of the building.

**SIGNAGE.** Lessee shall not place on any exterior door, wall or window of the premises any sign or advertising matter without Lessor's prior written consent and the approval of the local municipality. Thereafter, Lessee agrees to maintain such sign or advertising matter as first approved by Lessor in good condition and repair. Furthermore, Lessee shall conform to any uniform reasonable sign plan or policy that the Lessor may introduce with respect to the building. Upon vacating the premises, Lessee agrees to remove all signs and to repair all damages caused or resulting from such removal.

**PETS.** No pets shall be allowed on the premises without the prior written permission of Lessor unless said pet is required for reasons of disability under the Americans with Disability Act.

**CONDITION OF PREMISES/INSPECTION BY LESSEE.** The Lessee acknowledges they have had the opportunity to inspect the Premises and acknowledges with its signature on this Lease that the Premises are in good condition and comply in all respects with the requirements of this Lease. The Lessor makes no representation or warranty with respect to the condition of the premises or its fitness

or availability for any particular use, and the Lessor shall not be liable for any latent or patent defect therein. The Lessee represents that Lessee has inspected the premises and is leasing and will take possession of the premises with all current fixtures present in their "as is" condition as of the date hereof.

**AMERICANS WITH DISABILITY ACT.** Per 42 U.S. Code § 12183 if the Lessee is using the Premises as a public accommodation (e.g. restaurants, shopping centers, office buildings) or there are more than 15 employees the Premises must provide accommodations and access to persons with disabilities that is equal or similar to that available to the general public. Owners, operators, lessors, and lessees of commercial properties are all responsible for ADA compliance. If the Premises is not in compliance with the Americans with Disability Act any modifications or construction will be the responsibility of the Lessor.

**RIGHT OF ENTRY.** It is agreed and understood that the Lessor and its agents shall have the complete and unencumbered right of entry to the Premises at any time or times for purposes of inspecting or showing the Premises and for the purpose of making any necessary repairs to the building or equipment as may be required of the Lessor under the terms of this Lease or as may be deemed necessary with respect to the inspection, maintenance or repair of the building. In accordance with State and local laws, the Lessor shall have the right to enter the Premises without the consent of the Lessee in the event of an emergency.

**ESTOPPEL CERTIFICATE.** Lessee at any time and from time to time, upon at least ten (10) days prior notice by Lessor, shall execute, acknowledge and deliver to Lessor, and/or to any other person, firm or corporation specified by Lessor, a statement certifying that the Lease is unmodified and in full force and effect, or if the Lease has been modified, then that the same is in full force and effect except as modified and stating the modifications, stating the dates to which the fixed rent and additional rent have been paid, and stating whether or not there exists any default by Lessor under this Lease and, if so, specifying each such default.

**HOLDOVER PERIOD.** Should the Lessee remain in possession of the Premises after the cancellation, expiration or sooner termination of the Lease, or any renewal thereof, without the execution of a new Lease or addendum, such holding over in the absence of a written agreement to the contrary shall be deemed to have created and be construed to be a tenancy from month to month with the Rent to be due and payable in the same amount as the previous month, terminable upon 30 days' notice by either party.

**WAIVER.** Waiver by Lessor of a default under this Lease shall not constitute a waiver of a subsequent default of any nature.

**GOVERNING LAW.** This Lease shall be governed by the laws of the State of Alaska.

**NOTICES.** Notices shall be addressed to the following:

Lessor: Nicole Reed  
5222 Burgdorf Road, Bonanza, Oregon, 97623

Lessee: City of Palmer  
645 E. Cope Industrial Way, Palmer, Alaska, 99645

Initials \_\_\_\_\_

**AMENDMENT(S).** No amendment of this Lease shall be effective unless reduced to writing and subscribed by the parties with all the formality of the original.

**SEVERABILITY.** If any term or provision of this Lease Agreement is illegal, invalid or unenforceable, such term shall be limited to the extent necessary to make it legal and enforceable, and, if necessary, severed from this Lease. All other terms and provisions of this Lease Agreement shall remain in full force and effect.

**BINDING EFFECT.** This Lease and any amendments thereto shall be binding upon the Lessor and the Lessees and/or their respective successors, heirs, assigns, executors and administrators.

**LESSOR SIGNATURE**

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Nicole A Reed

**LESSEE SIGNATURE**

Signature \_\_\_\_\_ Date \_\_\_\_\_  
Print Name \_\_\_\_\_

# ACKNOWLEDGMENT OF NOTARY PUBLIC

State of \_\_\_\_\_

County of \_\_\_\_\_, ss.

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me appeared \_\_\_\_\_, as the **LESSOR(S)** of this Commercial Lease Agreement who proved to me through government issued photo identification to be the above-named person, in my presence executed foregoing instrument and acknowledged that they executed the same as their free act and deed.

Notary Public Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

My commission expires: \_\_\_\_\_

(Seal)

# ACKNOWLEDGMENT OF NOTARY PUBLIC

State of \_\_\_\_\_

County of \_\_\_\_\_, ss.

On this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, before me appeared \_\_\_\_\_, as the **LESSEE(S)** of this Commercial Lease Agreement who proved to me through government issued photo identification to be the above-named person, in my presence executed foregoing instrument and acknowledged that they executed the same as their free act and deed.

Notary Public Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

My commission expires: \_\_\_\_\_

(Seal)

Initials \_\_\_\_\_