

ORIGINAL

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this 16th day of June, 1999, by and between Robert Plymire, 206 E. Pioneer Avenue #2, Homer, AK 99603, hereinafter referred to as "Landlord" and the Kenai Peninsula Borough, hereinafter referred to as "Tenant." Landlord hereby leases the following property to Tenant, in consideration for the rents and terms contained herein:

Plymire Building – located at 206 E. Pioneer Avenue #1, Homer, AK 99603

1. TERMS of this lease shall be for a period of one year, commencing July 1, 1999, and ending June 30, 2000. Tenant shall have first option to renew lease based on a review of market rents done by Landlord's agent/property manager and provided in writing at least 90 days prior to end of lease period. Tenant agrees to give Landlord 30 days advance notice in writing prior to the expiration of this lease if he wishes to renew the lease. This lease agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. Terms of this lease may be altered only by the mutual agreement by both Landlord and Tenant during the life of this lease and must be in writing.

2. RENT in the amount of \$900.00 per month is due the first day of the month, and the first day of each and every month thereafter for a period of one year. Rent is considered late the fifth day of the month and shall accrue \$20 per day late fees for every day rent is late until all sums are paid in full.

3. ACCEPTANCE OF PREMISES. Tenant has examined and knows the conditions of the premises and accepts same "as is" with the understanding that structure and premises meet all applicable code and handicap accessibility conditions and provisions.

4. USE OF PREMISES. Tenant hereby covenants that the use of the premises shall be for commercial, retail, or professional use only (no residential allowed), and applying City of Homer ordinances, and for no other purpose except by mutual written agreement by Landlord. Specific use of Government Offices. 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 as a result of Tenant's acts or omissions while using the premises.

5. IMPROVEMENTS. Tenant shall not make any structural changes or alterations or affix any permanent structure or make other improvements or changes to the premises without obtaining the prior written consent of the Landlord. Any permanent partitions or partitions which are affixed to the walls, ceilings, or floors shall be under the supervision of the Landlord and shall be at the Tenant's expense, if the Tenant wishes such additions made. All improvements, changes, and additions to the premises made during the term of this lease shall become property of the Landlord. Landlord may deduct from rent or reimburse Tenant for any

improvements and/or additions that are made to building, only when prior consent has been made for the improvements and/or additions by the Landlord.

6. **REPAIRS AND MAINTENANCE.** Landlord agrees to keep the exterior of the building and grounds in good repair, and to take care of permanently installed outside lighting. Landlord shall maintain all electrical, plumbing, heating and other facilities supplied by him in reasonably good working order. Landlord is responsible for snow removal. Tenant agrees to maintain the interior of the premises at all times in as good condition as when first occupied, reasonable wear accepted. Tenant is responsible for his own inside lighting and any janitorial service and is also responsible for his own trash removal.

7. **UTILITIES.** Tenant shall pay for all services and utilities supplied to the premises and shall apply for service and make the appropriate deposits prior to occupancy, except City water and sewer, which will be provided by the Landlord.

UTILITY READINGS AT MOVE-IN BY TENANT AND LANDLORD

Meter No. 18550

Water: City

Reading: 89794

Propane: 57%

Gallons Oil at move-in N/A

8. **PARKING.** Tenant shall be entitled to use five parking spaces for the parking of Tenant's customers'/guests' motor vehicles.

9. **TAXES AND INSURANCE.** Landlord shall pay all real property taxes and submit to taxing agency the amount of sales tax collected for rents. Tenant shall be responsible for all personal property taxes assessed against his portion of the premises. Landlord shall maintain property and liability insurance on the building and the grounds. Tenant agrees to carry \$500,000 liability insurance. Tenant further understands that he shall insure, if he so desires, any of his personal property and other belongings which are kept within his premises. Tenant shall not do anything or bring anything within the lease premises which shall increase the risk of fire or other loss to the premises. Tenant agrees to carry \$50,000 fire legal liability. *See attached letter from Gary B. Lamb, Risk Manager, dated June 2, 1999.

10. **PARTIAL DESTRUCTION OF PREMISES.** In the event the above premises shall be destroyed or damaged from any cause so as to become inhabitable or unfit for occupancy by Tenant, and if that condition remains for a period of 60 days or longer from the date of loss or damage, then at the option of the Tenant, this agreement shall cease and become void. Such voiding of agreement shall be made in writing to Landlord on the date Tenant intends to void this agreement. In such event, Tenant shall have no further obligations under this lease. During the time property is being repaired and the Tenant is unable to occupy the premises, Tenant shall not be obligated to pay rent. Tenant shall have discretion to determine whether the premises have been adequately repaired for occupation; however, Tenant agrees not to withhold acceptance unreasonably. The foregoing assumes that the cause of the loss or damage was not the fault of the Tenant.

11. **LANDLORD'S RIGHT OF ACCESS.** It is understood that the Landlord may enter the premises at reasonable times during the term of this agreement for the purpose of inspecting the premises. Reasonable notice shall be given to Tenant, and Tenant shall have the right to be present if he so desires. Emergencies excluded. A key for such access shall be given to Landlord.

12. **NOTICE OF DEFAULT.** Upon receipt of written notice by Landlord of violations of this agreement, Tenant shall have ten days after the Landlord has delivered said notice to correct any such default or violations, failing which Landlord shall be free to retake possession of the premises. Tenant shall immediately remove all personal property therefrom, and, failing to do so, Landlord may store at Tenant's expense, at any location Landlord desires.

13. **WAIVER.** The waiver of landlord to enforce any violations of the terms and conditions herein shall not be deemed to be a waiver of any future violation. The subsequent acceptance of rent by Landlord shall not be deemed to be a waiver of any preceding breach or violation by Tenant regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

14. **COMPLIANCE CLAUSE.** Under this lease agreement, it is Tenant's responsibility to comply with all relevant federal, state, and local laws.

15. **SUBLEASING.** Tenant shall not assign this lease or any interest herein, or sublet the premises or any portion of the premises without prior written permission from Landlord.

16. **PETS, NOISES, NUISANCES.** Tenant shall not keep or allow to be kept pets of any kind on the premises. There shall be no unnecessary noises or nuisances kept, stored, or allowed on the premises.

17. **SIGNS.** Landlord expressly reserves the right and Tenant expressly agrees that Landlord shall approve all signs outside the building, including the size and dimensions, style, lettering, materials, and location where signs are situated. Such approval from Landlord shall be in writing. Tenant will also comply with the City of Homer's sign ordinance.

18. **AGREEMENT BINDING UPON SUCCESSORS.** Each and every covenant, agreement, term, provision and condition herein contained shall extend to and be binding upon the respective heirs, legal representatives, successors and assigns of the parties hereto.

19. **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.

20. PAYMENT OF RENT. All sums owing for rent of the premises shall be paid in cash, cashiers check, travelers check, bank draft, or personal check on the first day of each month, at the office of Robert Plymire, or other location directed by Landlord in writing.

21. ADDITIONAL TERMS, if any, attached hereto or on the reverse side hereof, are made a part of this agreement by reference and are described as follows:

- a) Letter dated June 2, 1999 re insurance coverage for lease agreement
- b) Move-in checklist (2 pages)

KENAI PENINSULA BOROUGH

By Mike Navarre
Mike Navarre, Borough Mayor

6/16/99
Date

Robert Plymire
Robert Plymire, Landlord

6-14-99
Date

ATTEST:

Linda S. Murphy
Linda S. Murphy, Borough Clerk

Approved as to form and legal sufficiency:

John E. Simmons
John E. Simmons
Assistant Borough Attorney

