



Kenai Peninsula Borough

Planning Department
Land Management Division
144 North Binkley, Soldotna, AK 99669
(907) 714.2200 Fax (907) 262.8618

MEMORANDUM

TO: Gary Superman, Assembly President
Kenai Peninsula Borough Assembly Members

THRU: Dale Bagley, Mayor
Max Best, Planning Director
Paul C. Ostrander, Land Management Officer

FROM: *MAC* Marcus A. Mueller, Land Management Agent

DATE: July 29, 2005

SUBJECT: Resolution 2005-076 Attachment: Modified Lease Amendment

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Committee Land

Agenda Item P. 2, * B

The Funny River Emergency Services Board desires to maintain a bilateral control on the proposed KPB purchase option of the Funny River Fire Station. Therefore, the administration has modified the proposed lease amendment to provide that the option to purchase can be executed only when KPB and the FRES Board have reached mutual agreement to do so. The terms of the purchase option remain unchanged.

Additionally, certain grant requirements necessitate that the lease be extendable beyond the original lease term. Therefore, a three year renewal provision has been reinserted into the lease amendment for a rental amount of one dollar.

Please find enclosed a modified Lease Amendment for attachment to Resolution 2005-076. The originally included Lease Amendment should be discarded.

LEASE AMENDMENT
To Rental Agreement between
Kenai Peninsula Borough and
Funny River Emergency Services

THIS AMENDS that certain rental agreement entered into by and between Funny River Emergency Services (Lessor) and the Kenai Peninsula Borough (Lessee) on October 7, 2003 (original agreement).

A. Lease Terms Amended. The following provisions of the original agreement are hereby amended as follows:

1. **Premises and Term.** Lessor, for and in consideration of the rents, covenants, and conditions hereinafter specified to be paid, by lessee, does hereby lease to lessee, the real estate located in the Kenai Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

~~800 square feet of space in the Funny River Fire Department and Disaster Relief Building located on Lot 5 Salmon Bend Subdivision, FRVFD Addition, According to Plat No. 2002-24, Kenai Recording District, within Section 17, Township 5 North, Range 8 West, Seward Meridian, Alaska.~~

for the purpose of ~~storing, maintaining and operating a medic unit~~ stationing Funny River area operations of the Central Emergency Service Area.

* * * * *

2. **Term.** The term of this rental agreement commences on the 15th day of October, 2003, through and including the 15th day of December, 2007, unless sooner terminated as herein provided and is subject to the option to extend and the option to purchase as provided in paragraph 13 A & B.

* * * * *

3. **Rental.** In consideration of the rental of the premises by lessor, the lessee covenants to pay to the lessor as rental for the premises described in paragraph 1 above, the sum of twenty-five thousand dollars (\$25,000), equivalent to 4 years and 2 months rent at five hundred dollars (\$500.00) per month. Upon renewal, if any, lessee shall pay, as rent, one dollar (\$1.00) for the entire three year renewal term. ~~five hundred dollars (\$500.00) on the first day of each month unless otherwise provided for;~~ All payments, unless and until otherwise directed in writing, by lessor, shall be paid to the lessor.

* * * * *

8. **Liability and insurance.** Each party shall be responsible and liable for its own acts and omissions under this rental agreement ~~and shall carry insurance adequate to protect its interest.~~ Lessee shall carry hazard insurance for the facilities commonly known as the Funny River Fire Department and Disaster Relief Building located at 32530 Funny River Road and shall carry adequate liability insurance to protect its own interests.

* * * * *

13 A. **Renewal.** This rental agreement shall automatically renew for an additional period of ~~one three years, per renewal term on the same term as this rental agreement, unless either party gives written notice of the termination no later than 60 days prior to the end of the term of renewal term.~~

* * * * *

13 B. **Option to Purchase.** Lessee has the option to purchase, for one dollar (\$1.00), all rights, title and interest in the real property located in the Kenai Recording District, Third Judicial District, State of Alaska, more particularly described as follows:

Lot 5 Salmon Bend Subdivision, FRVFD Addition, According to Plat No. 2002-24, Kenai Recording District, within Section 17, Township 5 North, Range 8 West, Seward Meridian, Alaska.

Lessee shall not exercise its option to purchase until such time as mutually agreed upon in writing by Lessee and the Funny River Emergency Services Board based on the fulfillment of FRES grant obligations and satisfactory performance by Lessee in operating and staffing the premises for the purpose of providing emergency services. Lessor agrees to notify Lessee within ten days of the date it has fulfilled grant obligations. This provision does not obligate KPB to in any way perform under the direction of FRES.

No prepaid rents will be refunded to the lessee as a result of exercising this option to purchase.

Lessee shall be responsible for all closing costs including title insurance, building and environmental inspections, and recording fees. The option to purchase, under the terms set forth herein, may be exercised at any time after existing grant funds have been expended by FRES as described above, by delivery of a written notice by the Lessee to Lessor. Upon execution of the option to purchase, Funny River Emergency Services, Inc shall deliver to purchaser title by warranty deed.

B. Original terms in effect.

All other terms and conditions of the above-referenced rental agreement are not affected by this amendment, and remain in full force and effect.

C. Original agreement incorporated.

This amendment is hereby incorporated into and made a part of the above-referenced lease agreement.

D. Conflicts.

If there should be a conflict between the provisions of this amendment and the original lease, the terms of this amendment control.

E. Warranty of signature authority.

Each party warrants that the signature below has the authority to enter into and execute this agreement.

F. No Third-Party Beneficiary.

This agreement is intended solely for the benefit of each party hereto. Nothing contained herein shall be construed or deemed to confer any benefit or right upon any third party.

Dated this _____ day of _____, 2005.

KENAI PENINSULA BOROUGH:

FUNNY RIVER EMERGENCY SERVICES:

Dale L. Bagley, Mayor

Danny High, President

Dated: _____

Dated: _____

Rosemary Galloway, Secretary

Dated: _____

ATTEST:

APPROVED AS TO LEGAL FORM
AND SUFFICIENCY:

Sherry Biggs,
Borough Clerk

Holly B Montague,
Assistant Borough Attorney

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
)ss
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by Dale Bagley, Mayor of the Kenai Peninsula Borough, an Alaska municipal corporation, for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by Danny High, President of Funny River Emergency Services for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____

NOTARY ACKNOWLEDGMENT

STATE OF ALASKA)
) ss
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me this _____ day of _____, 2005, by Rosemary Galloway, Secretary of Funny River Emergency Services for and on behalf of the corporation.

Notary Public in and for Alaska
My commission expires: _____