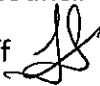
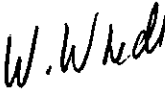


MEMORANDUM 11-060

TO: Mayor Hornaday and Homer City Council
FROM: Terry Felde, Lease Committee Staff 
THROUGH: Walt Wrede, City Manager 
DATE: April 19, 2011
SUBJECT: Amended Standard Ground Lease / Lease Committee Comments

The Lease Committee reviewed the attached amended standardized ground lease at its regular meeting on April 14, 2011. The Committee passed a motion to approve the document with comments and move it on to the City Council for final review and approval.

The Committee expressed concern about two specific sections:

2.03: There was general discussion about whether the City should have to do environmental assessments before it leases property and provide assurances that the property is free of hazardous substances and pollution.

6.08: This section did not appear to adequately reflect the intent that upon termination of the lease, all improvements remain the property of the tenant and shall be removed by the tenant unless prior arrangements are made or understandings are in place between the tenant and the landlord.

In response to the concerns from the Lease Committee, staff reviewed these sections with the City Attorney after the April 14th meeting. The attached amended standardized ground lease has incorporated revisions from the City Attorney addressing and resolving the Lease Committee's concerns as follows:

2.03: The tenant has the option to obtain an environmental assessment and thereby not be held responsible for the presence, if any, of any hazardous substance which may have occurred prior to the commencement/occupancy of their lease.

6.08: The wording in this section was strengthened to reflect that there may be mutually agreed upon improvements to remain on the property either as per the proposal or per a subsequent agreement reached between the City and the tenant.

Additionally, after the April 14th meeting, the City's insurance company and insurance broker completed their review of Section 9.04. The attached document now reflects updated insurance terminology and coverage requirements which are both typical and available in today's insurance market.

RECOMMENDATION: Approve the amended standard ground lease