Memorandum 22-062

TO: HOMER CITY COUNCIL
THRU: ROB DUMOUCHEL, CITY MANAGER
FROM: PORT AND HARBOR ADVISORY COMMISSION
DATE: MARCH 25, 2022
SUBJECT: RESOLUTION 22-028, COPPER RIVER SEAFOODS LEASE - PROPOSED CHANGED TO DEVELOPMENT PLAN

Background:

At the time of Copper River's purchase of Snug Harbor Seafoods, and the transfer of Snug Harbor's lease with the City to Copper River Seafoods respectively, Copper River Seafoods assumed the property improvement condition of the lease for the completion of a new construction building (plans for which are included in detail as attachment “Exhibit E”). Additionally, in Copper River’s lease application requesting the lease transfer, under their development proposal they referenced those plans for the 42x47’ (1974 sq ft) building and stated a date of 9/1/20 for the Framing benchmark and 12/31/20 for a completion date. The onset of COVID prompted a request for a timeline extension and amendment to lease which was granted by the City and a new timeline was set for framing 2/22 and completion by 12/31/2022.

New Request:

On February 4th 2022 Copper River Seafoods reached out to the Port with a proposal to change and amend their property development plan. The proposal put forward the idea of installing 3 portable buildings that they already hold as assets in other locations onto the existing concrete pad at the Homer location as an alternative arrangement to gain the square footage and utility needed. This installation of portable buildings would be instead of the new construction building currently listed as a property development condition of their lease.

On February 24, 2022 the City Manager, City Planner, and port staff met for a preliminary review of the proposed change. It was agreed upon review of the materials that there was no initial objection to any of the proposal documents and that the proposal should continue through the public process.

On March 23, 2022 the Port and Harbor Advisory Commission reviewed the proposed change to the development plan and made the motion listed below:

SIEKANIEC/ULMER MOVED TO APPROVE COPPER RIVER SEAFOODS’S LEASE AMENDMENT AND PROPERTY DEVELOPMENT PLAN PROPOSAL AND RECOMMEND ADOPTION BY CITY COUNCIL.

VOTE: YES: ZEISET, PITZMAN, ULMER, SIEKANIEC, SHAVELSON, MATTHEWS

Motion Carried
The proposed new property development plan has the same purpose of use as the original development plan listed in the lease and will serve as an office with caretaker residence as an accessory use per City zoning requirements for Marine Industrial. The new property development plan will also still have the same timeline for completion as the original current one with no changes, set date for completion is December 31 2022. Copper River Seafoods will be required to also go through the standard planning dept. and public review processes for permitting and approval as set by City code, ensuring all needed permitting is set in place, before installing any structure or moving forward with their development plan.

**Recommendation**

Recommended approval of Copper River Seafoods’ lease amendment and property development plan proposal and to authorize the City Manager to execute the appropriate documents.

Attached
- March 23, 2022 Port & Harbor Advisory Commission Minutes Excerpt
- 2022 Copper River request for amendment and new property development proposal
- 2019 Copper River Lease and 2020 1st amendment
- Draft 2nd Amendment to Lease- New Exhibit E & F dated April 1 2022
Port Director Hawkins spoke to his written staff report, highlighting notable meetings with State representatives, his trip to Juneau to lobby for Port Expansion Project funding, and answered questions regarding the matching funds at the federal level for the Harbor Expansion Project and operational events that took place in the harbor.

B. Homer Marine Trades Association Report

Commissioner Zeiset reported on an article First National Bank of Alaska issued out that spotlighted Northern Enterprise Boat Yard’s recent expansion and captures what marine trade businesses are doing here in Homer. Marine classes are still going on at the college.

PENDING BUSINESS

NEW BUSINESS

A. Copper River Property Development Proposal & Lease Amendment
   i. 2022 Copper River Property Development Proposal
   ii. Exhibit E – Copper River’s Current Property Development Plan per Lease

Chair Matthews introduced the item by reading the title and deferred to Port Director Hawkins, who provided a brief overview of the proposal. Chair Matthews clarified with Deputy City Clerk Tussey that a motion to suspend the rules was needed to allow Ms. Eisenberg to speak.

ULMER/ZEISET MOVED TO SUSPEND THE RULES TO ALLOW THE APPLICANT TO SPEAK.

There was no discussion.

VOTE: NON-OBJECT: UNANIMOUS CONSENT.

Motion carried.

Jackie Eisenberg, Fleet Manager, explained Copper River Seafood’s property development plan and what improvements to the buildings on the property they have made so far. Mr. Hawkins responded to questions from commissioners regarding the original lease, whether the rent will change, if the amendments meet the requirements of the prior lease, and how according to the lease any structures would become City property once a lease ends and the tenant has the option to take any of their property with them.

SIEKANIEC/ULMER MOVED TO APPROVE COPPER RIVER SEAFOOD’S LEASE AMENDMENT AND PROPERTY DEVELOPMENT PLAN PROPOSAL AND RECOMMEND ADOPTION BY CITY COUNCIL.

Commissioner Shavelson inquired with Ms. Eisenberg if there was any consideration for worker housing. She responded that living quarters was not allowed out there, only a nightly watchman, but the bathhouse/restroom/laundry facilities was critical for their fishermen and crew with the added benefit of not having to rely on the City’s public bathrooms.

Discussion ensued between staff and the commissioners on how housing on the Homer Spit is a zoning and code issue. Mr. Hawkins opined that this topic will become more critical and not just for the summer season but for workers who work late midnight shifts and should not drive due to safety...
reasons. Deputy City Clerk Tussey suggested they could have the topic on a future agenda to make a recommendation to the Planning Commission and City Council.

VOTE: YES: ZEISET, PITZMAN, ULMER, SIEKANIEC, SHAVELSON, MATTHEWS

Motion carried.

Chair Matthews provided a point of protocol regarding how she and the staff liaison set the agenda, and that if any commissioner wishes to have an item on the agenda they can reach out to either of them.

B. Port & Harbor Budget

Chair Matthews introduced the item by reading the title, recapped what took place at their earlier worksession with Finance Director Walton, and opened the floor for discussion.

Commissioners discussed their takeaways from the worksession and shared what other items they would like to see at their monthly meetings. Items include:

- The same monthly financial reports that Port Director Hawkins receives included in their meeting packets; a new running agenda item under staff reports could be established for said reports and for any budget/financial updates as they come up.
- Continuation of budget training opportunities such as the worksession they just had.
- Provide copies of the complete City budget that commissioners can bring with them to each meeting.

The commission unanimously requested to have another budget worksession at 4:00 pm before the April regular meeting. In response to Chair Matthews, Deputy City Clerk Tussey recommended commissioners forward their questions or budget items they would like more information on to Mr. Hawkins the Friday before the next agenda deadline to give staff time to compile everything.

C. Port Infrastructure Development Grant Program (PIDP) for Float Replacement

i. Port of Homer Asset Sheet for Float Systems

ii. R&M Proposal for PIDP Grant Development & Submission Management

Chair Matthews introduced the item by reading the title and deferred to Port Director Hawkins.

Mr. Hawkins explained the results from the harbor float asset assessment. While they have been talking about a replacement plan for years they're still a ways away from making those repairs possible due to the floats getting worse faster than the Harbor Enterprise is able to save up the replacement costs in reserves. Chair Matthews spoke to the work harbor staff accomplished to get the grant and R&M hiring proposal together that was currently in front of the commission and City Council. She explained the time restrictions that they need to meet to make the grant and budget cycles/deadlines and what action would be needed from the commission at this time.

SHAVELSON/ULMER MOVED TO RECOMMEND TO CITY COUNCIL THAT R&M BE HIRED FOR PORT INFRASTRUCTURE DEVELOPMENT GRANT PROGRAM GRANT DEVELOPMENT AND SUBMISSION MANAGEMENT ON HOMER’S BEHALF.

Commissioner Shavelson commented on how vital it is that we stay ahead of the float replacement improvements, and how this proposal sounds like an opportunity to do so.

Discussion ensued between commissioners and Mr. Hawkins on the following:
GROUND LEASE AND SECURITY AGREEMENT

BETWEEN

CITY OF HOMER, ALASKA

AND

COPPER RIVER SEAFOODS, INC.

Dated March 1, 2019
GROUND LEASE AND SECURITY AGREEMENT

GROUND LEASE AND SECURITY AGREEMENT ("Lease") dated as of March 1, 2019, between the CITY OF HOMER, an Alaska Municipal Corporation ("Landlord"), whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and COPPER RIVER SEAFOODS, INC., a State of Alaska Business Corporation ("Tenant"), whose address is 1118 E. 5th Avenue, Anchorage, Alaska 99501.

Attached as Exhibit A is a schedule naming each owner of Tenant and describing the percentage of ownership of each. Also attached to Exhibit A is a certificate of good standing issued by the state under whose laws Tenant is organized. Attached as Exhibit B is a true and correct copy of a resolution of Tenant authorizing Tenant to enter into this Lease and authorizing the undersigned individual(s) or officer(s) to execute the Lease on behalf of Tenant.

RECITALS

WHEREAS, Landlord owns certain properties having a strategic location near the waterfront and marine-related public infrastructure; and

WHEREAS, it is the policy of Landlord to retain ownership of these properties, and to make them available for leasing, in order to encourage growth in targeted economic sectors, to insure that Landlord receives the maximum benefit from a large investment in public infrastructure, and to provide land for businesses that require close proximity to the waterfront or infrastructure to operate efficiently and profitably; and

WHEREAS, Landlord has accepted Tenant’s proposal to lease and develop the property leased herein, because Tenant’s proposed use of the property should further Landlord’s goals for the development of Landlord’s properties, and Tenant’s proposal to lease and develop the property is a material inducement to Landlord leasing the property to Tenant; and

WHEREAS, Tenant has made its own determination that its proposed development of the property will be economically feasible, and that the term for which it is leasing the property will be sufficient to amortize Tenant’s investment in developing the leased property under Tenant’s proposal.

NOW, THEREFORE, in consideration of the matters recited above, and the mutual covenants herein, the parties agree as follows:

ARTICLE 1. DEFINITIONS AND ATTACHMENTS

1.01 Definitions. As used herein, the term:

(a) “Additional Rent” includes all amounts defined or referred to in this lease as additional rent, as well as all charges in the nature of rent such as taxes, utilities and insurance, regardless of whether such amounts are due directly to or collectible by Landlord or to a third party under the terms of this Lease or under applicable law and including any of the preceding amounts that Landlord pays to a third party on behalf of Tenant, before or after any event of default.

(b) “Annual Rent Adjustment” and “Annual Rent Adjustment Date” are defined in Section 4.01(b).

(c) “Base Rent” is defined in Section 4.01.
(d) "Complete" and "Completion" mean, with regard to an improvement, that construction of the improvement is finished and the improvement is fully operational and ready for occupancy or use for its intended purpose, including without limitation the issuance of any applicable certificate of occupancy and other applicable permits, licenses, certificates or inspection reports necessary to the improvement's legally authorized use.

(e) "Council" means the City Council of the City of Homer, Alaska.

(f) "Default Rate" means an annual rate of interest equal to the lesser of (i) the maximum rate of interest for which Tenant may lawfully contract in Alaska, or (ii) ten and one-half percent (10.5%).

(g) "Environmental Laws" means all local, state, and federal laws, ordinances, regulations, and orders related to environmental protection; or the use, storage, generation, production, treatment, emission, discharge, remediation, removal, disposal, or transport of any Hazardous Substance.

(h) "Excusable Delay" means delay due to strikes, acts of God, inability to obtain labor or materials, orders of any governmental authority having jurisdiction, removal of Hazardous Materials discovered at any time after the commencement of the Term, enemy action, civil commotion, fire, unusual inclement weather, unavoidable casualty or similar causes beyond the reasonable control of Tenant.

(i) "Extended Term" is defined in Section 3.05 if this Lease provides for extension at the option of the Tenant.

(j) "Five Year Rent Adjustment" and "Five Year Rent Adjustment Date" are defined in Section 4.01(a).

(k) "Hazardous Substance" means any substance or material defined or designated as hazardous or toxic waste; hazardous or toxic material; hazardous, toxic, or radioactive substance; or other similar term by any federal, state, or local statute, regulation, or ordinance or common law presently in effect or that may be promulgated in the future as such statutes, regulations, and ordinances may be amended from time to time.

(l) "Initial Term" is defined in Section 3.01.

(m) "Lease Ordinance" means such ordinances or other portions and provisions of the Homer City Code as may be enacted from time to time to dictate Landlord’s policies and requirements in leasing real property, currently enacted as Chapter 18.08 of the Homer City Code, as such may be amended, reenacted, supplemented or recodified from time to time, and as used herein the term shall refer to the Lease Ordinance as currently in effect at the time its terms would have operative effect on this Lease.

(n) "Leaschold Mortgage" is defined in Section 13.01.

(o) "Property" is defined in Section 2.01.

(p) "Rent" means Base Rent plus any Additional Rent.

(q) "Qualified Mortgagee" is defined in Section 13.03.

(r) "Required Improvements" is defined in Section 6.02.
(s) "Term" means the Initial Term plus any Extended Term.

1.02 Attachments. The following documents are attached hereto, and such documents, as well as all drawings and documents prepared pursuant thereto and all documents, policies and endorsements delivered hereunder, including without limitation all copies of required insurance policies and/or endorsements, shall be deemed to be a part hereof:

- Exhibit “A” Schedule of Organization, Owners, Percentage of Ownership
- Exhibit “B” Conformed Copy of Resolution Authorizing Lease and Authorizing Signers to Sign Lease Agreement on Behalf of Tenant
- Exhibit “C” Legal Description of Property
- Exhibit “D” Tenant’s Lease Proposal
- Exhibit “E” Site Plan
- Exhibit “F” Required Improvements Floor Plan
- Exhibit “G” Permission to Obtain Insurance Policies

ARTICLE 2. THE PROPERTY

2.01 Lease of Property. Subject to the terms and conditions of this Lease, Landlord leases to Tenant and Tenant leases from Landlord the following described property (the “Property”):

Portion of Lot 13B, City of Homer Port Industrial Subdivision No. 2, according to Plat No. 80-92, Homer Recording District, State of Alaska, as depicted on Exhibit C, containing 15,300 square feet, more or less, also known as Kenai Peninsula Borough Tax Parcel No. 18103425;

subject, however, to reservations, restrictions, easements and encumbrances of record, and to encroachments that may be revealed by an inspection of the Property.

2.02 Quiet Enjoyment. Landlord covenants that Tenant, upon paying the Rent and other charges and performing its other obligations under this Lease shall have quiet enjoyment of the Property during the Term without hindrance or interference by Landlord or by any person claiming an interest in the Property through Landlord.

2.03 Property Accepted “As Is.” Tenant has inspected the Property, has made its own determination as to the suitability of the Property for Tenant’s intended use, and accepts the Property “AS IS.” None of landlord, its agents, or its employees make any warranties, expressed or implied, concerning the condition of the Property, including without limitation the habitability or fitness of the Property for any particular purpose, including those uses authorized by this Lease, or subsurface and soil conditions, including the presence of any Hazardous Substance.

2.04 No Subsurface or Mineral Rights. This Lease does not confer mineral rights, any rights to extract natural resources, or any rights with regard to the subsurface of the Property below the level necessary for the uses of the Property permitted in this Lease, all of which rights are, as between Landlord and Tenant, reserved to Landlord.
ARTICLE 3. TERM

3.01 Lease Term. The term of this Lease is twenty (20) years, commencing on May 1, 2019, and ending on April 30, 2039 (the "Term").

3.02 Lease Renewal.

(a) Tenant represents and warrants that it has determined that the duration of the Term, including any available Extended Terms, will be sufficient for Tenant to amortize any investment that it makes in connection with this Lease, including without limitation any investment in leasehold improvements, including any Required Improvements as Tenant may be required to develop. Tenant acknowledges that it has no right of any kind to continue using or occupying the Property after the expiration or earlier termination of the Term, including without limitation any option to renew this Lease, or any option to extend the Term other than as may be provided in Section 3.05.

(b) Notwithstanding the preceding subsection (a), not less than 12 months and not more than 18 months before the expiration of the Term, Tenant may apply to Landlord to enter into a new lease for the Property that is exempted from competitive bidding under and pursuant to the Lease Ordinance.

3.03 Surrender of Possession. Upon the expiration or earlier termination of the Term, unless Tenant and Landlord have entered into a new lease for the Property commencing upon the termination of the Term, Tenant shall promptly and peaceably surrender the Property, clean, free of debris, and in as good order and condition as at the commencement of the Term, ordinary wear and tear excepted. If Tenant fails to surrender the Property in the required condition, Landlord may restore the Property to such condition and Tenant shall pay the cost thereof, plus interest at the Default Rate, on demand. Section 6.08 governs the disposition of improvements on the Property at the expiration or earlier termination of the Term.

3.04 Holding Over. Tenant’s continuing in possession of the Property after the expiration or earlier termination of the Term will not renew or extend this Lease. In the absence of any agreement renewing or extending this Lease, Tenant’s continued possession of the Property after the end of the Term will be a tenancy from month to month, terminable upon 30 days written notice by either party at any time, at a monthly rental equal to 150% of the monthly Base Rent in effect at the end of the Term, subject to all other terms of this Lease. For good cause, Landlord may waive all or part of the increase in Base Rent during the holdover period.

3.05. Options to Extend Lease Term.

(a) At its option and in its sole discretion, Tenant may seek to extend the Term for two (2) additional, consecutive five (5) year periods (each an "Extended Term"), provided that:

(1) Tenant gives Landlord written notice of its exercise of the option not more than one year and not less than 120 days before day the Term would otherwise expire; and

(2) the City Manager determines that the lessee is in full compliance with the terms of the lease at the time of renewal.

(b) Tenant’s failure to exercise an option to extend the Term in strict compliance with all the requirements in subsection (a) renders that option and all options as to subsequent Extended Terms null and void.
ARTICLE 4. RENT, TAXES, ASSESSMENTS AND UTILITIES

4.01 Base Rent. Tenant shall pay to Landlord an initial annual rent of $12,996.12 (as such may later be adjusted per the terms of this Lease, the “Base Rent”). Base Rent is payable monthly in advance in installments of $1,083.01, plus sales and all other taxes Landlord is authorized or obligated to collect on such transactions, on May 1, 2019, and on the first (1st) day of each month thereafter, at the office of the City of Homer, 491 East Pioneer Avenue, Homer, Alaska 99603-7645, or at such other place as Landlord may designate in writing. All Base Rent shall be paid without prior demand or notice and without deduction or offset. Base Rent that is not paid on or before the due date will bear interest at the Default Rate. Base Rent is subject to adjustment as provided in Section 4.02.

4.02 Rent Adjustments.

(a) Five-Year Appraised Rent Adjustments. Starting on January 1, 2019, and in every fifth year thereafter, Landlord will obtain an appraisal by a qualified real estate appraiser of the fair rental value of the Property as if privately owned in fee simple, excluding the value of alterations, additions or improvements (other than utilities) made by Tenant (or by Tenant’s predecessors under the Lease, if Tenant is party to this Lease by assignment). Following receipt of each such appraisal, the Base Rent will be adjusted (the “Five Year Rent Adjustment”), effective on the anniversary of the commencement of the term (each such date is a “Five Year Rent Adjustment Date”), to an amount equal to the greater of (1) the area of the Property in square feet, multiplied by the fair rental value per square foot determined by the appraisal, and (2) the Base Rent in effect immediately before the Five Year Rent Adjustment Date. The Base Rent as adjusted on a Five Year Rent Adjustment Date thereafter shall be the Base Rent.

(b) Annual Rent Adjustments. In addition to the rent adjustments under Section 4.02(a), the Base Rent also shall be adjusted annually (the “Annual Rent Adjustment”), effective on the anniversary of the commencement of the term in every year without a Five Year Rate Adjustment (each such date is an “Annual Rent Adjustment Date”), by the increase, if any, for the previous year in the cost of living as stated in the Consumer Price Index, All Urban Consumers, Anchorage, Alaska Area, All Items 2000 – present = 100 (“CPI-U”), as published by the United States Department of Labor, Bureau of Labor Statistics most recently before the Annual Rent Adjustment Date. If the CPI-U is revised or ceases to be published, Landlord instead shall use such revised or other index, with whatever adjustment in its application is necessary, to most nearly approximate in Landlord’s judgment the CPI-U for the relevant period.

4.03 Taxes, Assessments and Other Governmental Charges. Tenant shall pay prior to delinquency all taxes, installments of assessments that are payable in installments and other governmental charges lawfully levied or assessed upon or with respect to the Property, improvements on the Property and personal property that is situated on the Property; provided that Tenant may contest in good faith any such tax, assessment or other governmental charge without subjecting the Property to lien or forfeiture. If an assessment on the Property that is not payable in installments becomes due during the Term, Tenant shall be obligated to pay the fraction of the assessment that is determined by dividing the number of years remaining in the Term by 10. If the Term of this Lease is subsequently extended renewed (i.e. if Tenant and Landlord later enter into a new lease without putting the Property out for competitive bidding as referenced in Section 2.02), then the part of the assessment that Tenant shall be liable for shall be determined by adding the extended or renewal term to the number of years remaining in the Term when the assessment became due. If the Term commences or expires during a tax year, the taxes or assessments payable for that year will be prorated between Landlord and Tenant. Tenant shall exhibit to Landlord, on demand, receipts evidencing payment of all such taxes, assessments and other governmental charges. Any taxes, installments of assessments on the Property that are due to or
collectible by Landlord, or for which Landlord becomes liable that are attributable to any portion of the Term, shall be Additional Rent.

4.04 Utility Charges. Tenant shall pay all charges for utility and other services provided to or used on the Property, including without limitation gas, heating oil, electric, water, sewer, heat, snow removal, telephone, internet service and refuse removal. Tenant shall be solely responsible for the cost of utility connections. Any of the preceding due to or collectible by Landlord shall be Additional Rent.

4.05 Tenant to Pay for City Services. Tenant shall pay for all services provided by the City of Homer that are related to the use or operation of the Property, improvements thereon and Tenant’s activities thereon, at the rates established by the City of Homer from time to time for such services, including without limitation wharfage, crane use, ice, and other Port and Harbor services. Tenant shall provide the City of Homer with the information necessary to determine the amount of service charges owed, keep written records of such information for not less than two years after such charges are due, and, upon request, make such records available to the City of Homer for inspection and audit.

4.06 Additional Rent and Landlord’s Right to Cure Tenant’s Default. All costs or expenses that Tenant is required to pay under this Lease at Landlord’s election will be treated as Additional Rent, and Landlord may exercise all rights and remedies provided in this Lease in the event of nonpayment. If Tenant defaults in making any payment required of Tenant or defaults in performing any term, covenant or condition of this Lease that involves the expenditure of money by Tenant, Landlord may, but is not obligated to, make such payment or expenditure on behalf of Tenant, and any and all sums so expended by Landlord, with interest thereon at the Default Rate from the date of expenditure until repaid, will be Additional Rent and shall be repaid by Tenant to Landlord on demand, provided, however, that such payment or expenditure by Landlord will not waive Tenant’s default, or affect any of Landlord’s remedies for such default.

4.07 Security Deposit. Upon execution of this Lease, and in addition to any other security or credit support provided by or for the benefit of Tenant in entering into this Lease, Tenant shall deposit with Landlord an amount equal to 10% of the annual Base Rent as security for Tenant’s performance of its obligations under this Lease. Landlord may comingle the security deposit with other funds of Landlord, and its obligations with respect to such security deposit shall only be as a debtor and not as a trustee or fiduciary. If Tenant defaults in performing any obligation under this Lease, including without limitation the payment of rent, Landlord may apply all or any portion of the security deposit to the payment of any sum in default or any damages suffered by Landlord as result of the default, or any sum that Landlord may be required to incur by reason of the default. Upon demand, Tenant shall deposit with Landlord the amount so applied so that Landlord will have the full deposit on hand at all times during the Term.

ARTICLE 5. SECURITY INTEREST

To secure the performance of Tenant’s obligations under this Lease, including without limitation the obligations to pay rent and other sums to be paid by Tenant, Tenant grants to Landlord a lien and security interest in the following collateral: (“Collateral”): (1) all security deposits or other monies owing from Landlord to Tenant (as collateral in the possession of the secured party); (2) all insurance proceeds from any policy insuring the Property or improvements thereon; (3) all compensation payable to Tenant as a result of eminent domain proceedings or a transfer in lieu thereof; (4) all rents from Tenant’s subletting of all or a part of the Property; and (5) all improvements on the Property, including any Required Improvements. Said lien and security interest will be in addition to Landlord’s liens provided by law.
This Lease shall constitute a mortgage by Tenant as mortgagor of all right, title and interest of Tenant in and to any and all improvements on the Property, including any Required Improvements, in favor of Landlord as mortgagee, and the recorded memorandum of this Lease shall reference Landlord as mortgagee of such improvements. In addition, Tenant shall execute, such financing statements and other instruments as Landlord may now or hereafter reasonably request to evidence the liens, mortgages and security interests granted by Tenant hereunder, including any deed of trust pertaining to additions, alterations and improvements on the Property. This Lease also constitutes a security agreement under the Uniform Commercial Code as enacted in Alaska ("UCC"), and Landlord will have all rights and remedies of a secured party under the UCC regarding the Collateral.

ARTICLE 6. USE AND IMPROVEMENT OF PROPERTY

6.01 Use of Property. Tenant shall use and, if applicable, improve the Property only in the manner described in Tenant’s proposal or application for the Property as more fully set forth on Exhibit D. Tenant’s undertaking to use and, if applicable, improve the Property as described on Exhibit D is a material inducement to Landlord leasing the Property to Tenant, and Tenant shall not use or improve the Property for any purpose other than as described on Exhibit D without Landlord’s written consent, which consent Landlord may withhold in its sole discretion.

6.02 Required Improvements. Tenant shall, at Tenant’s sole expense, construct, and at all times during the Term keep and maintain as the minimum development on the Property the Required Improvements as described on Exhibit D and as depicted more specifically in the site plan and floor plans in Exhibit E and Exhibit F, respectively. If the Required Improvements are not in place at the commencement of the Term, Tenant shall commence construction of the Required Improvements within one year after the date of commencement of the Term, prosecute the construction of the Required Improvements with diligence, and Complete construction of the Required Improvements within one additional year.

6.03 Construction Prerequisites. Tenant may not commence any construction on the Property, including without limitation construction of the Required Improvements, without first satisfying the following conditions:

   (a) Not less than thirty (30) days before commencing construction, Tenant shall submit to Landlord preliminary plans and specifications, and an application for a City of Homer zoning permit, for the construction, showing the layout of proposed buildings and other improvements, ingress and egress, dimensions and locations of utilities, drainage plans, and any other information required for the zoning permit or other required permits. The preliminary plans and specifications are subject to Landlord’s approval, which will not be unreasonably withheld, as well as all specific requirements for the issuance of any permits or zoning variances. Landlord shall communicate approval or disapproval in the manner provided for notices hereunder, accompanying any disapproval with a statement of the grounds therefor. Tenant shall be responsible for complying with all laws governing the construction, including any specific requirements for the issuance of any permits or zoning variances, notwithstanding Landlord’s approval of preliminary plans and specifications under this paragraph.

   (b) Not less than fifteen (15) days before commencing construction, Tenant shall deliver to Landlord one complete set of final working plans and specifications as approved by the governmental agencies whose approval is required for Tenant to commence construction. The final working plans and specifications shall conform substantially to the preliminary plans and specifications previously approved by Landlord, subject to changes made to comply with suggestions, requests or requirements of a governmental agency or official in connection with the application for permit or approval.
(c) Not less than five (5) days before commencing construction, Tenant shall give Landlord written notice of its intent to commence construction, and furnish to Landlord the following:

(1) Proof that all applicable federal, state and local permits required for the construction have been obtained.

(2) For construction, alteration or restoration of Required Improvements, a current certificate of insurance with the coverages specified in Section 9.04(c).

6.04 Extensions of Time for Completion of Required Improvements. Landlord shall grant an extension of the time to Complete the Required Improvements for a period of time equal to the duration of an Excusable Delay, upon Tenant’s written request describing the nature of the Excusable Delay, provided Tenant has commenced construction in a timely manner and is proceeding diligently to Complete construction.

6.05 Additional and Replacement Improvements.

(a) Construction of alterations, additions improvements that are not consistent with terms of this Lease or the proposed uses for the Property set forth on Exhibit D is prohibited unless the improvements are authorized by an amendment to this Lease approved by the Council via resolution.

(b) Subject to Section 6.05(a), upon satisfying the conditions in section 6.03, Tenant at any time may, but is not obligated to, construct new improvements on the Property and demolish, remove, replace, alter, relocate, reconstruct or add to existing improvements; provided that Tenant is not then in default under this Lease and provided further that Tenant continuously maintains on the Property the Required Improvements, or their equivalent of equal or greater value. Once any work is begun, Tenant shall with reasonable diligence prosecute to Completion all construction of improvements, additions, alterations, or other work. All salvage resulting from such work will belong to Tenant, who is responsible for its removal and lawful disposal.

6.06 As-Built Survey. Within 30 days after Completion of construction of any improvements on the Property involving construction, alteration, addition, removal or demolition of the foundation, structure, utility services, ingress and egress, or any major changes of all or any part of any structure or improvement on the Property, Tenant shall provide Landlord with three copies of an as-built survey of the Property prepared by a registered professional surveyor, showing the location of all improvements on the Property, including underground utilities, pipelines and pre-existing improvements. Tenant shall accompany the as-built survey with a description of all changes from the approved plans or specifications made during the course of the work.

6.07 Ownership of Improvements. Other than the Required Improvements, any and all buildings, fixtures and improvements of any nature whatsoever constructed or maintained on the Property by Tenant will be and remain the property of Tenant at all times during the Term and may be removed or replaced by Tenant during the Term, subject to the provisions Section 6.08.

6.08 Disposition of Improvements at End of Term.

(a) Unless excepted by operation of the following subsection (b), any and all buildings, fixtures and improvements of any nature whatsoever constructed or maintained on the Property become the property of Landlord upon expiration or earlier termination of the Term.

(b) One year before the expiration of the Term, the Landlord and Tenant shall determine if the buildings, fixtures and improvements constructed or maintained on the Property,
including the Required Improvements, are structurally sound and in good condition. If such buildings, fixtures and improvements constructed or maintained on the Property are structurally sound and in good condition, Tenant shall leave such improvements intact with all components, including without limitation doors, windows, and plumbing, electrical and mechanical fixtures and systems, in good condition and ready for use or occupancy, upon expiration of the Term, and Tenant shall execute, acknowledge, and deliver to Landlord a proper instrument in writing releasing and quitclaiming to Landlord all of Tenant’s interest in such buildings, fixtures and improvements. Tenant shall be obligated to and shall remove, prior to the expiration of the Term, any buildings, fixtures and improvements constructed or maintained on the Property that are not structurally sound and in good condition, and Landlord shall not have or obtain any ownership interest in such buildings, fixtures and improvements by reason of this Lease.

(c) If Landlord terminates this Lease because of a default by Tenant prior to the expiration of the Term, any buildings, fixtures and improvements constructed or maintained on the Property shall, at Landlord’s option, become the property of Landlord, which may use or dispose of them in its sole discretion. If Landlord elects not to obtain ownership of such buildings, fixtures and improvements under the preceding sentence or elects to remove any of such buildings, fixtures or improvements for any reason, Tenant shall be obligated to and shall remove such buildings, fixtures or improvements.

(d) Tenant shall notify Landlord before commencing the removal of an improvement as required under the preceding subsections (b) and/or (c) and coordinate the removal work with Landlord. Once Tenant commences the removal work, Tenant shall prosecute the removal with reasonable diligence to Completion and shall repair all damages to the Property caused by such removal no later than the expiration of the Term. All salvage resulting from such work will belong to Tenant, who is responsible for its removal and lawful disposal.

(e) If Tenant fails to remove any improvements from the Property that Tenant is required to remove under and per the terms of the preceding subsections (b), (c) and/or (d), Tenant shall pay Landlord the costs that Landlord incurs in removing and disposing of the improvements and repairing damages to the Property caused by such removal.

ARTICLE 7. CARE AND USE OF THE PROPERTY

7.01 Maintenance of the Property. Tenant at its own cost and expense shall keep the Property and all buildings and improvements that at any time may be situated thereon in a clean, safe and orderly condition, and in good repair at all times during the Term.

7.02 Repair of Improvements.

(a) Except as provided in Section 7.02(b), in the event any buildings or improvements situated on the Property by Tenant are damaged or destroyed by fire, earthquake, tsunami, or other casualty, Tenant shall at Tenant’s expense restore the same to good and tenantable condition or shall remove the same as soon as is reasonably possible, but in no event may the period of restoration exceed 18 months nor may the period of removal exceed 45 days.

(b) Unless Tenant is excused from the obligation under this paragraph, if the Required Improvements or any part thereof are damaged or destroyed by fire, earthquake, tsunami, or other casualty, rendering the Required Improvements totally or partially inaccessible or unusable, Tenant shall at Tenant’s expense restore the Required Improvements to substantially the same condition as they were in immediately before such damage, provided that:

(1) if the cost of repairing or restoring the Required Improvements, less any available insurance proceeds not reduced by applicable deductibles and coinsurance, exceeds
10% of the replacement cost of the Required Improvements, then Tenant may terminate this Lease by giving notice to Landlord of Tenant’s election to terminate within 15 days after determining the restoration cost and replacement cost, and this Lease shall terminate as of the date of such notice;

(2) if the repair or restoration of the Required Improvements would be contrary to law, either party may terminate this Lease immediately by giving notice to the other party; or

(3) if such damage or casualty to the Required Improvements occurs within three years before the end of the Term, Tenant may, in lieu of restoring or replacing the Required Improvements, terminate this Lease by giving written notice of termination to Landlord within 120 days after such damage or casualty.

Nothing in this paragraph relieves Tenant of the obligation to surrender the Property upon the expiration or earlier termination of the Term in the condition required by Section 3.03.

7.03 Nuisances Prohibited. Tenant at all times shall keep the Property in a clean, orderly and sanitary condition and free of insects, rodents, vermin and other pests; junk, abandoned or discarded property, including without limitation vehicles, equipment, machinery or fixtures; and litter, rubbish or trash. Tenant shall not use the Property in any manner that will constitute waste or a nuisance. Landlord, at Tenant’s expense and without any liability to Tenant, may remove or abate any such junk, abandoned or discarded property, litter, rubbish or trash, or nuisance on the Property after 15 days written notice to Tenant, or after (4) four hour notice to Tenant in writing, by telephone, facsimile or in person if Landlord makes a written finding that such removal or abatement is required to prevent imminent harm to public health, safety or welfare. Tenant shall pay Landlord all the costs of such removal, plus interest at the Default Rate, as Additional Rent under this Lease. This section does not limit or waive any other remedy available to the City of Homer to abate any nuisance or for the violation of the Homer City Code.

7.04 Compliance with Laws. Tenant’s improvement and use of the Property shall comply with all governmental statutes, ordinances, rules and regulations, including without limitation the City of Homer Zoning Code and all applicable building codes, now or hereafter in effect.

7.05 Liens. Except as provided in Article 13, Tenant may not permit any lien, including without limitation a mechanic’s or materialman’s lien, to be recorded against the Property. If any such lien is recorded against the Property, Tenant shall cause the same to be removed, provided that Tenant may in good faith and at Tenant’s own expense contest the validity of any such lien without subjecting the Property to foreclosure, and in the case of a mechanic’s or materialman’s lien, if Tenant has furnished the bond required in A.S. 34.35.072 (or any comparable statute hereafter enacted providing for a bond freeing the Property from the effect of such a lien claim). Tenant shall indemnify and save Landlord harmless from all liability for damages occasioned by any such lien, together with all costs and expenses (including attorneys’ fees) incurred by Landlord in negotiating, settling, defending, or otherwise protecting against such lien and shall, in the event of a judgment of foreclosure of the lien, cause the same to be discharged and removed prior to any attempt at execution of such judgment.

7.06 Radio Interference. Upon Landlord’s request, Tenant shall discontinue the use on the Property of any source of electromagnetic radiation that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

7.07 Signs. Tenant may only erect signs on the Property that comply with state and local sign laws and ordinances. City Planning Department approval is required prior to the erection of any sign on the Property.
7.08 Garbage Disposal. Tenant shall keep any garbage, trash, rubbish or other refuse in industry standard containers until removed, and cause all garbage, trash, rubbish or other refuse on the Property to be collected and transported to a Kenai Peninsula Borough solid waste facility or transfer station at least once a week. Tenant may not place garbage, trash, rubbish or other refuse from the Property in Landlord's garbage disposal facilities on the Homer Spit or any other public facility.

7.09 Access Rights of Landlord. Landlord's agents and employees shall have the right, but not the obligation, to enter the Property at all reasonable times to inspect the use and condition of the Property; to serve, post or keep posted any notices required or allowed under the provisions of this Lease, including notices of non-responsibility for liens; and to do any act or thing necessary for the safety or preservation of the Property.

7.10 Fish Dock Use Permit. Before using the City of Homer Fish Dock, Tenant shall obtain a City of Homer Fish Dock Use Permit. Tenant shall continue to have a current Fish Dock Use Permit in force until the earlier to occur of (i) the expiration or earlier termination of the Term, and (ii) the date Tenant ceases to use the Fish Dock.

7.11 Terminal Use Permit. Before using City of Homer Docks other than the Fish Dock, Tenant shall obtain a City of Homer Terminal Use Permit. Tenant shall continue to have a current Terminal Use Permit in force until the earlier to occur of (i) the expiration or earlier termination of the Term, and (ii) the date Tenant ceases to use City of Homer Docks other than the Fish Dock.

ARTICLE 8. ASSIGNMENT AND SUBLEASE

8.01 Assignment or Sublease Absent Consent is Void.

(a) Tenant shall not assign or sublease its interest in this Lease or in the Property without compliance with applicable provisions of the Lease Ordinance, including applying for and receiving consent of Council, and any attempted assignment or sublease absent such compliance is and shall be null and void and of no effect and, at Landlord's election, will constitute an event of default hereunder.

(b) If Tenant seeks to assign or sublease its interest in this Lease or in the Property, in addition to compliance with applicable provisions of the Lease Ordinance, Tenant shall request consent of Council to such assignment or sublease in writing at least 30 days prior to the effective date of the proposed assignment or sublease, accompanied by a copy of the proposed assignment or sublease. If Tenant subleases any portion of the Property, Tenant shall be assessed Additional Rent equal to 10% of the current Base Rent for the subleased area.

(c) No consent to any assignment or sublease waives Tenant's obligation to obtain Landlord's consent to any subsequent assignment or sublease. An assignment of this Lease shall require the assignee to assume the Tenant's obligations hereunder, and shall not release Tenant from liability hereunder unless Landlord specifically so provides in writing.

8.02. Events that Constitute an Assignment. If Tenant is a partnership or limited liability company, a withdrawal or change, voluntary, involuntary or by operation of law, of one or more partners or members owning 25% or more of the entity, or the dissolution of the entity, will be deemed an assignment to the Tenant as reconstituted, subject to Section 8.01 and the Lease Ordinance. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of 25% of the value of the assets of Tenant, will be deemed an assignment to the Tenant as reconstituted, subject to Section 8.01 and the Lease Ordinance, provided that if Tenant is a corporation the stock of which is traded through an exchange or over
the counter, a sale or other transfer of a controlling percentage of the capital stock of Tenant will not constitute such an assignment. The phrase “controlling percentage” means the ownership of, and the right to vote, stock possessing at least 25% of the total combined voting power of all classes of Tenant’s capital stock issued, outstanding and entitled to vote for the election of directors.

**8.03. Costs of Landlord’s Consent to be Borne by Tenant.** As a condition to Landlord’s consent to any assignment or sublease under section 8.01 and the Lease Ordinance, Tenant shall pay Landlord’s reasonable costs, including without limitation attorney’s fees and the expenses of due diligence inquiries, incurred in connection with any request by Tenant for Landlord’s consent to the assignment or sublease.

**ARTICLE 9. LIABILITY, INDEMNITY AND INSURANCE**

**9.01 Limitation of Landlord Liability.** Landlord, its officers and employees shall not be liable to Tenant for any damage to the Property or the buildings and improvements thereon, or for death or injury of any person or damage to any property, from any cause; however, this provision shall not affect the liability of Landlord, its officers and employees on any claim to the extent the claim arises from their negligence or willful misconduct.

**9.02 Indemnity Generally.** Tenant shall indemnify, defend, and hold harmless Landlord, its officers and employees from all claims arising from death or injury of any person or damage to any property occurring in or about the Property; however, this provision shall not apply to any claim to the extent the claim arises from the sole negligence or willful misconduct of Landlord, its officers and employees.

**9.03 Indemnity for Emergency Service Costs.** Without limiting the generality of Section 9.02, in the event of a major fire or other emergency, Tenant shall reimburse Landlord for the cost of providing fire-fighting and other emergency service to Tenant, the Property or at any other location where the fire or emergency requiring response arises from or is related to the use of the Property or Tenant’s operations. For purposes of this section, a major fire or other emergency is one that requires more than five man-hours of effort by the City of Homer Fire Department.

**9.04 Insurance Requirements.**

(a) Without limiting Tenant’s obligations to indemnify under this Lease, Tenant at its own expense shall maintain in force such policies of insurance with a carrier or carriers reasonably satisfactory to Landlord and authorized to conduct business in the state of Alaska, as Landlord may reasonably determine are required to protect Landlord from liability arising from Tenant’s activities under this Lease, including the minimum insurance requirements set forth for tenants under the Lease Ordinance. Landlord’s insurance requirements in the Lease Ordinance (or any superseding policy permitted under the Lease Ordinance) specify only the minimum acceptable coverage and limits, and if Tenant’s policy contains broader coverage or higher limits, Landlord shall be entitled to such coverage to the extent of such higher limits.

(b) Without limiting the generality of the foregoing, Tenant shall maintain in force at all times during the Term the following minimum policies of insurance:

(1) Comprehensive general liability insurance with limits of liability not less than a combined single limit for bodily injury and property damage of $1,000,000 each occurrence and $2,000,000 aggregate. This insurance shall also be endorsed to provide contractual liability insuring Tenant’s obligations to indemnify under this Lease.
(2) Comprehensive automobile liability covering all owned, hired and non-owned vehicles with coverage limits not less than $1,000,000 occurrence combined single limit for bodily injury and property damage.

(3) Workers' compensation insurance as required by AS 23.30.045. This coverage shall include employer's liability protection not less than $1,000,000 per person, $1,000,000 per occurrence. Where applicable, coverage for all federal acts (i.e. U.S. Longshoremen and Harbor Worker's Compensation and Jones Acts) shall also be included. The workers' compensation insurance shall contain a waiver of subrogation clause in favor of Landlord.

(4) Based on the authorized uses of the Property stated in Section 6.01, environmental insurance is not required. However, if Tenant uses the Property, with or without authorization from the Landlord, for purposes other than those stated in paragraph Section 6.01, if Landlord so elects, and within 10 days after Landlord gives notice of such election, Tenant shall procure and at all times thereafter maintain, at its expense, environmental remediation and environmental impairment liability, including sudden and accidental coverage, gradual pollution coverage, and clean-up cost coverage associated with any activity by Tenant or others on, from, or related to the Property, with coverage limits not less than $1,000,000 for any one accident or occurrence. Coverage shall extend to loss arising as a result of the work or services or products furnished, used or handled in connection with Tenant's operations contemplated under this Lease.

(5) Property insurance covering the Required Improvements described in Section 6.02 in an amount not less than full replacement cost of the Required Improvements. This policy shall include boiler and machinery coverage.

(c) During any construction of the Required Improvements and during any subsequent alteration or restoration of the Required Improvements at a cost in excess of $250,000 per job, Tenant shall maintain builder's risk insurance in an amount equal to the completed value of the project.

(d) Tenant shall furnish Landlord with certificates evidencing the required insurance not later than the date as of which this Lease requires the insurance to be in effect, and the provision of any such certificates due at or prior to the commencement of the Term shall be a condition precedent to the commencement of the Term. The certificates and the insurance policies required by this Section contain a provision that coverages afforded under the policies will not be cancelled or allowed to expire, and limits of liability will not be reduced, without at least 30 days' prior written notice to Landlord. Landlord shall be named as an additional insured under all policies of liability insurance required of Tenant. Landlord's acceptance of a deficient certificate of insurance does not waive any insurance requirement in this Lease. Tenant also shall grant Landlord permission to obtain copies of insurance policies from all insurers providing required coverage to Tenant by executing and delivering to Landlord such authorizations substantially in the form of Exhibit G as Landlord may request.

ARTICLE 10. ENVIRONMENTAL MATTERS

10.01 Use of Hazardous Substances. Tenant shall not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose of, transfer, produce or process any Hazardous Substance, except as is necessary or useful to Tenant's authorized uses of the Property stated in Section 6.01, and only in compliance with all applicable Environmental Laws. Any Hazardous Substance permitted on the Property as provided in this section, and all
containers therefor, shall be handled, used, kept, stored and disposed of in a manner that complies with all applicable Environmental Laws, and handled only by properly trained personnel.

10.02 Prevention of Releases. Tenant shall not cause or permit, as a result of any intentional or unintentional act or omission on the part of Tenant or any of its agents, employees, contractors, tenants, subtenants, invitees or other users or occupants of the Property, a release of any Hazardous Substance onto the Property or onto any other property.

10.03 Compliance with Environmental Laws. Tenant at all times and in all respects shall comply, and will use its best efforts to cause all tenants, subtenants and other users and occupants of the Property to comply, with all Environmental Laws, including without limitation the duty to undertake the following specific actions: (i) Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of, any and all permits, licenses and other governmental and regulatory approvals required by all Environmental Laws, including without limitation permits required for discharge of (appropriately treated) Hazardous Substances into the ambient air or any sanitary sewers serving the Property; and (ii) except as discharged into the ambient air or a sanitary sewer in strict compliance with all applicable Environmental Laws, all Hazardous Substances from or on the Property to be treated and/or disposed of by Tenant will be removed and transported solely by duly licensed transporters to a duly licensed treatment and/or disposal facility for final treatment and/or disposal (except when applicable Environmental Laws permit on-site treatment or disposal in a sanitary landfill).

10.04 Notice. Tenant shall promptly give Landlord (i) written notice and a copy of any notice or correspondence it receives from any federal, state or other government agency regarding Hazardous Substances on the Property or Hazardous Substances which affect or will affect the Property; (ii) written notice of any knowledge or information Tenant obtains regarding Hazardous Substances or losses incurred or expected to be incurred by Tenant or any government agency to study, assess, contain or remove any Hazardous Substances on or near the Property, and (iii) written notice of any knowledge or information Tenant obtains regarding the release or discovery of Hazardous Substances on the Property.

10.05 Remedial Action. If the presence, release, threat of release, placement on or in the Property, or the generation, transportation, storage, treatment or disposal at the Property of any Hazardous Substance (i) gives rise to liability (including but not limited to a response action, remedial action or removal action) under any Environmental Law, (ii) causes a significant public health effect, or (iii) pollutes or threatens to pollute the environment, Tenant shall, at its sole expense, promptly take any and all remedial and removal action necessary to clean up the Property and mitigate exposure to liability arising from the Hazardous Substance, whether or not required by law.

10.06 Indemnification. Subject to Section 10.09, Tenant shall indemnify, defend, and hold harmless Landlord, its officers and employees from and against any and all claims, disbursements, demands, damages (including but not limited to consequential, indirect or punitive damages), losses, liens, liabilities, penalties, fines, lawsuits and other proceedings and costs and expenses (including experts', consultants' and attorneys' fees and expenses, and including without limitation remedial, removal, response, abatement, cleanup, legal, investigative and monitoring costs), imposed against Landlord, arising directly or indirectly from or out of, or in any way connected with (i) the failure of Tenant to comply with its obligations under this Article; (ii) any activities on the Property during Tenant's past, present or future possession or control of the Property which directly or indirectly resulted in the Property being contaminated with Hazardous Substances; (iii) the discovery of Hazardous Substances on the Property whose presence was caused during the possession or control of the Property by Tenant; (iv) the clean-up of Hazardous Substances on the Property; and (v) any injury or harm of any type to any person or damage to any property arising out of or relating to Hazardous Substances on the Property or from the Property on any other
property. The liabilities, losses, claims, damages, and expenses for which Landlord is indemified under this section shall be reimbursable to Landlord as and when the obligation of Landlord to make payments with respect thereto are incurred, without any requirement of waiting for the ultimate outcome of any litigation, claim or other proceeding, and Tenant shall pay such liability, losses, claims, damages and expenses to Landlord as so incurred within 10 days after notice from Landlord itemizing in reasonable detail the amounts incurred (provided that no itemization of costs and expenses of counsel to Landlord is required where, in the determination of Landlord, such itemization could be deemed a waiver of attorney-client privilege).

10.07 Survival of Obligations. The obligations of Tenant in this Article, including without limitation the indemnity provided for in Section 10.06, are separate and distinct obligations from Tenant’s obligations otherwise provided for herein and shall continue in effect after the expiration of the Term.

10.08 Claims against Third Parties. Nothing in this Article shall prejudice or impair the rights or claims of Tenant against any person other than Landlord with respect to the presence of Hazardous Substances as set forth above.

10.09 Extent of Tenant’s Obligations. Tenant’s obligations under this Article apply only to acts, omissions or conditions that (i) occur in whole or in part during the Term or during any time of Tenant’s possession or occupancy of the Property prior to or after the Term of this Lease; or (ii) are proximately caused in whole or in part by the occupancy of, use of, operations on, or actions on or arising out of the Property by Tenant or its employees, agents, customers, invitees or contractors.

10.10 Inspection at Expiration of Term. Within 90 days before the expiration of the Term, Tenant shall at its own expense obtain a Phase I environmental inspection of the Property, and conduct any further inspection, including without limitation test holes, that is indicated by the results of the Phase I inspection. Tenant, at its own expense, shall remediate any contamination of the Property that is revealed by the inspections and that is Tenant’s responsibility under this Article.

ARTICLE 11. CONDEMNATION

11.01 Article Determines Parties’ Rights and Obligations. If any entity having the power of eminent domain exercises that power to condemn the Property, or any part thereof or interest therein, or acquires the Property, or any part thereof or interest therein by a sale or transfer in lieu of condemnation, the interests of Landlord and Tenant in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease will be as provided in this Article.

11.02 Total Taking. If all of the Property is taken or so transferred, this Lease and all of Tenant’s interest thereunder will terminate on the date title to the Property vests in the condemning authority.

11.03 Partial Taking. If the taking or transfer of part of the Property causes the remainder of the Property to be not effectively and practicably usable in the opinion of the Tenant for the purpose of operation thereon of Tenant’s business, this Lease and all of Tenant’s interest thereunder will terminate on the date title to the Property vests in the condemning authority. If the taking or transfer of part of the Property leaves the remainder of the Property effectively and practicably usable in the opinion of Tenant for the operation of Tenant’s business, this Lease and all of Tenant’s interest thereunder will terminate as to the portion of the Property so taken or transferred on the date title to the Property vests in the condemning authority, but will continue in full force and effect as to the portion of the Property not so taken or transferred, and the Base Rent will abate in the proportion that the portion of the Property taken bears to all of the Property.
**11.04 Compensation.** Landlord and Tenant each may make a claim against the condemning or taking authority for the amount of just compensation due to it. Tenant shall make no claim against Landlord for damages for termination of the leasehold or interference with Tenant’s business, even if Landlord is the condemning or taking authority. Neither Tenant nor Landlord will have any rights in or to any award made to the other by the condemning authority; provided, that if a single award to Landlord includes specific damages for loss of Tenant’s leasehold interest separately awarded in the eminent domain proceeding and not as a part of the damages recoverable by Landlord, Landlord will transmit such separately awarded damages to Tenant.

**ARTICLE 12. DEFAULT**

**12.01. Events of Default.** Each of the following shall constitute an event of default under this Lease:

(a) The failure of Tenant to pay Rent or any other sum of money due under this Lease within ten (10) days after the date such payment is due.

(b) The failure of Tenant to perform or observe any covenant or condition of this Lease, other than a default in the payment of money described in the preceding subsection (a), which is not cured within thirty (30) days after notice thereof from Landlord to Tenant, unless the default is of a kind that cannot be cured within such 30-day period, in which case no event of default shall be declared so long as Tenant shall commence the curing of the default within such 30 day period and thereafter shall diligently and continuously prosecute the curing of same.

(c) The use of the Property or buildings and improvements thereon for purposes other than those permitted herein, to which Landlord has not given its written consent.

(d) The commencement of a case under any chapter of the federal Bankruptcy Code by or against Tenant, or the filing of a voluntary or involuntary petition proposing the adjudication of Tenant as bankrupt or insolvent, or the reorganization of Tenant, or an arrangement by Tenant with its creditors, unless the petition is filed or case commenced by a party other than Tenant and is withdrawn or dismissed within ninety (90) days after the date of its filing.

(e) The admission in writing by Tenant of its inability to pay its debts when due; the appointment of a receiver or trustee for the business or property of Tenant, unless such appointment shall be vacated within ten (10) days after its entry; Tenant making an assignment for the benefit of creditors; or the voluntary or involuntary dissolution of Tenant.

**12.02 Landlord’s Remedies.** Upon the occurrence of an event default, Landlord has all of the following remedies, all in addition to any other remedies that Landlord may have at law or in equity:

(a) Landlord may terminate this Lease by written notice to Tenant, upon which termination Tenant shall immediately surrender possession of the Property, vacate the Property, and deliver possession of the Property to Landlord. Tenant hereby makes a present grant to Landlord of a full, free and irrevocable license to enter into and upon the Property, in the event Landlord terminates this Lease in accordance with this subsection (a), and to repossess the Property, to expel or remove Tenant and any others who may be occupying or within the Property, and to remove any and all property therefrom, using such force as may be necessary, with or without process of law, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord’s right to rent or any other right given to Landlord hereunder or by operation of law.
(b) Landlord may by written notice declare Tenant’s right to possession of the Property terminated without terminating this Lease. Tenant hereby makes a present grant to Landlord of a full, free and irrevocable license to enter into and upon the Property, in the event Landlord terminates Tenant’s right of possession in accordance with this subsection (b), and to repossess the Property, to expel or remove Tenant and any others who may be occupying or within the Property, and to remove any and all property therefrom, using such force as may be necessary, with or without process of law, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord’s right to rent or any other right given to Landlord hereunder or by operation of law.

(c) Subject to Section 12.01(e), Landlord may relet the Property in whole or in part for any period equal to or greater or less than the remainder of the Term, as applicable, for any sum that Landlord may deem reasonable.

(d) Landlord may collect any and all rents due or to become due from subtenants or other occupants of the Property.

(e) Landlord may recover from Tenant, with or without terminating this Lease, actual attorney’s fees and other expenses incurred by Landlord by reason of Tenant’s default and elect to recover damages described under either (1) or (2):

(1) from time to time, an amount equal to the sum of all Base Rent and other sums that have become due and remain unpaid, less the rent, if any, collected by Landlord on reletting the Property reduced by the amount of all expenses incurred by Landlord in connection with reletting the Property; or

(2) immediately upon Tenant’s default, an amount equal to the difference between the Base Rent and the fair rental value of the Property for the remainder of the Term, discounted to the date of such default at a rate per annum equal to the rate at which Landlord could borrow funds for the same period as of the date of such default.

(f) Reentry or reletting of the Property, or any part thereof, shall not terminate this Lease, unless accompanied by Landlord’s written notice of termination to Tenant.

12.03 Assignment of Rents. Tenant immediately and irrevocably assigns to Landlord, as security for Tenant’s obligations under this Lease, all rent from any subletting of all or a part of the Property, and Landlord, as assignee and attorney-in-fact for Tenant, or a receiver for Tenant appointed on Landlord’s application, may collect such rent and apply it toward Tenant’s obligations under this Lease, except that Tenant has the right to collect such rent until the occurrence of an event of default by Tenant.

ARTICLE 13. LEASEHOLD MORTGAGES

13.01. Mortgage of Leasehold Interest. Tenant shall have the right at any time, and from time to time, to subject the leasehold estate and any or all of Tenant’s improvements situated on the Property to one or more deeds of trust, mortgages, and other collateral security instruments as security for a loan or loans or other obligation of Tenant (each a “Leasehold Mortgage”), subject to the remainder of this Article 13.

13.02. Subordinate to Lease. The Leasehold Mortgage and all rights acquired under it shall be subject and subordinate to all the terms of this Lease, and to all rights and interests of Landlord except as otherwise provided in this Lease.
13.03 Notice to Landlord. Tenant shall give Landlord notice before executing each Leasehold Mortgage, and shall accompany the notice with a true copy of the note and the Leasehold Mortgage as proposed for execution. Upon Landlord's written consent to the Leasehold Mortgage and upon execution of the Leasehold Mortgage by all parties, the mortgagee shall become a Qualified Mortgagee as that term is used in this Lease. Tenant also shall deliver to Landlord a true and correct copy of any notice from a Qualified Mortgagee of default or acceleration of the maturity of the note secured by a Leasehold Mortgage promptly following Tenant's receipt thereof.

13.04 Modification or Termination. No action by Tenant or Landlord to cancel, surrender, or materially modify the economic terms of this Lease or the provisions of Article 11 will be binding upon a Qualified Mortgagee without its prior written consent.

13.05 Notice to Qualified Mortgagee.

(a) If Landlord gives any notice hereunder to Tenant, including without limitation a notice of an event of default, Landlord shall give a copy of the notice to each Qualified Mortgagee at the address previously designated by it.

(b) If a Qualified Mortgagee changes its address or assigns the Leasehold Mortgage, the Qualified Mortgagee or assignee may change the address to which such copies of notices hereunder shall be sent by written notice to Landlord. Landlord will not be bound to recognize any assignment of a Qualified Mortgage unless and until Landlord has been given written notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, the assignee will be deemed to be the Qualified Mortgagee hereunder with respect to the assigned Leasehold Mortgage.

(c) If a Leasehold Mortgage is held by more than one person, Landlord shall not be required to give notices to the Qualified Mortgagee of the Leasehold Mortgage unless and until all of the holders of the Leasehold Mortgage give Landlord an original executed counterpart of a written designation of one of their number to receive notices hereunder. Notice given to the one so designated is effective as notice to all them.

13.06 Performance of Tenant Obligations.

(a) A Qualified Mortgagee may perform any obligation of Tenant and remedy any default by Tenant under this Lease within the time periods specified in the Lease, and Landlord shall accept such performance with the same force and effect as if furnished by Tenant; provided, however, that the Qualified Mortgagee will not thereby be subrogated to the rights of Landlord.

(b) Tenant may delegate irrevocably to a Qualified Mortgagee the non-exclusive authority to exercise any or all of Tenant's rights hereunder, but no such delegation will be binding upon Landlord unless and until either Tenant or the Qualified Mortgagee gives Landlord a true copy of a written instrument effecting such delegation.

(c) If Tenant defaults in the payment of any monetary obligation hereunder, Landlord shall not terminate this Lease unless and until Landlord provides written notice of such default to each Qualified Mortgagee and no Qualified Mortgagee cures such default within 10 days after the expiration of any grace or cure periods granted Tenant herein. If Tenant defaults in the performance of any non-monetary obligation hereunder, Landlord shall not terminate this Lease unless and until Landlord provides written notice of such default to each Qualified Mortgagee and no Qualified Mortgagee cures such default within 30 days after the expiration of any grace or cure periods granted Tenant herein.
13.07 Possession by Qualified Mortgagee. A Qualified Mortgagee may take possession of the Property and vest in the interest of Tenant in this Lease upon the performance of the following conditions:

(a) The payment to Landlord of any and all sums due to Landlord under this Lease, including without limitation accrued unpaid rent.

(b) The sending of a written notice to Landlord and Tenant of the Qualified Mortgagee’s intent to take possession of the Property and assume the Lease.

(c) The curing of all defaults not remediable by the payment of money within an additional 30 days after the date upon which such default was required to be cured by Tenant under the terms of this Lease.

13.08 No Liability of Mortgagee Without Possession. A Qualified Mortgagee shall have no liability or obligation under this Lease unless and until it sends to Landlord the written notice described in paragraph 13.07(b). Nothing in this Lease or in the taking of possession of the Property and assumption of the Lease by a Qualified Mortgagee or a subsequent assignee shall relieve Tenant of any duty or liability to Landlord under this Lease.

13.09 New Lease. If a Qualified Mortgagee acquires Tenant’s leasehold as a result of a judicial or non-judicial foreclosure under a Leasehold Mortgage, or by means of a deed in lieu of foreclosure, the Qualified Mortgagee thereafter may assign or transfer Tenant’s leasehold to an assignee upon obtaining Landlord’s written consent thereto, which consent will not be unreasonably withheld or delayed but which assignment will be subject to all of the other provisions of Article 8 and any provisions of the Lease Ordinance concerning acceptable assignees. Upon such acquisition by a Qualified Mortgagee or its assignee of Tenant’s leasehold, Landlord will execute and deliver a new ground lease of the Property to the Qualified Mortgagee or its assignee not later than 120 days after such party’s acquisition of Tenant’s leasehold. The new ground lease will be identical in form and content to this Lease, except with respect to the parties thereto, the term thereof (which will be co-extensive with the remaining Term hereof), and the elimination of any requirements that Tenant fulfilled prior thereto, and the new ground lease will have priority equal to the priority of this Lease. Upon execution and delivery of the new ground lease, Landlord will cooperate with the new tenant, at the sole expense of said new tenant, in taking such action as may be necessary to cancel and discharge this Lease and to remove Tenant from the Property.

ARTICLE 14. GENERAL PROVISIONS

14.01 Authority. Tenant represents and warrants that it has complete and unconditional authority to enter into this Lease; this Lease has been duly authorized by Tenant’s governing body; this Lease is a binding and enforceable agreement of and against Tenant; and the person executing the Lease on Tenant’s behalf is duly and properly authorized to do so.

14.02 Estoppel Certificates. Either party shall at any time and from time to time upon not less than 30 days prior written request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Lease is in full force and effect and has not been amended (or, if there has been any amendment thereof, that the same is in full force and effect as amended and stating the amendment or amendments); that there are no defaults existing, (or, if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the Base Rent and other charges have been paid in advance. The requesting party shall pay the cost of preparing an estoppel certificate, including the cost of conducting due diligence investigation and attorney’s fees.
14.03 Delivery of Notices - Method and Time. All notices, demands or requests from one party to another shall be delivered in person or be sent by (i) mail, certified or registered, postage prepaid, (ii) reputable overnight air courier service, or (iii) electronic mail or facsimile transmission (accompanied by reasonable evidence of receipt of the transmission and with a confirmation copy mailed by first class mail no later than the day after transmission) to the address for the recipient in Section 14.04 and will be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

14.04 Addresses for Notices. All notices, demands and requests from Tenant to Landlord shall be given to Landlord at the following address:

City Manager
City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603
Facsimile: (907) 235-3148
Email: citymanager@cityofhomer-ak.gov

All notices, demands or requests from Landlord to Tenant shall be given to Tenant at the following address:

Martin Weiser
Copper River Seafoods
1118 E. 5th Avenue
Anchorage, Alaska 99501
Email: mweiser@crsalaska.com
Each party may, from time to time, designate a different address or different agent for service of process by notice given in conformity with Section 14.03.

14.05 Time of Essence. Time is of the essence of each provision of this Lease.

14.06 Computation of Time. The time in which any act provided by this Lease is to be done is computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or a holiday, and then it is also excluded. The term “holiday” will mean all holidays as defined by the statutes of Alaska.

14.07 Interpretation. Each party hereto has been afforded the opportunity to consult with counsel of its choice before entering into this Lease. The language in this Lease shall in all cases be simply construed according to its fair meaning and not for or against either party as the drafter thereof.

14.08 Captions. The captions or headings in this lease are for convenience only and in no way define, limit or describe the scope or intent of any provision of this Lease.

14.09 Independent Contractor Status. Landlord and Tenant are independent contractors under this Lease, and nothing herein shall be construed to create a partnership, joint venture, or agency relationship between Landlord and Tenant. Neither party shall have any authority to enter into agreements of any kind on behalf of the other and shall have no power or authority to bind or obligate the other in any manner to any third party.

14.10 Parties Interested Herein. Nothing in this Lease, express or implied, is intended or shall be construed to give to any person other than Landlord, Tenant and any Qualified Mortgagee any right, remedy or claim, legal or equitable, under or by reason of this Lease. The covenants, stipulations and agreements contained in this Lease are and shall be for the sole and exclusive
benefit of Landlord, Tenant and any Qualified Mortgagee, and their permitted successors and assigns.

14.11 Multi-Party Tenant. If Tenant is comprised of more than one natural person or legal entity, the obligations under this Lease imposed upon Tenant are joint and several obligations of all such persons and entities. All notices, payments, and agreements given or made by, with, or to any one of such persons or entities will be deemed to have been given or made by, with, or to all of them, unless expressly agreed otherwise by Landlord in writing.

14.12 Broker's Commissions. Each of the parties represents and warrants that there are no claims for brokerage commissions or finders’ fees in connection with the execution of this Lease, and agrees to indemnify the other against, and hold it harmless from, all liability arising from any such claim including, without limitation, the cost of counsel fees in connection therewith.

14.13 Successors and Assigns. This Lease shall be binding upon the successors and assigns of Landlord and Tenant, and shall inure to the benefit of the permitted successors and assigns of Landlord and Tenant.

14.14 Waiver. No waiver by a party of any right hereunder may be implied from the party’s conduct or failure to act, and neither party may waive any right hereunder except by a writing signed by the party’s authorized representative. The lapse of time without giving notice or taking other action does not waive any breach of a provision of this Lease. No waiver of a right on one occasion applies to any different facts or circumstances or to any future events, even if involving similar facts and circumstances. No waiver of any right hereunder constitutes a waiver of any other right hereunder.

14.15 Attorney's Fees.

(a) If Landlord is involuntarily made a party to any litigation concerning this Lease or the Property by reason of any act or omission of Tenant, or if Landlord is made a party to any litigation brought by or against Tenant without any fault on the part of Landlord, then Tenant shall pay the amounts reasonably incurred and expended by Landlord, including the reasonable fees of Landlord’s agents and attorneys and all expenses incurred in defense of such litigation.

(b) In the event of litigation between Landlord and Tenant concerning enforcement of any right or obligation under this Lease, the non-prevailing party shall reimburse the prevailing party for the attorney’s fees reasonably incurred and expended by the prevailing party in the litigation.

14.16 Severability. If any provision of this Lease shall for any reason be held to be invalid, illegal, unenforceable, or in conflict with any law of a federal, state, or local government having jurisdiction over this Lease, such provision shall be construed so as to make it enforceable to the greatest extent permitted, such provision shall remain in effect to the greatest extent permitted and the remaining provisions of this Lease shall remain in full force and effect.

14.17 Entire Agreement, Amendment. This Lease constitutes the entire and integrated agreement between Landlord and Tenant concerning the subject matter hereof, and supersedes all prior negotiations, representations or agreements, either written or oral. No affirmation, representation or warranty relating to the subject matter hereof by any employee, agent or other representative of Landlord shall bind Landlord or be enforceable by Tenant unless specifically set forth in this Lease. This Lease may be amended only by written instrument executed and acknowledged by both Landlord and Tenant.
14.18 **Governing Law and Venue.** This Lease will be governed by, construed and enforced in accordance with, the laws of the State of Alaska. Any action or suit arising between the parties in relation to or in connection with this Lease, or for the breach thereof, shall be brought in the trial courts of the State of Alaska for the Third Judicial District at Homer.

14.19 **Execution in Counterparts.** This Lease may be executed in two or more counterparts, each of which shall be an original and all of which together shall constitute one and the same document.

14.20 **Prior Lease Amended And Superseded.** Landlord and Tenant are parties to a prior lease affecting the Property dated May 1, 2014, a lease of which has been recorded in the records of the Homer Recording District under Document No. 2014-001303-0 (the “Prior Lease”). This Lease replaces and supersedes the Prior Lease effective as of May 1, 2019, and on and after that date the Prior Lease shall have no force or effect, except that it shall remain in effect as to events, rights, obligations, or remedies arising or accruing under the Prior Lease prior to that date.

IN WITNESS WHEREOF, the parties have executed this Lease as of the date first set forth above.

**Landlord:**

CITY OF HOMER

By: [Signature]  
Katie Koester, City Manager

**Tenant:**

COPPER RIVER SEAFOODS INC.

[Signature]
Martin Weiser, Chief Development Officer

**ACKNOWLEDGMENTS**

STATE OF ALASKA  

) ss.

THIRD JUDICIAL DISTRICT  

The foregoing instrument was acknowledged before me on May 16, 2019, Katie Koester, City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City of Homer.

[Signature]  
Bobbie R. Krause  
Notary Public in and for Alaska  
My Commission Expires: 08/10/19
STATE OF ALASKA  

THIRD JUDICIAL DISTRICT  

The foregoing instrument was acknowledged before me on May 15, 2019 by Martin Weiser, as Chief Development Officer of Copper River Seafoods Inc. on behalf of Copper River Seafoods Inc.

Karina Chambers  
Notary Public in and for Alaska  
My Commission Expires: 4.17.2021
EXHIBIT A

SCHEDULE OF ORGANIZATION, OWNERS, PERCENTAGE OF OWNERSHIP

Tenant, Copper River Seafoods Inc., is a Business Corporation organized under the laws of the State of Alaska. Attached to this exhibit is a certificate issued by that state certifying that Tenant is in good standing and describing its legal organization.

The shareholders and their percentage of ownership are as follows:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>James Stavis, Shareholder</td>
<td>6.30 %</td>
</tr>
<tr>
<td>1118 E. 5TH AVE., ANCHORAGE, AK 99501</td>
<td></td>
</tr>
<tr>
<td>Norman Stavis, Shareholder</td>
<td>6.30 %</td>
</tr>
<tr>
<td>1118 E. 5TH AVE., ANCHORAGE, AK 99501</td>
<td></td>
</tr>
<tr>
<td>Rodger May, Director, Shareholder</td>
<td>33.20%</td>
</tr>
<tr>
<td>1118 E. 5TH AVE., ANCHORAGE, AK 99501</td>
<td></td>
</tr>
<tr>
<td>Scott Blake, Director, President, Shareholder</td>
<td>54.20</td>
</tr>
<tr>
<td>1118 E. 5TH AVE., ANCHORAGE, AK 99501</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL:</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
EXHIBIT B

CONFORMED COPY OF RESOLUTION AUTHORIZING LEASE AND
AUTHORIZING SIGNERS TO SIGN LEASE AGREEMENT ON BEHALF
OF TENANT
CITY OF HOMER
HOMER, ALASKA

RESOLUTION 19-017

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA, APPROVING A LEASE ASSIGNMENT FROM SNUG HARBOR SEAFOODS INC. TO COPPER RIVER SEAFOODS INC. AND AUTHORIZING THE CITY MANAGER TO EXECUTE THE APPROPRIATE DOCUMENTS FOR A NEW TWENTY YEAR LEASE WITH OPTIONS FOR TWO CONSECUTIVE FIVE YEAR LEASE RENEWALS FOR A PORTION OF LOT 13B, CITY OF HOMER PORT INDUSTRIAL SUBDIVISION NO. 2, ACCORDING TO PLAT NO. 80-92, AT AN INITIAL ANNUAL RATE OF $12,996.12.

WHEREAS, Snug Harbor Seafoods Inc. requested to transfer their 2014 City lease to Copper River Seafoods Inc. as part of Copper River Seafoods Inc.'s buyout of Snug Harbor Seafoods Inc. assets; and

WHEREAS, Copper River Seafoods Inc. submitted a complete application pursuant to Homer City Code (HCC) § 18; and

WHEREAS, Copper River Seafoods has indicated their intention of operating a fish buying station which is similar to the Snug Harbor Seafoods Inc. permitted use of seafood buying; and

WHEREAS, Per HCC § 18.08.110 the lease is in compliance and the past lease history has shown contractual obligations are satisfactorily met; and

WHEREAS, The lease assignment will be based on the City's updated lease template which reflects the new and current code requirements; and

WHEREAS, The initial annual rental rate of $12,996.12 will change in accordance with the appraisal of the lot due in 2019 per HCC § 18.08.100; and

WHEREAS, On February 27, 2019 The City Administration and the Port and Harbor Advisory Commission reviewed the application pursuant to HCC § 18.08.060 and recommend a new twenty year lease with options for two consecutive five-year renewals for a portion of Lot 13B, City of Homer Port Industrial Subdivision No. 2, according to Plat No. 80-92; and
WHEREAS, HCC § 18.08.160 (4) states Council shall approve or deny the request for lease assignment via resolution.

NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, hereby approves the lease assignment of the Snug Harbor Seafoods Inc. lease from Snug Harbor Seafoods Inc. to Copper River Seafoods Inc., and authorizes the City Manager to execute a new twenty year lease with options for two consecutive five-year renewals for a portion of Lot 13B, City of Homer Port Industrial Subdivision No. 2, according to Plat No. 80-92, at an initial annual base rent of $12,996.12 for the purpose of a fish buying station.

PASSED AND ADOPTED by the Homer City Council this 11th day of March, 2019.

CITY OF HOMER

KEN CASTNER, MAYOR

ATTEST:

MELISSA JACOBSEN, MMC, CITY CLERK

Fiscal note: $12,996.12
EXHIBIT C

LOCATION OF PROPERTY

(Section 2.01)

Portion of Lot 13B, City of Homer Port Industrial Subdivision No. 2, according to Plat No. 80-92, Homer Recording District, State of Alaska, containing 15,300 square feet, more or less, also known as Kenai Peninsula Borough Tax Parcel No. 18103425.
EXHIBIT D

TEENANT'S PROPOSED USE OF THE PROPERTY

(Section 6.01)

The Tenant’s proposed use of the property is a fish buying station.
# Lease Application/Assignment Form

**Directions:**
1. Please submit this application form to the City Manager’s Office, 491 Pioneer Avenue, Homer, AK, 99603.
2. Please answer all questions on this form, or put “N/A” in the space if it is non-applicable.
3. Please include all applicable fees in the form of a check, made payable to the City of Homer.

<table>
<thead>
<tr>
<th>Applicant Name:</th>
<th>Copper River Seafoods, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Name:</td>
<td>Copper River Seafoods, Inc.</td>
</tr>
<tr>
<td>Social Security Number:</td>
<td>92-0157589</td>
</tr>
<tr>
<td>Mailing Address:</td>
<td>1118 E. 5th Ave</td>
</tr>
<tr>
<td>City, State, ZIP code:</td>
<td>Anchorage, AK 99501</td>
</tr>
<tr>
<td>Business Telephone No.</td>
<td>907-522-7806</td>
</tr>
<tr>
<td>Representative’s Name:</td>
<td>Martin Weiser</td>
</tr>
<tr>
<td>Mailing Address:</td>
<td>1118 E. 5th Ave</td>
</tr>
<tr>
<td>City, State, ZIP code:</td>
<td>Anchorage, AK 99501</td>
</tr>
<tr>
<td>Business Telephone No.</td>
<td>907-522-7806</td>
</tr>
<tr>
<td>Property Location:</td>
<td>Portion of Lot 13B, City of Homer Port Industrial</td>
</tr>
<tr>
<td>Legal Description:</td>
<td>Portion of Lot 13B, City of Homer Port Industrial</td>
</tr>
<tr>
<td>Type of Business to be placed on property:</td>
<td>Seafood Manufacturing</td>
</tr>
<tr>
<td>Duration of Lease requested:</td>
<td>20 years</td>
</tr>
<tr>
<td>Options to re-new:</td>
<td>20 year extension</td>
</tr>
</tbody>
</table>
The following materials must be submitted when applying for a lease of City of Homer real property

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Plot Plan</td>
<td>Attached</td>
</tr>
<tr>
<td></td>
<td>A drawing of the proposed leased property showing:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ Size of lot - dimensions and total square footage (to scale)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ Placement and size of buildings, storage units, miscellaneous structures planned (to scale).</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ Water and sewer lines - location of septic tanks, if needed.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ Parking spaces – numbered on the drawing with a total number indicated</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Development Plan</td>
<td></td>
</tr>
<tr>
<td></td>
<td>☐ List the time schedule from project initiation to project completion, including major project milestones.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dates</td>
<td>Tasks</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>9/1/20</td>
<td>Framing</td>
</tr>
<tr>
<td></td>
<td>12/31/2020</td>
<td>Completion</td>
</tr>
<tr>
<td></td>
<td>For each building, indicate:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Building Use</td>
<td>Dimensions and square footage</td>
</tr>
<tr>
<td></td>
<td>Seafood Processing</td>
<td>~ 42' x 47' 1974 ft</td>
</tr>
<tr>
<td>3.</td>
<td>Insurance</td>
<td>Attached</td>
</tr>
<tr>
<td></td>
<td>☐ Attach a statement of proof of insurability of lessee for a minimum liability insurance for combined single limits of $1,000,000 showing the City of Homer as co-insured. Additional insurance limits may be required due to the nature of the business, lease or exposure. Environmental insurance may be required. If subleases are involved, include appropriate certificates of insurance.</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Subleases</td>
<td>n/a</td>
</tr>
<tr>
<td></td>
<td>☐ Please indicate and provide a detailed explanation of any plans that you may have for subleasing the property. The City of Homer will generally require payment of 25% of proceeds paid Lessee by subtenants. Refer to chapter 13 of the Property Management Policy and Procedures manual.</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Health Requirements</td>
<td>Attached prior approval</td>
</tr>
<tr>
<td></td>
<td>☐ Attach a statement documenting that the plans for the proposed waste disposal system, and for any other necessary health requirements, have been submitted to the State Department of Environmental Conservation for approval. Granting of this lease shall be contingent upon the lessee obtaining all necessary approvals from the State DEC.</td>
<td></td>
</tr>
</tbody>
</table>
6. **Agency Approval**

- □ Attach statement(s) of proof that your plans have been inspected and approved by any agency which may have jurisdiction of the project; i.e. Fire Marshall, Army Corps of Engineers, EPA, etc. The granting of this lease shall be contingent upon lessee obtaining approval, necessary permits, and/or inspection statements from all appropriate State and/or Federal agencies.

7. **Fees**

- □ Application fee - $30.00. Covers costs associated with processing the application. *Please make check payable to the City of Homer.*

- □ Lease fee - $300.00. Covers the costs of preparing and processing the actual lease.

- ✓ Assignment fee - $250.00. Covers the costs of preparing and processing the lease transfer. *Please make check payable to the City of Homer.*

8. **Financial Data**

- □ Sole or individual proprietorship.

- □ Partnership.

- ✓ Corporation.

- □ Other – Please explain:

  

- □ Financial Statement – *Please attach a financial statement showing the ability of the lessee to meet the required financial obligations.*

- □ Surety Information – Has any surety or bonding company ever been required to perform upon your default or the default of any of the principals in your organization holding more than a 10% interest

  - X No □ Yes. If yes, please attach a statement naming the surety or bonding company, date and amount of bond, and the circumstances surrounding the default or performance.

- □ Bankruptcy Information – Have you or any of the principals of your organization holding more than a 10% interest ever been declared bankrupt or are presently a debtor in a bankruptcy action?

  - X No □ Yes. If yes, please attach a statement indicating state, date, Court having jurisdiction, case number and to amount of assets and debt.

- □ Pending Litigation – Are you or any of the principals of your organization holding more than a 10% interest presently a party to any pending litigation?

  - X No □ Yes. If yes, please attach detailed information as to each claim, cause of action, lien, judgment including dates and case numbers.
If the applicant is a partnership, please provide the following:

Date of organization:
Type: □ General Partnership □ Limited Partnership
Statement of Partnership Recorded? □ Yes □ No
Where ____________________________ When ____________________________
Has partnership done business in Alaska? □ Yes □ No
Where ____________________________ When ____________________________
Name, address, and partnership share. If partner is a corporation, please complete corporation statement.

Please attach a copy of your partnership agreement.

If the applicant is a corporation, please provide the following:

Date of Incorporation: March 7, 1996
State of Incorporation: Alaska
Is the Corporation authorized to do business in Alaska?
□ No □ Yes. Is so, as of what Date? March 7, 1996
Corporation is held? □ Publicly □ Privately If publicly held, how and where is the stock traded?

Officers & Principal Stockholders [10%+]:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Address</th>
<th>% Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott A. Blake</td>
<td>Pres/CEO</td>
<td>118 E 5th Ave Anchorage</td>
<td>54.20</td>
</tr>
<tr>
<td>Rodger May</td>
<td>Director/Shareholder</td>
<td></td>
<td>33.20</td>
</tr>
<tr>
<td>Rich Monroe</td>
<td>Secretary/Treas.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Please furnish a copy of Articles of Incorporation and By-laws.
Please furnish name and title of officer authorized by Articles and/or By-laws to execute contracts and other corporate commitments.

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scott Blake</td>
<td>Pres/CEO</td>
</tr>
</tbody>
</table>
11. Applicant References

Please list four persons or firms with whom the Applicant or its owners have conducted business transactions with during the past three years. Two references named shall have knowledge of your financial management history, of which at least one must be your principal financial institution. Two of the references must have knowledge of your business expertise.

<table>
<thead>
<tr>
<th>Name</th>
<th>Firm</th>
<th>Title</th>
<th>Address</th>
<th>Telephone</th>
<th>Nature of business association with Applicant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jeff Buske</td>
<td>Independent Packers Company</td>
<td>Owner</td>
<td>2001 W. Garfield St Seattle, WA 98109</td>
<td>206-912-3800</td>
<td>They custom process for us for approx. 10 yrs</td>
</tr>
<tr>
<td>Seattle Tacoma Box</td>
<td>Cindy Unley</td>
<td>CFO</td>
<td>2300 11st Pl S Kent, WA 98032</td>
<td>253-854-9700</td>
<td>May have supplied us with all our packaging for numerous years</td>
</tr>
<tr>
<td>Jim Gonzales</td>
<td>Pacific Harvest Seafoods</td>
<td>Owner/Pres.</td>
<td>1800 NE 44th St #200 Renton, WA 98056</td>
<td>425-254-1574</td>
<td>Customer/Supplier, partnered on ventures in past, not currently</td>
</tr>
<tr>
<td>Michael Panichi</td>
<td>Key Bank Biz Capital</td>
<td>Sr. VP</td>
<td>127 Public Square Cleveland, OH 44114</td>
<td>216-687-4714</td>
<td>Bank</td>
</tr>
</tbody>
</table>

I hereby certify that the above information is true and correct to the best of my knowledge.

Signature: [Signature] Date: 9/20/18
From: Martin Welser <mweiser@crsalaska.com>
Sent: Friday, February 22, 2019 3:26 PM
To: Rachel Friedlander <rfriedlander@ci.homer.ak.us>
Cc: Erica Hollis <ehollis@ci.homer.ak.us>
Subject: RE: Questions regarding CRS application

Sorry for the confusion, it is confirmed that the proper term for the activities we plan to perform in Homer would be, “fish buying station.” If you could amend the application to read as such I would appreciate it.

As far as #2 goes, I will have to research that. It was my understanding from Paul Dale that the package I was submitting to you had all the necessary prior approvals. I will let you know if that is something we have and we failed to submit it or if we are going to have to scramble to meet the necessary requirement.

Marty

From: Rachel Friedlander <rfriedlander@ci.homer.ak.us>
Sent: Friday, February 22, 2019 12:48 PM
To: Martin Welser <mweiser@crsalaska.com>
Cc: Erica Hollis <ehollis@ci.homer.ak.us>
Subject: Questions regarding CRS application

Hi Martin,

A few questions came up while reviewing the application submitted by CRS in 2018, namely:

1) On the first page under “type of business to be placed on the property”, you list “seafood manufacturing” but then on the second page under “Development Plan” you list “seafood processing.” I’ve also heard that CRS intends to use the facility/City property for “fish buying” – could you clarify the intended use?

2) On #5 “Health Requirements,” you noted “attached prior approval” but I don’t seem to have those documents on my end – could you please resubmit those?

Thank you for your prompt response,
Rachel

Rachel Friedlander
Executive Assistant to City Manager Katie Koester
City of Homer
Rachel Friedlander

From: Martin Weiser <mweiser@crsalaska.com>
Sent: Wednesday, February 27, 2019 12:42 PM
To: Rachel Friedlander
Cc: Erica Hollis
Subject: RE: Questions regarding CRS application

Not to our knowledge at this time. My understanding is that the parcel was already connected to city sewer and that is all that is going to be required as we do not have any plans to process in this facility.

Marty

From: Rachel Friedlander <rfriedlander@ci.homer.ak.us>
Sent: Wednesday, February 27, 2019 9:54 AM
To: Martin Weiser <mweiser@crsalaska.com>
Cc: Erica Hollis <ehollis@ci.homer.ak.us>
Subject: RE: Questions regarding CRS application

Hi Marty,

Following up with you on #2 – is there any required environmental information from the DEC that should be presented at the Port&Harbor Advisory Commission this evening?

Thank you,
Rachel

From: Martin Weiser <mweiser@crsalaska.com>
Sent: Friday, February 22, 2019 3:26 PM
To: Rachel Friedlander <rfriedlander@ci.homer.ak.us>
Cc: Erica Hollis <ehollis@ci.homer.ak.us>
Subject: RE: Questions regarding CRS application

Sorry for the confusion, it is confirmed that the proper term for the activities we plan to perform in Homer would be, “fish buying station.” If you could amend the application to read as such I would appreciate it.

As far as #2 goes, I will have to research that. It was my understanding from Paul Dale that the package I was submitting to you had all the necessary prior approvals. I will let you know if that is something we have and we failed to submit it or if we are going to have to scramble to meet the necessary requirement.

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Cc: Erica Hollis <ehollis@ci.homer.ak.us>
Subject: Questions regarding CRS application

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Thank you for your prompt response,
Rachel

Rachel Friedlander
Executive Assistant to City Manager Katie Koester
City of Homer
907. 435. 3102
RFriedlander@ci.homer.ak.us
https://www.cityofhomer-ak.gov/
EXHIBIT E

SITE PLANS

(Section 6.02)
EXHIBIT F

FLOOR PLANS

(Section 6.02)
GENERAL
ALL MATERIALS AND CONSTRUCTION SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE. ALL CONSTRUCTION DETAILS SHALL CONFORM TO RECOMMENDATIONS OF THE INTERNATIONAL CODE.
EXHIBIT G

PERMISSION TO OBTAIN INSURANCE POLICIES

(Section 9.04(d))

The City of Homer is hereby granted permission to request and obtain copies of Copper River Seafoods Inc. ("Tenant") insurance policies from Tenant's broker and/or insurer, Marsh & McLennan. Tenant requests the broker/insurer to provide the City of Homer with information about and copies of all of Tenant's insurance policies providing the type of coverage required by the Lease between Tenant and the City of Homer.

It is understood that the Tenant may revoke this permission at any time by written notice to City of Homer and to Tenant's broker and/or insurer; however, such revocation will constitute a default of Tenant's lease from the City of Homer.

Date: 5/15/19

COPPER RIVER SEAFOODS INC.

By: [Signature]

Printed Name: Martin Weiser
Title: Chief Development Officer
2nd AMENDMENT TO LEASE AGREEMENT

This amendment is made and entered into effect as of___________, 2022 between the City of Homer, an Alaska municipal corporation (“Landlord”) whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and Copper River Seafoods Inc., an Alaskan business corporation (“Tenant”), whose address is 1118 E. 5th Ave. Anchorage, Alaska 99501, and amends the Ground Lease Agreement (“Lease”) entered into between Copper River Seafoods Inc., and the City of Homer, dated March 1 2019 and recorded by the Kenai Peninsula Borough’s recorder’s office on May 20 2019, Number 2019-001382-0, Homer Recording District 309, Alaska.

Landlord and Tenant agree as follows:

• “Exhibit E – Site Plans” shall be amended and replaced by “Exhibit E – Site Plans dated April 1 2022” included as pages 2-3 of this amendment.

• “Exhibit F – Floor Plans” shall be amended and replaced by “Exhibit F – Site Plans dated April 1 2022” included as pages 4-14 of this amendment.
EXHIBIT E

SITE PLANS dated APRIL 1 2022

(Section 6.02)

Clarification Notes on Copper River Seafoods Site plan “Homer Concept” page:

- Each of the portable buildings is 8’x27’, 216 sq. ft.(each)
- The “Break Room” on the Homer Concept page is the same as the “Bunk Room” in Exhibit F floor plans
- The bait freezer is an 8’x40’ refrigerated container, 320 sq. ft.
- The “office” building is identical in shape and size to the other two shown in Exhibit F floor plans. The existing containerized office will be removed from the site and replaced with the portable building.
EXHIBIT F

FLOOR PLANS dated APRIL 1 2022

(Section 6.02)
<table>
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<tr>
<th><strong>CRS KENAI BATH HOUSE AND EMPLOYEE CABINS</strong></th>
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<th><strong>Steel Systems</strong></th>
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<th><strong>Sheet No.</strong></th>
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| **E 001** |

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CRS KENAI BATH HOUSE AND EMPLOYEE CABINS
810 CHILDS AVE., KENAI, ALASKA

1. CABIN, ELECTRIC AND LIGHTING (TYP.)

2. BATHHOUSE, ELECTRIC AND LIGHTING

FIXTURE SCHEDULE

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<th>Model</th>
<th>Quantity</th>
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</tr>
</tbody>
</table>

Scale: 1/12" = 1'-0"
IN WITNESS WHEREOF, the parties have executed this Lease Amendment as of the date set forth above.

Landlord:       Tenant:
City of Homer       Copper River Seafoods Inc.
By: __________________________    By: ________________________
_______________________________   ________________________________
Rob Dumouchel, City Manager     name/title

ACKNOWLEDGMENTS

STATE OF ALASKA  )
) SS.
THIRD JUDICIAL DISTRICT  )

The foregoing instrument was acknowledged before me on ______________, 2022 by Rob Dumouchel, City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City of Homer.

_______________________________________
Notary Public in and for Alaska
My Commission Expires: ______

STATE OF       )
) SS.

The foregoing instrument was acknowledged before me on ______________, 2022 by ____________________(name/title) of Copper River Seafoods Inc.

_______________________________________
Notary Public in and for the state of ________
My Commission Expires: ______

After recording return to:
Melissa Jacobsen, MMC, City Clerk
City of Homer
491 E. Pioneer Avenue
Homer, AK  99603
Good Morning Bryan and Erica

With the challenges we are still facing as an industry and company, we would ask that you consider a proposal that will allow us to keep the Homer operation functional and moving forward in development. We have a bunk house and a bath house available to locate on the Homer property. The specs for these buildings are attached and they are built to code. We will be pulling 3-phase power to the construction site this spring to support this project. Additionally we will be adding a freezer container for bait storage to support the fleet. (This concept is attached)

Thank you for your support and consideration as we work together for continuous improvements.

Joe O'Halloran
VP of Operations and Sales
Copper River Seafoods
Phone: 503-747-8814

Disclaimer

The information contained in this communication from the sender is confidential. It is intended solely for use by the recipient and others authorized to receive it. If you are not the recipient, you are hereby notified that any disclosure, copying, distribution or taking action in relation of the contents of this information is strictly prohibited and may be unlawful.

This email has been scanned for viruses and malware, and may have been automatically archived by Mimecast, a leader in email security and cyber resilience. Mimecast integrates email defenses with brand protection, security awareness training, web security, compliance and other essential capabilities. Mimecast helps protect large and small organizations from malicious activity, human error and technology failure; and to lead the movement toward building a more resilient world. To find out more, visit our website.
ADDITIONAL NOTES FOR “HOMER CONCEPT” PAGE

Below are clarification points/statements from Copper River Seafoods on the “Homer Concept” page submitted as part of their proposal, condensed from a series of e-mail correspondence:

- Each of the portable buildings are 8’x27’, 216 sq ft each.
- The “Break Room” on the Homer Concept page is the same as the “Bunk Room” on the schematic drawings.
- The Bath house is broken up into 3 separate individual Bath rooms with a Shower, Toilet and Sink. Along with a small laundry room. These would be used by our crew and our fishermen.
- The Bait freezer is a 8’x40’ refrigerated container, 320 sq ft.
- The office is a new building identical in shape and size as the other Two. The existing containerized office will be moved offsite.
- The Break room and Bath House total sq ft is 432 sq ft. and could be considered under the accessory use of caretaker residence. The Office and Bait Freezer total sq ft is 536 sq ft. for commercial use (more than 50% of building square footage for primary zoning use per Marine Commercial Industrial zoning).
CRS KENAI BATH HOUSE AND
EMPLOYEE CABINS
810 CHILDS AVE., KENAI, ALASKA
CRSR KENAI BATH HOUSE AND EMPLOYEE CABINS
810 CHILDS AVE., KENAI, ALASKA

1. BATHHOUSE UNDERFLOOR PLUMBING
2. BATHHOUSE FIRST FLOOR PLUMBING
3. BATHHOUSE FIRST FLOOR VENTILATION

SHEET NOTES
1. UNDERGROUND PLUMBING TO MEET TERRAIN
2. ALL CLERESTORY WIND TILES TO MEET LOCAL ACOUSTIC REQUIREMENTS
3. PLACE ALL POWER OUTLETS TO MEET LOCAL CODE REQUIREMENTS
4. ALL PLUMBING TO MEET THE REQUIREMENTS OF THE LOCAL CODE
5. PLAN AND ELEVATION TO MEET THE REQUIREMENTS OF THE LOCAL CODE
6. PROVIDE PIPING AT REQUISITE PAR

CRSR KENAI BATH HOUSE AND EMPLOYEE CABINS
810 CHILDS AVE., KENAI, ALASKA

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5. PLAN AND ELEVATION TO MEET THE REQUIREMENTS OF THE LOCAL CODE
6. PROVIDE PIPING AT REQUISITE PAR
1ST AMENDMENT TO LEASE AGREEMENT

This amendment is made and entered into effect as of 12-07-2020 between the City of Homer, an Alaska municipal corporation ("Landlord") whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and Copper River Seafoods Inc., an Alaskan business corporation ("Tenant"), whose address is 1118 E. 5th Ave, Anchorage, Alaska 99501, and amends the Ground Lease Agreement ("Lease") entered into between Copper River Seafoods Inc., and the City of Homer, dated March 1, 2019 and recorded by the Kenai Peninsula Borough's recorder's office on May 20, 2019, Number 2019-001382-0, Homer Recording District 309, Alaska.

Landlord and Tenant agree as follows:

In Exhibit D - Tenant's Proposed Use of the Property, under the section listed as “2. Development Plan”:

<table>
<thead>
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<th>Dates</th>
<th>Tasks</th>
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<tbody>
<tr>
<td>9/1/20</td>
<td>Framing</td>
</tr>
<tr>
<td>12/31/2020</td>
<td>Completion</td>
</tr>
</tbody>
</table>

Shall be amended to the following:

<table>
<thead>
<tr>
<th>Dates</th>
<th>Tasks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2/1/2022</td>
<td>Framing</td>
</tr>
<tr>
<td>12/31/2022</td>
<td>Completion</td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF, the parties have executed this Lease Amendment as of the date set forth above.

Landlord:
City of Homer

Tenant:
Copper River Seafoods Inc.

By: ________________________________
Rob Dumouchel, City Manager

By: ________________________________
Mark Hansen, COO
ACKNOWLEDGMENTS

STATE OF ALASKA                      )
                           ) SS.
THIRD JUDICIAL DISTRICT )

The foregoing instrument was acknowledged before me on December 14, 2020 by Rob Dumouchel, City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City of Homer.

[Signature]
Notary Public in and for Alaska
My Commission Expires: 12/10/2022

STATE OF WASHINGTON       )
                           ) SS.
COUNTY OF PIERCE          )

The foregoing instrument was acknowledged before me on DEC. 7, 2020 by Mark Hansen, as COO of Copper River Seafoods Inc.

[Signature]
Notary Public in and for the state of WA
My Commission Expires: 7-1-22

After recording return to:
Melissa Jacobsen, MMC, City Clerk
City of Homer
491 E. Pioneer Avenue
Homer, AK 99603