

HOMER

Serial No.

70-226

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Homer Recording District

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LEASE OF HOMER HOSPITAL

THIS AGREEMENT, made and entered into this 10th day of November, 1969, by and between the CITY OF HOMER, hereafter referred to as the Lessor, and the KENAI PENINSULA BOROUGH, hereafter referred to as Lessee:

W I T N E S S E T H:

That for and in consideration of certain obligations to be paid and performed by the Lessee, the Lessor does hereby demise, lease and let and the said Lessee does hereby hire and take charge of and from the Lessor, the following described real property and improvements thereon:

The North one-half (N1/2) of the Northwest one-quarter (NW1/4) of the Southeast one-quarter (SE1/4) of the Southeast one-quarter (SE1/4) of Section Eighteen (18), Township Six South (T6S), Range Thirteen West (R13W), Seward Meridian, State of Alaska.

SUBJECT to all reservations, easements and covenants of record.

The purpose of this lease is to grant the Kenai Peninsula Borough continued use of the hospital facility under the terms of the following lease:

1. TERM: The term of this lease shall be for a period of fifty-five (55) years, commencing on the first day of July, 1969, and ending on June 30th, fifty-five (55) years from said date.

2. RENT: The Lessee shall pay Ten and no/100 Dollars (\$10.00), plus other valuable considerations, including the exchange of promises and conditions included herein.

3. ACCEPTANCE OF PREMISES: Lessee has examined and knows the condition of said premises and accepts the same "as is".

4. USE OF PREMISES: Lessee hereby covenants that the use of said leased premises shall be for the operation of a public hospital and for those activities reasonably necessary, related and incidental to the operation of said hospital and for no other

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1 purpose save and except by mutual written consent of all parties
2 hereto.

3 5. IMPROVEMENTS: Lessee shall be entitled to make im-
4 provements to the building presently on the above-described real
5 estate or to add other improvements thereon and shall comply with
6 all the laws applicable thereto.

7 All improvements and additions made or constructed upon
8 the premises shall be at the expense of the Lessee, but the same
9 shall become part of the leased premises and shall stay with the
10 land at the termination of this lease.

11 6. REPAIRS AND MAINTENANCE: It is understood and agreed
12 that Lessee shall pay for all repairs and maintenance to the
13 aforementioned premises and shall pay for any and all replace-
14 ments of existing equipment, out of its own funds.

15 7. OPERATIONAL EXPENSES: It is further understood and
16 agreed that Lessee shall pay for and be solely responsible for
17 all costs connected with the operation of said hospital, includ-
18 ing costs for supplies, labor, equipment, etc.

19 8. INSURANCE: Lessee agrees to secure and maintain fire
20 and extended coverage insurance on the real property and improve-
21 ments with an insurer qualified to do business in the State of
22 Alaska in an amount not less than Eighty (80%) per cent of the
23 appraised value of the premises, with the Lessor named as an
24 additional insured.

25 9. HOLD HARMLESS AND INDEMNITY: The Lessee covenants
26 and agrees to save and hold the Lessor harmless from any and
27 all loss or damage to persons or property occurring on the
28 premises or occurring anywhere by reason of Lessee's occupation
29 of the premises and operation as a hospital, and Lessee further
30 agrees and covenants to indemnify Lessor for any and all costs
31 or expenses incurred by Lessor for any reason arising out of
32 Lessee's occupation of the premises.

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1 10. WASTE AND LAWFUL USE: Lessee covenants and agrees
2 that it shall not commit, nor allow any waste upon the premises
3 or any nuisance to be committed thereon, and further agrees to
4 comply with all laws, whether State, Local or Federal.

5 11. NON-LIEN: Lessee further promises at all times to
6 keep the demised premises free from any liens arising out of work
7 performed, materials furnished, or obligations incurred by or for
8 it.

9 12. PEACEFUL SURRENDER: Lessee further agrees that upon
10 termination of the lease, either by expiration of the term or
11 upon Lessee's breach of this lease, that it shall surrender and
12 give up possession of the premises to the Lessor; and agrees that
13 it will return the premises in substantially the same condition
14 as when received, reasonable use and wear excepted.

15 13. NOTICE OF BREACH: If Lessee is guilty of a breach
16 of this lease, Lessor shall give Lessee a written notice to the
17 effect, specifying in what manner the lease is breached and
18 thereafter Lessee shall have sixty (60) days from the receipt
19 of such notice within which to correct said breach. Failure to
20 correct the same shall give Lessee the privilege of re-taking
21 possession of the property.

22 14. SUBLEASING AND ASSIGNMENT: Lessee agrees not to
23 sublease or assign this lease or any portion thereof without
24 first obtaining the written consent of the Lessor; providing
25 however, that the Lessor shall not withhold its consent unreason-
26 ably.

27 15. HOLDING OVER: The holding over after the expiration
28 of this lease with the consent of the Lessor shall be deemed a
29 tenancy from month to month.

30 16. DESTRUCTION OF PREMISES: In the event that the prem-
31 ises are destroyed or damaged through fire, flood or other casu-
32 alty covered by insurance Lessee agrees to use such sums as may

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1 be recovered from the insurer in the reconstruction of the sub-
2 ject premises or the construction of a new hospital, provided
3 that if Lessee ceased to exercise the governmental function of
4 providing hospital services within the South Peninsula Hospital
5 Service Area Lessee will pay to Lessor out of said sums received
6 that amount which bears the same ratio to the total amount as
7 the depreciated value of the present facility bears to the total
8 value of the facility at the time of damage or destruction.

9 17. AGREEMENT BINDING UPON SUCCESSORS: Each and every
10 covenant, agreement, term, provision and condition herein con-
11 tained shall extend to and be binding upon the respective suc-
12 cessors and assigns of the parties hereto.

13 IN WITNESS WHEREOF, the parties have executed this lease
14 the day and year first above written.

15 LESSOR: CITY OF HOMER

16 By William C. Pelt
17 City Manager

18 ATTESTED TO:

19 Dorrie R. Charro
20 City Clerk

21 Approved as to form:
22 HAHN, JEWELL & FARRELL
City Attorneys

23 By A. Robert Hahn, Jr.
24 A. Robert Hahn, Jr.

25 LESSEE: KENAI PENINSULA BOROUGH

26 By George A. Nawara
27 Borough Chairman

28 ATTESTED TO:

29 Francis Byrnes
Borough Clerk

30 Approved as to form:

31 James D. Nordale
32 James D. Nordale
Borough Attorney

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STATE OF ALASKA)
: ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 10th day of November, 1969, before me, the undersigned, a Notary Public in and for Alaska, duly commissioned and sworn as such, personally appeared WILLIAM CURTIS, known to me and known to me to be the City Manager of the CITY OF HOMER, Lessor in the above and foregoing Lease, and he acknowledged to me the execution thereof to be his free and voluntary act and deed for and on behalf of the CITY OF HOMER, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Alarie R. Charron
Notary Public in and for Alaska
My Commission Expires: 7-28-73

STATE OF ALASKA)
: ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the 2^d day of November, 1969, before me, the undersigned Notary Public in and for Alaska, duly commissioned and sworn as such, personally appeared GEORGE A. NAVARRE, known to me and known to me to be the Borough Chairman of the KENAI PENINSULA BOROUGH, Lessee in the above and foregoing Lease, and he acknowledged to me the execution thereof to be his free and voluntary act and deed for and on behalf of the KENAI PENINSULA BOROUGH, for the uses and purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year in this certificate first above written.

Francis R. Byrner
Notary Public in and for Alaska
My Commission Expires: 7-22-72

| |
|--|
| RECORDED - FILED |
| <u>Homer</u> REC. DIST. |
| DATE <u>5-1</u> 19 <u>70</u> |
| TIME <u>1:45 P.M.</u> |
| Requested by <u>City of Homer</u> |
| Address <u>Box 335</u> <u>Homer, AK 99603</u> |

AMENDMENT TO LEASE BETWEEN CITY OF HOMER
AND KENAI PENINSULA BOROUGH

ORIGINAL

WHEREAS, the City Council of the City of Homer (City) on 03/08/99 approved the lease of additional property to the Kenai Peninsula Borough (Borough) for expansion of the South Peninsula Hospital; and

WHEREAS, by resolution 97-088, the Borough assembly approved the lease of an additional approximate 1.5 acres from the City for expansion of a long-term care unit and other important hospital functions for South Peninsula Hospital; and

WHEREAS, it is necessary to amend the 1969 lease between the City and the Borough to reflect the inclusion of the additional acreage and revised property description for the leasehold;

NOW, THEREFORE, BE IT AGREED BY THE PARTIES:

The parties, Lessor, City of Homer (City), an Alaska municipal corporation, and Lessee, Kenai Peninsula Borough (Borough), an Alaska municipal corporation, amend the lease dated November 10, 1969, as set forth in this document.

1. The following real property description of the lease is stricken:

The North one-half (N1/2) of the Northwest one-quarter (NW1/4) of the Southeast one-quarter (SE1/4) of Section Eighteen (18), Township Six South (T6S), Range Thirteen West (R13W), Seward Meridian, State of Alaska.

2. The following real property description is substituted as the description of the premises:

Tract A, South Peninsula Hospital subdivision, filed as plat No. 98-41, Homer Recording District, Third Judicial District, State of Alaska.

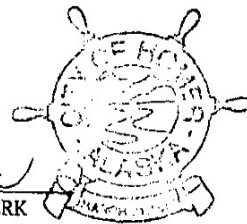
3. All other terms and conditions of the lease remain in full force and effect.
4. If any provisions of this amendment and the lease dated November 10, 1969, conflict, the terms and conditions of this amendment shall be controlling.

CITY OF HOMER

By: [Signature]
Its: Val M. Koeberline, City Manager
Date: 03/09/99

ATTEST:

[Signature]
MARY L. CALHOUN, CITY CLERK



ORIGINAL

KENAI PENINSULA BOROUGH

By: Mike Navarre
 Its: Mayor
 Date: 3/17/99

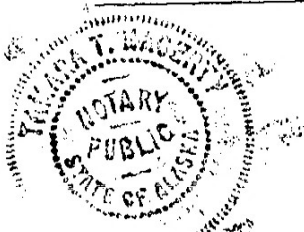
ATTEST:

Linda S. Murphy, Deputy
 Linda S. Murphy, Borough Clerk

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on this 9th day of March, 1999, by Val M. Koeberlein, whose title is City Manager, for the City of Homer, on behalf of the City of Homer.



Linda S. Murphy
 Notary Public for the State of Alaska
 My commission expires: 04/07/03

ACKNOWLEDGMENT

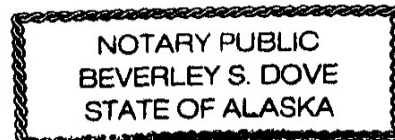
STATE OF ALASKA)
) ss.
 THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on this 17th day of March, 1999, by Mike Navarre, whose title is Mayor, for the Kenai Peninsula Borough, an Alaska municipal corporation, on behalf of the corporation.

Beverly S. Dove
 Notary Public for the State of Alaska
 My commission expires: 12/22, 1999

APPROVED AS TO LEGAL
 FORM AND SUFFICIENCY

Holly B. Montague
 Holly B. Montague
 Assistant Borough Attorney



RETURN TO LESSEE: Kenai Peninsula Borough
 144 North Binkley Street
 Soldotna, AK 99669

001624 1800

Home Recording
Dist

'99 APR 23 PM 1 10

KPB



EXHIBIT A

CE 32

FORM OF LEASE AMENDMENT

SECOND AMENDMENT TO LEASE AGREEMENT

BETWEEN

CITY OF HOMER AND KENAI PENINSULA BOROUGH

THIS SECOND AMENDMENT TO LEASE AGREEMENT ("Second Amendment") is made and entered into effective as of this 31st day of October, 2005, between the **CITY OF HOMER**, a municipal corporation, 491 East Pioneer Avenue, Homer, Alaska 99603, ("**LESSOR**"), and **KENAI PENINSULA BOROUGH**, a municipal corporation, 144 North Binkley St., Soldotna, Alaska, 99669, ("**LESSEE**"), and affects that Lease of Homer Hospital entered into between the parties on November 10, 1969, recorded beginning at Book 56, Page 61, Homer Recording District; as amended in 1999 by an instrument entitled Amendment to Lease Between City of Homer and Kenai Peninsula Borough, recorded beginning at Book 289, Page 305, Homer Recording District (collectively referred to as the "Lease").

This instrument affects the following property located in the City of Homer, Homer Recording District, State of Alaska:

Tract A, South Peninsula Hospital Subdivision, filed as plat No. 98-41.

AGREEMENT

LESSOR and LESSEE agree as follows:

1. Extension of Term

The term of the Lease is extended for an additional 36 years, to end on June 30, 2060.

2. Lease Remains in Effect.

Every other provision of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be duly executed as of the day and year first above written.

LESSOR:
CITY OF HOMER

By: Walt Wrede
Walt Wrede, City Manager

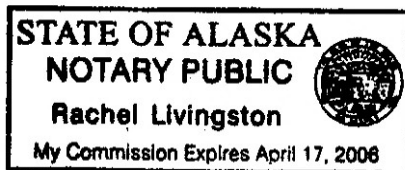
LESSEE:
KENAI PENINSULA BOROUGH


By: Dale L Bagley
Dale Bagley, Mayor

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on October 17th, 2005, by Walt Wrede, City Manager of the City of Homer, on behalf of the City of Homer.



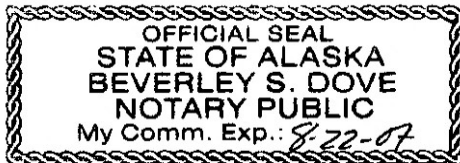

 Mary Calhoun, CMC, Homer City Clerk
 My Term Expires: 4-17-06



2005-005676-0

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on
October 31, 2005, by Dale Bagley, Mayor of the Kenai Peninsula Borough,
on behalf of the Kenai Peninsula Borough.



Beverley S. Dove
Notary Public in and for Alaska
My Commission Expires: 8-22-07

Return to:

City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603



**THIRD AMENDMENT TO LEASE AGREEMENT**

CJZ

BETWEEN**CITY OF HOMER AND KENAI PENINSULA BOROUGH**

THIS THIRD AMENDMENT TO LEASE AGREEMENT ("Third Amendment") is made and entered into effective as of this 22nd day of JUNE, 2006, between the **CITY OF HOMER**, a municipal corporation, 491 East Pioneer Avenue, Homer, Alaska 99603, ("LESSOR"), and **KENAI PENINSULA BOROUGH**, a municipal corporation, 144 North Binkley St., Soldotna, Alaska, 99669, ("LESSEE"), and affects that lease of the South Peninsula Hospital entered into between the parties on November 10, 1969, recorded beginning at Book 56, Page 61, Homer Recording District; as amended in 1999 by an instrument entitled Amendment to Lease Between City of Homer and Kenai Peninsula Borough, recorded beginning at Book 289, Page 305, Homer Recording District and by an instrument entitled Second Amendment to Lease Agreement Between City of Homer and Kenai Peninsula Borough, recorded as serial 2005-005676-0, Homer Recording District (collectively referred to as the "Lease").

This instrument affects the following property located in the City of Homer, Homer Recording District, State of Alaska initially referred to as:

Tract A, South Peninsula Hospital Subdivision, filed as Plat No. 98-41,

and hereinafter referred to as:

Tract A-1, South Peninsula Hospital Subdivision 2005 Addition, filed as Plat No. 2006-38.

AGREEMENT

LESSOR AND LESSEE agree as follows:

1. Extension of Term:

The term of the Lease as previously amended is further extended for an additional 45 years, to end on June 30, 2105.

2. Amended Legal Description:

The following legal description of the leased property is hereby deleted:

Tract A, South Peninsula Hospital Subdivision, filed as Plat No. 98-41.

The following legal description is hereby substituted as the description of the leased premises:

Tract A-1, South Peninsula Hospital Subdivision 2005 Addition, filed as Plat No. 2006-38.

3. Lease Remains in Effect:

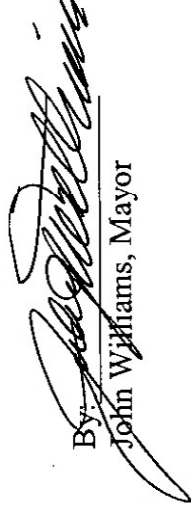
Every other provision of the Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Third Amendment to be duly executed as of the day and year first above written.

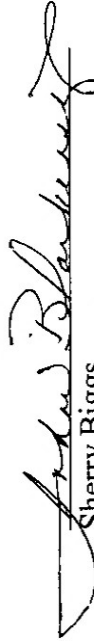
**LESSOR:
CITY OF HOMER**

By: 
Wade Wrede, City Manager


**LESSEE:
KENAI PENINSULA BOROUGH**

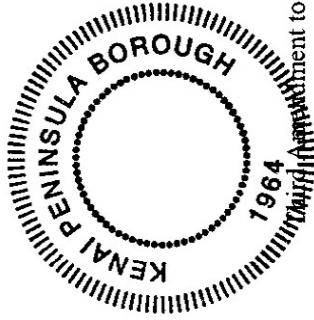
By: 
John Williams, Mayor

ATTEST:


Sherry Biggs
Borough Clerk, Deputy

APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:


Holly B. Montague
Deputy Borough Attorney



Third Amendment to Lease Agreement



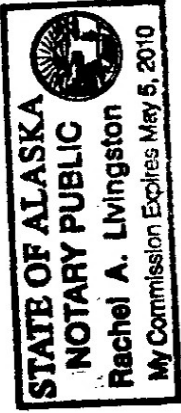

2 of 3

2006-002966-0

ACKNOWLEDGEMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The forgoing instrument was acknowledged before me on June 23rd, 2006, by
Walt Wrede, City Manager of the City of Homer, on behalf of the City of Homer

Notary in and for the State of Alaska
Term Expires: 5-5-10

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The forgoing instrument was acknowledged before me on June 22nd, 2006, by
John Williams, Mayor of the Kenai Peninsula Borough, on behalf of the Kenai Peninsula
Borough.




Notary in and for the State of Alaska
Term Expires: 8-22-07

Return To:
Kenai Peninsula Borough
144 N Binkley
Soldotna AK 99669