

**NOTICE OF MEETING
SPECIAL MEETING AGENDA**

- 1. CALL TO ORDER**
- 2. APPROVAL OF THE AGENDA**
- 3. PUBLIC COMMENT REGARDING ITEMS ON THE AGENDA**
- 4. STAFF & COUNCIL REPORT/COMMITTEE REPORTS/ BOROUGH REPORTS**
- 5. PENDING BUSINESS**
- 6. NEW BUSINESS**
 - A. Bob's Trophy Charter Lease and Lease Committee Recommendations
- 7. COMMENTS OF THE AUDIENCE**
- 8. COMMENTS OF THE CITY STAFF**
- 9. COMMENTS OF THE COMMISSION**
- 10. ADJOURNMENT/NEXT REGULAR MEETING IS SCHEDULED FOR WEDNESDAY, February 25, 2015 at 5:00 p.m. in the City Hall Cowles Council Chambers located at 491 E. Pioneer Ave, Homer, Alaska.**



City of Homer

www.cityofhomer-ak.gov

Administration
491 East Pioneer Avenue
Homer, Alaska 99603
(p) 907-235-8121 x2222
(f) 907-235-3148

Memorandum

TO: PORT AND HARBOR ADVISORY COMMISSION
THROUGH: LEASE COMMITTEE
FROM: BRYAN HAWKINS, HARBOR MASTER
DATE: FEBRUARY 13, 2015
SUBJECT: BOB'S TROPHY CHARTERS – JS OUTDOORS

The lease committee didn't clearly address the question of whether or not this property should be advertised as a RFP or not.

Chapter 14 Assignments, of the City of Homer's lease policies define lease assignments and 14.4 talks about the sale of a business and lease extensions in order that a new owner can secure financing for the purchase. Chapter 11 length of leases/ options letters (E,F) of the policies give direction on lease renewals.

1. After reviewing the information provided by the lessee and their prospective buyer and the City's lease policies, do they support this request for assignment and extension by the Morris's?
2. If they support the assignment and extension of this lease to the new buyer should the property first be advertised as an RFP in keeping with policies?
3. If the commission does not recommend sending the property out to RFP, please provide reasoning as to why it is in the City's/Port and Harbor Enterprises best interest not to do so.



**CITY OF HOMER
PROPERTY MANAGEMENT
LEASE APPLICATION CHECKLIST**

Applicant Name: Wilson Stick, Inc

Date Application Received: 01/19/2015

CHAPTER 5: LEASE APPLICATION PROCESS

5.1: POLICY

- A. It is the policy of the City of Homer to provide for a streamlined, standardized, and easily understood lease application process. A full and complete application packet shall be provided to all applicants. Applicants must be qualified under Section 18.08.50 of the Homer City Code:
- (a) a natural person and is responsible, meaning the applicant has sufficient skill, experience and financial capability to perform all the obligations of the lessee under the proposed lease; and
 - (b) a person who is at least nineteen years of age; or
 - (c) a group, association or corporation which is authorized to conduct business under the laws of the State of Alaska. (Ord. 92-10 (part). 1992). 183 (Homer 06/04)
- B. The City administration will provide for pre-application meetings with all potential applicants to provide relevant information on things like land use regulations, lease policies, the permitting process, and other relevant topics.

5.2 PROCEDURES

A. A responsive lease application / proposal shall include:

1. A completed application form provided by the City

YES	NO	N/A	INCOMPLETE
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NOTES:

2. Any applicable fees

YES	NO	N/A	INCOMPLETE
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NOTES:

As of 01/22/2015 the city has not received an application. According to the application email issued on 1/19/15, the check is in the mail.

3. A clear and precise narrative description of the proposed use of the property

YES	NO	N/A	INCOMPLETE
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NOTES:

Wilson Stick, Inc. is currently in the process of purchasing Bob's Trophy Charter's a well established charter fishing business. The intent of Wilson Stick, Inc. is continue the same business that has been active on this property.

4. A specific time schedule and benchmarks for development

YES	NO	N/A	INCOMPLETE
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NOTES:

Purchasing established business with no proposed improvements.

5. A proposed site plan drawn to scale that shows at a minimum property lines, easements, existing structures and other improvements, utilities, and the proposed development including all structures and their elevations, parking facilities, utilities, and other proposed improvements.

YES	NO	N/A	INCOMPLETE
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NOTES:

6. Any other information that is directly pertinent to the proposal scoring criteria contained herein

YES	NO	N/A	INCOMPLETE
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NOTES:

Wilson Stick Inc. is in the process of purchasing Bob's Trophy Charters, they would like to assume the the current lease with AK High Hopes/Bob's Trophy Charters for:

Tract 1-B Fishing Hole Subdivision No. 2

Also known as Kenai Peninsula Borough Tax Parcel No. 181-031-18

But cannot receive financing from the bank without an extended lease agreement. They would like to receive approval for an extended lease agreement contingent on the purchase of Bob's Trophy Charters.

7. All other **required attachments** requested on the application form including, but not limited to, the following documentation: applicant information, plot plan, development plan, insurance, proposed subleases, environmental information, agency approvals and permits, fees, financial information, partnership and corporation statement, certificate of good standing issued by an entity's state of domicile, and references.

- ☒ Applicant information
- ☐ Plot Plan N/A
- ☐ Development Plan N/A
- ☐ Insurance
- ☐ Proposed Subleases N/A
- ☐ Environmental Information N/A
- ☐ Agency approvals and permits N/A
- ☒ Financial Information (Financial Statement **REQUIRED**, Surety, bankruptcy, pending litigation are situational.
- ☐ Partnership information and a copy of the partnership agreement OR
- ☒ Corporation information and a copy of the Articles of Incorporation and Bylaws
- ☐ Certificate of good standing issued by the entity's state of domicile
- ☒ Appropriate References (Total of 4 persons or firms with whom the applicant or its owners have conducted business transactions with during the past three years. Two references must have knowledge of your financial management history (One of which **MUST** be your principal financial institution) and two must have knowledge of your business expertise).

YES	NO	N/A	INCOMPLETE
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NOTES:

8. Any other information required by the solicitation or request for proposals.

YES	NO	N/A	INCOMPLETE
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NOTES:

Application review completed by Julie Nelsen on 01/22/2015
(date)



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.

Applicant Name:	Wilson Stick, Inc.
Business Name:	Bob's Trophy Charters
Social Security Number:	47-2786967
Mailing Address:	133 La Senda Rd.
City, State, ZIP code:	Los Alamos, NM 87544
Business Telephone No.	505-660-4295
Representative's Name:	Jaret or Jen McDonald
Mailing Address:	3978 Homer Spit Rd.
City, State, ZIP code:	Homer, AK 99603
Business Telephone No.	800-770-6400
Property Location:	Homer
Legal Description:	
Type of Business to be placed on property:	Continuation of existing charter fishing business
Duration of Lease requested:	20 years with 5 year options
Options to re-new:	Every 5 years

**The following materials must be submitted when applying for a lease of
City of Homer real property**

1.	Plot Plan N/A	<p><u>A drawing of the proposed leased property showing:</u></p> <p><input type="checkbox"/> Size of lot - dimensions and total square footage (to scale)</p> <p><input type="checkbox"/> Placement and size of buildings, storage units, miscellaneous structures planned (to scale).</p> <p><input type="checkbox"/> Water and sewer lines - location of septic tanks, if needed.</p> <p><input type="checkbox"/> Parking spaces - numbered on the drawing with a total number indicated</p>																				
2.	Development Plan N/A	<p><input type="checkbox"/> <u>List the time schedule from project initiation to project completion, including major project milestones.</u></p> <table border="0"> <thead> <tr> <th data-bbox="461 743 526 774">Dates</th> <th data-bbox="704 743 769 774">Tasks</th> </tr> </thead> <tbody> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> </tbody> </table> <p>For each building, indicate:</p> <table border="0"> <thead> <tr> <th data-bbox="461 1068 591 1100">Building Use</th> <th data-bbox="834 1068 1224 1110">Dimensions and square footage</th> </tr> </thead> <tbody> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> </tbody> </table>	Dates	Tasks	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____	Building Use	Dimensions and square footage	_____	_____	_____	_____	_____	_____
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3.	Insurance	<p><input type="checkbox"/> 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.</p>																				
4.	Subleases N/A	<p><input type="checkbox"/> 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.</p>																				
5.	Health Requirements N/A	<p><input type="checkbox"/> 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.</p>																				

6.	Agency Approval	<input type="checkbox"/> 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	<p><u>All applicable fees must be submitted prior to the preparation and/or execution of a lease.</u></p> <p><input checked="" type="checkbox"/> Application fee - \$30.00. Covers costs associated with processing the application. <i>Please make check payable to the City of Homer.</i></p> <p><input type="checkbox"/> Lease fee - \$300.00. Covers the costs of preparing and processing the actual lease.</p> <p><input type="checkbox"/> Assignment fee - \$250.00. Covers the costs of preparing and processing the lease transfer. <i>Please make check payable to the City of Homer.</i></p>
8.	Financial Data	<p><u>Please indicate lessee's type of business entity:</u></p> <p><input type="checkbox"/> Sole or individual proprietorship.</p> <p><input type="checkbox"/> Partnership.</p> <p><input checked="" type="checkbox"/> Corporation.</p> <p><input type="checkbox"/> Other – Please explain: _____</p> <hr/> <p><input type="checkbox"/> Financial Statement – <u>Please attach a financial statement showing the ability of the lessee to meet the required financial obligations.</u></p> <p><input type="checkbox"/> 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 you organization holding more than a 10% interest <input checked="" type="checkbox"/> No <input type="checkbox"/> 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.</p> <p><input type="checkbox"/> 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? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach a statement indicating state, date, Court having jurisdiction, case number and to amount of assets and debt.</p> <p><input type="checkbox"/> 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? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach detailed information as to each claim, cause of action, lien, judgment including dates and case numbers.</p>

9.	Partnership Statement	<input type="checkbox"/> <u>If the applicant is a partnership, please provide the following:</u> Date of organization: _____ Type: <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership Statement of Partnership Recorded? <input type="checkbox"/> Yes <input type="checkbox"/> No Where _____ When _____ Has partnership done business in Alaska? <input type="checkbox"/> Yes <input type="checkbox"/> No Where _____ When _____ Name, address, and partnership share. If partner is a corporation, please complete corporation statement. <i>Please attach a copy of your partnership agreement.</i>																														
10.	Corporation Statement	<input checked="" type="checkbox"/> <u>If the applicant is a corporation, please provide the following:</u> Date of Incorporation: <u>January 14, 2015</u> State of Incorporation: <u>Alaska</u> Is the Corporation authorized to do business in Alaska? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Is so, as of what Date? <u>January 14, 2015</u> Corporation is held? <input type="checkbox"/> Publicly <input checked="" type="checkbox"/> Privately If publicly held, how and where _____ is _____ the _____ stock _____ traded? Officers & Principal Stockholders [10%+]: <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: left;"><u>Title</u></th> <th style="text-align: left;"><u>Address</u></th> <th style="text-align: left;"><u>Share</u></th> </tr> </thead> <tbody> <tr> <td>Jaret J. McDonald</td> <td>Director</td> <td>133 La Senda Rd.</td> <td>50%</td> </tr> <tr> <td>Jennifer L. McDonald</td> <td>President</td> <td>133 La Sendat Rd.</td> <td>50%</td> </tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table> <input checked="" type="checkbox"/> 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 style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Name</u></th> <th style="text-align: left;"><u>Title</u></th> </tr> </thead> <tbody> <tr> <td>Jaret McDonald</td> <td>Director</td> </tr> <tr> <td>Jennifer McDonald</td> <td>President</td> </tr> <tr><td> </td><td> </td></tr> <tr><td> </td><td> </td></tr> </tbody> </table>	<u>Name</u>	<u>Title</u>	<u>Address</u>	<u>Share</u>	Jaret J. McDonald	Director	133 La Senda Rd.	50%	Jennifer L. McDonald	President	133 La Sendat Rd.	50%									<u>Name</u>	<u>Title</u>	Jaret McDonald	Director	Jennifer McDonald	President				
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Jennifer McDonald	President																															

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.

Name: _____
Firm: Los Alamos National Bank
Title: _____
Address: 1200 Trinity Drive
Telephone: 505-662-5171
Nature of business association with Applicant: banking

Name: Kari Thomas
Firm: Confidence Builders
Title: Owner
Address: 132 Monte Rey Dr., Los Alamos, NM 87544
Telephone: 505-470-1512
Nature of business association with Applicant: Previous Employee

Name: Paul Woolsey
Firm: Los Alamos National Laboratory
Title: Manager
Address: 33 Grand Canyon, Los Alamos, NM 87544
Telephone: 303-579-5357
Nature of business association with Applicant: Previous Employee

Name: Steve Goddard
Firm: ReMax
Title: Local Owner/Partner
Address: 851 Pepper St., El Segundo, CA
Telephone: 310-367-7951
Nature of business association with Applicant: Client

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

Signature: _____

Date: _____

_____, President

01/18/2015

Personal Financial Statement

An individual applicant or a loan guarantor may submit this Personal Financial Statement as an attachment to a commercial loan request. Only two individuals/guarantors who share significant assets/liabilities may use a single form. Please do not list business owned assets on this form, however, do list the equity in any business you own. To determine business equity, complete a FNBA Commercial Balance Sheet form or see your businesses' balance sheet.



First National Bank
ALASKA

Principal/Guarantor

First Name Jaret	MI J	Last Name McDonald	Jr/Sr
Mailing Address 133 La Senda Rd.		E-mail Address jsoutdoors@gmail.com	
City Los Alamos	State NM	Zip Code 87544	
Social Security Number	Date of Birth	Home Phone 505-672-3375	

Principal/Guarantor

First Name Jennifer	MI L	Last Name McDonald	Jr/Sr
Mailing Address 133 La Senda Rd.		E-mail Address j_baker6@hotmail.com	
City Los Alamos	State NM	Zip Code 87544	
Social Security Number	Date of Birth	Home Phone 505-672-3375	

Occupation

Employer Los Alamos National Laboratory	Work Phone/Cell Phone 505-699-1429	Employer Merrick & Company	Work Phone/Cell Phone 505-662-0606
Employer Address		Employer Address 600 6th St.	
Position Superintendent	How Long (years) 21	Position Project Administrator	How Long (years) 4.5

Income

List sources of income below. Income from alimony or child support payments need not be revealed if you do not wish to have it considered as a basis for repaying this obligation.

Gross Monthly Salary		Gross Monthly Salary	
Bonus and Commissions		Bonus and Commissions	
Rental Income		Rental Income	
Dividend Income		Dividend Income	
Other		Other	
Total	\$	Total	\$

Additional Information

Are you a guarantor on any loan or contract?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If "yes," for whom?	To whom owed?
Are there any unsatisfied judgments against you?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Amount \$	If "yes," to whom owed?
Have you been adjudicated bankrupt in the last 7 years?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If "yes," where?	If "yes," when?
Is the security for the loan your primary residence?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	If "yes," please give the name of your spouse if different from above.	



Financial Statement

Assets	Value	Liabilities	No. Payments	Balance Owning
Cash in First National Bank Alaska	0.00	Installment Loans Lender:		
Cash in other Institutions/On Hand Institution: LANB	5,000			
Market Value of Stocks/Bonds (Non-Retirement)	500.00			
Profit Sharing/Retirement	160,000	Home Equity Line of Credit Lender:		30,518
Total Current Value of Real Estate (Total from Real Estate Schedule Below)	550,000	Total Mo Mtg Payments/Balance (Total from Real Estate Schedule Below)	2,125	376,443
Automobile Yr 2007 Make GMC	20,000	Auto Loan Lender:	N/A	
Automobile Yr 2002 Make Chevrolet	2,000	Auto Loan Lender:	N/A	
Boat/Recreational Vehicle Yr 1998 Make Jeep	2,000	Boat/Rec. Vehicle Loan Lender:	N/A	
Boat/Recreational Vehicle Yr 1996 Make Smoker Craft	3,000	Boat/Rec. Vehicle Loan Lender:	N/A	
Personal Property 1992 Coachman 5th Wheel	3,500	Credit Cards Lender: LANB		10,498
Business Equity (Bus. Asset - Bus. Liabilities)		Chase		20,185
Other Assets 2000 Suzuki ATV	2,000	Bank of America		11,457
1997 Yamaha ATV	1,000	Other Debt Lender:		
25 Acre Ranch	185,000			
JS Outdoors	5,000			
		Taxes Due		
		Alimony/Child Support	N/A	
		TOTAL LIABILITIES		
TOTAL ASSETS	915,500	NET WORTH (ASSETS MINUS LIABILITIES)		479,101

Real Estate Schedule

Note: Attach additional sheets if necessary.

Address / Description	Purchase Date	Mortgage Holder	Current Value	Rental Income	Current Loan Balance	Loan Payment
		TOTAL	\$	\$	\$	

Everything that I/we have stated on this personal financial statement is correct to the best of my/our knowledge. I/we understand that you will retain this application whether or not my/our request for credit is approved. You are authorized to check my/our credit and employment history and to answer questions about your credit experience with me/us.

1/18/2015

1/18/2015

Principal/Guarantor's Signature

Date

Principal/Guarantor's Signature

Date



AK Entity #: 10028177
Date Filed: 01/12/2015
State of Alaska, DCCED



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Bill Walker, Governor
Fred Parady, Commissioner
Sara Chambers, Director

Division of Corporations, Business and Professional Licensing

Office Use Only

COR

Web-1/12/2015 7:12:14 AM

Articles of Incorporation

Domestic Business Corporation

1 - Entity Name

Legal Name: Wilson Stick, Inc.

2 - Purpose

Outdoor Adventure

3 - NAICS Code

114111 - FINFISH FISHING

4 - Registered Agent

Name: Jaret McDonald

Mailing Address: 3987 Homer Spit Road, Homer, AK 99603

Physical Address: 3987 Homer Spit Road, Homer, AK 99603

5 - Entity Addresses

Mailing Address: 3987 Homer Spit Road, Homer, AK 99603

Physical Address: 3987 Homer Spit Road, Homer, AK 99603

6 - Shares

Complete the below stock information on record with the Department. You may not change your authorized shares with this form. An amendment is required. Fill in number of shares issued.

Class	Series	Authorized	Par Value	Amount Issued
Common		100	\$0.01	100

7 - Officials

Name	Address	% Owned	Titles
Jennifer McDonald	133 LaSenda Rd. LOS ALAMOS, NM 87544	50	Incorporator
Jaret McDonald	133 LaSenda Rd LOS ALAMOS, NM 87544	50	Incorporator

Name of person completing this online application

I certify under penalty of perjury under the Uniform Electronic Transaction Act and the laws of the State of Alaska that the information provided in this application is true and correct, and further certify that by submitting this electronic filing I am contractually authorized by the Incorporator(s) listed above to act on behalf of this entity.

Name: Stephanie Hughes

PO Box 110806, Juneau, AK 99811-0806
 Telephone: (907) 465-2550 Fax: (907) 465-2974 Text Tel: (907) 465-5437
 Website: <http://commerce.alaska.gov/dnn/cbpl>

State of Alaska
Department of Commerce, Community and Economic Development
Corporations, Business and Professional Licensing

Certificate of Incorporation

The undersigned, as Commissioner of Commerce, Community and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

Wilson Stick, Inc.



IN TESTIMONY WHEREOF, I execute the certificate
and affix the Great Seal of the State of Alaska
effective January 12, 2015.

Fred Parady
Commissioner

**ACTION BY WRITTEN CONSENT
OF THE SOLE INCORPORATOR**

OF

**Wilson Stick, Inc.,
an Alaska Corporation,
January 14, 2015**

The undersigned, acting as the sole incorporator of Wilson Stick, Inc., an Alaska corporation (the "Corporation"), hereby approves and adopts the following resolutions by this written consent without a meeting (this "Written Consent") pursuant to Section 10.06.223 of the Alaska Business Corporation Act, which shall be effective upon the commencement of the corporation's existence:

RESOLVED, that the bylaws regulating the conduct of the Corporation's business and affairs, in the form attached to this Written Consent, are hereby adopted as the bylaws of the Corporation ("Bylaws").

RESOLVED FURTHER, that the Secretary of the Corporation is hereby authorized and directed to execute a certificate of the adoption of the Bylaws, to insert the Bylaws as so certified and as may be amended from time to time, in the minute book of the Corporation and to see that a copy of the Bylaws, similarly certified, is kept at the principal executive office for the transaction of business of the Corporation, as required by law.

RESOLVED FURTHER, that each person named below is hereby elected to serve as a director of the Corporation until the first annual meeting of shareholders or such time as his or her successor is duly elected and qualified:

Jaret McDonald

RESOLVED FURTHER, that the following individuals are hereby elected to serve in the offices of the Corporation set forth opposite their names until their successors are duly elected and qualified, or their earlier death, resignation or removal:

President: Jennifer McDonald


Treasurer: Jennifer McDonald

Secretary: Jennifer McDonald

RESOLVED FURTHER, that the officers of the Corporation are authorized and directed to insert a copy of this Written Consent in the minute book of the Corporation.

RESOLVED FURTHER, that the undersigned, the sole incorporator of the Corporation, hereby resigns as the incorporator of the Corporation, effective upon the commencement of the corporation's existence.

IN WITNESS WHEREOF, the undersigned executes this Written Consent as of the date set forth above.



Cheyenne Moseley, Sole Incorporator
LegalZoom.com, Inc.

EXHIBIT A
BYLAWS OF
Wilson Stick, Inc.

BYLAWS

OF

**Wilson Stick, Inc.,
an Alaska Corporation**

ARTICLE I

Section 1.1. Annual Meetings. An annual meeting of the shareholders of Wilson Stick, Inc. (the "Corporation") will be held for the election of directors on a date and at a time and place either within or without the state of Alaska fixed by resolution of the Board of Directors.

Any other proper business may be transacted at the annual meeting, except as limited by any notice or other requirements under the Alaska Business Corporation Act.

Section 1.2. Special Meetings. Special meetings of the shareholders may be called at any time by the Board of Directors, by the Chairperson of the Board of Directors, by the President, or by the holders of shares entitled to cast not less than 10% of the votes at the meeting, such meeting to be held on a date and at a time and place either within or without the state of Alaska as may be stated in the notice of the meeting.

Section 1.3. Notice of Meetings. Whenever shareholders are required or permitted to take any action at a meeting a written notice of the meeting must be given not less than twenty (20) nor more than sixty (60) days before the date of the meeting to each shareholder entitled to vote thereat, except that meetings to increase the number of shares or corporate indebtedness each require at least 60 days' notice.

Notice of a shareholders' meeting or any report must be given either personally or by first-class mail or other means of written communication, addressed to the shareholder at the address of such shareholder appearing on the books of the Corporation or given by the shareholder to the Corporation for the purpose of notice. The notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication.

Section 1.4. Adjournments. When a shareholders' meeting is adjourned to another time or place, except as otherwise provided in this Section, notice need not be given of any such adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 45 days or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

Section 1.5. Validating Meeting of Shareholders; Waiver of Notice. The transactions of any meeting of shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if, either before or after the meeting, each of the persons entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. All such waivers, consents and approvals shall be filed with the corporate records if the member is present at the meeting, or made a part of the minutes of the meeting. Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required by law to be included in the notice but not so included, if such objection is expressly made on the record at the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of shareholders need be specified in any written waiver of notice, consent to the holding of the meeting or approval of the minutes thereof, except as required by the Alaska Business Corporation Act.

Section 1.6. Quorum. A majority of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders.

The shareholders present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment notwithstanding the withdrawal of enough shareholders to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the shares required to constitute a quorum. In the absence of a quorum, any meeting of shareholders may be adjourned from time to time by the vote of a majority of the shares represented either in person or by proxy, but no other business may be transacted, except as provided in this Section.

Section 1.7. Organization. Meetings of shareholders shall be presided over by the Chairman of the Board of Directors, if any, or in the absence of the Chairman of the Board of Directors by the Vice Chairman of the Board of Directors, if any, or in the absence of the Vice Chairman of the Board of Directors by the President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman chosen at the meeting. The Secretary, or in the absence of the Secretary, an Assistant Secretary, shall act as secretary of the meeting, or in their absence the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 1.8. Voting. Unless otherwise provided in the Articles of Incorporation, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote of shareholders.

Any holder of shares entitled to vote on any matter may vote part of the shares in favor of the proposal and refrain from voting the remaining shares or vote them against the proposal, other than elections to office, but, if the shareholder fails to specify the number of shares such shareholder is voting affirmatively, it will be conclusively presumed that the shareholder's approving vote is with respect to all shares such shareholder is entitled to vote.

In all matters except for the election of directors, unless otherwise provided by Alaska law or by the Articles of Incorporation or these bylaws, the affirmative vote of the holders of a majority of the shares entitled to vote on the subject matter at a meeting in which a quorum is present shall be the act of the shareholders. Where a separate vote by class or classes is required, the affirmative vote of the holders of a majority of the shares of such class or classes at a meeting in which a quorum is present shall be the act of such class or classes, except as otherwise provided by Alaska law or by the Articles of Incorporation or these bylaws.

Unless the Articles of Incorporation provide otherwise, at an election for directors each shareholder entitled to vote at the election may vote, in person or by proxy, the number of shares owned by the shareholder for as many persons as there are directors to be elected and for whose election the shareholder has a right to vote, or to cumulate votes by giving one candidate votes equal to the number of directors multiplied by the number of shares of the shareholder, or by distributing votes on the same principle among any number of candidates. The rights created by this subsection may not be limited by amendment to the Articles of Incorporation when the votes cast against the amendment would be sufficient to elect one director if voted cumulatively at an election of the entire Board of Directors shall be elected by plurality vote.

Section 1.9. Shareholder's Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his or her duly authorized attorney-in-fact.

Such proxy shall be filed with the Secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy. Every proxy continues in full force and effect until revoked by the person executing it prior to the vote pursuant thereto, except as otherwise provided in this Section. Such revocation may be effected by a writing delivered to the Corporation stating that the proxy is revoked or by a subsequent proxy executed by the person executing the prior proxy and presented to the meeting, or as to any meeting by attendance at such meeting and voting in person by the person executing the proxy.

Section 1.10. Inspectors. In advance of any meeting of shareholders the Board of Directors may appoint inspectors of election to act at the meeting and any adjournment thereof.

Section 1.11. Fixing Date for Determination of Shareholders of Record. In order that the Corporation may determine the shareholders entitled to notice of any meeting or to vote or to express consent to corporate action in writing without a meeting or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than ten days prior to the date of such meeting nor more than 60 days prior to any other action.

If no record date is fixed:

a) the record date for determining shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held;

b) the record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board of Directors has been taken, shall be the day on which the first written consent is given; and

c) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto or the 60th day prior to the date of such other action, whichever is later. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof.

Section 1.12. Consent of Shareholders in Lieu of Meeting. Except as otherwise provided in the Articles of Incorporation or under the Alaska Business Corporation Act, any action that may be taken at any annual or special meeting of the shareholders may be taken without a meeting and without prior notice, if a consent in writing, setting forth the action so taken, shall be signed by the holders of all outstanding shares entitled to vote thereon.

ARTICLE II

Board of Directors

Section 2.1. Powers; Number; Qualifications. The business and affairs of the Corporation shall be managed by, and all corporate powers shall be exercised by or under, the direction of the Board of Directors, except as otherwise provided in these bylaws or Articles of Incorporation.

The number of directors comprising the Board of Directors shall be 1.

After the issuance of shares, any change in the number of directors comprising the Board of Directors shall be adopted by approval of the outstanding shares, but no decrease has the effect of shortening the term of any incumbent director.

Section 2.2. Election; Term of Office; Resignation; Vacancies. At each annual meeting of shareholders, directors shall be elected to hold office until the next annual meeting. Each director, including a director elected to fill a vacancy, shall hold office until the expiration of the term for which elected and until a successor has been elected and qualified. Any director may resign effective upon giving written notice to the Chairman of the Board of Directors, the Secretary of the Board of Directors, or the Board of Directors of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. If the resignation is effective at a future time, a successor may be elected to take office when the resignation becomes effective.

Subject to the provisions of the Alaska Business Corporation Act, any director may be removed with or without cause at any time by the shareholders of the Corporation at a special meeting called for such purpose. In addition, any director may be removed for cause by action of the Board of Directors.

Unless otherwise provided in the Articles of Incorporation or these bylaws and except for a vacancy caused by the removal of a director, vacancies on the Board of Directors may be filled by appointment by the Board of Directors. The shareholders may elect a director at any time to fill a vacancy not filled by the Board of Directors.

Section 2.3. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such places within or without the state of Alaska and at such times as the Board of Directors may from time to time determine.

Section 2.4. Special Meetings; Notice of Meetings; Waiver of Notice. Special meetings of the Board of Directors may be held at any time or place within or without the state of Alaska whenever called by the Chairman of the Board of Directors, by the Vice Chairman of the Board of Directors, if any, or by any two directors. Subject to any greater notice requirements set forth in the Alaska Business Corporation Act, special meetings shall be held on five days' notice by mail or 48 hours' notice delivered personally or by telephone, telegraph or any other means of communication authorized by the Alaska Business Corporation Act. Notice delivered personally or by telephone may be transmitted to a person at the director's office who can reasonably be expected to deliver such notice promptly to the director.

Notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior thereto or at its commencement, the lack of notice to such director. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. A notice, or waiver of notice, need not specify the purpose of any regular or special meeting of the Board of Directors.

Section 2.5. Participation in Meetings by Conference Telephone Permitted. Members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board or of such committee, as the case may be, through the use of conference telephone or similar communications equipment permitted by the Alaska Business Corporation Act, so long as all members participating in such meeting can hear one another, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting.

Section 2.6. Quorum; Adjournment; Vote Required for Action. At all meetings of the Board of Directors a majority of the authorized number of directors shall constitute a quorum for the transaction of business. Subject to the provisions of the Alaska Business Corporation Act, every act or decision done or made by a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board unless the Articles of Incorporation or these bylaws shall require a vote of a greater number.

A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 2.7. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors, or in the absence of the Chairman of the Board by the Vice Chairman of the Board of Directors, if any, or in their absence by a chairman chosen at the meeting. The Secretary, or in the absence of the Secretary, an Assistant Secretary, will act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 2.8. Action by Directors Without a Meeting. Any action required or permitted to be taken by the Board of Directors, or any committee thereof, may be taken without a meeting if all members of the Board or of such committee, as the case may be, shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board of Directors. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 2.9. Compensation of Directors. The Board of Directors shall have the authority to fix the compensation of directors for services in any capacity.

ARTICLE III

Executive and Other Committees

Section 3.1. Executive and Other Committees of Directors. The Board of Directors, by resolution adopted by a majority of the authorized number of directors, may designate an executive committee and other committees, each consisting of two or more directors, to serve at the pleasure of the Board of Directors, and each of which, to the extent provided in the resolution but subject to the Alaska Business Corporation Act, will have all the authority of the Board.

The Board of Directors may designate one or more directors as alternate members of any such committee, who may replace any absent member or members at any meeting of such committee.

Unless the Board of Directors otherwise provides, each committee designated by the Board may adopt, amend and repeal rules for the conduct of its business. In the absence of a provision by the Board of Directors or a provision in the rules of such committee to the contrary, each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to Article II of these bylaws.

ARTICLE IV

Officers

Section 4.1. **Officers; Election.** As soon as practicable after the annual meeting of shareholders each year, the Board of Directors shall appoint a President, a Treasurer and a Secretary. The Board may also elect one or more Vice Presidents, one or more Assistant Secretaries, and such other officers as the Board may deem desirable or appropriate and may give any of them such further designations or alternate titles as it considers desirable. Any number of offices may be held by the same person.

Section 4.2. **Term of Office; Resignation; Removal; Vacancies.** Except as otherwise provided in the resolution of the Board of Directors electing any officer, each officer will hold office until his or her successor is elected and qualified or until his or her earlier resignation or removal. Any officer may resign at any time upon written notice to the Board or to the Chairman of the Board or the Secretary of the Corporation. Such resignation will take effect when the notice is delivered, unless the notice specifies a later time, and unless otherwise specified therein no acceptance of such resignation will be necessary to make it effective. The Board may remove any officer with or without cause at any time. Any such removal will be without prejudice to the contractual rights of such officer, if any, with the Corporation, but the election of an officer will not of itself create contractual rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled for the unexpired portion of the term by the Board at any regular or special meeting.

Section 4.3. **Powers and Duties.** The officers of the Corporation will have such powers and duties in the management of the Corporation as are stated in these bylaws or in a resolution of the Board of Directors that is not inconsistent with these bylaws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Secretary will have the duty to record the proceedings of the meetings of the shareholders, the Board of Directors and any committees in a book to be kept for that purpose.

Section 4.4. **Salaries.** The salaries, compensation and other benefits, if any, of the officers will be fixed from time to time by the Board of Directors, and no officer will be prevented from receiving such salary by reason of the fact that he or she is also a Director of the Corporation.

ARTICLE V

Forms of Certificates; Loss and Transfer of Shares

Section 5.1. Forms of Certificates. Every holder of shares in the Corporation is entitled to have a certificate signed in the name of the Corporation by (1) the President, any Vice President, Chairman of the Board or Vice Chairman, and by (2) the Chief Financial Officer, Treasurer, Assistant Treasurer, or Secretary of the Corporation, certifying the number of shares and the class or series of shares owned by such shareholder. If such certificate is manually signed by at least one officer or manually countersigned by a transfer agent or by a registrar, then any other signature on the certificate may be a facsimile signature. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 5.2. Lost, Stolen or Destroyed Share Certificates; Issuance of New Certificates. The Corporation may issue a new share certificate or a new certificate for any other security in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it (including any expense or liability) on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

ARTICLE VI

Records and Reports

Section 6.1. Shareholder Records. The Corporation shall keep at its principal executive office or at the office of its transfer agent or registrar a record of the names and addresses of all shareholders and the number and class of shares held by each shareholder.

Section 6.2. Corporate Documents and Bylaws. The Corporation shall keep at its principal executive office the original or a copy of the Articles of Incorporation and bylaws as amended to which shall be open to inspection by the shareholders at all reasonable times during office hours. The Corporation shall, upon the written request of any shareholder, furnish to that shareholder a copy of the Articles of Incorporation or bylaws as amended to date.

Section 6.3. Minutes and Accounting Records. The minutes of proceedings of the shareholders, the Board of Directors, and committees of the Board, and the accounting books and records will be kept at the principal executive office of the Corporation, or at such other place or places as designated by the Board of Directors. The minutes will be kept in written form, and the accounting books and records will be kept either in written form or in a form capable of being converted into written form.

Section 6.4. Inspection by Directors. Subject to applicable Alaska law, every director shall have the right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the Corporation and each of its subsidiary corporations for purposes relating to his or her status as director. This inspection by a director may be made in person or by an agent or attorney and the right of inspection includes the right to copy and make extracts of documents.

Section 6.5. Annual Report to Shareholders. Subject to the Alaska Business Corporation Act, for as long as the Corporation has fewer than the number of shareholders specified in the applicable statute, if any, any requirement of an annual report to shareholders is expressly waived. However, nothing in this provision shall be interpreted as prohibiting the Board of Directors from issuing annual or other periodic reports to the shareholders, as the Board considers appropriate.

At the annual meeting of shareholders, or the meeting held in lieu thereof, the Corporation shall lay before the shareholders a financial statement consisting of:

- a) A balance sheet containing a summary of the assets, liabilities, stated capital, if any, and surplus (showing separately any capital surplus arising from unrealized appreciation of assets, other capital surplus, and earned surplus) of the Corporation as of the end of the Corporation's most recent fiscal year, except that, if consolidated financial statements are laid before the shareholders, the consolidated balance sheet shall show separately or disclose by a note the amount of the consolidated surplus that does not constitute earned surplus of the Corporation or any of its subsidiaries and that is not classified as stated capital or capital surplus on the consolidated balance sheet; and
- b) A statement of profit and loss and surplus, including a summary of profits, dividends or distributions paid, and other changes in the surplus accounts of the Corporation for the period commencing with the date marking the end of the period for which the last preceding statement of profit and loss required under this Section was made and ending with the date of said balance sheet, or in the case of the first statement of profit and loss, from the incorporation of the Corporation to the date of said balance sheet.

Section 6.6. Financial Statements. The Corporation shall keep a copy of each annual financial statement, quarterly or other periodic income statement, and accompanying balance sheets prepared by the Corporation on file in the Corporation's principal office for 3 years. These documents shall be exhibited at all reasonable times, or copies provided, to any shareholder on demand.

Section 6.7. Form of Records. Any records maintained by the Corporation in the regular course of its business, with the exception of minutes of the proceedings of the shareholders, and of the Board of Directors and its committees, but including the Corporation's stock ledger and books of account, may be kept on, or be in the form of magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

ARTICLE VII

Miscellaneous

Section 7.1. Principal Executive or Business Offices. The Board of Directors shall fix the location of the principal executive office of the Corporation at any place either within or without the state of Alaska.

Section 7.2. Fiscal Year. The fiscal year of the Corporation must be determined by the Board of Directors.

Section 7.3. Seal. The Corporation may have a corporate seal which shall have the name of the Corporation inscribed thereon and shall be in such form as may be approved from time to time by the Board of Directors. The corporate seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 7.4. Indemnification. The Corporation shall have the power to indemnify, to the maximum extent and in the manner permitted by the Alaska Business Corporation Act, each of its directors, officers, employees and agents against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that such person is or was an agent of the Corporation.

Section 7.5. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 7.6. Dividends. The Board of Directors may from time to time declare, and the Corporation may pay dividends on its outstanding shares in the manner and upon the terms and conditions provided by Alaska law and its Articles of Incorporation.

The Corporation or a subsidiary of the Corporation may not make a distribution to the Corporation's shareholders unless:

a) the amount of the retained earnings of the Corporation immediately before the distribution equals or exceeds the amount of the proposed distribution; or

b) immediately after giving effect to the distribution the:

(i) sum of the assets of the Corporation, exclusive of goodwill, capitalized research and development expenses, evidences of debts owing from directors or officers or secured by the Corporation's own shares, and deferred charges, would be at least equal to one and one-fourth times its liabilities, not including deferred taxes, deferred income, and other deferred credits; and

(ii) current assets of the Corporation would be at least equal to its current liabilities or, if the average of the earnings of the Corporation before taxes on income and before interest expense for the two preceding fiscal years was less than the average of the interest expense of the Corporation for those fiscal years, at least equal to one and one-fourth its current liabilities.

Section 7.7. Amendment of Bylaws. To the extent permitted by law, these bylaws may be amended or repealed, and new bylaws adopted, by the Board of Directors. The shareholders entitled to vote, however, retain the right to adopt additional bylaws and may amend or repeal any bylaw whether or not adopted by them.

[Remainder Intentionally Left Blank.]


ADOPTION OF BYLAWS BY SOLE INCORPORATOR

OF

Wilson Stick, Inc.

The undersigned, as sole incorporator of Wilson Stick, Inc., an Alaska corporation (the "Corporation"), hereby adopts the attached bylaws as the bylaws of the Corporation.

Executed as of January 14, 2015.



Cheyenne Moseley, Sole Incorporator
LegalZoom.com, Inc.

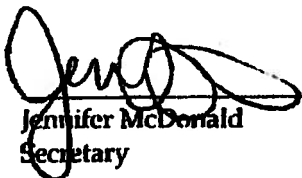
**CERTIFICATE BY SECRETARY OF ADOPTION
OF BYLAWS BY SOLE INCORPORATOR**

OF

Wilson Stick, Inc.

The undersigned, Jennifer McDonald, as Secretary of Wilson Stick, Inc., an Alaska corporation (the "Corporation"), hereby certifies the attached document is a true and complete copy of the bylaws of the Corporation and that such bylaws were duly adopted by the sole incorporator of the Corporation on the date set forth below.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of January 14, 2015.


Jennifer McDonald
Secretary

**ACTION BY UNANIMOUS WRITTEN CONSENT IN
LIEU OF FIRST MEETING BY THE BOARD OF DIRECTORS
OF
Wilson Stick, Inc.,
an Alaska Corporation**

The undersigned, constituting all of the members of the board of directors (the "Board") of Wilson Stick, Inc., an Alaska corporation (the Corporation), in lieu of holding a meeting of the Board, hereby consent to the taking of the actions set forth herein, and the approval and adoption of the following resolutions by this unanimous written consent ("Written Consent") pursuant to Section 10.06.475 of the Alaska Business Corporation Act:

Articles of Incorporation

RESOLVED, that the Articles of Incorporation of the Corporation filed with the Alaska Secretary of State hereby are adopted, ratified and affirmed in all respects.

RESOLVED FURTHER, that the Secretary of the Corporation is authorized and directed to insert a certified copy of the Articles of Incorporation in the Corporation's minute book.

Stock Issuance

RESOLVED, that the officers of the Corporation are hereby authorized to issue and sell shares of common stock of the Corporation, \$0.01 par value (the "Shares"), which the Board hereby determines to be the fair market value of the Corporation's common stock as of the date hereof, to each person named below (the "Shareholder"), in the amounts specified opposite each name in exchange for cash or contributed property as follows:

<u>Name of Shareholder</u>	<u>Number of Shares</u>	<u>Total Purchase Price(\$)</u>
Jaret McDonald	50	\$0.01
Jennifer McDonald	50	\$0.01

RESOLVED FURTHER, that the Board hereby determines that the consideration to be received for the above-mentioned Shares is adequate for the Corporation's purposes, and that the sale and issuance of the Shares to each of the above-named persons shall be conditioned upon receipt by the Corporation of the purchase price of said Shares and final copies of all appropriate documentation required by Corporation.

RESOLVED FURTHER, that upon the issuance and sale in accordance with the foregoing resolutions, such Shares shall be validly issued, fully paid and non-assessable shares of common stock of the Corporation.

RESOLVED FURTHER, that the officers of the Corporation are hereby authorized and directed, for and on behalf of the Corporation, (i) to take all actions necessary to comply with applicable laws with respect to the sale and issuance of the Shares, (ii) to thereafter execute and deliver on behalf of the Corporation, pursuant to the authorization above, share certificates representing the Shares set forth above, and (iii) to take any such other action as they may deem necessary or appropriate to carry out the issuance of the Shares and intent of these resolutions.

Corporate Records and Minute Book

RESOLVED, that the officers of the Corporation are hereby authorized and directed to procure all corporate books, books of account and stock books that may be required by the laws of Alaska or of any foreign jurisdiction in which the Corporation may do business or which may be necessary or appropriate in connection with the business of the Corporation.

RESOLVED FURTHER, that the officers of the Corporation are authorized and directed to maintain a minute book containing the Articles of Incorporation, as filed with and certified by the office of the Alaska Secretary of State and as may be amended from time to time, its Bylaws and any amendments thereto, and the minutes of any and all meetings and actions of the Board, Board committees and the Corporation's shareholders, together with such other documents, including this Written Consent, as the Corporation, the Board or the Corporation's shareholders shall from time to time direct and to ensure that an up to date copy is also kept at the principal executive office of the Corporation (as designated below).

Corporate Seal

RESOLVED, that the Corporation shall have a corporate seal in the form of two concentric circles with the name of the Corporation between the two circles and the year of incorporation and "Alaska" within the inner circle.

Shares Certificates

RESOLVED, that the form of Shares certificate attached hereto has been presented to the Board for review and is hereby approved and adopted as the form Shares certificate of the Corporation and the Secretary of the Corporation is directed to insert such form Shares certificate in the minute book of the Corporation.

Ratification of Actions by Incorporator

RESOLVED, that the Action by Written Consent of the Sole Incorporator dated January 14, 2015 and all actions taken by the Corporation's sole incorporator, LegalZoom.com, Inc. and its agents, in connection with the formation of the Corporation are hereby in all respects approved, ratified and affirmed for and on behalf of the Corporation.

Annual Accounting Period

RESOLVED, that until otherwise determined by the Board the fiscal year of the Corporation shall end on December 31.

Principal Executive Office

RESOLVED, that the principal executive office of the Corporation shall initially be located at 133 La Senda Road, Los Alamos, New Mexico 87544.

Bank Accounts

RESOLVED, that the officers of the Corporation are hereby authorized and directed to establish, maintain and close one or more accounts in the name of the Corporation for the funds of the Corporation with any federally insured bank or similar depository; to cause to be deposited, from time to time, in such accounts, such funds of the Corporation as such officer deems necessary or advisable, and to designate, change or revoke the designation, from time to time, of the officer or officers or agent or agents of the Corporation authorized to make such deposits and to sign or countersign checks, drafts or other orders for the payment of money issued in the name of the Corporation against any funds deposited in any of such accounts; and to make such rules and regulations with respect to such accounts as such officers may deem necessary or advisable, and to complete, execute and deliver any documents as banks and similar financial institutions customarily require to establish any such account and to exercise the authority granted by this resolution including, but not limited to, customary signature card forms and form banking resolutions.

RESOLVED FURTHER, that all form resolutions required by any such depository, if any, are adopted in such form used by such depository by this Board, and that the Secretary is authorized to certify such resolutions as having been adopted by the Board and directed to insert a copy of any such form resolutions in the minute book of the Corporation.

RESOLVED FURTHER, that any such depository to which a certified copy of these resolutions has been delivered by the Secretary of the Corporation is entitled to rely upon such resolutions for all purposes until it shall have received written notice of the revocation or amendment of these resolutions, as adopted by the Board.

Qualification to do Business

RESOLVED, that the officers of the Corporation are hereby authorized and directed for and on behalf of the Corporation to take such action as they may deem necessary or advisable to effect the qualification of the Corporation to do business as a foreign corporation in each state that the officers may determine to be necessary or appropriate, or to withdraw from or terminate the Corporation's qualification to do business in any such state.

RESOLVED FURTHER, that any resolutions which in connection with the foregoing shall be certified by the Secretary of the Corporation as having been adopted by the Board pursuant to this Written Consent shall be deemed adopted pursuant to this Written Consent with the same force and effect as if presented to the Board and adopted thereby on the date of this Written Consent, and shall be included in the minute book of the Corporation.

Payment of Expenses

RESOLVED, that the officers of the Corporation are hereby authorized and directed to pay all expenses of the incorporation and organization of the Corporation, including reimbursing any person for such person's verifiable expenses therefor.

Agent for Service of Process in Alaska

RESOLVED, that Jaret McDonald shall be appointed the Corporation's agent for service of process in Alaska.

Subchapter S Election

RESOLVED, that the Corporation shall elect to be treated as a "small business corporation" for income tax purposes under Subchapter S of Chapter 1 of the Internal Revenue Code of 1986, and under the parallel provisions of the laws of the state of Alaska and that the officers of the Corporation are hereby authorized and directed to complete and file or cause to be filed an Election by a Small Business Corporation with the Internal Revenue Service pursuant to Section 1362(a) of the Internal Revenue Code and obtain the written consent of each shareholder of the Corporation to such Subchapter S election and file such consent at the same time as the Election by a Small Business Corporation, or within an extended period of time as may be granted by the Internal Revenue Service.

Authorization of Further Actions

RESOLVED, that the officers of the Corporation are, and each of them hereby is, authorized, empowered and directed, for and on behalf of the Corporation, to execute all documents and to take all further actions they may deem necessary, appropriate or advisable to effect the purposes of each of the foregoing resolutions.

RESOLVED, that any and all actions taken by any officer of the Corporation in connection with the matters contemplated by the foregoing resolutions are hereby approved, ratified and confirmed in all respects as fully as if such actions had been presented to the Board for approval prior to such actions being taken.

IN WITNESS WHEREOF, each of the undersigned, being all the directors of the Corporation, has executed this Written Consent as of the date set forth below.

Date: January 14, 2015

Directors



Jaret McDonald

Division of Corporations, Business and Professional Licensing

Name(s)

Type	Name
Legal Name	Wilson Stick, Inc.

Entity Details

Entity Type: Business Corporation

Entity #: 10026177

Status: Good Standing

AK Formed Date: 1/12/2015

Duration/Expiration: Perpetual

Home State: ALASKA

Next Biennial Report Due: N/A File Initial Report

Entity Mailing Address: 3987 HOMER SPIT ROAD, HOMER, AK 99603

Entity Physical Address: 3987 HOMER SPIT ROAD, HOMER, AK 99603

Registered Agent

Agent Name: Jaret McDonald

Registered Mailing Address: 3987 HOMER SPIT ROAD, HOMER, AK 99603

Registered Physical Address: 3987 HOMER SPIT ROAD, HOMER, AK 99603

Officials

AK Entity#	Name	Titles	Percent Owned
	Jaret McDonald	Incorporator	
	Jennifer McDonald	Incorporator	

Filed Documents

Date Filed	Type	Filing	Certificate
1/12/2015	Creation Filing		



- [Home](#)
- [Hunts](#)
- [Fishing](#)
- [Photo Gallery](#)
- [About Us](#)
- [Contact Us](#)
- [Links](#)

Contact Us:

If you have any questions please feel free to contact us, jsoutdoors@gmail.com or call (505) 672-3375, (505) 660-4295 cell.

JS Outdoors
has been featured
on



DODGE

DODGE
OUTDOOR
ADVENTURES

with Tim Hoey

click here to
view the episode

About Us

The owner of **JS Outdoors**, Jaret McDonald, is committed to personally ensuring your hunt is one you will never forget! His experience hunting in the area amounts to more than twenty years and he has been guiding hunts in the area for more than a decade. His knowledge of the animals in the area as well as their habits and activities is an incredibly valuable asset to have when you are hunting for that "perfect shot."

We have been featured on numerous Outdoor TV shows, including [Dodge Outdoor Adventures](#) seen on the Outdoor Channel. [View the episode.](#)

All **JS Outdoors** guides have CPR and First Aid training. Our guides have been referred to as men who

could find a needle in a haystack.

The State of New Mexico issues game tags using a lottery system. Even if you fail to draw a tag for the upcoming hunting season, private landowner tags are available at a premium price.

If you have any questions, please contact Jaret personally at home at 505-672-3375 or by email at jsoutdoors@gmail.com. For more information, you may also view our website at www.jsoutdoors.com.



designed and maintained by [losvanettens>webdesign](#)

LEASE RENEWAL AND AMENDMENT

This Lease Renewal and Amendment is made and entered into effective as of this 18th day of July, 2012 between the **CITY OF HOMER** ("Landlord"), whose mailing address is 491 East Pioneer Avenue, Homer, Alaska 99603, and **DAVID MORRIS and DIANE MORRIS dba BOB'S TROPHY CHARTERS** ("Tenant"), whose mailing address is P.O. Box 2478, Homer, Alaska 99603, and affects the Lease Agreement entered into between Landlord and Tenant on March, 2008.

1. Leased Premises

Subject to the terms, covenants, conditions, rights and obligations set forth in this Lease, Landlord leases to Tenant and Tenant leases from Landlord the following described property:

Tract 1-B Fishing Hole Subdivision No. 2, Homer Recording District, State of Alaska
Also known as Kenai Peninsula Borough Tax Parcel No. 181-031-18.

2. Renewal

The tenant has exercised its renewal option under the Contract.
This renewal term of the Contract shall commence as of April 1, 2013 and end on March 31, 2018.

3. Contract Remains in Effect

Every other provision of the Contract remains in full force and effect.

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

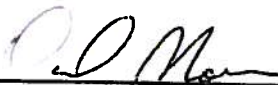
CITY OF HOMER

Date: AUG. 7, 2012


By: 
Walt Wrede, City Manager

BOB'S TROPHY CHARTERS

Date: 8-7-12

By: 
David Morris, Owner

Date: 8-7-12

By: 
Diane Morris, Owner

#2251

RECEIVED

AUG 09 2012

PORT & HARBOR

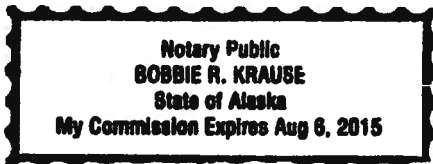
STATE OF ALASKA

)
) ss.

THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY that on this 7th day of August, 2012, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared **Walt Wrede**, known to me to be the City Manager of the City of Homer, and he acknowledged to me that he was authorized to execute the foregoing document by authority granted him by the City of Homer for the uses and purposes therein set forth.

WITNESS my hand and notary seal the day and year first hereinabove written.



Bobbie R Krause
Notary Public in and for Alaska

My Commission Expires: 08/06/15

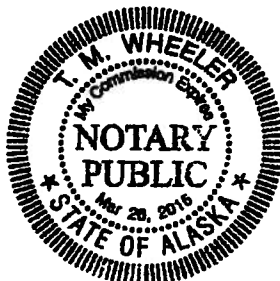
STATE OF ALASKA

)
) ss.

THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY that on this 7th day of August, 2012, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared **David Morris**, known to me to be the individual named in and who executed the foregoing document and he acknowledged to me that being duly authorized to do so he executed the foregoing document as the free and voluntary act and deed of Sportsman's Supply for the uses and purposes therein set forth.

WITNESS my hand and notary seal the day and year first hereinabove written.



T M Wheeler

Notary Public in and for Alaska

My Commission Expires: 3/29/2015

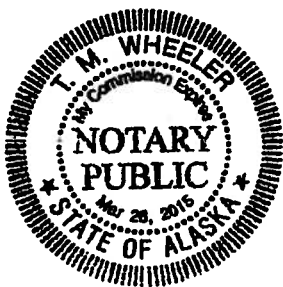
STATE OF ALASKA)

) ss.

THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY that on this 7th day of August, 2012, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared ***Diane Morris***, known to me to be the individual named in and who executed the foregoing document and he acknowledged to me that being duly authorized to do so he executed the foregoing document as the free and voluntary act and deed of Sportsman's Supply for the uses and purposes therein set forth.

WITNESS my hand and notary seal the day and year first hereinabove written.



T. M. Wheeler

Notary Public in and for Alaska

My Commission Expires: 3/26/2015

GROUND LEASE AND SECURITY AGREEMENT

BETWEEN

CITY OF HOMER, ALASKA

AND

ALASKA HIGH HOPES CHARTER & CO.

dba BOB'S TROPHY CHARTERS

March 25, 2008

GROUND LEASE AND SECURITY AGREEMENT

THIS GROUND LEASE AND SECURITY AGREEMENT ("Lease") is made as of this _____ day of _____, 2008, between the CITY OF HOMER, 491 East Pioneer Avenue, Homer, Alaska 99603, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as "Landlord" and Alaska High Hope Charter & Co. dba Bob's Trophy Charters a _____ (type of entity) organized under the laws of the state of _____, whose address is P. O. Box 2478, Homer, AK 99603 ("Tenant").

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 are a certificate of good standing issued by the state under whose laws Tenant is organized, and, if Tenant is a foreign entity, a certificate of authority issued by the State of Alaska. 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.

Landlord and Tenant agree as follows:

1. PROPERTY

1.01. Property

Subject to the terms, covenants, conditions, rights and obligations set forth in this Lease, Landlord leases to Tenant and Tenant leases from Landlord the following described property:

Tract 1-B Fishing Hole Subdivision No. 2, Homer Recording District,
State of Alaska as depicted on Exhibit H.

Also known as Kenai Peninsula Borough Tax Parcel No. 181-031-18.

The described parcel contains approximately 6,692 square feet, more or less, and is referred to herein as the "Property."

1.02. Quiet Enjoyment, Restrictions, Easements, Etc.

Landlord covenants and agrees that Tenant, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on Tenant's part to be kept or performed, will lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation, subject, however, to the rights and reservations expressed in the U.S. or State patent to the Property, the existing easements for roads, gas, electric, water, sewer and other utility lines, restrictions of record and to encroachments ascertained by physical inspection of the Property.

1.03. Property Accepted "As Is"

Tenant acknowledges that it has inspected the Property and accepts the same "as is" and without reliance on any representations or warranties of Landlord, its agents, servants, or

employees as to the physical condition of the Property, including, but not limited to, subsurface and soil conditions, the presence of any hazardous waste as defined in paragraph 16.03, or as to the habitability or fitness of the Property for any particular purpose.

1.04. No Subsurface Rights

This Lease confers no mineral rights or rights with regard to the subsurface of the land below the level necessary for the use of the Property as stated in this Lease. Landlord makes no warranty or representation as to whether the Property is open or closed to mineral claims or leases under state or federal law.

2. TERM

2.01. Lease Term

The term of this Lease is five years, commencing on the first day of April, 2008 and ending on the last day of March, 2013 (the "Term").

2.02. Hold-Over

If Tenant holds over after the expiration of the term of this Lease and Landlord accepts payment of rent, Tenant's occupancy will be deemed a tenancy from month to month, terminable upon 30 days written notice given by either party at any time, subject to all the terms, covenants and conditions of this Lease, and will not operate as a renewal or extension of this Lease. Landlord is not required to accept Tenant's tender of rent or to agree to any extended tenancy.

2.03. Surrender of Possession

Upon expiration of the term of this Lease, whether by lapse of time or otherwise, Tenant must promptly and peaceably surrender the Property, and all buildings and improvements thereon, except as provided in paragraph 6.01. Tenant agrees to execute, acknowledge and deliver to Landlord a proper instrument in writing, releasing and quitclaiming to Landlord all right, title and interest of Tenant in and to the Property and all such buildings and improvements thereon under paragraph 6.01.

2.04. Renewal Options

Tenant will have the right to renew this Lease for one additional, consecutive five year periods ("Renewal Terms"), provided:

(a) that Tenant must exercise its option to renew not more than one year and not less than 120 days prior to the last day of the Term or current Renewal Term, as the case may be;

(b) that Tenant is not at that time materially in default of any term or condition of this Lease and has not made an assignment or subletting of this Lease or any interest in the Property except as permitted under this Lease;

(c) that Tenant must exercise its option to renew only by sending written notice thereof in accordance with the provisions of paragraph 17.17 of this Lease;

(d) that Tenant may exercise only one renewal option per Term or Renewal Term, as the case may be, i.e., Tenant will not be entitled to exercise more than one renewal option during each period of time described in subparagraph (a); and

(e) that at the time of exercise of the option the Tenant is still using the Property as required or permitted under this Lease.

3. RENT, TAXES, ASSESSMENTS AND UTILITIES

3.01. Rent

(a) **Initial Base Rent.** Tenant agrees to pay to Landlord an initial annual rent of \$5,355.00 (the "Base Rent"), payable monthly in advance in equal installments of \$446.25, plus tax. The first monthly payment is due on the first day of April, 2008, and subsequent monthly payments are due on the first day of each calendar month thereafter. Rent must be paid 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. Delinquent rent will bear interest at the rate set forth in AS 45.45.010(a) as now enacted or hereinafter amended.

(b) **Periodic Appraised Adjustment of Rent.** The Base Rent will be adjusted on January 1, 2013 and on January 1 every five years thereafter (each such January 1 is a "Five Year Rent Adjustment Date") to equal the then current fair market rental value of the Property, determined by appraisal as set forth in paragraph 3.01(d) not more than six months before the Five Year Rent Adjustment Date. In no event, however, will the adjusted Base Rent be less than the Base Rent, adjusted annually, during the year immediately prior to such Five Year Rent Adjustment Date. After such Five Year Rent Adjustment Date, the adjusted rent will thereafter be referred to as the Base Rent.

(c) **Annual Rent Adjustment.** In addition to the five year rent adjustments provided in paragraph 3.01(b), the Base Rent will also be adjusted annually (the "Annual Rent Adjustment") on the first day of January 2009, and on the first day of January every year thereafter, excluding each of the years of the five year rent adjustment, (each such day being an "Annual Rent Adjustment Date") throughout the Term and all Renewal Terms as follows:

(i) The base for computing the Annual Rent Adjustment is the Consumer Price Index for All Urban Consumers (CPI-U), Anchorage, Alaska, for All Items (1982-1984 = 100) published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"). For the first five years of the Term, the Index published for the second half of the calendar year immediately preceding the year in which the Term of this Lease commences is the "Beginning Index". Thereafter, the Index published for the second half of the calendar year immediately preceding the year of the most recent Five Year Rent Adjustment Date is the "Beginning Index." The Index published for the second half of the calendar year nearest, but preceding, the Annual Rent Adjustment Date will be the "Extension Index". On each Annual Rent Adjustment Date the Base Rent will be adjusted to equal the Base Rent determined according to paragraph 3.01(a) or 3.01(b), as the case may be, increased by a percentage equal to the percentage increase from the Beginning Index to the Extension Index. In no case will the Base Rent be reduced because of a decrease in the Index. Landlord will promptly provide written notice to Tenant of the adjustment of the Base Rent, but its failure to do so will not relieve Tenant of the obligation to pay the adjusted Base Rent commencing as of the Annual Rent Adjustment Date.

(ii) If the Index is changed so the base year differs from that used as of the commencement of the term of this Lease, the Index must be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term, such other government index or computation with which it is replaced will be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised.

(d) **Appraisal of Property.** For purposes of paragraph 3.01(b), the appraised market rent will be based on the fair market rental value of the property, as if privately owned in fee simple, and will not include the value of buildings or improvements placed on the Property by Tenant (with the exception of utilities). The cost of the appraisal must be paid by Tenant, but if Tenant fails to do so, Landlord may pay the cost of the appraisal and the amount paid will become additional rent immediately due and payable under this Lease. The fair market rental value will be determined by a qualified real estate appraiser selected by mutual agreement of Landlord and Tenant. The appraiser's determination of fair market rent will be conclusive between the parties.

3.02. Tenant to Pay Taxes

Tenant agrees to pay prior to delinquency and directly to the taxing authorities in which the Property is located a applicable real property taxes levied or assessed upon or against the Property and all buildings and improvements thereon during the term of this Lease. Tenant further agrees to pay prior to delinquency and directly to the taxing authorities in which the Property is located all applicable personal property taxes on personal property situated on the Property and placed thereon by Tenant, its agents, servants, or employees. Tenant further agrees to pay prior to delinquency any other taxes for which it may be liable. Tenant must, within thirty (30) days after any such tax, assessment or other charge, whether or not constituting a lien on the Property, becomes due and payable, produce and exhibit to Landlord satisfactory evidence of payment thereof.

Tenant acknowledges that it is subject to and will pay applicable municipal taxes, including property tax on Tenant's leasehold interest in the Property.

3.03. Tenant to Pay Assessments

Tenant during the term of this Lease agrees to pay directly to the public authorities charged with collection thereof any and all assessments levied on the Property for any part or all of the costs of any public work or improvement assessed according to benefit found by the levying authority to accrue therefrom to the Property, provided, however, that if an option is given to pay such assessment(s) in installments, Tenant may elect to pay the same in installments, and in such case Tenant will be liable only for such installments as may become due during the term of this Lease. Landlord warrants and represents that there are currently no outstanding assessments levied on the Property for any part or all of the cost of any public work or improvement constructed by Landlord, except as follows: none.

3.04. Proration of Taxes and Assessments

If Tenant's obligation to pay taxes or assessments commences or ends during a tax year by reason of commencement or termination of this Lease, such taxes or assessments will be prorated between Landlord and Tenant.

3.05. Contest

Tenant has the right to contest any taxes or assessments that Tenant is obligated to pay under paragraphs 3.02 or 3.03 of this Lease. Such proceedings must, if instituted, be conducted promptly at Tenant's own expense and free from all expense to Landlord. Before instituting any such proceedings, Tenant must pay under protest any such taxes or assessments, or must furnish to Landlord a surety bond written by a company acceptable to Landlord or other security acceptable to Landlord, sufficient to cover the amount of such taxes or assessments, with interest for the period that such proceedings may reasonably be expected to take, and costs, securing the payment of such taxes or assessments, interest and costs in connection therewith when finally determined. Notwithstanding the furnishing of any such bond or security, Tenant must pay any such taxes or assessments at least thirty (30) days before the time when the Property or any part thereof, might be forfeited. The proceedings referred to in this paragraph 3.05 may include appropriate appeals from any order or judgments therein, but all such proceedings must be begun as soon as reasonably possible after the imposition or assessment of any such taxes or assessments and must be prosecuted to final adjudication promptly. In the event of any reduction, cancellation or discharge, Tenant must pay the amount that is finally levied or assessed against the Property or adjudicated to be due and payable, and if there is any refund payable by the governmental authority with respect thereto, Tenant will be entitled to receive and retain the same, subject, however, to apportionment as provided in paragraph 3.04 of this Lease. Landlord, at Landlord's option, may, but is not obligated to, at Landlord's own expense contest any such taxes or assessments that are not contested by Tenant as set forth above, and, unless Tenant promptly joins with Landlord therein, Landlord will be entitled to receive and retain any refund payable by any governmental authority with respect thereof.

3.06. Tenant to Pay Utility Charges

Tenant must pay or cause to be paid all charges for gas, oil, electricity, water, sewer, heat, snow removal, refuse removal and any and all other utilities or services used upon the Property throughout the term of this Lease, including any connection fees.

3.07. Tenant to Pay for City Services Related to the Property or to Tenant's Operations

(a) Tenant must pay for all services provided by the City of Homer that are related to the Property or to Tenant's operations, including but not limited to Port and Harbor services, whether incurred by Tenant, or any business entity owned in whole or in part by Tenant or by one or more partners of Tenant.

(b) Tenant must pay for wharfage, crane use, ice, and other Port and Harbor services at the rates published in the Port and Harbor of Homer Terminal Tariff, which is subject to change from time to time. In the event the City of Homer changes the method of establishing or publishing any or all such rates, then Tenant must pay for such services at the rates so established by such changed method. Tenant further agrees to provide the City of Homer with the necessary information to determine wharfage, crane use, ice and other Port and Harbor service charges, to keep written records of such information for not less than six years after such charges are due, and, upon request, to make such records available to the City of Homer for audit.

3.08. Additional Rent and Landlord's Right to Cure Tenant's Default

All costs and expenses that Tenant assumes or agrees to pay pursuant to this Lease will, at Landlord's election, be treated as additional rent, and in the event of nonpayment, Landlord will have all rights and remedies provided in this Lease in the case of nonpayment of rent or of a breach of condition, at Landlord's election. If Tenant defaults in making any payment required to be made by Tenant or defaults in performance of any term, covenant or condition of this Lease on the part of Tenant to be kept, performed or observed that involves the expenditure of money by Tenant, Landlord at Landlord's option may, but is not obligated to, make such payment, or, on behalf of Tenant, expend such sum as may be necessary to keep, perform or observe such term, covenant or condition, and any and all sums so expended by Landlord, with interest thereon at the legal rate of interest from the date of such expenditure until repaid, will be, and will be deemed to be, additional rent and must be repaid by Tenant to Landlord, on demand, provided, however, that no such payment or expenditure by Landlord will be deemed a waiver of Tenant's default, nor will it affect any remedy of Landlord by reason of such default.

3.09 Security Deposit

Upon execution of this Lease, Tenant must deposit with Landlord 10% of the Base Rent (i.e., the sum of \$535.50) as security for the performance of Tenant's obligations under this Lease. Landlord will invest the security deposit in an interest bearing account in Landlord's name, subject to Tenant's approval, which will not be unreasonably withheld. If Tenant is in default with respect to any covenant or condition of this Lease, including but not limited to the payment of rent, Landlord may apply all or any portion of the security deposit, including interest earned thereon, 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 Tenant's default. Tenant must upon demand deposit with Landlord the amount so applied so that Landlord will have the full deposit on hand at all times during the Term or Renewal Term of this Lease. If Tenant has fully complied with all of the covenants or conditions of the Lease, the Landlord will remit to the Tenant the security deposit, including any interest on deposit, within thirty days after the expiration or termination of this Lease. On each Annual Rent Adjustment Date and each Five Year Rent Adjustment Date, the principal amount of the security deposit will be adjusted to equal ten percent of the annual rent, after making the required adjustment under paragraph 3.01. Within 30 days of notification of the adjustment of the annual rent, Tenant must deposit with Landlord the amount of the increase in the security deposit.

4. GRANT OF SECURITY INTEREST

To secure Tenant's obligation for payment of rent and all other sums agreed to be paid by Tenant under this Lease, Tenant hereby grants to Landlord a lien and security interest in the following 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 against environmental contamination or pollution; (3) all compensation payable to Tenant as a result of eminent domain proceedings or a transfer in lieu thereof; and (4) all rents from Tenant's subletting of all or a part of the Property. Said lien and security interest will be in addition to Landlord's liens provided by law.

This Lease constitutes a security agreement under the Uniform Commercial Code as enacted in Alaska ("UCC"), and Landlord will have all rights and remedies afforded a secured party under the UCC. Tenant must execute, as debtor, such financing statement or statements as Landlord may now or hereafter reasonably request further evidencing said security interest.

5. USE AND CARE OF THE PROPERTY

5.01. Use

Tenant warrants that it has not entered into this Lease for purposes of speculation or for reserve for future uses, but rather to immediately and fully use and develop the Property. Except as otherwise provided herein, Tenant must use the Property for the following purposes:

Fishing charter business including fishing packages that offer overnight accommodations for charter clients, and the sale of fishing related items.

Tenant must use the Property for no other purposes without the Landlord's written consent, which consent will not be unreasonably withheld. Tenant's use must comply with the zoning code. Tenant must not use the Property for any unlawful purpose and must comply with all applicable statutes, laws and ordinances during the entire term of the lease and any extension or renewal thereof. If Tenant ceases to use the Property for the approved purposes, Landlord may, as one of its remedies, terminate this Lease upon thirty days written notice.

5.02. Care of the Property

Tenant at its own cost and expense must keep the Property and all buildings and improvements that at any time may be situated thereon in good condition and repair during the term of this Lease, ordinary wear and tear excepted. The Property must always be kept by Tenant neat, clean and free of litter.

5.03. Restoration or Removal of Damaged Buildings and Improvements

Except as provided in paragraph 6.02, 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 must at Tenant's expense restore the same to good and tenantable condition or must remove the same as soon as is reasonably possible, but in no event may the period of restoration exceed eighteen (18) months nor may the period of removal exceed forty-five (45) days.

5.04. Property Returned to Previous Condition

At the termination of this Lease, Tenant must remove all debris and return the Property clean and in as good order and condition as when the Tenant took possession, failing which Landlord may restore the Property to such condition and Tenant must pay the cost thereof on demand. This paragraph does not require the removal of buildings, improvements, or fixtures upon termination of the Lease, which are governed by other provisions of this Lease.

6

6

5.06. Nuisances Prohibited

5.07. Compliance with Laws

5.08. Radio Interference

5.09. Signs

Alaska High Hopes Charter & Co. dba Bob's Trophy Charters Ground Lease
Page 8

5.10 Garbage Disposal

Tenant is responsible for removing all garbage generated by Tenant's business to a Kenai Peninsula Borough solid waste facility or transfer station. Tenant must not use the Landlord's Homer Spit garbage disposal facilities.

6. IMPROVEMENTS

6.01. Ownership of Buildings and Improvements

(a) 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 any Renewal Terms and may be removed or replaced by Tenant, subject, however, to the obligations concerning the Required Improvements set forth in paragraph 6.02.

(b) Upon the expiration or termination of the Lease, all buildings, improvements, and fixtures must remain upon the Property and must be surrendered with the Property to Landlord, unless Landlord elects to require the removal of any or all of such property. If Landlord requires that buildings, improvements, and fixtures, or any part of them, be removed, Tenant must remove the same at its expense and repair or pay Landlord the cost of repairing any damage resulting from such removal. Approximately 60 days prior to the Tenant's scheduled vacation of the Property, Landlord and Tenant will meet and Landlord will advise Tenant what items must be removed and what items must remain.

6.02. Required Improvements

(a) Tenant must, at Tenant's sole expense, construct certain Required improvements on the Property. Tenant must at all times during the Term and any Renewal Term keep and maintain the Required Improvements, or their equivalent of equal or greater value, as the minimum development on the Property. The Required Improvements are:

No construction of new Required Improvements is required. The Required Improvements are those existing improvements in place as of the commencement of this Lease, which Tenant must maintain in place.

Tenant's proposed site plan and floor plans for the Required Improvements are attached as **Exhibit C** and **Exhibit D**. Tenant must commence construction of the Required Improvements within one year of the date of commencement of the Term and Complete construction within one additional year. When Completed, the Required Improvements must have an appraised value of not less than \$ not applicable.

(b) Tenant warrants that it has not entered into this Lease for the purpose of speculation, but in order to fully develop the Property with such Required Improvements and to actually use the Property for Tenant's proposed operations. Tenant's promise to timely construct the Required Improvements and operate on the Property is a major and material consideration to Landlord in granting this Lease.

(c) In the event the Required Improvements are damaged or destroyed by fire, earthquake, tsunami or other casualty, Tenant must, at Tenant's expense, restore or replace the same to good and tenantable condition as soon as is reasonably possible, but in no event may the period of restoration or replacement exceed 12 months. Modifications to the Required Improvements will be allowed only if approved by Landlord, whose approval will not be unreasonably withheld. If any damage or casualty to the Required Improvements occurs within three years of the end of the Term or any Renewal 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.

6.03. Construction Prerequisites

(a) No construction on the Property, including but not limited to the Required Improvements, may be commenced unless the following events have occurred:

(i) Not less than 30 days prior to the intended start of construction, Tenant must submit to Landlord for its approval preliminary plans and specifications and an application for a City of Homer zoning permit. The preliminary plans and specifications must show the layout of proposed buildings and other improvements, ingress and egress, dimensions and locations of utilities, drainage plan, and any other information required for the zoning permit or other required permits. Tenant must also provide an engineer's or architect's estimate that, when constructed according to the preliminary plans and specifications, the Required Improvements will satisfy the minimum value requirement of paragraph 6.02. Landlord will not unreasonably disapprove preliminary plans and specifications. Approval or disapproval must be communicated in the manner provided for notices, and disapproval must be accompanied by specification of the grounds for disapproval.

(ii) Tenant must prepare final working plans and specifications substantially conforming to preliminary plans previously approved by Landlord, submit them to the appropriate governmental agencies for approval, and deliver to Landlord one complete set as approved by the governmental agencies. Changes from the preliminary plans will be considered to be within the scope of the preliminary plans if they are not substantial or if they are made to comply with suggestions, requests, or requirements of a governmental agency or official in connection with the application for permit or approval.

(iii) Not less than five days prior to the commencement of any construction, Tenant must give written notice of intent to commence construction and furnish to Landlord proof that all applicable federal, state, and local permits have been obtained or applications therefor have been submitted to the appropriate governmental agency.

(iv) Not less than five days prior to the commencement of any construction, Tenant must furnish to Landlord current certificates of insurance in the amounts and for the purposes specified in paragraphs 11.01 through 11.04 of this Lease.

(v) Not less than five days prior to the commencement of any construction, Tenant must deliver to Landlord satisfactory proof that workers' compensation insurance has been procured to cover all persons employed in connection with the construction. Upon notice to Tenant of any deficiency in workers' compensation coverage, such deficiency must be cured immediately, and no work will be performed on the project

until Tenant has provided Landlord satisfactory proof that proper workers' compensation insurance is in place.

(b) On Completion of the improvements, Tenant must give Landlord notice of all changes in plans or specifications made during the course of the work. Landlord acknowledges that it is common practice in the construction industry to make numerous changes during the course of construction on substantial projects. Changes that do not substantially alter plans and specifications previously approved by Landlord do not constitute a breach of Tenant's obligations, but Tenant must nevertheless give Landlord notice of such changes.

(c) At any time and from time to time, Tenant may, but is not obligated to, construct or otherwise make new improvements on any part or all of the Property and to demolish, remove, replace, alter, relocate, reconstruct, or add to existing improvements in whole or in part; provided that Tenant is not then in default under any condition or provision of this Lease and provided further the Required Improvements, or their equivalent of equal or greater value, are always maintained on the Property. All salvage will belong to Tenant. Once any work is begun, Tenant must with reasonable diligence prosecute to completion all construction of improvements, additions, alterations, or other work.

6.04. As-Built Survey

Within thirty (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 must provide Landlord with three (3) 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.

6.05 Definitions

As used in this Article 6 of this Lease, the following terms and phrases will have the meanings given here, unless the context requires otherwise:

"Complete" and "Completion" mean that construction is finished and the improvement is fully operational and ready for occupancy or use for its intended purpose, including, but not limited to, the receipt of any applicable certificate of occupancy and other applicable permits, licenses, certificates, or inspection reports necessary to the improvement's legally authorized use. The existence of a contractor's punch list of items to be performed to finish the project will not prevent the construction from being Complete if the improvement otherwise meets the requirements of this definition.

"Excusable Delay" means delay due to strikes, act of God, inability to obtain labor or materials, governmental requirements, such as laws and requirements of any governmental authority having jurisdiction over the improvements or over any permits or licenses needed for Tenant's proposed operations, removal of Hazardous Materials discovered at any time after the Commencement Date, enemy action, civil commotion, fire, unusual inclement weather, unavoidable casualty or similar causes beyond the reasonable control of Tenant.

6.06 Extensions of Time for Completion of Required Improvements

An extension of the time to Complete the Required Improvements will be granted for the period of time of any Excusable Delay (as defined in paragraph 6.05); provided Tenant has commenced construction in a timely manner and is proceeding diligently to complete construction.

7. RESERVED

8. RESTRICTIONS ON TRANSFER

8.01. Assignment or Sublease Without Consent Generally Prohibited

Tenant must not voluntarily assign, encumber or sublease its interest in this Lease or in the Property without first obtaining Landlord's consent. Any assignment, encumbrance or sublease without Landlord's consent will be voidable and, at Landlord's election, will constitute a default. Any request for Landlord's consent must be made to Landlord in writing at least thirty (30) days prior to the proposed effective date of the assignment, encumbrance or sublease. No consent to any assignment, encumbrance or sublease will constitute a further waiver of the provisions of this paragraph. Any assignment effected pursuant to this paragraph 8.01 must require the assignee to assume the Tenant's obligations hereunder. An assignment will not release the Tenant from liability hereunder unless specifically so provided in writing and approved by Landlord. Tenant must promptly deliver to Landlord a copy of any instrument or must promptly notify Landlord of any unwritten agreement, that assigns, encumbers or subleases the Property. Landlord's consent to assign, encumber or sublease the Property will not be withheld unreasonably.

8.02. Change of Ownership

If Tenant is a partnership or limited liability company a withdrawal or change, voluntary, involuntary or by operation of law, of any partner(s) or member(s) owning twenty-five percent (25%) or more of the entity, or the dissolution of the entity, will be deemed a voluntary assignment under paragraph 8.01. 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 twenty-five percent (25%) of the value of the assets of Tenant, will be deemed a voluntary assignment under paragraph 8.01. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least twenty-five percent (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. As to 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 such a Tenant corporation will not be deemed to be a voluntary assignment.

8.03. Costs of Landlord's Consent to be Borne by Tenant

Tenant must pay Landlord's reasonable costs, including attorney's fees, and the expenses of due diligence inquiries, incurred by Landlord in connection with any request by Tenant for Landlord to consent to any assignment or subletting by Tenant.

8.04. Additional Rent For Sublease.

If Landlord gives its written consent, Tenant may sublet all or a portion of the Property. If any rent accrues to Tenant as the result of such sublease that exceeds the pro rata share of rent then being paid by Tenant for the portion of the Property being sublet, then 25% of such excess rent must be paid by Tenant to Landlord as additional rent.

9. PROHIBITION OF LIENS

Tenant must not suffer or permit any liens, including without limitation, mechanic's or materialmen's liens, to be recorded against the Property. If any such liens are recorded against the Property, Tenant must cause the same to be removed, or, in the alternative, if Tenant in good faith desires to contest the same, Tenant will be privileged to do so, but in such case Tenant hereby agrees to indemnify and save Landlord harmless from all liability for damages occasioned thereby and must, in the event of a judgment or foreclosure of such liens, cause the same to be discharged and removed prior to any attempt at execution of such judgment. Nothing contained in this Lease may be construed to be a waiver of the provisions of AS 09.38.015(c), as may be amended from time to time.

10. INDEMNITY

10.01. Indemnity Generally

Tenant agrees to protect, indemnify and hold Landlord harmless from and against any and all liability arising from acts or omissions of any person and of any nature whatsoever occurring on the Property during the Term or during Tenant's possession of the Property, or arising out of or relating to the Tenant's use of the Property, causing injury to, or death of persons, or loss of, or damage to, property, and from any expense, including attorneys fees, incidental to the defense of and by Landlord therefrom, excepting only liability arising from the sole negligence of Landlord. If any action or proceeding is brought against Landlord by reason of any such occurrences, Landlord will promptly notify Tenant in writing of such action or proceeding.

10.02. Indemnity For Emergency Service Costs

Without limiting the generality of paragraph 10.01, in the event of a major fire or other emergency, Tenant must reimburse Landlord for the cost of providing fire fighting and other emergency service to Tenant or the Property, or elsewhere if 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 paragraph, a major fire or other emergency is one that requires more than five hours of effort by the Homer Department of Public Safety or its successors.

11. INSURANCE

11.01. Liability Insurance

(a) Tenant must procure and at all times maintain, at its expense, public liability insurance covering Tenant's operations and the Property in an amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) per occurrence to protect against liability for bodily

injury, death or property damage that might arise from the construction, occupancy or use of the Property and the operations conducted on, from, or related to it. Such insurance must include coverage for comprehensive general liability; bodily injury and property damage liability; premises and operations liability, including underground, products and completed operations; broad form property damage liability; blanket contractual liability; personal injury liability; and comprehensive automobile liability including without limitation bodily injury and property damage and all owned, hired, and non-owned automobiles. Such insurance policy or policies must be additionally endorsed to provide sudden and accidental pollution coverage for claims or losses arising out of activities or events taking place on the Property or arising out of Tenant's operations, wherever conducted in the City of Homer.

(b) Based on the authorized uses of the Property stated in paragraph 5.01, 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 5.01, then if Landlord so elects, and within ten days after Landlord gives notice of such election, Tenant must procure and at all times thereafter maintain, at its expense, environmental remediation and environmental impairment liability insurance, including sudden and accidental coverage and gradual pollution coverage. Such coverage must also include clean-up cost coverage associated with any activity by Tenant or others on, from, or related to the Property. Tenant must maintain limits of liability in the amount stated by Landlord in its notice to Tenant, but in no event less than ONE MILLION DOLLARS (\$1,000,000.00) for any one accident or occurrence. Environmental impairment liability insurance must extend to loss arising as a result of: (i) liability of others assumed by Tenant under contract or agreement; (ii) clean-up operations; (iii) activities performed by or on behalf of Tenant while Tenant has care, custody, possession, or control of vessels, equipment, people, supplies, products or materials for which Tenant performs services or upon which Tenant performs actions; and (iv) the work or services or products furnished, used or handled in connection with Tenant's operations contemplated under this Lease.

11.02. Worker's Compensation and Employer's Liability Insurance

Tenant must procure and at all times during the term of this Lease maintain, at its expense, Worker's Compensation Insurance as required by statute and Employer's Liability Insurance.

11.03. Named Insured, Notice to Landlord, and Waiver of Subrogation

All insurance policies required to be maintained by Tenant under paragraph 11.01 must name Landlord, and its officers, employees and agents, as additional insured, but they must not contain any exclusion from coverage for Tenant's liability for damages or loss incurred by Landlord because of Landlord's status as an additional insured. All policies issued under paragraph 11.01 must contain a waiver of any subrogation rights any insurer might have against Landlord. All policies issued under paragraphs 11.01 or 11.02 must contain an agreement by the insurers to provide at least thirty (30) days prior written notice to Landlord of cancellation, expiration or substantial changes in policy conditions and coverage. Tenant must furnish insurance certificates and copies of all such insurance policies to Landlord promptly after the issuance thereof.

11.04. Fire and Extended Coverage Insurance; Builder's Risk Insurance

(a) Except as provided in subparagraphs 11.04(b) and (c), Tenant may at its own expense and in its own name obtain insurance against loss or damage by fire and such other risks as it determines to cover buildings, equipment, inventory, fixtures, personal property and improvements made to the Property by Tenant subsequent to Tenant's taking possession of the Property under this Lease.

(b) Tenant must procure and at all times maintain, in its own name and at its expense, physical property damage insurance covering the Required Improvements described in paragraph 6.02 in an amount not less than 90% of the replacement cost of the Required Improvements. Such insurance must afford coverage for damages resulting from, at a minimum (i) fire, (ii) perils covered by extended coverage insurance, and (iii) explosion of steam and pressure boilers and similar apparatus located on the Property.

(c) During construction of the Required Improvements and during any subsequent restorations, alterations, or changes in the Required Improvements at a cost in excess of \$250,000 per job, Tenant must procure and maintain builder's all risk insurance in an amount reasonably satisfactory to Landlord.

11.05 Required Endorsements and Authorization

In addition to, and without limiting the requirements of paragraphs 11.01 through 11.04, Tenant must at all times maintain and give to the Landlord, for Landlord's benefit, current insurance endorsements substantially in the form of **Exhibit E** and **Exhibit F**. Tenant must also grant Landlord permission to obtain copies of insurance policies from all insurers providing required coverage to Tenant by executing and delivering to Landlord an authorization substantially in the form of **Exhibit G**. Tenant must, from time to time, execute and deliver to Landlord such additional authorizations (**Exhibit G**) that Landlord may request.

12. CONDEMNATION

12.01. Condemnation

In the event the Property, or any part thereof or interest therein, is taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, or is transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, 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 12.

12.02. Total Taking

If all of the Property is taken or so transferred, this Lease and all the right title and interest thereunder of Tenant will cease on the date title to the Property vests in the condemning authority.

12.03. Partial Taking - Termination of Lease

In the event the taking or transfer of part of the Property leaves the remainder of the Property in such location, or in such form, shape or reduced size, or so inaccessible as to be not effectively and practicably usable in the opinion of the Tenant for the purpose of

operation thereon of Tenant's business, then this Lease and all of the right, title and interest thereunder of Tenant will cease on the date title to the Property vests in the condemning authority, and the condemning authority enters into possession.

12.04. Partial Taking - Continuation of Lease

In the event the taking or transfer of a part of the Property leaves the remainder of the Property in such location and in such form, shape or size, or so accessible as to be effectively and practicably usable in the opinion of Tenant for the purpose of operation thereon of Tenant's business, this Lease will terminate and end as to the portion of the Property so taken or transferred as of the date title to such portion vests in the condemning authority and the condemning authority enters into possession, but will continue in full force and effect as to the portion of the Property not so taken or transferred. If there is a partial taking and this Lease is not terminated, then the annual rent payable under this Lease will abate for the portion of the Property taken in the proportion that such portion bears to all of the Property.

12.05. Compensation

If any compensation is payable as a result of eminent domain proceedings or a transfer in lieu thereof, Landlord and Tenant may each make a claim against the condemning or taking authority for the amount of any just compensation due to each of them, respectively. Tenant must 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 in the event of a single award to Landlord that 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.

13. DEFAULT

13.01. Default

Each of the following events will be deemed an event of default by the Tenant under this Lease and a breach of the terms, covenants and conditions of this Lease:

(a) A default in the payment of the rent and additional sums due under this Lease, or any part thereof, for a period of ten (10) days from the due date for the payment of such rent or additional sums.

(b) A default in the performance of any other term, covenant or condition on the part of the Tenant to be kept, performed or observed for a period of fifteen (15) days after Landlord gives to Tenant a written notice specifying the particular default or defaults; provided, however, that any default on the part of Tenant in the performance of work or acts required to be done, or conditions to be modified, will be deemed to be cured if steps are taken promptly (and in no event later than thirty (30) days after such notice has been given) by Tenant to rectify the same and are prosecuted to completion with diligence and continuity.

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

(d) The abandonment of the Property by Tenant. If the Property is deserted or Tenant does not use the Property for the purposes stated in paragraph 5.01 for 12 months or more, it will be deemed abandoned, even if Tenant continues to pay rent.

(e) Tenant making an assignment for the benefit of creditors, filing a petition in bankruptcy, petitioning or applying to any tribunal for the appointment of a custodian, receiver, or any trustee for it or a substantial part of its assets, or commencing any proceedings under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or the filing of any such petition or application, or the commencing of any such proceeding against it, in which an order for relief is entered or that remains undismissed for a period of 30 days or more; or Tenant by any act or omission indicating its consent to, approval of, or acquiescence in any such petition, application, or proceeding or order for relief or the appointment of a custodian, receiver, or any trustee for it or any substantial part of any of its properties, or the suffering of any such custodianship, receivership, or trusteeship to continue undischarged for a period of 30 days or more.

(f) Tenant being generally unable to pay its debts as such debts become due.

(g) Tenant having concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay, or defraud its creditors or any of them, or making or suffering a transfer of any of its property that may be fraudulent under any bankruptcy, fraudulent conveyance, or similar law; or suffering or permitting, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint that is not vacated within 30 days from the date thereof.

13.02. Landlord's Remedies

In the event of any default by Tenant as recited in paragraph 13.01 of this Lease, Landlord will have all of the below-enumerated rights and remedies, all in addition to any rights and remedies that Landlord may be given by statute, common law or otherwise. All rights of Landlord are cumulative, and none will exclude any other right or remedy. Landlord's rights and remedies include the following:

(a) Landlord may declare the term of this lease ended by written notice to Tenant. Upon such termination of this Lease, Tenant must surrender possession and vacate the Property immediately, and deliver possession thereof to Landlord, and Tenant hereby grants to Landlord full and free license to enter into and upon the Property in such event with or without process of law and to repossess Landlord of the Property and 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, 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. Upon such termination of Tenant's right to possession, Landlord will have all the rights to repossess the Property and remove Tenant and Tenant's property that are enumerated in paragraph 13.02 (a).

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(c) 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 or Renewal Term, as applicable, for any sum that Landlord may deem reasonable, except as provided in (e) of this paragraph.

(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, whether this Lease be terminated or not, from Tenant, damages provided for below consisting of items (i), and (ii), or, at Landlord's election in lieu of (ii), item (iii):

(i) actual attorney's fees and other expenses incurred by Landlord by reason of the breach or default by Tenant; and

(ii) an amount equal to the amount of all rent and additional sums reserved under this Lease, less the net rent, if any, collected by Landlord on reletting the Property, that shall be due and payable by Tenant to Landlord on the several days on which the rent and additional sums reserved in this Lease would have become due and payable; that is to say, upon each of such days Tenant must pay to Landlord the amount of deficiency then existing. Such net rent collected on reletting by Landlord will be computed by deducting from the gross rent collected all expenses incurred by Landlord in connection with the reletting of the Property, or any part thereof, including broker's commission and the cost of renovating or remodeling the Property or the buildings or improvements thereon, provided, however, Landlord must take diligent effort in reletting the Property to obtain a rental rate as close to or above that required of Tenant under this Lease or else Landlord will not have access to the remedy set out in this subparagraph 13.02(e)(ii); or

(iii) an amount to be due immediately on breach, equal to the difference between the rent and the fair and reasonable rental value of the Property for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Property for the period for which such installment was payable will be discounted to the date of such breach at the rate of eight percent (8%) per year.

(f) Reentry or reletting of the Property, or any part thereof, will not be deemed a termination of this Lease, unless expressly declared to be so by Landlord.

(g) If this Lease is deemed terminated, Tenant's liabilities will survive and Tenant will be liable for damages as provided in this paragraph 13.02.

13.03. Assignment of Rents to Landlord

Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under the Lease, all rent from any subletting of all or a part of the Property as permitted by this Lease, 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 obligation under this Lease, except that, until the occurrence of an act of default by Tenant, Tenant will have the right to collect such rent.

14. RESERVED

15. REMOVAL OF TRADE FIXTURES, EQUIPMENT, AND MACHINERY UPON EXPIRATION OR TERMINATION OF LEASE

15.01. Removal Upon Expiration

Trade fixtures, machinery, equipment, and other items of personal property owned by Tenant will be considered Tenant's property at all times during this Lease and must be removed by Tenant at its own expense from the Property upon the expiration of the Term or Renewal Term of this Lease, unless Landlord gives written consent to allow such property to remain on the Property. If the removal of Tenant's trade fixtures, machinery, equipment and other items of personal property causes injury or damage to the Property, including buildings or improvements that will remain on the Property, Tenant must repair such injury or damage or pay Landlord the full amount to repair the same. In the event Tenant, without Landlord's written consent, fails to remove such property on or before the expiration of this Lease, the Landlord may, at its election, immediately (i) declare all or any part of the property abandoned, in which case title to such property will vest in Landlord, or (ii) to the extent Landlord does not elect to declare it abandoned and take title to such property, Landlord may, in any manner that it sees fit, remove, store, destroy, or otherwise dispose of the property at the Tenant's expense and without liability to Tenant for any loss, damage, value, or other compensation claimed by Tenant as a consequence.

15.02. Removal After Early Termination

In the event this Lease terminates for any reason before the scheduled expiration of the Term or Renewal Term, as applicable, Tenant must within one month after such early termination date remove Tenant's trade fixtures, machinery, equipment and other items of personal property, unless Landlord gives written consent to allow such personal property to remain on the Property. If the removal of Tenant's trade fixtures, machinery, equipment and other items of personal property causes injury or damage to the Property, including buildings or improvements that will remain on the Property, Tenant must repair such injury or damage or pay Landlord the full amount to repair the same. On or before the end of such one month period, Tenant may extend the time for removal of such personal property for an additional one month upon written notice to Landlord accompanied by payment of compensation for the entire two month period following the early termination date at a rate equal to 125% of the monthly rental rate in effect on the early termination date (i.e., monthly rental rate x 125% x 2 months). Acceptance of such compensation will not extend the term of the Lease nor create a month-to-month tenancy. In the event Tenant fails to remove such property within one month after the early termination of this Lease, or within two months if Tenant elects to extend by giving timely notice and paying compensation, the Landlord may, at its election, immediately (a) declare all or any part of the property abandoned, in which case title to such property will vest in Landlord, or (b) to the extent Landlord does not elect to declare abandoned and take title to such property, Landlord may, in any manner that it sees fit, remove, store, destroy, or otherwise dispose of the property at the Tenant's expense and without liability to Tenant for any loss, damage, value, or other compensation claimed by Tenant as a consequence.

16. HAZARDOUS MATERIALS

16.01. Use of Hazardous Materials on the Property

(a) Tenant must not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property by Tenant or its authorized representatives, customers, invitees or sublessees, except for such Hazardous Material as is necessary or useful to Tenant's lawful use of the Property.

(b) Any Hazardous Material permitted on the Property as provided in this paragraph, and all containers therefor, must be handled, used, kept, stored and disposed of in a manner that complies with all laws or regulations applicable to any such Hazardous Material. Such Hazardous Material must be handled only by properly trained personnel.

(c) Tenant must not discharge, leak or emit, or permit to be discharged, leaked or emitted, any material into the atmosphere, ground, sewer system or any body of water, if such material (as reasonably determined by the Landlord, or any governmental authority) does or may, pollute or contaminate the same, or may adversely affect (i) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (ii) the condition, use or enjoyment of the Property or any other real or personal property.

(d) If any discharge, leak, spill, emission, or pollution of any type occurs upon or from the Property during the Lease term or any holdover, Tenant will immediately notify Landlord and all appropriate federal, state, and local authorities, and will act immediately to contain the spill, repair any damage, absorb and clean up the spill area and restore the Property to comply with the applicable portions of any federal, state, or local law or regulation then in effect.

(e) Tenant hereby agrees that it will be fully liable for all costs and expenses related to the handling, use, storage, and disposal of Hazardous Material brought or kept on the Property by the Tenant, its authorized representatives, customers, invitees and sublessees, and the Tenant must give immediate notice to the Landlord of any violation or potential violation of the provisions of subparagraphs 16.01 (a), (b), (c) and (d).

16.02. Indemnification of Landlord

Any other provisions of the Lease to the contrary notwithstanding, Tenant must defend, indemnify and hold harmless Landlord and its authorized representatives, from and against any claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses (including, without limitation, attorney, consultant and expert fees, court costs and litigation expenses) of whatever kind of nature, known or unknown, contingent or otherwise, arising out of or in any way related to: (a) the presence, disposal, release, or threatened release of any such Hazardous Material that is on, from, or affecting the Property, soil, water, vegetation, buildings, personal property, persons, animals, or otherwise; (b) any bodily injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Material; (c) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Material; and/or (d) any violation of any laws applicable thereto. However, this paragraph will apply only if the acts or omissions giving rise to the claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses: (i) occur in whole or in part during the Term of this Lease 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. The provisions of this paragraph will be in addition to any other obligations and liabilities Tenant may have to Landlord at law or equity and will survive the termination of this Lease.

16.03. Hazardous Material Defined

"Hazardous Material" is any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the State of Alaska, or the United States government. "Hazardous Material" includes any and all material or substances that are defined as "hazardous waste", "extremely hazardous waste", or a "hazardous substance" pursuant to local, state or federal law, including without limitation, the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. "Hazardous Material" also includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCB's") and petroleum and petroleum products.

17. GENERAL PROVISIONS

17.01. Estoppel Certificates

Either party must at any time and from time to time upon not less than thirty (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 unamended and in full force and effect (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 rent and other charges have been paid in advance. The cost of preparing an estoppel certificate, including the cost of conducting due diligence investigation and attorney's fees, must be paid by the requesting party.

17.02. Conditions and Covenants

All the provisions of this Lease will be deemed as running with the land, and will be construed to be "conditions" as well as "covenants," as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

17.03. No Waiver of Breach

No failure by either Landlord or Tenant to insist upon the strict performance by the other of any term, covenant or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, will constitute a waiver of any such breach or of such terms, covenants or conditions. No waiver of any breach will affect or alter this Lease, but each and every term, covenant and condition of this Lease will continue in full force and effect with respect to any other then existing or subsequent breach.

17.04. Attorney's Fees

(a) If Landlord is involuntarily made a party defendant 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 must 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 must reimburse the prevailing party for the attorney's fees reasonably incurred and expended by the prevailing party in the litigation.

17.05. Time of Essence

Time is of the essence of the Lease and of each provision.

17.06. 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.

17.07. Successors in Interest

Each and all of the terms, covenants and conditions in this Lease will inure to the benefit of and will be binding upon the successors in interest of Landlord and Tenant.

17.08. Entire Agreement

This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement of promise made by any party that is not contained in the Lease will be binding or valid.

17.09. 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, must be brought in the Third Judicial District of the State of Alaska.

17.10. Partial Invalidity

If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions will remain in full force and effect and will in no way be affected, impaired or invalidated, unless such provisions are considered by Tenant to be integral to Tenant's use of the Property for the purposes stated herein in which case Tenant will have the authority to terminate this Lease upon thirty (30) days written notice to Landlord.

17.11. Relationship of Parties

Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between Landlord and Tenant and neither the method of computation of rent, nor any other provision contained in this Lease nor any acts of the parties, shall be deemed to create any relationship between Landlord and Tenant other than the relationship of Landlord and Tenant.

17.12. Interpretation

The language in all parts of this Lease must in all cases be simply construed according to its fair meaning and not for or against Landlord or Tenant as both Landlord and Tenant have had opportunity for the assistance of attorneys in drafting and reviewing this Lease.

17.13. Number and Gender

In this Lease, the neuter gender includes the masculine and the feminine, and the singular number includes the plural; the word "person" includes corporation, partnership, firm or association wherever the context so requires.

17.14. Mandatory and Permissive

"Shall," "must," "will," and "agrees" are mandatory; "may" is permissive.

17.15. Captions

Captions of the paragraphs of this Lease are for convenience and reference only, and the words contained therein will in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

17.16. Amendment

This Lease is not subject to amendment except in writing executed by all parties hereto.

17.17. Delivery of Notices - Method and Time

All notices, demands or requests from one party to another must be delivered in person or be sent by (i) mail, certified or registered, postage prepaid, or (ii) 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 addresses stated in paragraph 17.18 and will be deemed to have been given at the time of delivery or, if mailed, three (3) days after the date of mailing.

17.18. Notices

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

City Manager

City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603
Facsimile: (907) 235-3148

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

David and Diane Morris
Alaska High Hopes Charters & Co.
dba Bob's Trophy Charters
P. O. Box 2478
Homer, AK 99603
Facsimile: _____

17.19. Change of Address or Agent

Each party may, from time to time, to designate a different address or different agent for service of process by notice given in conformity with paragraph 17.17.

17.20. 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.

18. SPECIAL PROVISIONS

18.01. Prior Lease

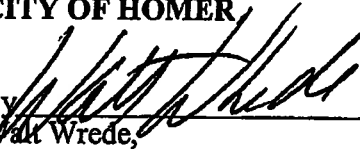
Landlord and Tenant are parties to a Lease Agreement affecting the Property dated September 1992 and recorded in the records of the Homer Recording District at Book 218, commencing at Pages 001 (the "Former Lease"). This Lease amends and supercedes the Former Lease effective as of March ____, 2008 and on and after that date the Former 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 Former Lease prior to the effective date of this Lease.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals the dates hereinbelow set forth.

Landlord:

CITY OF HOMER

Date: 4/16/08

By 
Walt Wrede,
City Manager

Tenant:

Date: 4-8-08

By David Morris
DAVID MORRIS (name)
PRESIDENT (title)

Date: _____

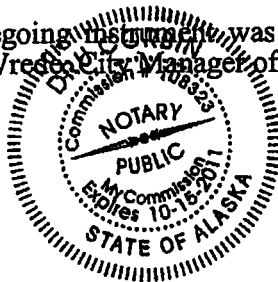
By _____

(name)
(title)

ACKNOWLEDGMENTS

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

The foregoing instrument was acknowledged before me on _____,
2008, by Walt Wrege, City Manager of the City of Homer, on behalf of the City of Homer.



Dru Corbin
Dru Corbin, Administrative Assistant
My Term Expires: 10-15-2011

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT) ss.

The foregoing instrument was acknowledged before me on _____,
2008, by _____, as _____ (title) of
_____ (name of entity), a state of _____
(state) _____ (type of entity) on behalf of _____
(name of entity).

Notary Public in and for Alaska
My Commission Expires: _____

STATE OF ALASKA)

The foregoing instrument was acknowledged before me on _____, 2008, by _____, as _____ (title) of _____ (name of entity), a state of _____ (state) _____ (type of entity) on behalf of _____ (name of entity).

Alaska High Hopes Charter & Co. dba Bob's Trophy Charters Ground Lease
Page 26

EXHIBIT A

**SCHEDULE OF ORGANIZATION, OWNERS,
PERCENTAGE OF OWNERSHIP**

Tenant, Alaska High Hopes Charter & Co. dba Bob's Trophy Charters, is a _____ organized under the laws of the state of _____. Attached to this exhibit is a certificate issued by that state certifying that Tenant is in good standing and describing its legal organization. If Tenant is a foreign entity authorized to conduct business in Alaska, its certificate of authority is also attached

The _____ (specify whether shareholders, partners, members, etc.) and their percentage of ownership are as follows:

Name _____ %

Address: _____

Name _____ %

Address: _____

Name _____ %

Address: _____

Name _____ %

Address: _____

TOTAL 100 %

EXHIBIT B

**CONFORMED COPY OF RESOLUTION AUTHORIZING LEASE
AND AUTHORIZING SIGNERS TO SIGN LEASE AGREEMENT ON
BEHALF OF TENANT**

6

6

EXHIBIT C
SITE PLANS

6

6

EXHIBIT D
FLOOR PLANS

GENERAL LIABILITY INSURANCE ENDORSEMENT

Attn.: City Manager

1. Insurance company _____; Policy no. _____
2. Policy term (from) _____ to _____
Endorsement effective date: _____
3. Named insured _____
4. Address of named insured _____
5. Policy is: _____ claims made _____ occurrence
6. If claims made: Retroactive date: _____ Is tail coverage afforded? _____
7. Limit of liability any one occurrence: \$ _____ Aggregate: \$ _____
8. Deductible or self-insured retention (nil unless otherwise specified):
\$ _____

2. **CONTRIBUTION NOT REQUIRED.** As respects: (a) work performed by the named insured for or on behalf of the City; or (b) products sold by the named insured to the City; or (c) premises leased by the named insured from the City, the insurance afforded by this policy shall be primary insurance as respects the City, its elected or appointed officials, employees or volunteers; or stand in an unbroken chain of coverage excess of the named insured's scheduled underlying primary coverage. In either event, any other insurance maintained by the City, its elected or appointed officials, employees or volunteers shall be excess of this insurance and shall not contribute with it.

3. SCOPE OF COVERAGE. The policy: (a) if primary, affords coverage at least as broad as forms currently in use as approved by the State of Alaska Division of Insurance; and (b) if excess, affords coverage which is at least as broad as the primary insurance forms reference in the preceding subpart (a).

4. SEVERABILITY OF INTEREST. The insurance afforded by this policy applies separately to each insured who is seeking coverage or against whom a claim is made or a suit is brought, except with respect to the Company's limit of liability.

5. PROVISIONS REGARDING THE INSURED'S DUTIES AFTER ACCIDENT OR LOSS. Any failure to comply with reporting provisions of the policy shall not affect coverage provided to the City, its elected or appointed officials, employees or volunteers.

6. CANCELLATION NOTICE. The insurance afforded by this policy shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice by certified mail return receipt requested has been given to the City. Such notice shall be addressed as shown in the heading of this endorsement.

C. SIGNATURE OF INSURER OR ITS AUTHORIZED REPRESENTATIVE:

I, _____ (print/type name), _____ (title)
warrant that I have authority to bind the below-named insurance company and, by my
signature hereon, do so bind this company.

Signature: _____
(original signature required on endorsement furnished to the City)

Company _____

Address _____

Phone _____

Fax _____

EXHIBIT F

WORKERS' COMPENSATION/EMPLOYERS LIABILITY ENDORSEMENT

City of Homer ("City")
491 East Pioneer Ave.
Homer, Alaska 99603-7624

A. POLICY INFORMATION

1. Insurance company: _____ ("Company");
Policy No. _____
2. Effective date of this endorsement: _____
3. Named insured: _____
4. Employer's liability limit (Coverage B): _____

B. POLICY AMENDMENTS

In consideration of the policy premium and notwithstanding any inconsistent statement in the policy to which this endorsement is attached or any other endorsement attached thereto, it is agreed as follows:

1. **CANCELLATION NOTICE.** The insurance afforded by this policy shall not be suspended, voided, canceled, reduced in coverage or in limits, except after thirty (30) days' prior written notice by certified mail, return receipt requested, has been given to the City. Such notice shall be sent to the address given in the heading of this endorsement.

2. **WAIVER OF SUBROGATION.** The Company agrees to waive all rights of the subrogation against the City, its elected or appointed officials, agents and employees for losses paid under the terms of this policy which arise from work performed by the named insured for the City.

C. SIGNATURE OF INSURER OR ITS AUTHORIZED REPRESENTATIVE

I, _____ (print/type name), _____ (title)
warrant that I have authority to bind the below-named insurance company and, by my signature hereon, do so bind this company.

Signature: _____
(original signature required on endorsement furnished to the City)

Company _____
Address _____

Phone _____ Fax _____

EXHIBIT G

PERMISSION TO OBTAIN INSURANCE POLICIES

The City of Homer is hereby granted permission to request and obtain copies of _____ ("Tenant") insurance policies from Tenant's broker and/or insurer, _____. 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: _____

TENANT NAME

By: _____

_____ (printed name)
_____ (title)

By: _____

_____ (printed name)
_____ (title)

EXHIBIT H
LEGAL DESCRIPTION EXHIBIT

RECEIVED

DEC 7 1992

City of Homer
Finance Dept.

BOOK 0218 PAGE 001

**LEASE AGREEMENT
BETWEEN
ALASKA'S HIGH HOPES CHARTERS & CO.
AND
CITY OF HOMER, ALASKA**

September 1992

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LEASE AGREEMENT

THIS LEASE ("Lease") is effective this 8th day of September, 1992, between the CITY OF HOMER, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as "LESSOR", and ALASKA'S HIGH HOPES CHARTERS & CO., a corporation organized under the laws of the State of Alaska, hereinafter referred to as "LESSEE".

LESSOR and LESSEE agree as follows:

I. PROPERTY

1.01. Property

Subject to the terms, covenants, conditions, rights and obligations set forth in this Lease, LESSOR leases to LESSEE and LESSEE leases from LESSOR the following described property, to be replatted as Lot 92-2 pursuant to paragraph 1.05 and as shown in Exhibit A attached hereto:

Commencing at the Southeast Corner of Lot 3, according to Plat No. 89-34 of the Homer Spit in the Homer Recording District, Third Judicial District, Homer, Alaska; thence North 11°43'28" East, 122.38 feet to the True Point of Beginning (which is also the Northeast Corner of Lot 92-2); thence North 58°42'48" West, 74.47 feet (to the Northwest Corner of Lot 92-2); thence South 31°17'12" West, 94.03 feet (to the Southwest Corner of Lot 92-2); thence south 48°15'50" East, 50.85 feet to an angle point (on the South boundary of Lot 92-2); thence North 31°17'12" East, 62.40 feet to an angle point (on the East boundary of Lot 92-2); thence South 58°42'48" East, 38.97 feet to an angle point (on the East boundary of Lot 92-2); thence North 11°43'28" East, 43.35 feet to the True Point of Beginning, subject to all easements and restrictions of record and existing encroachments.

The parcel contains approximately 6,228.47 square feet and is referred to herein as the "Property".

1.02. Quiet Enjoyment, Restrictions, Easements, Etc.

LESSOR covenants and agrees that LESSEE, upon paying the rent and other charges herein provided for and observing and keeping the covenants, conditions and terms of this Lease on LESSEE's part to be kept or performed, shall lawfully and quietly hold, occupy and enjoy the Property during the term of this Lease without hindrance or molestation, subject, however,

to the rights and reservations expressed in the United States or State patent to the Property, the existing easements for roads, gas, electric, water, sewer and other utility lines, restrictions of record and to encroachments ascertained by physical inspection of the Property.

LESSOR retains and reserves the right to install, construct and maintain water and sanitary sewer mains and all associated appurtenances on the Property within a five-foot area on each side of the existing or proposed water and sanitary sewer mains shown in Exhibit A.

1.03. Property Accepted "As Is"

LESSEE acknowledges that it has inspected the Property and accepts the same "as is" and without reliance on any representations or warranties of LESSOR, its agents, servants or employees as to the physical condition of the Property, including, but not limited to, subsurface and soil conditions, the presence of any hazardous materials as defined in paragraph 14.03, or as to the habitability or fitness of the Property for any particular purpose.

1.04. No Subsurface Rights

This Lease confers no mineral rights or rights with regard to the subsurface of the land below the level necessary for the use of the Property as stated in this Lease. LESSOR makes no warranty or representation as to whether the Property is open or closed to mineral claims or leases under state or federal law.

1.05. Replat

LESSEE, at LESSEE'S expense, shall prepare and obtain approval of a replat of the Property as a separate single parcel. Such replat shall be completed within six months of the commencement of this Lease. LESSOR will cooperate with LESSEE in such efforts.

II. TERM

2.01. Lease Term

The term of this Lease shall commence on September 1, 1992, and end on August 31, 1997.

2.02. Renewal Options

LESSEE shall have the right to renew this Lease for two (2) additional, successive five (5) year periods, provided:

(a) that LESSEE shall exercise its option to renew not more than one (1) year and not less than 120 days prior to the last day of the term or renewal term of this Lease:

(b) that LESSEE is not in default of any term or condition of this Lease and has not made an assignment or subletting of this Lease or any interest in the Property without the written permission of the LESSOR as set forth in this Lease;

(c) that LESSEE shall exercise its option to renew only by sending written notice thereof in accordance with the provisions of paragraph 15.17 of this Lease; and

(d) that LESSEE shall exercise only one renewal option per term or renewal term, i.e., LESSEE shall not be entitled to exercise both renewal options during the same option renewal window.

2.03. Hold-Over

If LESSEE shall hold-over after the expiration of the term or any renewal term of this Lease such tenancy shall be from month to month, terminable upon 30 days' written notice given by either party at any time, subject to all the terms, covenants and conditions of this Lease, and shall not operate as a renewal or extension of this Lease.

2.04. Surrender of Possession

Upon expiration of the term of this Lease, whether by lapse of time or otherwise, LESSEE shall promptly and peaceably surrender the Property, and LESSEE agrees to execute, acknowledge and deliver to LESSOR a proper instrument in writing, releasing and quitclaiming to LESSOR all right, title and interest of LESSEE in and to the Property.

III. RENT, TAXES, ASSESSMENTS AND UTILITIES

3.01. Rent

LESSEE agrees to LESSOR a monthly rent of TWO HUNDRED THIRTY-THREE DOLLARS (\$233.00), plus tax, in advance on the first day of each month commencing on September 1, 1992 and continuing through November 30, 1992. Thereafter, LESSEE agrees to pay to LESSOR annual rent equal to the appraised market rent of the Property, payable in equal monthly amounts, plus tax, in advance on the first day of each month commencing on December 1, 1992. In no event shall the annual rent during the initial five-year term be

less than TWO THOUSAND EIGHT HUNDRED THREE DOLLARS (\$2,803.00) (\$.45 per square foot per annum), and in no event shall the annual rent for the initial five-year term exceed FOUR THOUSAND SEVEN HUNDRED THIRTY-FOUR DOLLARS (\$4,734.00) (\$.76 per square foot per annum). However, the limitations on minimum and maximum annual rent shall not apply to any renewal terms.

Rent shall be payable at the office of the City Manager, 491 East Pioneer Avenue, Homer, Alaska 99603-7624, or at such other place as LESSOR may designate in writing. Delinquent rent shall bear interest at the rate set forth in AS 45.45.010(a) as now enacted or hereinafter amended.

3.02. Appraisal of Property

The appraised market rent will be based on the fair market rental value of the Property, as if privately owned in fee simple, and shall not include the value of buildings or improvements placed on the Property by LESSEE (with the exception of utilities). The cost of the appraisal shall be paid by LESSEE, but if LESSEE fails to do so, LESSOR may pay the cost of the appraisal in which case the amount paid shall become additional rent immediately due and payable under this Lease. The fair market rental value shall be determined by a qualified real estate appraiser selected by mutual agreement of LESSOR and LESSEE. The appraiser's determination of fair market rent shall be conclusive as between the parties.

3.03. Adjustment of Rent

The Property will be reappraised as set forth in paragraph 3.02 at the beginning of any renewal term, i.e., September 1, 1997 and September 1, 2002 ("the rent adjustment date"). The market rental value shall be determined not less than six months before the rate adjustment date. If the determination of adjusted rent is made after the applicable adjustment date, LESSEE shall pay rent at one hundred ten percent (110%) of the rate applicable to the preceding five-year period until the adjusted rate is determined. Within thirty days after the appraisal is completed, LESSEE shall pay any difference between the adjusted market rent and the 110% of the preceding rent to LESSOR for the period affected by the adjustment; in no case, however, shall LESSEE be reimbursed if the adjusted market rent value is less than 110% of the preceding rent.

3.04. LESSEE to Pay Taxes

LESSEE agrees to pay prior to delinquency and directly to the taxing authorities in which the Property is located all applicable real property taxes levied or assessed upon or against the Property and all buildings and improvements

thereon during the term of this Lease. LESSEE further agrees to pay prior to delinquency and directly to the taxing authorities in which the Property is located all applicable personal property taxes on personal property situated on the Property and placed thereon by LESSEE, its agents, servants, or employees. LESSEE further agrees to pay prior to delinquency any other taxes for which it may be liable. LESSEE shall, within 30 days after any such tax, assessment or other charge, whether or not constituting a lien on the Property, shall become due and payable, produce and exhibit to LESSOR satisfactory evidence of payment thereof.

LESSEE acknowledges that it is subject to and will pay applicable municipal taxes, including property tax on LESSEE's leasehold interest in the Property.

3.05. LESSEE to Pay Assessments

LESSEE during the term of this Lease agrees to pay directly to the public authorities charged with collection thereof any and all assessments levied on the Property for any part or all of the costs of any public work or improvement assessed according to benefit found by the levying authority to accrue therefrom to the Property, provided, however, that if an option is given to pay such assessment(s) in installments, LESSEE may elect to pay the same in installments, and in such case LESSEE shall be liable only for such installments as shall become due during the term of this Lease. However, LESSOR, during the term of this lease, agrees to pay any and all assessments levied on the Property for any part or all of the costs of any water or sanitary sewer improvements assessed against the Property. LESSOR warrants and represents that there are currently no outstanding assessments levied on the Property for any part or all of the cost of any public work or improvement constructed by LESSOR.

3.06. Proration of Taxes and Assessments

If LESSEE's obligation to pay taxes or assessments commences or ends during a tax year by reason of commencement or termination of this Lease, such taxes or assessments shall be prorated between LESSOR and LESSEE.

3.07. Contest

LESSEE shall have the right to contest any taxes or assessments that LESSEE is obligated to pay under paragraphs 3.04 or 3.05 of this Lease. Such proceedings shall, if instituted, be conducted promptly at LESSEE's own expense and free from all expense to LESSOR. Before instituting any such proceedings, LESSEE shall pay under protest any such taxes or assessments, or shall furnish to LESSOR a surety bond written

by a company acceptable to LESSOR or other security acceptable to LESSOR, sufficient to cover the amount of such taxes or assessments, with interest for the period that such proceedings may reasonably be expected to take, and costs, securing the payment of such taxes or assessments, interest and costs in connection therewith when finally determined. Notwithstanding the furnishing of any such bond or security, LESSEE shall pay any such taxes or assessments at least 30 days before the time when the Property or any part thereof, might be forfeited. The proceedings referred to in this paragraph 3.07 shall include appropriate appeals from any order or judgments therein, but all such proceedings shall be begun as soon as reasonably possible after the imposition or assessment of any such taxes or assessments and shall be prosecuted to final adjudication promptly. In the event of any reduction, cancellation or discharge, LESSEE shall pay the amount that shall be finally levied or assessed against the Property or adjudicated to be due and payable, and, if there shall be any refund payable by the governmental authority with respect thereto, LESSEE shall be entitled to receive and retain the same, subject, however, to apportionment as provided in paragraph 3.06 of this Lease. LESSOR, at LESSOR's option, may, but shall not be obligated to, at LESSOR's own expense, contest any such taxes or assessments, which shall not be contested as set forth above, and, unless LESSEE shall promptly join with LESSOR in such contest and pay all costs and attorneys fees of LESSOR therein, LESSOR shall be entitled to receive and retain any refund payable by any governmental authority with respect thereof.

3.08. LESSEE to Pay Utility Charges

LESSEE shall pay or cause to be paid all charges for gas, oil, electricity, water, sewer, heat, snow removal, refuse removal and any and all other utilities or services used upon the Property throughout the term of this Lease, including any connection fees. LESSEE shall have certain utilities installed as set forth in paragraph 5.02.

3.09. LESSEE to Pay for City Services Related to the Property or to LESSEE's Operations

LESSEE shall pay for all services provided by the City of Homer which are related to the Property or to LESSEE's operations, including but not limited to port and harbor services and utilities, whether incurred by LESSEE, any subtenant or assignee of LESSEE, any other occupant or user of the Property, or any business entity owned in whole or in part by LESSEE or by one or more owners, partners, or shareholders of LESSEE.

3.10. Additional Rent and LESSOR's Right to Cure LESSEE's Default

All costs, expenses, charges, fees, taxes, assessments, and other sums that LESSEE assumes or agrees to pay pursuant to this Lease shall, at LESSOR's election, be treated as additional rent, and in the event of nonpayment, LESSOR shall have all rights and remedies provided in this Lease in the case of nonpayment of rent or of a breach of condition, at LESSOR's election. If LESSEE shall default in making any payment required to be made by LESSEE or shall default in performance of any term, covenant or condition of this Lease on the part of LESSEE to be kept, performed or observed that shall involve the expenditure of money by LESSEE, LESSOR at LESSOR's option may, but shall not be obligated to, make such payment, or, on behalf of LESSEE, expend such sum as may be necessary to keep, perform or observe such term, covenant or condition. Any and all sums so expended by LESSOR, with interest thereon at the legal rate of interest from the date of such expenditure until repaid, shall be additional rent and shall be repaid by LESSEE to LESSOR on demand, provided that no such payment or expenditure by LESSOR shall be deemed a waiver of LESSEE's default, nor shall it affect any remedy of LESSOR by reason of such default. If, however, any charge described in this paragraph is disputed by LESSEE and diligently appealed or litigated by LESSEE, nonpayment of such charge shall not be grounds for default or termination of this lease until such charge remains unpaid for 10 days following a final nonappealable determination adverse to LESSEE.

3.11 Security Deposit

Upon execution of this Lease, LESSEE shall deposit with LESSOR Seven Hundred Dollars (\$700.00) as security for the performance of LESSEE's obligations under this lease. Upon the commencement of any renewal term of this lease, LESSEE shall deposit with LESSOR any additional sums required to make the deposit equal to twenty-five percent (25%) of the adjusted annual rent under this Lease. If LESSEE is in default with respect to any covenant or condition of this Lease, including but not limited to the payment of rent, LESSOR may apply all or any portion of the security deposit to the payment of any sum in default or any damage suffered by LESSOR as result of the default, or any sum which LESSOR may be required to incur by reason of LESSEE's default. LESSEE shall upon demand deposit with LESSOR the amount so applied so that LESSOR shall have the full deposit on hand at all times during the term of this LEASE. If LESSEE has fully complied with all of the covenants and conditions of this LEASE such sum shall be repaid to LESSEE without interest within thirty (30) days after the expiration or termination of this Lease. The security deposit shall not bear interest, and LESSOR may

intermingle the security deposit with LESSOR's own funds and use such sum for such purposes as LESSOR may determine.

3.12. Personal Guarantee

The shareholders of Alaska's High Hopes Charters & Co. shall personally guarantee the performance of all covenants, conditions and obligations by LESSEE as set forth in Exhibit B.

IV. USE AND CARE OF THE PROPERTY

4.01. Use

LESSEE shall use the Property solely for the purpose of operating a charter service office. No other usage is authorized directly or by implication. LESSEE shall not conduct any illegal activities or maintain any nuisances on the Property.

4.02. Care of the Property

LESSEE at its own cost and expense shall keep the Property and all buildings and improvements that at any time may be situated thereon in good condition and repair during the term of this Lease, ordinary wear and tear excepted. The Property shall always be kept by LESSEE neat, clean and free of litter.

4.03. Restoration or Removal of Damaged Buildings and Improvements

In the event any buildings or improvements situated on the Property by LESSEE are damaged or destroyed by fire or other casualty, LESSEE shall at LESSEE'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 shall the period of restoration exceed 18 months nor shall the period of removal exceed 45 days.

4.04. Access Rights of LESSOR

LESSOR, its agents, servants or employees, shall have the right to enter into and upon the Property and all buildings or improvements situated thereon upon reasonable notice to LESSEE and during normal business hours (defined as 9 A.M. to 5 P.M. Monday through Friday except for holidays as defined in paragraph 15.06 of this Lease) for the purpose of inspecting the Property and all buildings and improvements situated thereon for compliance with the terms of this Lease.

4.05. Nuisances Prohibited

LESSEE shall immediately remove from the Property any of the following that are determined to be abandoned or junk vehicles, buildings, improvements, equipment, machinery or fixtures. LESSEE shall not permit any nuisance or public nuisance to exist or to be created or maintained on the Property. LESSEE agrees that any nuisance or public nuisance as defined by the Homer City Code, or any other code or regulations incorporated therein or otherwise adopted by ordinance or resolution of the City of Homer, may, after five days written notice to LESSEE, be removed by LESSOR without LESSEE's further permission, with use of force if necessary, and without incurring any civil or criminal liability therefor, with all the costs of such removal to be paid by LESSEE to LESSOR as additional rent under the terms of this Lease. This paragraph shall not be construed as any limitation on any other legal rights or remedies available to the City of Homer to abate any nuisance or to prosecute any violation of the Homer City Code.

4.06. Compliance with Laws

LESSEE shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter in any manner affecting LESSEE's activities on the Property or any buildings or other improvements that may be situated thereon including, without limitation, the zoning ordinances of the City of Homer. LESSEE shall obtain, at LESSEE's sole expense, all approvals and permits required by local, state and federal authorities.

4.07. Radio Interference

At the LESSOR's request, the LESSEE shall discontinue the use of any machine or device that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

4.08. Signs

LESSEE shall be entitled to erect signs upon the Property which comply with the local sign ordinance. City Planning Department approval is required prior to the erection of any sign on the Property.

V. IMPROVEMENTS**5.01. LESSEE's Ownership of Buildings and Improvements**

It is expressly understood and agreed that any and all buildings and improvements of any nature whatsoever constructed or maintained on the Property by LESSEE shall be and remain the property of LESSEE and may be removed or

replaced by LESSEE at any time during the term of this Lease, subject, however, to paragraphs 5.03, 13.01 and 13.02 of this Lease.

5.02. Development of Site and Utilities

LESSEE shall develop the Property as follows:

(a) LESSEE shall, at its own expense, install a six-inch sanitary sewer main to the Property as shown on Exhibit A. The sanitary sewer main shall be designed and installed pursuant to LESSOR's specifications and in compliance with the Homer City Code. LESSOR shall provide the six-inch pipe. Ownership of the six-inch sanitary sewer main shall vest in LESSOR without further action upon completion of installation of the main. LESSEE shall, at its own expense, install a lead from the sanitary sewer main to one or more improvements on the Property. LESSEE shall, at its own expense, install a drain in any area where LESSEE will rinse fish so as to prevent bulk fish waste from entering the sanitary sewer system. The drain shall comply with the Homer City Code.

(b) LESSEE shall, at its own expense, temporarily tap into an existing water line on property owned by LESSOR to the south of and adjacent to the Property as shown on Exhibit A. LESSEE shall, at its own expense, install a curb box at the Property boundary to measure water consumption and shall install a lead from the curb box to the aforementioned property owned by LESSOR. LESSOR shall provide the piping and curb box. Ownership of the curb box and the lead from the Property boundary to LESSOR's adjacent property shall vest in LESSOR without further action upon completion of installation. LESSEE shall, at its own expense, run a lead from the curb box to one or more improvements on the Property. In the event that the City of Homer constructs a water main along Freight Dock Road, LESSEE shall, at its own expense, tap into that water main with six months after it becomes operational. All water leads shall be designed and installed pursuant to LESSOR's specifications and in compliance with the Homer City Code.

(c) LESSOR shall request that Homer Electric Association extend service to the Property boundary. LESSEE shall, at its own expense, have electric

service extended from the Property boundary to one or more improvements on the Property.

(d) LESSEE and LESSOR acknowledge that the site has not been filled or graded, and that the parties to this Lease contemplate that Richard E. Gregoire d/b/a Homer Rental Center (hereinafter "GREGOIRE") will fill and grade the property pursuant to the terms of a lease of Lot 92-1 (as shown in Exhibit A) from LESSOR. In the event that GREGOIRE does not execute a lease of Lot 92-2 from LESSOR, or fails to fill and grade the Property by October 1, 1992, LESSEE shall have no recourse or claim against LESSOR and the following provisions shall apply:

(i) The Property shall be filled, graded and made to drain pursuant to LESSOR's specifications by LESSEE, at LESSEE's own expense, on or before November 1, 1992. LESSOR shall provided the fill free of charge to LESSEE.

(ii) The number of cubic yards of fill placed on the Property by LESSEE multiplied by Two Dollars and Fifty Cents (\$2.50) shall be deducted from the rent otherwise due on December 1, 1992 for the period of December 1, 1992 through August 31, 1993 pursuant to paragraph 3.01. However, such rent deduction shall not exceed ONE THOUSAND EIGHT HUNDRED SEVENTY-FIVE DOLLARS (\$1,875) (750 cubic yards of fill multiplied by \$2.50). If LESSEE fails to complete filling and leveling of the Property before November 1, 1992, no deduction from rent shall be allowed.

5.03. Construction Prerequisites

No construction of any building or improvement shall be commenced unless the following events have occurred:

(a) LESSEE shall furnish to LESSOR proof that all applicable federal, state, and local permits have been obtained.

(c) LESSEE shall give LESSOR no less than five days written notice prior to the commencement of any construction, alteration or repair of any improvements constructed or made by LESSEE on the Property so that LESSOR may, if it so elects, give notice of nonresponsibility pursuant to AS 34.35, as now enacted or hereafter amended.

(d) LESSEE shall furnish to LESSOR certificates of insurance in the amounts and for the purposes specified in paragraphs 9.01 through 9.03.

(e) LESSEE shall from time to time deliver to LESSOR satisfactory proof that workers' compensation insurance has been procured to cover all persons employed in connection with the construction. Notice of any deficiency in this area to LESSEE will be cured immediately and no work will be performed on the project until the LESSOR has satisfactory proof that proper workers' compensation insurance is in place.

5.04. As-built Survey

Within 30 days after COMPLETION of construction of any improvements LESSEE shall provide LESSOR with three (3) copies of an as-built survey prepared by a registered professional surveyor, showing the location of all improvements, including buildings, underground utilities, pipelines, and pre-existing improvements.

5.05. LESSEE's Ownership of Trade Fixtures, Machinery and Equipment

It is expressly understood and agreed that any and all trade fixtures (including electrical fixtures), machinery, equipment of any nature whatsoever and other personal property of LESSEE at any time placed or maintained upon the Property by LESSEE shall be and remain property of LESSEE and may be removed or replaced at any time during the term of this Lease.

VI. ASSIGNMENT AND SUBLETTING

6.01. Assignment Without Consent Generally Prohibited

LESSEE shall not voluntarily assign or encumber its interest in this Lease or in the Property, or sublet all or any part of the Property, or allow any other person or entity (except LESSEE's authorized representatives, guests and invitees) to occupy or use all or any part of the Property without first obtaining LESSOR's consent. Any assignment, encumbrance or sublease without LESSOR's consent shall be voidable and, at LESSOR's election, shall constitute a default. Any request for LESSOR's consent shall be made to LESSOR in writing at least 30 days prior to the execution of the assignment, encumbrance or sublease. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph. Any assignment effected pursuant to this paragraph 6.01 shall require the assignee to assume the LESSEE's obligations hereunder. An assignment shall not release the LESSEE from

liability hereunder unless LESSOR so consents. Any sublease of the Property by LESSEE shall entitle LESSOR to twenty-five percent (25%) of the gross rental of the sublease and any other compensation paid for the right to use the Property as additional rent under this Lease. LESSEE shall promptly deliver to LESSOR a copy of any instrument or shall promptly notify LESSOR of any unwritten agreement which assigns, encumbers, subleases, or grants a right to use the Property. Sub-subleases are absolutely prohibited.

6.02. Change of Ownership

If LESSEE is a partnership, a withdrawal or change, voluntary, involuntary or by operation of law, of any partner or partners owning twenty-five percent (25%) or more of the partnership, or the dissolution of the partnership, shall be deemed a voluntary assignment under paragraph 6.01. If LESSEE is a corporation, any dissolution, merger, consolidation or other reorganization of LESSEE, or the sale or other transfer of a controlling percentage of the capital stock of LESSEE other than by devise or inheritance, or the sale of twenty-five percent (25%) of the value of the assets of LESSEE, shall be deemed a voluntary assignment under paragraph 6.01. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least twenty-five percent (25%) of the total combined voting power of all classes of LESSEE's capital stock issued, outstanding and entitled to vote for the election of directors. As to 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 such a LESSEE corporation will not be deemed to be a voluntary assignment. Attached as Exhibit C is a schedule describing the method of organization of LESSEE, each owner of LESSEE, and the percentage of ownership of each owner.

6.03. Costs of LESSOR's Consent to Be Borne by LESSEE

LESSEE agrees to pay to LESSOR, on demand, reasonable costs, including attorney's fees, incurred by LESSOR in connection with any request by LESSEE for LESSOR to consent to any assignment or subletting by LESSEE.

VII. LIENS

7.01. Prohibition of Liens

LESSEE shall not suffer or permit any liens, including without limitation, mechanic's or materialmen's liens, to be recorded against the Property. If any such liens shall be recorded against the Property, LESSEE shall cause the same to be removed, or, in the alternative, if LESSEE in good faith

desires to contest the same, LESSEE shall be privileged to do so, but in such case LESSEE hereby agrees to indemnify and save LESSOR harmless from all liability for damages occasioned thereby and shall, in the event of a judgment or foreclosure of such liens, cause the same to be discharged and removed prior to any attempt at execution of such judgment. Nothing contained in this Lease shall be construed to be a waiver of the provisions of AS 09.38.015(c), as may be amended from time to time.

VIII. INDEMNITY

8.01. Indemnity

LESSEE agrees to protect, indemnify and hold LESSOR harmless from and against any and all expenses, damages, claims, losses, and liability arising from acts or omissions of any person and of any nature whatsoever occurring on or relating to the Property or LESSEE's operations, causing injury to, or death of persons, or loss of, or damage to, property, and from any expense, including attorneys fees, incident to the defense of and by LESSOR therefrom. If any action or proceeding is brought against LESSOR by reason of any such occurrences, LESSOR shall promptly notify LESSEE in writing of such action or proceeding.

IX. INSURANCE

9.01. Liability Insurance

LESSEE, during the term of this Lease, shall carry at its expense commercial general liability insurance covering LESSEE's operations and the Property in an amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) combined single limit to protect against liability for bodily injury, death or property damage that might arise from the construction, occupancy or use of the Property and the operations conducted on, from or related to it. Such insurance shall insure performance by LESSEE of the indemnity provisions of paragraph 8.01.

9.02. Worker's Compensation Insurance

LESSEE, during the term of this Lease, shall carry at its expense Worker's Compensation Insurance in an amount not less than that required by statute.

9.03. Named Insured, Notice to LESSOR, and Waiver of Subrogation

All insurance policies required to be maintained by LESSEE under paragraph 9.01 shall name LESSOR, and its officers, employees and agents, as additional insureds, but shall not

contain any exclusion from coverage for LESSEE's liability for damages or loss incurred by LESSOR because of LESSOR's status as an additional insured. All policies issued under paragraph 9.01 shall contain a waiver of any subrogation rights any insurer might have against LESSOR. All policies issued under paragraphs 9.01 or 9.02 shall contain an agreement by the insurers to provide at least 30 days prior written notice to LESSOR of cancellation, expiration or substantial changes in policy conditions and coverage. LESSEE shall furnish insurance binders, certificates, and copies of all such insurance policies to LESSOR within seven days after the issuance thereof.

9.04 Fire and Extended Coverage Insurance.

LESSEE may at its own expense and in its own name obtain insurance against loss or damage by fire and such other risks as it determines to cover buildings, equipment, inventory, fixtures, personal property and improvements made to the Property by LESSEE subsequent to LESSEE's taking possession of the Property under this Lease.

X. CONDEMNATION

10.01. Condemnation

In the event the Property, or any part thereof or interest therein, shall be taken for public purposes by condemnation as a result of any action or proceeding in eminent domain, or shall be transferred in lieu of condemnation to any authority entitled to exercise the power of eminent domain, the interests of LESSOR and LESSEE in the award or consideration for such transfer and the effect of the taking or transfer upon this Lease shall be as provided in this Article X.

10.02. Total Taking

If all of the Property is taken or so transferred, this Lease and all the right, title and interest thereunder of LESSEE shall cease on the date title to the Property vests in the condemning authority.

10.03. Partial Taking - Termination of Lease

In the event the taking or transfer of part of the Property leaves the remainder of the Property in such location, or in such form, shape or reduced size, or so inaccessible as to be not effectively and practicably usable in the opinion of LESSEE for the purpose of operation thereon of LESSEE's business, then this Lease and all of the right, title and interest thereunder of LESSEE shall cease on the

date title to the Property vests in the condemning authority, and the condemning authority enters into possession.

10.04. Partial Taking - Continuation of Lease

In the event the taking or transfer of a part of the Property leaves the remainder of the Property in such location and in such form, shape or size, or so accessible as to be effectively and practicably usable in the opinion of LESSEE for the purpose of operation thereon of LESSEE's business, this Lease shall terminate and end as to the portion of the Property so taken or transferred as of the date title to such portion vests in the condemning authority and the condemning authority enters into possession, but shall continue in full force and effect as to the portion of the Property not so taken or transferred. If there is a partial taking and this Lease is not terminated, then the annual rent payable under this Lease shall abate for the portion of the Property taken in the proportion that such portion bears to all of the Property.

10.05. Compensation

Any compensation received or payable as a result of eminent domain proceedings or a transfer in lieu thereof shall belong to LESSOR, whether such compensation be awarded or paid as compensation for diminution in value of the leasehold or of the fee, and LESSEE shall make no claim against LESSOR for damages for termination of the leasehold or interference with LESSEE's business. LESSEE shall have the right to claim and recover from the condemning authority compensation for any loss to which LESSEE may be put for LESSEE's moving expenses, for interference with LESSEE's business, and for damages relating to any trade fixtures, machinery or equipment owned by LESSEE.

XI. DEFAULT AND TERMINATION

11.01. Default

Each of the following events shall be deemed an event of default by the LESSEE under this Lease and a breach of the terms, covenants and conditions of this Lease:

(a) A default in the payment of the rent and additional sums due under this Lease, or any part thereof, for a period of ten (10) days from the due date for the payment of such rent or additional sums.

(b) A default in the performance of any other term, covenant or condition on the part of the LESSEE to be kept, performed or observed for a period of 15 days after

LESSOR gives to LESSEE a written notice specifying the particular default or defaults; provided, however, that any default on the part of LESSEE in the performance of work or acts required by him to be done, or conditions to be modified, shall be deemed to be cured if steps are taken promptly (and in no event later than 15 days after such notice is given) by LESSEE to rectify the same and are prosecuted to completion with diligence and continuity.

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

(d) The abandonment of the Property by LESSEE. If the Property is deserted or unused by LESSEE for twelve consecutive months or more, it shall be deemed abandoned, even if LESSEE continues to pay rent.

11.02. LESSOR's Remedies

In the event of any default by LESSEE as recited in paragraph 11.01 of this Lease, LESSOR shall have all of the below enumerated rights and remedies, all in addition to any rights and remedies that LESSOR may be given by statute, common law or otherwise. All rights of LESSOR shall be cumulative, and none shall exclude any other right or remedy. LESSOR's rights and remedies include the following:

(a) LESSOR may declare the term of this Lease ended by written notice to LESSEE. Upon termination of this Lease, LESSEE shall surrender possession and vacate the Property immediately, and deliver possession thereof to LESSOR, and LESSEE hereby grants to LESSOR full and free license to enter into and upon the Property in such event with or without process of law and to repossess LESSOR of the Property and to expel or remove LESSEE 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, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing LESSOR's right to rent or any other right given to LESSOR hereunder or by operation of law.

(b) LESSOR may by written notice declare LESSEE's right to possession of the Property terminated without terminating this Lease. Upon such termination of LESSEE's right to possession, LESSOR shall have all the rights to repossess the Property and remove LESSEE and LESSEE's property that enumerated in subparagraph (a).

(c) LESSOR may relet the Property in whole or in part for any period equal to or greater or less than the remainder of the term of this Lease, for any sum that LESSOR may deem reasonable, except as provided in subparagraph (e).

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

(e) LESSOR may recover, whether this Lease be terminated or not, from LESSEE, damages provided for below consisting of items (i) and (ii), or at LESSOR's election, items (i) and (iii):

(i) actual attorney's fees and other expenses incurred by LESSOR by reason of the breach or default by LESSEE; and

(ii) an amount equal to the amount of all rent and additional sums reserved under this Lease, less the net rent, if any, collected by LESSOR on reletting the Property, which shall be due and payable by LESSEE to LESSOR on the several days on which the rent and additional sums reserved in this Lease would have become due and payable; that is to say, upon each of such days LESSEE shall pay to LESSOR the amount of deficiency then existing. Such net rent collected on reletting by LESSOR shall be computed by deducting from the gross rent collected all expenses incurred by LESSOR in connection with the reletting of the Property, or any part thereof, including broker's commission and the cost of renovating or remodeling the Property or the buildings or improvements thereon. However, LESSOR must make diligent efforts in reletting the Property to obtain a rental rate as close to or above that required of LESSEE under this Lease or LESSOR will not have access to the remedy set out in this subparagraph (e)(ii).

(iii) an amount to be due immediately on breach, equal to the difference between the rent and the fair and reasonable rental value of the Property for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Property for the period for which such installment was payable shall be discounted to the date of such breach at the rate of eight percent (8%) per year.

(f) Reentry or reletting of the Property, or any part thereof, shall not be deemed a termination of this Lease, unless expressly declared to be so by LESSOR.

(g) If this Lease shall be deemed terminated, LESSEE's liabilities shall survive and LESSEE shall be liable for damages as provided in this paragraph 11.02.

11.03. Assignment of Rents to LESSOR

LESSEE immediately and irrevocably assigns to LESSOR, as security for LESSEE's obligations under this Lease, all rent from any subletting of all or a part of the Property as permitted by this Lease, and LESSOR, as assignee and attorney-in-fact for LESSEE or a receiver for LESSEE appointed on LESSOR's application, may collect such rent and apply it toward LESSEE's obligations under this Lease, except that, until the occurrence of an act of default by LESSEE, LESSEE shall have the right to collect such rent.

XII. BANKRUPTCY AND INSOLVENCY

12.01. Chapter 7

In the event that LESSEE shall file a petition, or an order for relief is entered against LESSEE, under Chapter 7 of the Bankruptcy Code, and the Trustee of LESSEE ("Trustee") shall elect to assume this Lease for the purpose of assigning the same, such election and/or assignment may only be made if all of the terms and conditions of paragraphs 12.03 and 12.04 hereof are satisfied. If such Trustee shall fail to elect to assume this Lease for the purpose of assigning the same within sixty (60) days after such Trustee shall have been appointed, this Lease shall be deemed to have been rejected. LESSOR shall be thereupon immediately entitled to exercise any remedies available to it under Article XI of this Lease, and this Lease shall be cancelled, but LESSOR's right to be compensated for damages in such bankruptcy proceedings shall survive.

12.02. Chapter 11 or 13

In the event that LESSEE files a Petition for reorganization under Chapters 11 or 13 of the Bankruptcy Code or a proceeding filed by or against LESSEE under any other chapter of the Bankruptcy Code is converted to a Chapter 11 or 13 proceeding and the Trustee of LESSEE ("Trustee") or LESSEE as debtor-in-possession fails to assume this Lease within sixty (60) days from the date of filing of the Petition or such conversion, the Trustee or debtor-in-possession shall be deemed to have rejected this Lease. If the Trustee of LESSEE or LESSEE as debtor-in-possession shall elect to assume this Lease for the purpose of assigning the same, such election and/or assignment may only be made if all of the terms and conditions of paragraphs 12.03 and 12.04 hereof are satisfied.

12.03. Election to Assume Lease

No election to assume this Lease shall be effective unless in writing and addressed to LESSOR and unless, in LESSOR's business judgment, all of the following conditions, which LESSOR and LESSEE acknowledge to be commercially reasonable, have been satisfied:

(a) The Trustee or the debtor-in-possession has cured or has provided LESSOR adequate assurance (as defined hereunder) that:

(i) within ten (10) days from the date of such assumption the Trustee or debtor-in-possession will cure all monetary defaults under this Lease; and

(ii) within 30 days from the date of such assumption the Trustee or debtor-in-possession will cure all non-monetary defaults under this Lease, or if the non-monetary default requires more than 30 days to cure, the Trustee or debtor-in-possession will within 30 days commence and proceed with diligence and continuity to cure the non-monetary defaults under this Lease.

(b) The Trustee or the debtor-in-possession has compensated, or has provided to LESSOR adequate assurance (as defined hereunder) that within 10 days from the date of assumption LESSOR will be compensated for any pecuniary loss incurred by LESSOR arising from the default of LESSEE, the Trustee, or the debtor-in-possession as recited in LESSOR's written statement of pecuniary loss sent to the Trustee or debtor-in-possession.

(c) The Trustee or the debtor-in-possession has provided LESSOR with adequate assurance of the future performance of each of LESSEE's obligations under this Lease; provided, however, that the obligations imposed upon the Trustee or debtor-in-possession shall continue with respect to LESSEE after the completion of bankruptcy proceedings.

(d) LESSOR has determined that the assumption of the Lease will not breach any provision in any other Lease by which LESSOR is bound relating to the Property.

12.04. Adequate Assurances

For purposes of paragraph 12.03, adequate assurance shall mean:

(a) LESSOR shall determine that the Trustee or the debtor-in-possession has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure LESSOR that the Trustee or debtor-in-possession will have sufficient funds to fulfill the obligations of LESSEE under this Lease; and

(b) an order shall have been entered segregating sufficient cash payable to LESSOR and/or there shall have been granted a valid and perfected first lien and security interest in property of LESSEE, Trustee or debtor-in-possession, acceptable as to value and kind to LESSOR, to secure LESSOR the obligation of the Trustee or debtor-in-possession to cure the monetary and/or non-monetary defaults under this Lease within the time period set forth above.

12.05. Assignment of Lease

If the Trustee or debtor-in-possession has assumed the Lease pursuant to the terms and provisions of paragraphs 12.01 and 12.02 for the purpose of assigning (or elects to assign) LESSEE's interest under this Lease, to any other person, such interest may be so assigned only if LESSOR shall acknowledge in writing that the intended assignee has provided adequate assurance as defined in this paragraph 12.05 of future performance of all of the terms, covenants and conditions of this Lease to be performed by LESSEE. For purposes of this paragraph 12.05, adequate assurance of future performance shall mean that LESSOR shall have ascertained that each of the following conditions has been satisfied:

(a) the assignee has submitted a current financial statement audited by a certified public accountant which shows a net worth and working capital in amounts determined to be sufficient by LESSOR to assure the future performance by such assignee of LESSEE's obligations under this Lease;

(b) if requested by LESSOR, the assignee shall have obtained guarantees in form and substance satisfactory to LESSOR from one or more persons whom LESSOR determines to be creditworthy;

(c) the assignee has submitted in writing evidence, satisfactory to LESSOR, of substantial experience in business operations of the same kind and comparable size to the business contemplated under this Lease; and

(d) LESSOR has obtained all consents or waivers from any third party required under any Lease by which LESSOR is bound to enable LESSOR to permit such assignment.

12.06. Written Consent Required For Transfer

Neither LESSEE's interest in this Lease, nor any lesser interest of LESSEE herein, shall pass to any trustee, receiver, assignee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state having jurisdiction of the person or property of LESSEE ("state law") unless LESSOR shall consent to such transfer in writing. No acceptance by LESSOR of rent or other payments from any such trustee, receiver, assignee, person or other entity shall be deemed to have waived, nor shall it waive, the need to obtain LESSOR's consent or LESSOR's right to terminate this Lease for any transfer of LESSEE's interest under this Lease without such consent.

12.07. Termination of Lease.

In the event LESSEE or any guarantor shall be adjudicated insolvent pursuant to the provisions of any present or future insolvency law under state law, or if any proceedings are filed by or against any guarantor under the Bankruptcy Code, or any similar provisions of any future federal bankruptcy law, or if a receiver or trustee of the property of LESSEE or any guarantor shall be appointed under state law by reason of LESSEE's or any guarantor's insolvency or inability to pay its debts as they become due or otherwise, or if any assignment shall be made of LESSEE's or any guarantor's property for the benefit of creditors under state law; then and in such event LESSOR may, at its option, terminate this Lease and all rights of LESSEE hereunder without further obligation to LESSEE, by giving LESSEE written notice of the election to so terminate.

XIII. OWNERSHIP OF IMPROVEMENTS AND FIXTURES ON TERMINATION

13.01. LESSEE to Surrender Improvements; Removal on Order

Buildings, improvements, fixtures, machinery and equipment owned by LESSEE may be removed by LESSEE at its own expense from the Property upon the expiration or termination of this Lease; provided, that such removal shall not cause injury or damage to the Property, or if it does, LESSEE shall indemnify LESSOR for the full amount of such injury or damage. LESSEE shall remove all debris and residue resulting from LESSEE's use of the Property, and shall leave the Property in clean condition. Any improvements, buildings, structures,

fences, fixtures, machinery or equipment left on the Property by LESSEE shall be in good, safe and tenantable or operable condition, and title thereto shall vest in LESSOR without further action on the part of LESSEE or LESSOR. LESSEE shall not commit, create, leave or allow to exist on the Property any nuisance or public nuisance. LESSOR may extend the time for removal of improvements if: (1) LESSEE has promptly commenced removal; (2) hardship not caused by LESSEE is shown to LESSOR's satisfaction; and (3) LESSOR has received a written application for extension promptly made by LESSEE.

13.02. Other Property Not Removed

Any machinery, trade fixtures, equipment or other items of real or personal property, that are not removed from the Property on or before the expiration or termination of this Lease, or any extension granted, shall immediately become the property of LESSOR and title thereto shall vest in LESSOR without further action on the part of LESSEE or LESSOR. LESSOR may use, sell, destroy, or otherwise dispose of any such property in any manner that it sees fit, without further obligation to LESSEE.

13.03. Evidence of Title

Upon request LESSEE shall execute, acknowledge and deliver to LESSOR a proper instrument, in writing, conveying, releasing and quitclaiming to LESSOR all right, title and interest of LESSEE in and to such property and all improvements left on the Property after expiration or termination of this Lease.

XIV. HAZARDOUS MATERIALS

14.01. Use of Hazardous Materials on the Property

(a) LESSEE shall not cause or permit any Hazardous Materials (as defined herein) to be brought upon, kept or used in or about the Property by LESSEE or its authorized representatives or invitees, except for such Hazardous Materials as are necessary or useful to LESSEE's lawful use of the Property.

(b) Any Hazardous Materials permitted on the Property as provided in this paragraph, and all containers therefor, shall be handled, used, kept, stored and disposed of in a manner that complies with all laws or regulations applicable to any such Hazardous Materials. Such Hazardous Materials shall be handled only by properly trained personnel.

(c) LESSEE shall not discharge, leak or emit, or permit to be discharged, leaked or emitted, any material into the atmosphere, ground, sewer system or any body of water, if such material (as reasonably determined by the LESSOR, or any governmental authority) does or may, pollute or contaminate the same, or may adversely affect (i) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (ii) the condition, use or enjoyment of the Property or any other real or personal property.

(d) If any discharge, leak, spill, emission, or pollution of any type occurs upon or from the Property during the Lease term or any holdover, LESSEE will immediately notify LESSOR and all appropriate federal, state, and local authorities, and will act immediately to contain the spill, repair any damage, absorb and clean up the spill area and restore the Property to comply with the applicable portions of any federal, state, or local law or regulation then in effect.

(e) LESSEE hereby agrees that it shall be fully liable for all costs and expenses related to the handling, use, storage and disposal of Hazardous Materials brought or kept on the Property by the LESSEE, its authorized representatives, customers and invitees, and the LESSEE shall give immediate notice to the LESSOR of any violation or potential violation of the provisions of subparagraphs 14.01(a), (b), (c) and (d).

14.02. Indemnification of LESSOR

Any other provision of this Lease to the contrary notwithstanding, LESSEE shall defend, indemnify and hold harmless LESSOR and its authorized representatives, from and against any claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses (including, without limitation, attorney, consultant and expert fees, court costs and litigation expenses) of whatever kind or nature, known or unknown, contingent or otherwise, arising out of or in any way related to any of the following not now present on the property:

(a) the presence, disposal, release, or threatened release of any such Hazardous Materials that are on, from, or affecting the Property, soil, water, vegetation, buildings, personal property, persons, animals, or otherwise;

(b) any personal injury (including wrongful death) or property damage (real or personal) arising out of or related to such Hazardous Materials;

(c) any lawsuit brought or threatened, settlement reached or government order relating to such Hazardous Materials; and/or

(d) any violation of any laws applicable thereto.

This paragraph 14.02 shall apply only if the acts giving rise to the claims, demands, penalties, fines, judgments, liabilities, settlements, damages, costs, or expenses: (i) occur in whole or in part during 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, from, or related to the Property by LESSEE or its employees, agents, suppliers, customers, invitees, contractors, or sublessees.

The provisions of this paragraph 14.02 shall be in addition to any other obligations and liabilities LESSEE may have to LESSOR at law or equity and shall survive the termination of this Lease. In the event LESSEE asserts that it is not obligated to provide indemnification because the hazardous material at issue was present on the Property prior to the commencement of this Lease, LESSEE shall bear the burden of proving the hazardous material was present prior to commencement of the Lease.

14.03. Hazardous Material Defined

"Hazardous Material" is any substance that is toxic, ignitable, reactive, or corrosive and that is regulated by any local government, the State of Alaska, or the United States government. "Hazardous Material" includes any and all material or substances that are defined as "hazardous waste", "extremely hazardous waste" or a "hazardous substance" pursuant to local, state or federal law, including without limitation, the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. "Hazardous Material" also includes, but is not restricted to, asbestos, polychlorobiphenyls ("PCB's") and petroleum and petroleum products.

XV. GENERAL PROVISIONS

15.01. 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 unamended and in full force and effect (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 rent and other charges have been paid in advance.

15.02. Conditions and Covenants

All the provisions of this Lease shall be deemed as running with the land, and shall be construed to be "conditions" as well as "covenants", as though the words specifically expressing or imparting covenants and conditions were used in each separate provision.

15.03. No Waiver of Breach

No failure by either LESSOR or LESSEE to insist upon the strict performance by the other of any term, covenant or condition of this Lease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such terms, covenants or conditions. No waiver of any breach shall affect or alter this Lease, but each and every term, covenant and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent breach.

15.04. Attorney's Fees

If LESSOR is involuntarily made a party defendant to any litigation concerning this lease or the Property by reason of any act or omission of LESSEE, or if LESSOR is made a party to any litigation brought by or against LESSEE without any fault on the part of LESSOR, then LESSEE shall pay all amounts incurred and expended by LESSOR, including the fees of LESSOR's agents and attorneys and all expenses incurred in defense of such litigation.

15.05. Time of Essence

Time is of the essence of this Lease and of each provision.

15.06. 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" shall mean all holidays as defined by the statutes of Alaska.

15.07. Successors in Interest

Each and all of the terms, covenants and conditions in this Lease shall inure to the benefit of and shall be binding upon the successors in interest of LESSOR and LESSEE.

15.08. Entire Agreement

This Lease contains the entire agreement of the parties with respect to the matters covered by this Lease, and no other agreement, statement or promise made by any party that is not contained in this Lease shall be binding or valid.

15.09. Governing Law and Venue

This Lease shall 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 Third Judicial District of the State of Alaska.

15.10. Partial Invalidity

If any provision of this Lease is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated, unless such provisions are considered by LESSEE to be integral to LESSEE's use of the Property for the purposes stated herein in which case LESSEE will have the authority to terminate this Lease upon 30 days' written notice to LESSOR.

15.11. Relationship of Parties

Nothing contained in this Lease shall be deemed or construed by the parties or by any third person to create the relationship of principal and agent or of partnership or of joint venture or of any association between LESSOR and LESSEE; and neither the method of computation of rent, nor any other provision contained in this Lease nor any acts of the parties, shall be deemed to create any relationship between LESSOR and LESSEE other than the relationship of LESSOR and LESSEE.

15.12. Interpretation

The language in all parts of this Lease shall in all cases be simply construed according to its fair meaning and not for or against LESSOR or LESSEE as both LESSOR and LESSEE have had opportunity for the assistance of attorneys in drafting and reviewing this Lease.

15.13. Number and Gender

In this Lease, the neuter gender includes the masculine and the feminine, and the singular number includes the plural; the word "person" includes corporation, partnership, firm or association wherever the context so requires.

15.14. Mandatory and Permissive

"Shall", "will" and "agrees" are mandatory; "may" is permissive.

15.15. Captions

Captions of the paragraphs of this Lease are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in the interpretation, construction or meaning of the provisions of this Lease.

15.16. Amendment

This Lease is not subject to amendment except in writing executed by all parties hereto.

15.17. 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 mail, certified or registered, postage prepaid, to the addresses stated in paragraph 15.18 and shall be deemed to have been given at the time of delivery or, if mailed, three days after the date of mailing.

15.18. Notices

All notices, demands and requests from LESSEE to LESSOR shall be given to LESSOR at the following address:

City Manager
City of Homer
491 East Pioneer Avenue
Homer, Alaska 99603

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

David R. Morris
Alaska's High Hopes Charters & Co.
P.O. Box 2478
Homer, Alaska 99603

235-2100

15.19. Change of Address or Agent

Each party shall have the right, from time to time, to designate a different address or different agent for service of process by notice given in conformity with paragraph 15.17.

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

LESSOR:
CITY OF HOMER

Date: 09/22/92

By: Harry E. Gregoire
Harry E. Gregoire, Mayor

By: Richard Leland
Richard Leland, City Manager

ATTEST:

Mary E. Shannon
Mary E. Shannon
City Clerk

LESSEE:
ALASKA'S HIGH HOPES
CHARTERS & CO.

Date: 09/04/92

David R. Morris
By: David R. Morris

Its: President

STATE OF ALASKA

)
) ss.
)

THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY that on this 22nd day of September, 1992, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared Harry E. Gregoire, known to me and to me known to be the Mayor of the CITY OF HOMER, and known to me to be the individual named in and who executed the foregoing document and he acknowledged to me that he was authorized to execute the foregoing document by authority granted him by the CITY OF HOMER for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove written.

Mary L. Shannon
 Notary Public in and for Alaska
 My Commission Expires: 10-14-95

STATE OF ALASKA

) ss.

THIRD JUDICIAL DISTRICT

THIS IS TO CERTIFY that on this 22nd day of September, 1992, before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared Richard Leland, known to me and to me known to be the City Manager of the CITY OF HOMER, and known to me to be the individual named in and who executed the foregoing document and he acknowledged to me that he was authorized to execute the foregoing document by authority granted him by the CITY OF HOMER for the uses and purposes therein set forth.

WITNESS my hand and notarial seal the day and year first hereinabove written.

Mary L. Shannon
 Notary Public in and for Alaska
 My Commission Expires: 10-14-95

STATE OF ALASKA

) ss.

THIRD JUDICIAL DISTRICT

The foregoing instrument was acknowledged before me this 4th day of September, 1992, by David R. Morris as President of ALASKA'S HIGH HOPES CHARTERS & CO.

Mary L. Shannon
 Notary Public in and for Alaska
 My Commission Expires: 10/15/95

EXHIBIT B

PERSONAL GUARANTEE

This Guarantee is dated as of May 1, 1992, by David R. Morris, whose address is P. O. Box 2478, Homer, Alaska 99603 (hereinafter referred to as the "Guarantor"), to the City of Homer (hereinafter called the "Owner").

Owner owns certain real property located in Homer, Homer Recording District, described as follows:

Commencing at the Southeast Corner of Lot 3, according to Plat No. 89-34 of the Homer Spit in the Homer Recording District, Third Judicial District, Homer, Alaska; thence North 11°43'28" East, 122.38 feet to the True Point of Beginning (which is also the Northeast Corner of Lot 92-2); thence North 58°42'48" West, 74.47 feet (to the Northwest Corner of Lot 92-2); thence South 31°17'12" West, 94.03 feet (to the Southwest Corner of Lot 92-2); thence south 48°15'50" East, 50.85 feet to an angle point (on the South boundary of Lot 92-2); thence North 31°17'12" East, 62.40 feet to an angle point (on the East boundary of Lot 92-2); thence South 58°42'48" East, 38.97 feet to an angle point (on the East boundary of Lot 92-2); thence North 11°43'28" East, 43.35 feet to the True Point of Beginning, subject to all easements and restrictions of record and existing encroachments.

By Lease Agreement dated September 8, 1992 (the "Lease"), Owner has leased the Property to Alaska's High Hopes Charters & Co., an Alaska corporation, conditioned upon Guarantor's execution of this Guarantee.

Guarantor is the sole shareholder of Alaska's High Hopes Charters & Co. and has agreed to guarantee Lessee's performance of the terms and conditions of the Lease in consideration of Owner's agreement to lease the property to Alaska's High Hopes Charters & Co.

In consideration of the foregoing, Guarantor unconditionally guarantees for himself, and to be fully binding upon his heirs, successors and assigns, jointly and severally:

1. The prompt and complete payment by Lessee of all rental payments and financial obligations contained in or arising from the Lease, and any other agreements, instruments

or documents executed by Lessee in connection with the Lease.

2. The payment on demand and in full of any and all debts and liabilities of whatever kind which Lessee may now or hereafter owe or incur to Owner in respect to the Lease.

3. The payment of all damages, costs and expenses which by virtue of the Lease might become recoverable by Owner from Lessee.

4. All present and future indebtedness and liabilities of Lessee to any of the undersigned shall be at all times fully subordinated to obligations of Lessee to Owner and, if Owner so requests, the undersigned will collect any such indebtedness or liability and pay the same over to Owner. Owner may proceed directly against any or all of the undersigned without first proceeding against Lessee or any other security or pursuing any other remedy.

5. David R. Morris agrees to remain a shareholder, director and officer of Alaska's High Hopes Charters & Co.

6. From and after the date hereof, Guarantor shall provide prompt notice to Owner of all suits filed against Guarantor; all liens and encumbrances affecting Guarantor's assets; and all sales, transfers, assignments and conveyances of Guarantor's assets, including ownership in Alaska's High Hopes Charters & Co.

7. The undersigned hereby waives all demands, presents or notices, of whatever kind, including without limitation, notice of acceptance hereof or of any default by Lessee, as well as the benefit of any statute of limitations affecting the liabilities of Lessee or the undersigned, or the enforcement of this Guarantee.

8. In any insolvency, receivership, or bankruptcy proceedings involving the Lessee, Guarantor shall immediately assume and perform all obligations of Lessee to Owner. Guarantor's liability hereunder shall not be extinguished or diminished by any extension, increase or modification of the obligations of the Lease or of this Guarantee.

9. The undersigned agrees to pay all costs and expenses, including reasonable attorneys' fees, incurred by Owner in the enforcement of this Guarantee or arising out of any default, breach or failure of performance of the Lease by Lessee.

10. Guarantor acknowledges that Owner and Lessee may, from time to time, amend, modify or alter the Lease and the terms and conditions contained therein. Guarantor agrees that

such action shall not affect, diminish or extinguish his guarantee of Lessee's performance thereunder.

11. This Guarantee shall continue until all the terms of the Lease have been satisfactorily performed or otherwise discharged by the Lessee; and Guarantor shall not be released of his obligations hereunder so long as any claim of Owner against Lessee arising out of the Lease in any and all other documents executed in connection with the Lease is not settled or discharged in full.

12. This Guarantee shall inure to the benefit of Owner, and its successors, heirs and assigns.

13. All rights, powers and remedies given the Owner hereunder and under any other agreement between the Owner and the Guarantor shall be cumulative and not alternative, and shall be in addition to all rights, powers and remedies given the Owner by law or equity.

14. The liability assumed hereunder shall in no way be affected or diminished by reason of any extension of time that may be granted by the Owner to the Lessee or the Guarantor.

15. All terms which may be necessary to make this Guarantee legal may be implied by a court of competent jurisdiction.

16. If any provision of this Guarantee is invalid or unenforceable, all other provisions shall nevertheless remain in full force and effect. This Guarantee shall be construed and enforced according to the laws of the State of Alaska.



David R. Morris

ACKNOWLEDGMENT

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me
this 4th day of September, 1992, by David R. Morris

Mary L. Shannon
Notary Public in and for Alaska
My commission expires: 10/15/92

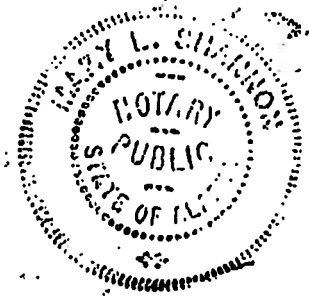


EXHIBIT C

SCHEDULE OF ORGANIZATION, OWNERS,
PERCENTAGE OF OWNERSHIP

Alaska's High Hopes Charters & Co. is organized as a corporation under the laws of the state of Alaska. The shareholders of the corporation are as follows:

NAME	SHARES	PERCENTAGE OF OWNERSHIP
David R. Morris	1,000	100%
TOTAL	<u>1,000</u>	<u>100%</u>

RETURN TO: CITY OF HOMER
491 E. PIONEER AVE.
HOMER, AK 99603

9 2-3 0 7 0

HOMER REC 132
DISTRICT
REQUESTED BY City of Homer

'92 SEP 30 PM 2 47

CITY OF HOMER
PROPERTY MANAGEMENT
POLICY AND PROCEDURES

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APPENDICES:

Homer City Code / Chapter 18.08 – City Property Leases. last amendment, Ordinance 04-22

Resolution 04-25(A), adopted April 26, 2004.
Resolution 07-25(A), adopted June 25, 2007.
Resolution 10-77(A), adopted September 27, 2010.
Resolution 14-82(A), adopted July 28, 2014.

**CITY OF HOMER
PROPERTY MANAGEMENT
POLICIES AND PROCEDURES**

CHAPTER 1: LEASE POLICIES / GOALS, PURPOSE, AND RESPONSIBILITY

1.1 GOALS AND PURPOSE

- A. The property lease management policies contained herein are authorized by HCC 18.08 and are intended to provide guidance, clarity, and standardization for all leasing activities on City owned property.
- B. It is the policy of the City of Homer to lease property when it is in the overall best interest of the City to do so. The City will seek to maximize the value of its assets and lease property for the highest and best use.
- C. It is the policy of the City to implement its leasing program in a fair and nondiscriminatory manner. Opportunities for long term leases on City owned properties will be made available to the public through the RFP process described herein.
- D. It is the policy of the City to lease property for a specific purpose or use. Leasing for the purpose of speculation and/or subleasing land will be discouraged.

1.2 RESPONSIBILITY

- A. The Lease Committee described herein shall be responsible for reviewing this policy manual and making recommendations to the City Council as needed, advising the City Manager or designee as to terms, stipulations, and negotiating approach with respect to leases, evaluating lease applications, and making recommendation to the City Council regarding proposed leases.
- B. The City Manager or designee is responsible for all lease negotiation activities and for implementing and administering the lease policies and procedures.
- C. The City Council has responsibility for approving and adopting the lease policies and for final approval of all leases over six months in duration.

CITY OF HOMER
PROPERTY MANAGEMENT
POLICIES AND PROCEDURES

CHAPTER 2: LEASE COMMITTEE

2.1 POLICY

- A. It is the policy of the City of Homer to establish and maintain a Lease Committee.

2.2 PROCEDURES

- A. The City Manager shall establish a Lease Committee that will consist of the Finance Director, the City Planner, the Port and Harbor Director, one member of the Economic Development Commission, one member of an additional commission as determined appropriate by the City Manager, and one member of the public. The Manager shall consult with the Chair of the Commissions to determine who from the Commission and who from the public might best serve the Committee and not be subject to conflicts of interest. The Lease Committee may consult with other department heads such as, the Fire Chief, Police Chief and the Public Works Director and the City Manager or outside professionals as needed and appropriate.
- B. The Lease Committee is responsible for:
- Reviewing the Lease Policies and Procedures as needed and making recommendations to the City Council. Prior to making recommendations to the City Council on the Lease Policies and Procedures, the Lease Committee shall consult with and seek comments from the Port and Harbor Advisory Commission when the lease property is on land on the Homer Spit surrounding the Port and Harbor area.
 - Advising the City Manager or designee as to the terms, purposes, stipulations and negotiation approach to proposed leases
 - Reviewing all proposed leases and making recommendations to the City Council.
- C. In all cases, the Lease Committee shall make recommendations that are consistent with this policy and procedures manual or make specific findings as to why a deviation is warranted and justified.

CITY OF HOMER
PROPERTY MANAGEMENT
POLICY AND PROCEDURES

CHAPTER 3: PROPERTIES AVAILABLE FOR LEASE

3.1 POLICY

- A. It is the policy of the City of Homer to provide property for lease through a fair, nondiscriminatory, and standardized process that the public can readily understand and support.
- B. It is the policy of the City that public land shall be leased in a way that maximizes the value of City assets, promotes activities and uses that are in the overall best interest of the City, and are consistent with the Comprehensive Plan.

3.2 PROCEDURES

- A. The Lease Committee shall maintain a list of all City properties that have been authorized for lease by the City Council. This list shall be made readily available to the public. The Lease Committee may also develop a list of additional properties, for City Council review, that it recommends should be made available for lease.
- B. The City Council shall identify which City properties are available for lease through its annual land allocation workshop process which includes the Lease Committee, the Planning Commission, the Port and Harbor Commission, and the Parks and Recreation Commission.
- C. All properties identified as available for lease by the City Council shall be subject to the lease policies and procedures contained herein.
- D. All uses and activities on lands made available for lease are subject to the City Comprehensive Plan, zoning ordinances, flood ordinance, subdivision ordinance, and other applicable local, state, and federal laws and regulations.
- E. The City Council may restrict specific City properties to certain uses or classes of use. Such properties will be available for leasing only such uses. The City Council has in the past restricted the use of lots immediately adjacent to the Fish Dock to activities directly related to commercial fishing. Similarly, it has restricted uses on lots adjacent to the Deep Water Dock to marine industrial uses with an emphasis on shipping and cargo handling. The purpose for these restrictions is to encourage growth in targeted economic sectors, to insure that the City receives the maximum benefits from the large investment the public has made in those docks, and to provide land for businesses that require close proximity to the docks in order to operate efficiently and profitably.

CITY OF HOMER
PROPERTY MANAGEMENT
POLICY AND PROCEDURES

CHAPTER 4: REQUEST FOR PROPOSALS (RFP)

4.1 POLICY

- A. It is the policy of the City of Homer that a request for proposals, or a competitive bidding process be used for the leasing of City owned property. Exceptions to this policy may be made by the City Council as per section 10.2.E of these policies and/or under special or exceptional circumstances. The Council shall review recommendations of the Lease Committee and, if an exception is granted, adopt a resolution finding that it is in the public interest and approving the exception.

4.2 PROCEDURES

- A. Properties that are available for lease will be advertised by the Lease Committee through the normal City of Homer public notice process a minimum of one time per year. The Lease Committee shall provide such notice within 60 days of the completion of the annual land allocation process and adoption by the Council of the Land Allocation Plan. The committee may advertise more frequently as needed and appropriate.
- B. Requests for Proposals shall be solicited by the Lease Committee during a time frame identified in the advertisements and proposal submittal documents.
- C. The criteria used to score and rank proposals shall include, but not necessarily be limited to, the criteria listed in the evaluation chapter herein.
- D. The Lease Committee shall review, evaluate, score, and rank all responsive proposals and make recommendations to the Manager. If none of the responsive proposals is satisfactory, the Lease Committee may recommend against all of the proposals. The manager shall notify the City Council of the Committee's recommendations.
- E. The Lease Committee must obtain approval from the City Council before requesting proposals to lease property that is not on the approved list of properties available for lease.
- F. The City Council may by resolution in particular cases approve other bidding or proposal procedures or exceptions to these procedures.

CITY OF HOMER
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CHAPTER 5: LEASE APPLICATION PROCESS

5.1: POLICY

- A. It is the policy of the City of Homer to provide for a streamlined, standardized, and easily understood lease application process. A full and complete application packet shall be provided to all applicants. Applicants must be qualified under Section 18.08.50 of the Homer City Code.
- B. The City administration will provide for pre-application meetings with all potential applicants to provide relevant information on things like land use regulations, lease policies, the permitting process, and other relevant topics.

5.2 PROCEDURES

- A. A responsive lease application / proposal shall include:
 - 1. A completed application form provided by the City
 - 2. Any applicable fees
 - 3. A clear and precise narrative description of the proposed use of the property
 - 4. A specific time schedule and benchmarks for development
 - 5. A proposed site plan drawn to scale that shows at a minimum property lines, easements, existing structures and other improvements, utilities, and the proposed development including all structures and their elevations, parking facilities, utilities, and other proposed improvements.
 - 6. Any other information that is directly pertinent to the proposal scoring criteria contained herein
 - 7. All other required attachments requested on the application form including, but not limited to, the following documentation: applicant information, plot plan, development plan, insurance, proposed subleases, environmental information, agency approvals and permits, fees, financial information, partnership and corporation statement, certificate of good standing issued by an entity's state of domicile, and references.
 - 8. Any other information required by the solicitation or request for proposals.

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CHAPTER 6: APPLICATION / PROPOSAL EVALUATION PROCESS

6.1 POLICY

- A. It is the policy of the City of Homer to provide for a fair, standardized and objective proposal evaluation process.

6.2 PROCEDURES

- A. All lease proposals shall be evaluated and scored by the Lease Committee.
- B. The Criteria for evaluating proposals shall include but is not limited to the following:
1. Compatibility with neighboring uses and consistency with applicable land use regulations including the Comprehensive Plan.
 2. The development plan including all proposed phases and timetables.
 3. The proposed capital investment.
 4. Experience of the applicant in the proposed business or venture.
 5. Financial capability or backing of the applicant including credit history, prior lease history, assets that will be used to support the proposed development.
 6. The number of employees anticipated.
 7. The proposed rental rate.
 8. Other financial impacts such as tax revenues, stimulation of related or spin-off economic development, or the value of improvements left behind upon termination of the lease.
 9. Other long term social and economic development.
- C. Lease Rental Rates
1. The determination of lease rental rates is addressed in Chapter 7.
- D. After evaluating and scoring the proposals, the Lease Committee shall make a recommendation on a successful bidder to the City Council. The recommendation shall be contained in the form of a memorandum from the City Manager to the City Council that appears on the consent calendar of a regular meeting agenda. If a recommendation to approve a proposal is adopted, the Manager or his designee shall finalize a lease document for presentation to Council for approval. If the Council approves the lease, it will not be executed until the period for reconsideration under section 8.3 passes.
- E. Prior to submitting a recommendation from the Lease Committee to the City Council on a lease proposal or successful bidder when the lease property is on land on the Homer Spit surrounding the Port and Harbor area, the City Manager shall provide the recommendation to the Port and Harbor Advisory Commission for review and comment. The Commission may, at its discretion, provide

recommendations to the City Manager and to the City Council. After receiving the Commission recommendations, the City Manager may refer the matter back to the Lease Committee if appropriate and warranted.

- F. Final approval of long term leases (more than six months) rests with the City Council. The Council shall either:
1. Approve the proposed lease
 2. reject the proposed lease; or
 3. remand the unapproved lease to the Manager with comments

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CHAPTER 7: Lease Rental Rates

7.1 POLICY

It is the policy of the City of Homer to provide for a lease rental rate structure that stimulates business activity, promotes the best use of City land, and maximizes the value of City owned real property.

7.2 PROCEDURES

A. Lease Rental Rates Generally

1. All property shall be leased at no less than “fair market rent”. Fair market rent is defined as the rental income that a public and private property would most likely command in the open market; indicated by the current rents paid for comparable space as of the date of the appraisal.
2. Payment of a higher than market rent resulting from an applicant’s proposal is generally in the public interest and will help to establish fair market rent using current market forces.
3. The City Council may establish a minimum rent or “asking price.” It may set the minimum rent at an amount equal to or higher than the estimated “fair market rent” if it finds that it is in public interest to do so. It may set uniform rental rates for a class of similar properties that remain available for leasing after the conclusion of a competitive lease offering.
4. The Council may approve a lease of City land for less than fair market rent, minimum rent, or uniform rental rate only if the motion approving the lease contains a finding that the lease is for a valuable public purpose or use, and a statement identifying such public purpose or use.

- B. Rental Rate Determination:** Lease rental rates shall be determined by periodic appraisals scheduled and paid for by the City.

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CHAPTER 8: RECONSIDERATION

8.1 POLICY

It is the policy of the City of Homer to provide for a reconsideration process so that a fully responsive bidder may seek remedies to actions by the City Council that he or she may believe are in error, unfair, or otherwise unsatisfactory. The reconsideration provisions apply only to final approval of a lease by the City Council.

8.2 RESPONSIBILITY

- A. The City Council is responsible for hearing reconsiderations and for making the final determination on them.
- B. The City Manager is responsible for providing all required staff support necessary to assist the Council in hearing and deciding reconsiderations.

8.3 PROCEDURE

- A. A fully responsive bidder who believes that the City Council final action on the terms of a proposed lease is unsatisfactory may request a reconsideration.
- B. Reconsideration Process:
 - 1. A written request for reconsideration must be filed by a fully responsive bidder with the City Clerk within 15 days of the City Council action which is to be reconsidered. Any decision for which reconsideration is not requested within that period shall become final.
 - 2. The City Clerk shall schedule the matter for reconsideration before the City Council at an appropriate regular meeting.
 - 3. The person requesting reconsideration and all parties involved in the Council action to be reconsidered, shall be notified by the Clerk of the reconsideration request and the date upon which the Council will reconsider. Such notice shall be given not less than 15 days prior the scheduled reconsideration.
 - 4. An electronic tape recording shall be kept of the entire reconsideration proceeding and typewritten minutes shall be prepared. The electronic tape recording shall be preserved according to the City's records retention policy at the time.
 - 5. The decision of the City Council on reconsideration shall be final. There shall be no appeal.

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CHAPTER 9: LEASE IMPLEMENTATION

9.1 POLICY

It is the policy of the City of Homer that all leases shall be negotiated and administered in a fair, standardized, and professional manner that is consistent with the Homer City Code and these policies and procedures.

9.2 PROCEDURES

- A. The Lease Committee and the City Manager shall develop a standardized ground lease document that contains standard provisions applicable to all ground leases. Similarly, the Lease Committee and the City Manager may develop one or more standardized building leases (as many as necessary to apply to each City building available for leasing) containing standard provisions applicable to all leases of space in a city building. The standard lease documents shall be reviewed by the City attorney and approved by the City Council. Standard lease documents provide the baseline requirements and conditions of all city leases. They are the starting point in negotiations and are subsequently structured and modified to meet the specifics of the development proposal with respect to things like term, lease rate, allowed uses, required insurance, and so on.
- B. The terms and conditions of each lease shall be reviewed by the Lease Committee prior to execution. The committee shall make recommendations on terms and conditions to the Manager and the City Council.
- C. The City Manager or designee is responsible for lease negotiations, including any negotiated changes in the standard lease terms. The Manager shall take into consideration the following when negotiating the terms of a lease:
 - 1. the nature of the proposed use
 - 2. the type and cost of the improvements to be placed on the property
 - 3. the period of time required to amortize the improvements
 - 4. the overall benefit to the City
 - 5. consistency with the Comprehensive Plan and all other relevant land use codes and regulations
 - 6. the public need and benefit
 - 7. the date of commencement and completion of improvements
 - 8. the value and usefulness of buildings, structures, and other permanent improvements that will remain on the City's land after termination of the lease.
 - 9. other factors deemed relevant by the Lease Committee or the City Manager.
- D. The determination of lease rental rates is addressed in Chapter 7.

- E. All leases and attachments, or in the direction of the City Manager a memorandum of lease, shall be recorded in the proper recording office by the Clerk's office. The Lessee is responsible for the recording fees.
- F. All leases must require the lessee to comply with applicable zoning, parking, sign, flood, and other pertinent local ordinances and state and federal statutes and regulations.
- G. If a lease is awarded, an as-built survey including elevations performed by an RPLS(Registered Professional Land Surveyor) shall be provided to the City within 6 months of completion of permitted or required development or requirements under the lease. Each additional structure or significant improvement shall require an additional or updated as-built except that the Manager may waive the RPLS requirement. The lessee will be required to subdivide and replat city owned parcels if the lease so requires. All surveys are to be provided by the lessee at his/her expense.
- H. At the time each as-built is submitted, a statement of value including leaseholds and all improvements shall be provided. The Statement of Value shall be either a letter of opinion or appraisal completed by an Alaska Certified General Appraiser.
- I. All development requirements and performance standards contained in the lease shall be strictly enforced and if not complied with or negotiated for modification as per 10.2.B, shall be cause for the lease to be terminated.

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CHAPTER 10: IMPROVEMENTS

10.1 POLICY

It is the policy of the City of Homer that all improvements installed, maintained, occupied, and used on leased City property shall be strictly monitored and shall be consistent with the terms and conditions of the lease and all other applicable codes and regulations.

10.2 IMPLEMENTATION

- A. Construction of improvements on leased properties shall take place only after review and approval of the construction plans by the Lease Committee and all applicable permits and legal requirements are secured.
- B. Construction of improvements that are not consistent with the lease agreement are prohibited unless they are approved by an amendment to the lease approved by the City Council. The amendment is subject to the same review process as initial leases.
- C. All improvements constructed upon leased property become the property of the City upon termination of the lease unless otherwise provided in the lease, or agreed to by the parties in writing, the lessee shall on or before the lease termination date remove all improvements the lessee is authorized or required to remove and restore the property to the same condition it was in at the time the lease was executed by the lessee.
- D. Lessee shall be responsible for all municipal property taxes on the leasehold interest in the real property and improvements and sales taxes on the rent payments.

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CHAPTER 11: LENGTH OF LEASES / OPTIONS

11.1 POLICY

It is the policy of the City of Homer that the duration of all leases including all options shall be consistent with the provisions of Chapter 18.08 of the Homer City Code and the provisions of these policies and procedures.

11.2 PROCEDURES

- A. The initial term of leases shall be related to a large degree upon the magnitude of the lessee's financial investment and the value and usefulness of improvements that lessee will make and leave on the property upon the termination of the lease. It shall also be related, to a lesser degree, upon lessee's financing and the reasonable amortization requirements of the lessee and financing agency. Generally speaking, the larger the investment, and the greater the value and usefulness of permanent improvements that will remain on the property after termination of the lease, the longer the lease period.
- B. Leases that extend beyond 30 years (including all options) will be treated as exceptional and shall be evaluated on a case by case basis.
- C. Leases shall contain no more than two options for renewal and each option shall be for no more than 25% of the length of the initial base term. The exercise of any option shall be dependent upon lessee not being in breach of any provisions of the lease at that time.
- D. If the lease or the lessee's approved development plan provides for utilization of the lot for several months a year and the lessee installs improvements or infrastructure, occupies the lot (by persons or things), or does anything else that precludes or devalues utilization of the lot for the remainder of the year by the City or another party, the lessee shall pay either a premium rent for the months the parcel is actually in use or fair market rental for the entire lease year.
- E. It is the policy of the City that equal opportunities should be provided to compete for leasing available public property. A lessee whose initial lease and all options have expired shall have no automatic right of further renewal or extension. In general, it is the policy of the City that the Lease Committee shall offer such properties to the public through the RFP/competitive bidding process described herein.
- F. Lease Renewals: The City Council, after reviewing a recommendation from the Lease Committee, may elect to not require a competitive bidding process for a property whose lease has expired (including all options) if it finds that it is in the best interest of the City to enter into a new lease agreement with the current lessee. If the current lessee is interested in entering into a new lease agreement, he/she must indicate so in writing to the City Manager at least 12 months prior to

the expiration of the lease and submit a formal lease application/proposal for evaluation by the Lease Committee. The City will review the application but is under no obligation to enter into a new lease. If the Council chooses to approve such a new lease without a competitive process, it must approve such new lease by resolution within six months that includes a finding that it is in the public interest to do so, after consideration of relevant facts including, but not limited to, the following:

1. The lessee's past capital investment and binding commitment to future capital investment
2. The lessee's financial condition and prior lease history
3. The number of persons employed and the prospects for future employment
4. Tax revenues and other financial benefits to the City of Homer anticipated in the future if the lease is renewed.
5. Consistency of the past use and intended future use with all applicable land use codes and regulations, the Comprehensive Plan, and Overall Economic Development Plan
6. Other opportunities for use of the property that may provide greater benefits to the City of Homer.
7. Other social, policy, and economic considerations as determined by the Council

G. Short Term Leases

1. A short term lease of 6 months or less may be approved by the City Manager after review and recommendations by the Lease Committee.
2. Short term leases are not required to go through the competitive bidding/PFP process described herein
3. Short term leases shall not include renewable options and no consecutive short term leases for the same property to the same lessee may be issued without the approval of the City Council.
4. Applicants for short term leases must go through the formal application process described herein.
5. The City Manager will advise the Council through memorandum or the Manager's report of all short term leases.

H. At the expiration or termination of a lease the City may negotiate to reimburse the lessee for improvements at fair market value, and then issue a request for proposals offering the lot and improvements as a package.

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CHAPTER 12: LEASE RATE ADJUSTMENTS

12.1 POLICY

It is the policy of the City of Homer to adjust lease rental rates from time to time in order to compensate for inflation, increases in the cost of living, and changing real estate market conditions.

12.2 PROCEDURES

- A. All leased properties shall be appraised every fifth year. The appraisal shall be conducted by an Alaska Certified General Real estate Appraiser. Appraisals shall be subject to the following:
 - 1. The lease rate shall be adjusted upward based upon increased property appraisal values. This periodic adjustment compensates for changing market conditions in the area by determining the fair rental value. In the event that an appraisal reveals that fair market rent has declined, the lessee may petition the City for an amendment to the lease and reduction in the lease rate. The City is under no obligation to do so. Any reduction in lease rates must be approved by the City Council and the motion to do so must include a statement regarding why the action is in the public interest.
 - 2. During the month of January each year, the City will contract with an Alaska Certified General Real Estate Appraiser to appraise all leased parcels which are due for their five year appraisals in that year. The appraisals will be bundled and conducted at the same time under the same contract in order to reduce costs. The City will select the appraiser and bear the cost of the appraisal.
 - 3. The newly adjusted lease rate determined by the appraisal will take effect on the anniversary date of the lease.
- B. In addition, all rental rates shall be adjusted annually based upon changes in the Anchorage Consumer Price Index (CPI). No CPI adjustments shall be made in the initial year of the lease or in any year in which an appraisal adjustment occurs.

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CHAPTER 13: SUB-LEASES

13.1 POLICY

It is the policy of the City of Homer that City land should be leased for a specific use or purpose approved by the City. City land shall not be leased for the purpose of speculation. Individual business structures unrelated to the primary permitted use that are owned by the lessee or subtenants of the lessee shall be discouraged.

13.2 PROCEDURES

- A. If a potential lessee intends to sub-lease City owned property, this intention shall be clearly stated and described in the original lease application and proposal.
- B. In order for a sub-lease to be approved, the right to sub-lease, and the terms and conditions thereon, must be specifically included and stated in the underlying base lease.
- C. All sub-leases must be in writing and executed by the parties. All sub-leases must be approved by the City Council after a recommendation is provided by the City Manager and the Lease Committee. Approval must be granted prior to occupancy of the leased premises by the sub-tenant.
- D. All amendments to sub-leases must be in writing and approved by the City Council prior to becoming effective.
- E. Sub-leasing shall not be used as a method to accomplish the transfer of interest in the entire leasehold.
- F. All sub-leases must comply with applicable zoning, parking, sign, flood, and other applicable local ordinances and state and federal statutes.
- G. All sub-leases are subject to the base lease and all sub-tenants must comply with the relevant provisions of the base lease as identified by the Lease Committee. Sub leases of City land are subject to additional rent pursuant to HCC 18.08.120.
- H. Sub-leasing within a building may be approved provided that the terms and conditions of such are clearly set out and described in the original base lease.
- I. Partnerships: The City may consider and approve a lease and development plan that consists of two or more independent businesses that finance, construct, and occupy the same building or improvements. The businesses, business relationship, and proposed uses must be approved by the City in advance. Partnerships such as this are not considered to be a sub-lease.
- J. Developers/Investors: The City may consider proposals from developers who wish to construct buildings and/or other improvements for the purpose of sub-leasing, if all tenants of the building or land are engaged in activities that are permitted by applicable zoning codes and restricted uses as approved by the Council in effect at the time. The lessee will be in violation of the lease if he/she sub-leases for uses other than those permitted by the lease.

13.3 PROCEDURES

- A. If a lessee with an assignable lease wishes to assign, the City must first make a determination that the lessee is current and not in default with respect to lease payments, taxes, and other fees that may be owing, and in compliance with any other relevant terms and conditions of the base lease. If the lessee is in good standing and eligible to assign, the following procedures will apply.
- B. The lessee shall request approval of lease assignment in written form and submit a lease assignment document(s) to the Lease Committee.
- C. The Lease Committee shall review the request and assignment document(s), determine whether the proposed assignee is qualified under HCC 18.08.050, and meet with assignee to ascertain whether the assignment would be beneficial to the interests of the City.
- D. The assignee shall submit a new lease application form complete with all attachments and proposals following the process described herein for lease applications, and submit it along with any applicable fees to the Lease Committee for review.
- E. The Lease Committee shall review the application and proposal using the application evaluation criteria described herein.
- F. The Lease Committee shall make a recommendation on the assignment to the City Council for final action.

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CHAPTER 14: ASSIGNMENTS

14.1 POLICY

It is the policy of the City of Homer to incorporate an assignment provision into the lease document if that is requested by the lessee. Consent to an assignment request shall be conditioned upon receipt of all current and applicable payments and properly submitted documentation. The proposed assignee must also be acceptable to the City of Homer and commit to develop and use the property in a manner acceptable to the City.

14.2 DEFINITIONS

- A. Assignable lease: A lease which contains a provision permitting its assignment by lessee.
- B. Assignment: A transfer of interests or rights to property, real or personal, in possession or in action, or of any estate or right therein. The assignment of a lease is distinguishable from a sublease to the extent that in assigning, the lessee transfers his entire interest and estate in the premises, whereas, in a sublease, the sublessee acquires something less than the lessee's entire interest.

14.3 RESPONSIBILITY

- A. The Lease Committee is responsible for reviewing assignment provisions that may be included in lease documents. The Lease Committee is also responsible for reviewing and making recommendations to the City Council on all requests to assign a City lease.
- B. The City Council is the final authority on all requests to assign.
- C. The City Council may approve assignment of a lease to banks or other financial institutions for financing or other reasons if it determines that to be in the best interest of the City.

14.4 ASSIGNMENT WITH SALE OF BUSINESS

Where a lessee intends to assign the lease as part of a sale of the business located on the lease lot, the person who intends to purchase the business may apply to extend the lease term to allow the continuation of the business and to secure financing for the purchase.

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CHAPTER 15: INSURANCE

15.1 POLICY

It is the policy of the City of Homer to require lessees to carry general public liability insurance, environmental insurance if appropriate, workers compensation insurance, and any other insurance coverage determined to be necessary by the City in order to protect City assets and the public interest.

15.2 PROCEDURES

- A. All lessees shall keep in force for the full term of the lease public liability insurance in the amount of not less than \$1 million coverage per occurrence for bodily injury (including death) and property damage. The City of Homer shall be named as an additional insured.
- B. Lessees who intend to conduct activities which could potentially have significant risk of environmental contamination shall also obtain not less than \$2 million in environmental insurance (Environmental Impact Insurance and/or Environmental Clean-up Policy, or the equivalent subject to review and approval by the City Manager) with the City of Homer as an additional insured. Environmental Insurance for the purposes of City leasing procedures shall meet the standards of the Environmental Insurance Requirement document attached as Appendix A to these policies. The following procedures apply in determining whether a significant risk of environmental contamination is present:
 - 1. The City will determine on a case by case basis whether a lease of City property will involve a significant risk of environmental contamination due to the use of the property, the presence of hazardous materials, or the location of the property.
 - 2. If the City determines that a significant risk is present, the environmental insurance requirement shall apply.
 - 3. Recommendations by the Manager and Lease Committee on environmental insurance are subject to final approval by the Homer City Council through the lease approval process.
 - 4. The following are examples of uses that generally will not involve a significant risk of environmental contamination. This list is not exhaustive or all inclusive and is provided for illustrative purposes only: restaurants, retail/charter businesses, commercial fishing gear storage (provided the storage does not include fuels, lubricants, hydraulic fluids, and solvents, or machinery containing any of them, campgrounds, entertainment establishments, drinking establishments, and the ordinary use of commonly used household cleaning agents and office products.

5. The following are examples of uses that generally will involve a significant risk of environmental contamination. This list is not exhaustive and is provided for illustrative purposes only: a) Storage or processing of logs, chips & other wood products, b) sale, manufacture, distribution, fueling of equipment, or storage of petroleum products, c) repair shops involving the use of solvents, d) activities in the tidelands or in close proximity to environmentally sensitive areas, e) the use of drums to collect, transport, or store waste oil, solvents, or other hazardous materials, f) the use of hazardous materials in manufacturing or processing, g) storage of hazardous waste in quantities sufficient to trigger reporting obligations under the Resource Conservation and Recovery Act, h) outside use or storage of equipment with a risk of leaking fuels, lubricants, solvents or hydraulic fluid.
- C. Certificates of Insurance showing the required insurance is in effect and identifying the City of Homer as an additional insured shall be provided to the City of Homer initially at the time a lease becomes effective and annually thereafter, and upon every change in insurance provider or insurance coverage.
- D. All insurance policies must be in effect for the duration of the lease term, or longer if stated in the lease, and the City must be notified of any changes to policies.

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CHAPTER 16: HAZARDOUS MATERIALS

16.1 POLICY

It is the policy of the City of Homer to require that all lessees on City owned property take the precautions necessary to protect city property and the surrounding environment from pollution and contamination. All leases of City property, whether they are subject to the Environmental Insurance Requirement or not, shall include terms which impose the minimum requirements for environmental protection set out below.

16.2 PROCEDURES

- A. The lessee shall not allow hazardous materials to be used or kept on City property, except as specifically permitted or necessary for the lessee's lawful use and approved of the property.
- B. The lessee's use of hazardous materials, if permitted, shall comply will all applicable laws and regulations.
- C. The lessee shall not pollute or contaminate the environment with discharges, leaks, or emissions of hazardous materials.
- D. The lessee shall be required to promptly notify the appropriate authorities and the City of any discharge or spill and to clean up the impacted area at lessee's own expense in compliance with applicable laws.
- E. Lessee shall be fully liable for all damages, costs and expenses related to a violation of the terms of the lease with respect to the use, storage, cleanup, remediation, or disposal of hazardous materials.

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CHAPTER 17: PERFORMANCE STANDARDS

17.1 POLICY

It is the policy of the City of Homer that leased properties and the improvements on them shall be maintained in a way that provides for the health and safety of the community, and is consistent with community values with respect to zoning, aesthetics, architecture, and other values as determined by the City Council.

17.2 PROCEDURES

- A. All properties leased by the City are to be maintained in a proper, safe, clean, and orderly fashion taking into consideration its permitted use, surrounding properties, zoning, and other applicable laws and regulations.
- B. The City of Homer reserves the right to enter leased property and the structures thereon at all reasonable times. This includes regular annual inspections.
- C. All commercial structures shall at all times be in compliance with applicable building, fire, mechanical, electrical and other regulations.
- D. Applicable building code and fire marshal inspections must be performed and certified to the City upon completion of all renovations, remodels, and / or new construction.
- E. Easements or Rights-of-Way on the leased parcel shall not be used in any way that interferes with the rights of the holders or any person(s) lawfully using the easement or right-of-way.
- F. Easements or Rights-of-Way outside of the leased parcel and/or immediately adjacent to it shall not be used for storage, parking, or any other authorized uses.
- G. Failure to comply with the performance standards listed in this section or any other provisions or stipulations contained in the lease are grounds for termination of the lease if the lessee does not rectify the problem after reasonable notice by the City.

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CHAPTER 18: CONCLUSION OF LEASE

18.1 POLICY

It is the policy of the City of Homer to provide for a smooth transition and the restoration of City property at the time a lease expires.

18.2 PROCEDURE

- A. Improvements constructed by the Lessee or sub-lessees shall be left in place unless removal is authorized or required by the provisions of the lease. If the lease authorizes or requires removal of improvements, they may be removed prior to the conclusion of the lease if doing so would not damage the leased property or adjoining properties. Removing improvements shall be coordinated with and approved by the City Manager prior to commencement of activities.
- B. Unless otherwise agreed by the parties, when the lessee is authorized or required to remove improvements, the lessee shall remove all improvements made on the property by lessee prior to termination of the lease.
- C. When authorized or required to remove improvements, if lessee fails to do so prior to the termination date of the lease, lessee shall forfeit the improvements to the City and shall receive no compensation therefore, or, at the City's election, pay to the City the costs incurred by the City in removing and disposing of the improvements.
- D. Unless otherwise provided in the lease, or agreed to in writing by the parties, the lessee shall restore the property to the same condition it was in at the time the lease was executed by the lessee.
- E. An environmental inspection (Phase I, plus further testing, including test holes if the need for such further testing is indicated by the Phase I inspection) shall be completed at the termination of the lease at the lessee's expense. Identified environmental problems shall be rectified by lessee at his/her expense.

