

LEASE AGREEMENT

THIS LEASE AGREEMENT is made in duplicate this 5th day of January 1981 by and between the CITY OF VALDEZ, a municipal corporation organized under the laws of the State of Alaska, hereinafter referred to as "LESSOR", and the UNIVERSITY OF ALASKA, a constitutional corporation, organized and existing under the laws of the State of Alaska, on behalf of Prince William Sound Community College, hereinafter referred to as "LESSEE".

LESSOR and LESSEE agree as follows:

I - PROPERTY

1.01. Property. LESSOR leases to LESSEE and LESSEE leases from LESSOR the premises outlined in red in Exhibit "A", attached hereto (hereinafter referred to as the "Property"), located in the building known as the City of Valdez Warehouse No. 1 (hereinafter referred to as the "Building"), situated on Tract E, according to the Plat of Port Valdez Subdivision, Plat 77-1, on file at the Valdez Recording District, Third Judicial District, State of Alaska, for the term, the rent, and subject to the covenants and conditions hereinafter provided.

1.02. Quiet Enjoyment. So long as LESSEE shall observe and perform the covenants and conditions contained in this lease, LESSEE shall, at all times during the term of this lease, peacefully and quietly have and enjoy possession of the Property without any disturbance by, from or through LESSOR.

1.03. Property Accepted "As Is". LESSEE acknowledges that it has inspected the Property and the Building 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 or the Building.

II - TERM

2.01. Lease Term. The term of this lease shall commence on the 18th day of December 1981 and shall continue until terminated by either party by giving no less than 6 months written notice to the other party. Provided however, if the Legislature of the State of Alaska fails to appropriate sufficient funding, LESSEE may terminate this Agreement upon thirty (30) days written notice to LESSOR.

2.02. Hold-Over. If LESSEE shall hold-over after the expiration of the term of this lease such tenancy shall be from month to month, subject to all the terms, covenants and conditions of this lease.

III - RENT, TAXES AND ASSESSMENTS

3.01. Rent. LESSEE agrees to pay the LESSOR an annual rent of One Dollar (\$1.00) due without demand on the second day of January of each year.

3.02. Assessments. LESSOR will pay all assessments attributable to the Property or the Building.

3.03. Lessee to Pay Utility and Other Charges. LESSEE shall pay all charges for gas, electricity, heat, water, sewer and any and all other utility services used upon the

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Property throughout the term of this lease, including any connection fees. LESSEE shall pay and be responsible for all snow removal needed for safety and for access to the Property, including all entryways, roofs, walks, ramps, driveways, parking areas, etc.

IV - USE

4.01. Use. LESSEE shall use the Property for educational and community service purposes. LESSEE shall not conduct any illegal activities on the Property.

V - IMPROVEMENTS

5.01. IMPROVEMENTS. LESSEE may not make any improvements or alterations to the Property without first obtaining LESSOR's permission, which may be withheld for any reason.

VI - TRADE FIXTURES

6.01. 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 the LESSEE and may be removed or replaced at any time during the term of this lease provided that such removal will not cause any damage to the Property or the Building. LESSOR acknowledges that the smoke-eater equipment on the Property at the time of execution of this lease is the property of LESSEE.

VII - ASSIGNMENT AND SUBLETTING

7.01. ASSIGNMENT AND SUBLETTING. LESSEE shall not assign or sublet all or any portion of the Property.

VIII - LIENS

8.01. Prohibition of Liens. LESSEE shall not suffer or permit any liens to be recorded against the Property. If any such lien shall be recorded against the Property, LESSEE shall cause the same to be removed, and shall indemnify and save LESSOR harmless from any and all liability for damages or loss occasioned thereby.

IX - INDEMNITY

9.01. The LESSOR and LESSEE each shall be responsible for its own acts or omissions (and those of its officers, agents, employees, contractors and servants); and each party to this lease agrees to indemnify, defend and save harmless the other, to the maximum allowable under Alaska law, from any claim or liability (of whatever kind, including attorney fees) for damages to property or injury to persons occasioned by each party's own negligent acts or omissions in connection with the use and occupancy of the Property.

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X - INSURANCE

10.01. Liability Insurance. LESSEE, during the term of this lease, shall carry at its expense general public liability insurance covering the Property to protect against liability for personal injury, death or property damage which might arise from the occupancy or use of the Property or the operations conducted on or about it.

10.02. deleted

XI - CARE OF THE PROPERTY

11.01. Care of the Property. LESSEE at its own cost and expense shall keep the Property, including all doors and entryways, in good condition and repair during the term of this lease, ordinary wear and tear excepted.

11.02. Maintenance. LESSOR shall, at LESSOR's sole cost and expense, keep and maintain the exterior of the Property and all common areas in safe and tenantable condition. Any hazardous conditions discovered in the structure, common areas, mechanical systems or operating equipment of the Property shall be promptly corrected by LESSOR at no cost to LESSEE.

11.03. Access Rights of LESSOR. LESSOR, its agents, servants or employees, shall have the right to enter into and upon the Property upon reasonable notice to LESSEE and during normal business hours (defined as 9:00 A.M. to 5:00 P.M. Monday through Friday except for holidays) for the purpose of inspecting the Property.

XII - LAWS

12.01. Compliance with Laws. LESSEE shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter enacted in any manner affecting LESSEE's activities on the Property, whether or not any such laws, ordinances or regulations which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same.

XIII - CONDEMNATION

13.01. Condemnation. If the Property or any part thereof is condemned for public use and such taking substantially hinders the use of the Property for the purposes of LESSEE, as may be reasonable determined by LESSEE, this lease shall immediately terminate.

XIV - DEFAULT

14.01. 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) Default in the payment of rent and any additional sums which might become due under this lease for a period of fifteen (15) days from the due date for the payment of such rent or such 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 thirty (30) days after LESSOR gives to LESSEE a written notice specifying the

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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 shall have been taken promptly by LESSEE to rectify the same and shall be prosecuted to completion with diligence and continuity.

(c) The filing of a petition by or against LESSEE for adjudication as a bankrupt under the Federal Bankruptcy Code, or for an arrangement pursuant to Chapter XI of the Federal Bankruptcy Code.

(d) The making by LESSEE of an assignment for the benefit of creditors.

(e) The appointment of a receiver by a court of competent jurisdiction for LESSEE's business.

(f) The levy upon under execution or attachment by process of law of the leasehold interest of LESSEE in the Property.

(g) The use of the Property for purposes other than those enumerated herein, to which LESSOR has not given its written consent.

(h) The abandonment of the Property by LESSEE for a period of thirty (30) days or more.

14.02. LESSOR's Remedies. In the event of any default by LESSEE as recited in Paragraph 14.01 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 immediately declare the term of this lease ended by written notice to LESSEE. Upon such 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 are enumerated in Paragraph 14.02 (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 which LESSOR in its sole discretion may deem reasonable.

(d) LESSOR may recover, whether this lease be terminated or not, from LESSEE, damages provided for below consisting of items (i) and (ii):

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(i) reasonable 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 any additional sums reserved under this lease, less the net rent, if any, collected by LESSOR, on reletting the Property. 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 the cost of cleaning, the cost of removal of LESSEE and LESSEE's property by repossession, and the cost of any repairs or renovations necessary to restore the Property to its original condition, ordinary wear and tear excepted.

(e) Re-entry 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. If this lease shall be deemed terminated, LESSEE's liabilities shall survive and LESSEE shall be liable for damages as provided in this Paragraph 14.02.

#### XV - GENERAL PROVISIONS

15.01. 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.

15.02. 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 regard to any other then existing or subsequent breach.

15.03. Time of the Essence. Time is of the essence of this lease and of each provision.

15.04. Computation of Time. The time in which any act provided by this lease is to be done is computed by excluding the first day. The last day is to be included, unless it is a Saturday, Sunday, or holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday or holiday. The term "holiday" shall mean all holidays as defined by the statutes of Alaska.

15.05. 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.

15.06. 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 which is not contained in this lease shall be binding or valid.

15.07. Governing Law. This lease shall be governed by, construed and enforced in accordance with the laws of the State of Alaska.

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15.08. 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 other than the relationship of landlord and tenant.

15.09. 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 the assistance of attorneys in drafting and reviewing this lease.

15.10. 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.

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

15.12. Amendment. This lease is not subject to amendment except in writing executed by all parties hereto.

15.13. Delivery of Notices--Method and Time. All notices, demands or requests from one party to another shall be delivered in person or sent by mail, certified or registered, postage prepaid, to the addresses stated in the next paragraph and shall be deemed to have been given at the time of delivery, or, if mailed, three days after the date of mailing.

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

City Manager  
City of Valdez  
P.O. Box 307  
Valdez, Alaska 99626

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

University of Alaska  
Community Colleges, Rural Education and Extension  
3605 Arctic Blvd.  
No. 420  
Anchorage, Alaska 99503

15.15. Change of Address. Each party shall have the right, from time to time, to designate a different address by notice given in conformity with Paragraph 15.13.

XVI - ABANDONED PROPERTY

16.01. Abandoned Property on Termination of Lease. Upon termination of this lease, any personal property, fixtures, machinery or equipment not claimed and removed from the property by LESSEE within twenty (20) days after termination of this lease shall immediately become property of the LESSOR. LESSOR may dispose of any such property in any manner in which it sees fit and shall incur no liability to LESSEE thereby.

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

LESSOR:

CITY OF VALDEZ

DATE: 12/8/83

By: Susy Collins  
Susy Collins, Mayor

DATE: 12/15/83

By: Jim Watson  
Jim Watson, City Manager

LESSEE:

UNIVERSITY OF ALASKA

DATE: 1/5/84

By: George Melican  
George Melican, Chancellor  
CCREE

Leases under \$25,000 annual rent require review by the Director, Statewide Office of Land Management, 3354 College Road, Fairbanks, Alaska 99701.

Reviewed by: M. J. [Signature]

Date: 9/24/83

APPROVED AS TO FORM:

HUGHES, THORSNESS, GANTZ, POWELL & BRUNDIN  
Attorneys for the City of Valdez

By: Gordon J. Tans  
Gordon J. Tans

STATE OF ALASKA )  
: ss.  
THIRD JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on this 12 day of December, 1983, before me, the undersigned Notary Public in and for the State of Alaska, personally appeared SUSY COLLINS, known to me and to me known to be the Mayor of the City of Valdez, and known to be the individual named in and who executed the foregoing document and she acknowledged to me that she was authorized to execute the foregoing document by authority granted her by the City of Valdez for the uses and purposes therein set forth.

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

Lori M. Anderson  
Notary Public in and for Alaska.  
My Commission expires: \_\_\_\_\_



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STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on this 12 day of December, 1983, before me, the undersigned Notary Public in and for the State of Alaska, personally appeared JIM WATSON, known to me and to me known to be the City Clerk of the City of Valdez, and known 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 Valdez for the uses and purposes therein set forth.



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

Lari M. Anderson  
Notary Public in and for Alaska  
My Commission expires: 5/23/86

STATE OF ALASKA )  
 ) ss.  
FOURTH JUDICIAL DISTRICT )

THIS IS TO CERTIFY that on this 5<sup>th</sup> day of JANUARY, 1984, before me, the undersigned Notary Public in and for the State of Alaska, personally appeared George Melican, known to me and to me known to be the Chancellor, CCREE, University of Alaska, and known 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 Board of Regents for the uses and purposes therein set forth.

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

Mary L. Robinson  
Notary Public in and for Alaska  
My Commission expires: 5/23/86





CITY OF VALDEZ, ALASKA

BOOK 99 PAGE 971  
Valdez Recording District

RESOLUTION NO. 8358

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
VALDEZ, ALASKA, FOR THE LEASE OF CERTAIN REAL  
PROPERTY WITHOUT PRIOR APPRAISAL

WHEREAS, the City of Valdez has reviewed the proposal of the University of Alaska, on behalf of the Prince William Sound Community College, to use the property described herein for educational and community service purposes; and

WHEREAS, the proposed use of this warehouse will be specifically for a college-sponsored welding shop; and

WHEREAS, the training provided to interested students in the welding trade is in the best interest of the City of Valdez and its citizens; and

WHEREAS, to promote education, whether it be in the field of formal education, or training in trades and crafts, it is appropriate to lease certain real property to the University of Alaska on behalf of the Prince William Sound Community College.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA, that

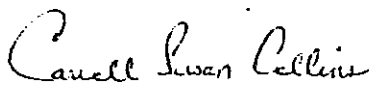
Section 1. The City Council of the City of Valdez determines that it is in the best interest of the City of Valdez and its citizens to lease certain real property to Prince William Sound Community College without first obtaining an appraisal; and it is further in the best interest of the City of Valdez and its citizens to authorize the city manager to negotiate the terms of the lease with the University of Alaska, on behalf of the Prince William Sound Community College.

Section 2. The property to be leased is located in the building known as the City of Valdez Warehouse No. 1, situated on Tract E, according to the Plat of Port Valdez Subdivision, Plat 77-1, on file at the Valdez Recording District, Third Judicial District, State of Alaska.

Section 3. The term of this lease shall commence on the 18th day of December 1981 and shall continue until terminated by either party and the University of Alaska, on behalf of the Prince William Sound Community College, agrees to pay the City of Valdez an annual rent of One Dollar (\$1.00) due without demand on the second day of January of each year.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF VALDEZ, ALASKA this 5th day of December, 1983.

CITY OF VALDEZ, ALASKA

  
Mayor Carol Susan Collins

ATTEST:

  
City Manager/City Clerk

Ayes:  
Noes:  
Abstaining:  
Absent:

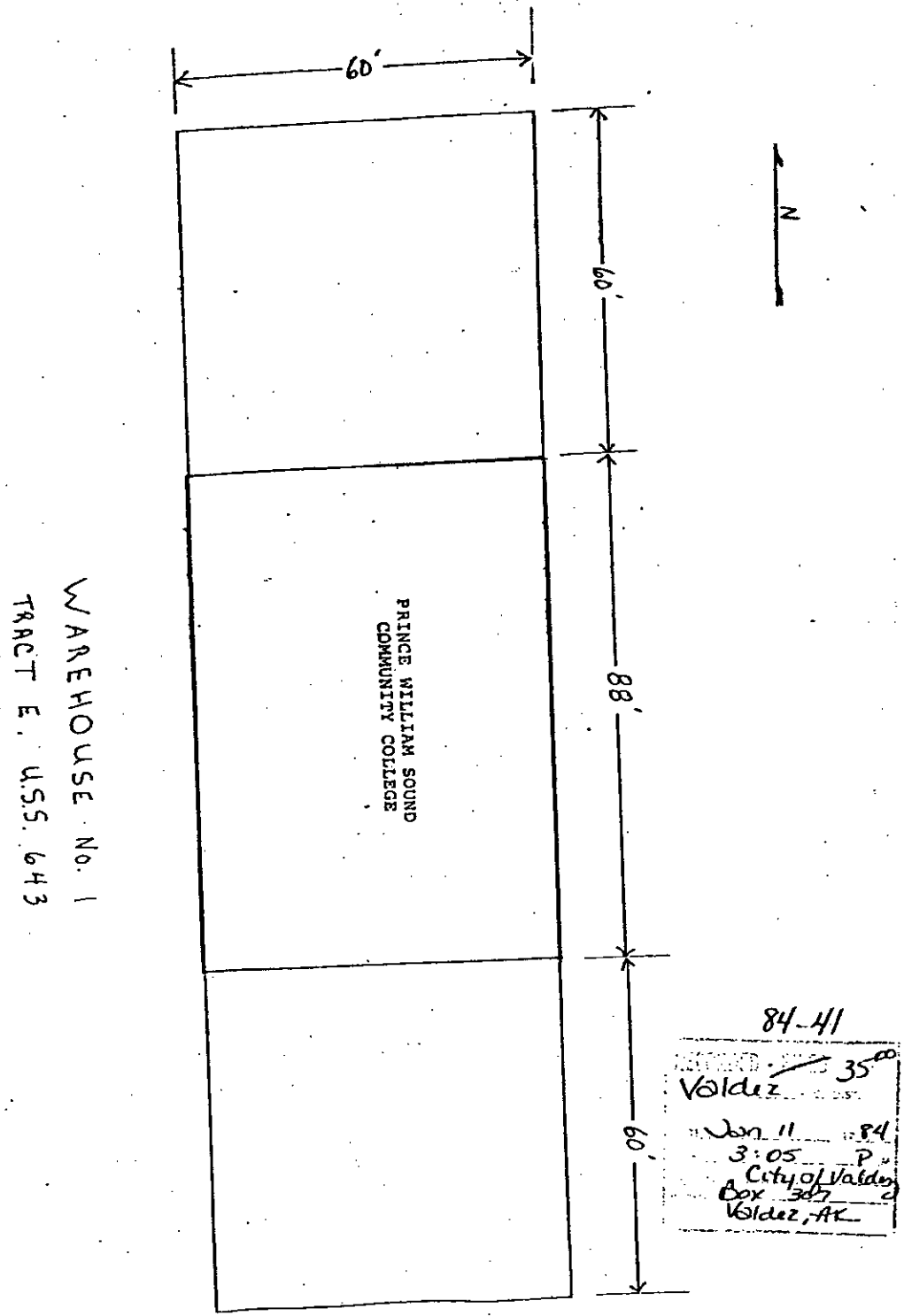


EXHIBIT A