

**ORDINANCE NO. 5954**

**AN ORDINANCE AUTHORIZING LEASE OF CITY-  
OWNED REAL PROPERTY TO YUKON QUEST  
INTERNATIONAL LTD.**

**WHEREAS**, the City is vested with title to Lots One and Two, Block Four, Townsite of Fairbanks, and popular log cabin (the "property") located on the banks of the Chena River at 550 First Avenue and Cushman Street; and

**WHEREAS**, the property has been occupied by the Yukon Quest International Ltd. (the "Quest") for the preceding five years as sub-tenant under a former lease, which lease expired May 31, 2014; and

**WHEREAS**, Quest use of the property as its dog mushing sport headquarters and visitor destination contributes to the vitality of the Fairbanks community, attracting residents, visitors and enthusiasts; and

**WHEREAS**, the Quest currently occupies the property on a month-to-month basis; and

**WHEREAS**, the Quest has respectfully requested a long-term lease of the land and cabin; and

**WHEREAS**, the City administration has reviewed said property and determined that same is not required for municipal purposes and can be leased to others; and

**WHEREAS**, Fairbanks General Code of Ordinances Section 70-44 provides that the City may lease to a non-profit organization without public sale and for less than market value, whenever in the judgment of the City Council it is advantageous to do so; and

**WHEREAS**, it is the finding of the City Council that a lease of said property to the Quest is in the best interest of the community.

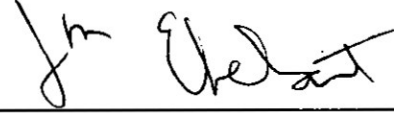
**NOW THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA**, as follows:

**SECTION 1.** That a lease instrument substantially in the form shown on attached "Exhibit A" is hereby authorized by Council for the purposes herein stated, providing for a four year lease term, plus a four year option to renew, which option shall be at the discretion of the City.

**SECTION 2.** That the Mayor is hereby authorized and directed to execute said lease on behalf of the City, and the City Clerk is authorized to attest and affix the City Seal to said instrument, the execution of which

shall take place not less than thirty (30) days after the effective date of this ordinance, as prescribed by section 8.3 of the City Charter and Sec. 7-56 of the Fairbanks General Code.

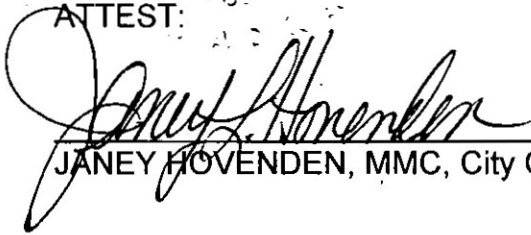
SECTION 3. That the effective date of this ordinance shall be the 13th day of September 2014.



John Eberhart, Mayor

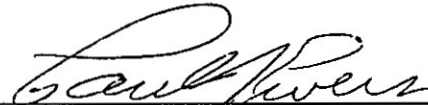
AYES: Matherly, Hilling, Walley, Staley, Gatewood, Anderson  
NAYS: None  
ABSTAIN: None  
ABSENT: None  
ADOPTED: September 08, 2014

ATTEST:



JANEY HOVENDEN, MMC, City Clerk

APPROVED AS TO FORM:



PAUL EWERS, City Attorney

**CITY OF FAIRBANKS**  
**FISCAL NOTE**

**I. REQUEST:**

Ordinance or Resolution No: 5954

Abbreviated Title: An Ordinance Authorizing Lease of City Owned Real Property to Yukon Quest International LTD

**II. FINANCIAL DETAIL: Sell the Property**

<b>Estimated Sales Price \$400,000</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>2017</b>	<b>Total</b>
General Fund Property Tax Revenue	\$0	\$2,009	\$2,059	\$2,111	\$6,179
General Fund Estimated Perm Fund Draw	\$3,672	\$7,529	\$11,546	\$15,694	\$38,441
Repairs to bring cabin up to code	\$ (15,000)				\$ (15,000)
Estimate Perm Fund Earnings (net of draw)	\$8,000	\$24,260	\$25,264	\$26,087	\$83,610
<b>TOTAL</b>	<b>(\$3,328)</b>	<b>\$33,798</b>	<b>\$38,869</b>	<b>\$43,891</b>	<b>\$113,230</b>

<b>FINANCIAL DETAIL: Lease the Property</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>Beyond</b>	<b>Total</b>
Lease revenue \$500 per month	\$2,000	\$6,000	\$6,000	\$6,000	\$20,000
City repairs to bring cabin up to code	\$ (15,000)				\$ (15,000)
<b>TOTAL</b>	<b>(\$13,000)</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$6,000</b>	<b>\$5,000</b>

Reviewed by Finance Department:

Initial CGR/JNS

Date 8/20/2014

LEASE – REAL PROPERTY

*Updated Version 9/8/14*

Exhibit “A” to Ordinance No. 5954

This Lease, made and entered into this \_\_\_\_ day of \_\_\_\_\_ 2014, by and between the City of Fairbanks, whose address is 800 Cushman Street, Fairbanks, Alaska 99701, referred to as “Lessor,” and the Yukon Quest International, Ltd., an Alaska nonprofit corporation, whose address is 550 First Avenue, Fairbanks, Alaska 99701, hereinafter referred to as “Lessee”;

**W I T N E S S E T H**

1. **Authority.** The Mayor of the City of Fairbanks is authorized and directed to enter into this Lease by City Ordinance No. 5954, passed and approved by the City Council on \_\_\_\_\_, 2014.

2. **Premises.** For and consideration of the rents to be paid and the covenants to be performed by Lessee hereunder, and for the terms set forth herein, Lessor hereby leases, demises, and lets to Lessee:

Lots One (1) and Two (2) Block Four (4), TOWNSITE OF FAIRBANKS, according to the official survey of said Townsite, known as the L.S. Robe Map of 1909, reproduced by Karl Theile, US Surveyor General in 1922, containing 11,000 square feet, more or less, and the improvements thereon.

All according to the Records of the Fairbanks Recording District, 4th Judicial District, State of Alaska, and as generally depicted on “Lease Attachment 1 of 1”,

TOGETHER WITH the rents and issues thereof, subject to the following terms and conditions.

3. **Use.** Lessee shall have the right to use the Leased Premises exclusively for the non-profit operation and promotion of tourism and as a visitor destination, consisting of dog mushing,

display of sled dogs, the dog mushing sport and culture, education, and related activities. Lessee shall comply with all regulations, ordinances, codes and laws applicable to the use and occupancy of the Leased Premises and shall obtain at its sole expenses all permits and licenses necessary to the lawful conduct of its business.

4. **Existing Improvements.** The Premises are currently improved with a facility of log construction containing approximately 1,900 square feet, plus basement and accessory features.

5. **Title.** Lessor warrants and represents to Lessee that Lessor has full right and lawful authority to enter into this Lease; that Lessor has good and marketable title to the Leased Premises; and that the Leased Premises are free and clear of all tenancies, liens, easements, restrictions, conditions, reservations and other encumbrances except for those of record in the above recording district and applicable building, use and zoning ordinances pertaining to the Premises or otherwise disclosed to Lessee.

6. **Term.** The initial term of this Lease shall be four (4) years beginning October 13, 2014, and ending at midnight October 12, 2018.

7. **Option to Renew.** Upon expiration of the initial term of this Lease, the City may, at its sole discretion, grant an option to renew for an additional four (4) years.

8. **Rent.** In addition to the obligations set forth under Section 12 below, and in consideration of the community purposes of the demised Premises, Lessee shall pay to Lessor the amount of Five Hundred Dollars (\$500.00) per month, which amount shall be payable in advance for each month of the Lease, with rent payment due on the first of each month for so long as the Lease is in effect. The failure of Lessor to insist upon full and prompt payment of any installment of the rent shall not waive Lessor's rights to full and prompt payment of that installment or any other installments.

9. **Taxes.** Lessor is a municipality of the State of Alaska and therefore exempt from property taxes. If taxes are levied against the property by a government body, any such taxes shall be paid by Lessee, as and when due, so long as Lessor remains the owner of record.

10. **Lessor's Right of Entry onto the Premises.** Lessor or its agent shall have the right and be provided with the means to enter the Leased Premises at all times upon reasonable advance notice in order to examine it for the purposes of determining compliance with this Lease and to inspect or repair the separate electrical meter, water meter, and water pumps owned by the City, which are located in the basement of the premises and which serve the adjoining Golden Heart Plaza and water fountain.

11. **Sublease and Assignment.** Lessee may not assign its rights or obligations under this Lease without prior written approval of the Lessor, which approval shall be at Lessor's sole discretion. If this Lease is assigned or if the Leased Premises or any part thereof is sub-let or occupied by anyone other than Lessee, Lessor may, after default by Lessee, collect rent from the assignee, sublessee, or occupant and apply the net amount collected to the rent herein reserved.

12. **Operational Expenses.** Lessee shall keep the Leased Premises, the access thereto, and the site and structural improvements thereon in clean, safe, and well maintained order, free from depreciated conditions, at all times during the term of this Lease. Lessee shall pay, or cause to be paid, all operational expenses, including utilities of whatever nature, supplies and routine building and grounds maintenance, together with janitorial services and refuse collection. Lessor shall perform major mechanical or electrical repairs and extraordinary replacements.

13. **Improvements, Alterations, Fixtures.** Lessee may, at its sole cost and expense, install equipment and fixtures on the Leased Premises, or improvement to the Leased Premises, which installations or improvements shall first be approved in writing by the City Engineer,

provided further that Lessee will, at all times, hold Lessor and the Premises harmless against any expense, claim or injury arising out of any installation, alteration, addition, or improvement commenced or carried out on the Premises by Lessee, its assigns or agents. Lessee shall permit no labor or material liens or charges against the Leased Premises or any interest therein.

14. **Encumbrances.** Lessee shall not encumber the Premises with liens of any nature, including but not limited to mortgages, mechanic or materialmen liens, or use of the Premises as collateral to secure debt, without the written approval of Lessor being first obtained, which approval shall be at the discretion of Lessor. Any lien against the Premises shall be subordinate to this Lease, which shall hold priority in title.

15. **Insurance.**

(a) At all times during the Lease term, Lessee shall maintain in force and effect Workers Compensation Insurance as required by the laws of the State of Alaska.

(b) As a condition precedent to the Lessee's taking and retaining possession under the Lease, Lessee will secure and maintain and will file with Lessor proper evidence of the following type of insurance:

General Liability:  
Each Occurrence: \$1,000,000  
Damage to Rented Premises: \$100,000  
Medical Expense – Any One Person: \$10,000  
Personal and Advertising Injury: \$1,000,000  
General Aggregate: \$2,000,000  
Products and Completed Operation Aggregate: \$2,000,000

Lessee shall obtain and deposit with Lessor certificates of insurance covering the respective insurances as set forth above prior to commencement of the term of this Lease. Liability insurance shall name Lessor as "additional insured" as respects the Premises. All insurances shall be secured from insurance companies licensed to do business in the State of Alaska. Lessee

shall not do, bring or keep anything in or about the Premises that will cause a cancellation of any insurance covering the Premises. The policies will not be cancelled or materially altered unless at least 30 days prior written notice of such cancellation or material change is provided to the Lessor. Lessee shall provide Lessor with evidence satisfactory to Lessor that premiums for such insurances are paid when due. Lessor reserves the right to pay any insurance premiums not timely paid by Lessee and to recover that cost from Lessee pursuant to Paragraph 23 of this Lease.

(c) Optional Insurance – Contents: Lessee acknowledges that Lessor “all risk” insurance covering the structure does not cover Lessee effects or contents, and that Lessor shall not be liable for loss or damage of same. Lessee may, at its own expense, purchase and maintain “renters” insurance for such effects or contents.

16. **Indemnity.**

(a) Lessee will indemnify, defend, and hold Lessor harmless from and against any and all losses, claims, costs (including reasonable attorney’s fees), suits and judgments arising from:

(1) any acts of commission or omission done, caused or authorized by Lessee, its employees, agents, assigns or sublessees arising upon the Leased Premises or otherwise pertaining to this Lease; or

(2) Lessee’s failure to perform any covenant required to be performed by the Lessee under this Lease; or

(3) any environmental liability for conditions or contamination caused by Lessee arising out of Lessee’s occupancy, use, or alteration of the Leased Premises.

Lessee agrees to reimburse Lessor for any and all necessary expenses, reasonable attorney’s fees, and costs incurred in the non-judicial or judicial enforcement of any part of the foregoing indemnity provision.



(b) Lessor will indemnify, defend, and hold Lessee harmless from and against any and all losses, claims, costs (including reasonable attorney's fees), suits and judgments arising from any environmental liability for conditions or contamination not caused by Lessee nor arising out of Lessee's occupancy, use, or alteration of the Leased Premises.

Lessor agrees to reimburse Lessee for any and all necessary expenses, reasonable attorney's fees, and costs incurred in the non-judicial or judicial enforcement of any part of the foregoing indemnity provision.

17. **Condemnation.** If the Leased Premises, or any part thereof, are taken by eminent domain, at Lessor's option, this Lease (a) will expire on the date when the Leased Premises shall be so taken, and the rent will be apportioned as of that date, or (b) will continue in full force and effect if the Premises remain suitable for Lessee's intended use.

18. **Abandonment.** Should Lessee vacate or abandon the Leased Premises, *i.e.*, vacate with the intent to relinquish possession of the Leased Premises, or be dispossessed by process of law, such abandonment, vacation or dispossession shall be considered a termination of this Lease.

19. **Default and Remedies.**

(a) If Lessee shall be adjudged insolvent or shall make an assignment for the benefit of creditors, or if a receiver or other liquidating officer of Lessee shall be appointed, or a petition for relief is filed by or against Lessee in bankruptcy, or other dissolution or insolvency proceedings shall be commenced by or against Lessee, or if Lessee shall commit waste to or abandon the Premises, or if Lessee shall breach any agreement, promise, duty or covenant of Lessee under this Lease (including without limitation the duty to pay rent when due), then Lessee shall be deemed in default on this Lease.

(b) In the event that Lessee shall default in the payment of any amount or performance of any material covenant or condition to be paid or performed on the part of Lessee, and has not cured such default within 30 days after receipt of Lessor's notice of default, Lessor shall, in addition to all other remedies provided by law or otherwise, have the following rights:

- (1) To enter the Premises and re-let the Premises;
- (2) To terminate this Lease and all rights of Lessee hereunder; or
- (3) To recover from Lessee such damages attributable to its default, from the date of such breach to the date of the expiration of the term hereof.

Re-entry or re-letting of part or all of the Premises as herein provided is not to be deemed a termination of this Lease unless expressly declared to be so by Lessor. If this Lease is deemed terminated, however, Lessee's liability shall survive, and Lessee shall be liable for damages for the remainder of the term which exist at the termination date.

(c) In the event that Lessor shall default in the performance of any covenant or condition to be performed on the part of Lessor and Lessor has not cured such default within 30 days after receiving Lessee's notice of default, Lessee shall, in addition to all other remedies provided by law or otherwise, have the following rights:

- (1) To terminate this Lease and all rights of Lessor hereunder; or
- (2) To recover from Lessor such damages attributable to its default from the date of such breach to the date of the expiration of the term hereof.

If this Lease is deemed terminated, however, Lessor's liability shall survive and Lessor shall be liable for damages for the remainder of the term which exists at the termination date.

20. **Default.** Neither Lessor nor Lessee shall be in default unless either party fails to perform obligations required of such party within 30 days after the other party has given written notice of failure to perform a specified obligation, except that said party shall not be considered

in default if such obligation cannot reasonably be performed within such 30-day period and said party is diligently pursuing the same.

21. **Holdover by Lessee.** Should Lessee, without Lessor's consent, hold over and remain in possession of any portion of the Premises after the expiration of the term of this Lease, such holdover shall not be deemed or construed to be a renewal or extension of this Lease as to that area, and Lessor may take such legal steps as may be required to remove Lessee from that portion of the Premises held over by Lessee. Alternatively, and at Lessor's option, such holdover may operate to create a month-to-month tenancy as to the area in question, which may be terminated by Lessor at the end of any month upon 30 days prior written notice.

22. **All Obligations of Lessee Considered Additional Rent.** All taxes, charges, costs and expenses which Lessee is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Lessee's failure to pay such amounts, and all damages, costs, and expenses which Lessor may incur by reason of any default of Lessee or failure on Lessee's part to comply with the terms of this Lease, shall be deemed to be additional rent and, in the event of nonpayment by Lessee, Lessor shall have all the rights and remedies with respect thereto as Lessor for the nonpayment of basic rent.

23. **Lessor's Right to Perform Lessee's Obligations.** If Lessee shall be in default hereunder, Lessor may cure such default on behalf of Lessee, in which event Lessee shall reimburse Lessor for all reasonable sums paid to affect such cure, including reasonable attorney's fees. In order to collect such reimbursements, Lessor shall have all remedies available under this Lease for a default in the payment of rent.

24. **Late Charges.** Lessee hereby acknowledges that late payment by Lessee to Lessor of rent or other sums due hereunder will cause Lessor to incur costs not contemplated by this

Lease, the exact amount which will be difficult to ascertain. Accordingly, if Lessee fails to pay rent when due, or fails to pay other sums due under this Lease after 10 business days written notice from Lessor that such sums are past due, then Lessee shall pay Lessor a late charge equal to 5% of the past due amount for each month the amount is past due, plus attorney's fees incurred by Lessor by reason of Lessee's failure to pay rent or other sums due under this Lease. The parties hereby agree that such late charges represent a fair and reasonable estimate of the cost Lessor will incur by reason of the late payment by Lessee. Acceptance of such late charges by the Lessor will not constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent Lessor from exercising any other rights and remedies hereunder.

25. **Waste and Hazardous Substances.** Lessee shall not commit waste of or waste upon the Premises of whatever nature. Lessee shall defend, indemnify and hold harmless Lessor from any and all costs, claims or liabilities arising from or related to re-lease, escape, or presence of any hazardous materials, waste, or toxic or regulated substances arising from or reasonably attributable to Lessee's use and occupancy of the Premises, all or any of which shall be paid and satisfied by Lessee. Lessee's indemnification shall survive the termination of this Lease.

26. **Surrender of Premises.** On the last day of the term of this Lease, or as otherwise provided in this Lease, or as extended by Lessor in writing, Lessee shall quit and peaceably surrender the Premises to Lessor, leaving same in a neat, clean condition.

27. **Notices.** Any notice given hereunder shall be in writing and shall be sent by certified or registered mail, postage prepaid, addressed to the party to receive same at the address of such party shown above or such other address as such party may hereafter furnish to the other in

writing. Any notice mailed in accordance with the preceding sentence shall be deemed to have been given at the time it is received.

28. **Waiver**. No delay or omission by either party hereto to exercise any right or power accruing upon any noncompliance or default by the other party with respect to any of the terms hereof shall impair any such right or power or be construed to be a waiver thereof. Subject to the provisions of this paragraph, every such right and power may be exercised at any time during the continuance of such default. It is further agreed that a waiver by either of the parties hereto of any of the covenants and agreements thereof to be performed by the other shall not be construed to be a waiver of any succeeding breach thereof or of any other covenants or agreements herein contained.

29. **Choice of Law**. The provisions of this Lease and all questions arising concerning this Lease shall be determined and resolved in accordance with the laws of the State of Alaska.

30. **Entire Agreement, Severability, Etc.** This Lease contains the entire agreement and understanding between the parties. There are no oral understandings, terms, or conditions, and neither party has relied upon any representation, express or implied, not contained in this Lease. All prior understandings, terms, or conditions are deemed merged in this Lease. This Lease can be changed only in a written document signed by both parties. If any provision of this Lease shall be declared invalid or unenforceable, the remainder of the Lease shall continue in full force and effect. This Lease shall be binding upon the parties hereto and their legal representatives, successors and assigns.

**LESSOR:**

**CITY OF FAIRBANKS**

By: \_\_\_\_\_  
John Eberhart, Mayor

**ATTEST:**

By: \_\_\_\_\_  
Janey Hovenden, City Clerk, MMC

(SEAL)

**APPROVED AS TO FORM:**

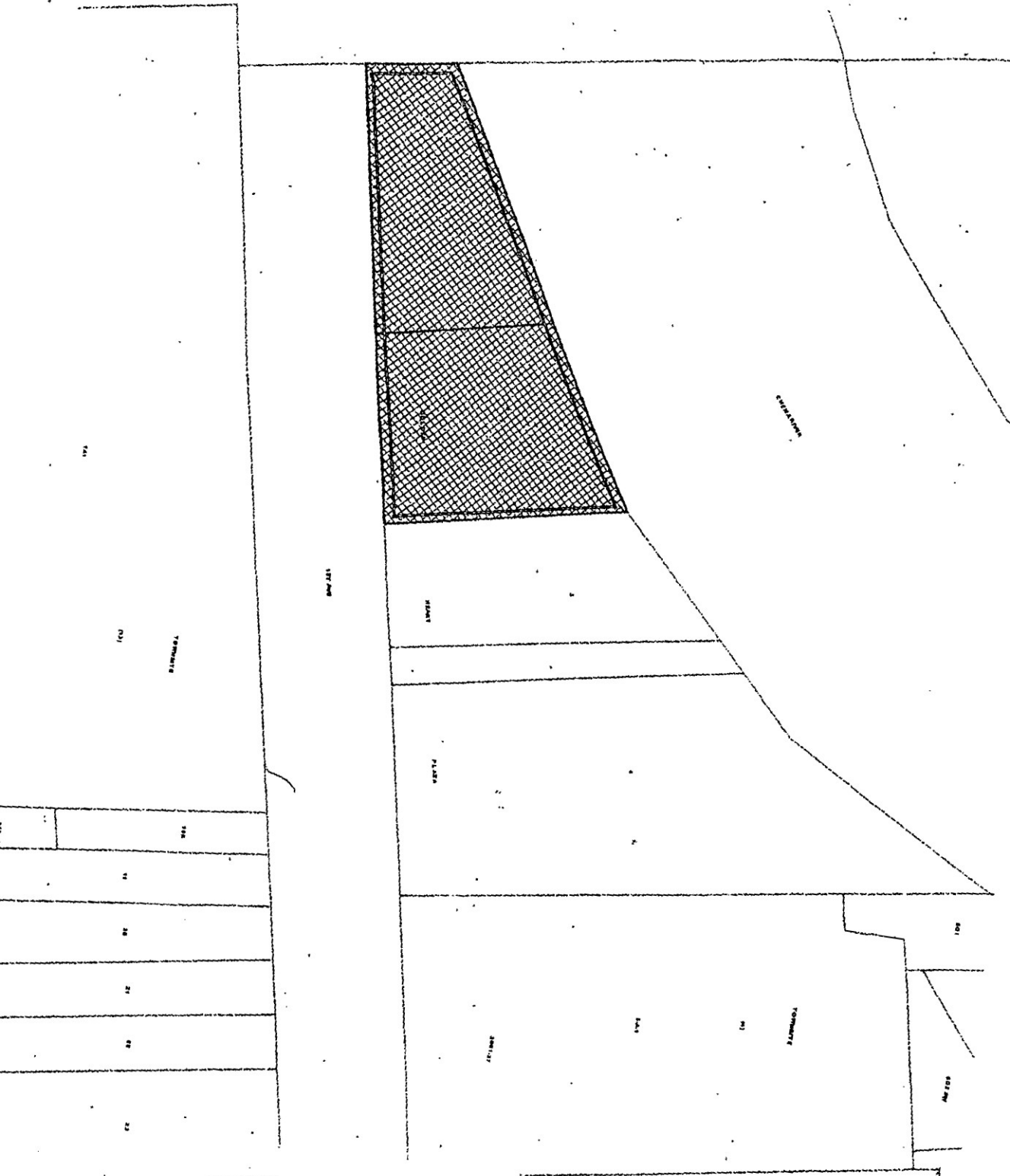
By: \_\_\_\_\_  
Paul Ewers, City Attorney

**LESSEE:**

**Yukon Quest International, Ltd**

By: \_\_\_\_\_  
Marti Steury, Executive Director





CITY - YUKON QUEST

LEASE ATTACHMENT  
1 OF 1



