

**ORDINANCE NO. 6237**

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

**WHEREAS**, the City owns Lots One and Two, Block Four, Townsite of Fairbanks, and the popular log cabin (the “property”) located on the banks of the Chena River at 550 First Avenue; and

**WHEREAS**, the property has been leased by the Yukon Quest International, Ltd. (“the Quest”) for the past fourteen years, and the most recent lease expired October 13, 2022; and

**WHEREAS**, the Quest’s 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 mushing 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 the property and determined that it 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 this 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 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 will take place not less than 30 days after the effective date of this ordinance, as prescribed by Charter Section 8.3 and FGC Sec. 70-56.

SECTION 3. That the effective date of this ordinance is the 18th day of March 2023.

  
\_\_\_\_\_  
David Pruhs, Mayor

AYES: Cleworth, Marney, Tidwell, Ringstad, Sprinkle, Rogers  
NAYS: None  
ABSENT: None  
ADOPTED: March 13, 2023

ATTEST:

APPROVED AS TO FORM:

  
\_\_\_\_\_  
D. Danyelle Snider, MMC, City Clerk

  
\_\_\_\_\_  
Thomas A Chard II, City Attorney

LEASE – REAL PROPERTY

Exhibit “A” to Ordinance No. 6237

This Lease, made and entered into this \_\_\_\_\_ day of March 2023, by and between the City of Fairbanks, 800 Cushman Street, Fairbanks, Alaska 99701, referred to as “Lessor,” and the Yukon Quest International, Ltd., an Alaska nonprofit corporation, 550 First Avenue, Fairbanks, Alaska 99701, referred to as “Lessee.”

1. **Authority.** The Mayor of the City of Fairbanks is authorized and directed to enter into this Lease by City Ordinance No. 6237, enacted by the City Council on March 13, 2023.

2. **Premises.** For and consideration of the rents to be paid and the covenants to be performed by Lessee, and for the terms set forth herein, Lessor hereby leases 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 has 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 sport and culture of dog mushing, 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 expense 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 will be four years beginning May 1, 2023, and ending at midnight April 30, 2027.

7. **Option to Renew**. Upon expiration of the initial term of this lease, the Lessor may, at its sole discretion, grant an option to renew for up to an additional four 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 Five Hundred Dollars (\$500.00) per month, payable each month of the lease, with rent payments 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 does not waive Lessor's right to full and prompt payment of that installment or any other installments. Lessee is in arrearage in the amount of \$3,050 on rent owed to the Lessor. To bring the rent current, the Lessee will pay an additional Two Hundred and Fifty Dollars (\$250.00) per month until the lease arrearage is satisfied, at which time the monthly payment would return to \$500.00 per month.

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 must 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 agents have the right to enter the leased premises 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. Lessee must provide Lessor or its agents with the means to enter at all times upon reasonable advance notice.

11. **Sublease and Assignment.** Lessee may not assign its rights or obligations under this lease without prior written approval of the Lessor, which approval is at Lessor's sole discretion. If this lease is assigned or if the leased premises or any part thereof is sublet 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 improvements to the leased premises, which installations or improvements must first be approved in writing by the City Engineer, provided further that Lessee will, at all times, hold Lessor 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.

14. **Encumbrances.** Lessee shall not encumber the premises, or allow the premises to be encumbered, 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 prior written approval of Lessor, which approval will be at the discretion of Lessor. Any lien against the premises will be subordinate to this lease, which will 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 must secure and maintain and file with Lessor proper evidence of the following types 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 must name Lessor as an "additional insured" as respects the premises. All insurances must be secured from insurance companies licensed to do business in the State of Alaska. Lessee shall not do anything on the premises or bring or keep anything in or about the premises that will cause a cancellation of any insurance covering the premises. The policies may 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’s “all risk” insurance covering the structure does not cover Lessee’s effects or contents, and that Lessor is not liable for loss or damage to Lessee’s effects or contents. 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 or omissions 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 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 defend and hold Lessee harmless from and against 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 or arising out of Lessee's occupancy, use, or alternation 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 is taken, and the rent will be apportioned as of that date, or (b) will continue in full force and effect if the premises remains suitable for Lessee's intended use.

18. **Abandonment.** Should Lessee vacate or abandon the leased premises or be dispossessed by process of law, such abandonment, vacation, or dispossession terminates the lease.

19. **Default and Remedies.**

(a) If Lessee is adjudged insolvent or makes an assignment for the benefit of creditors, or if a receiver or other liquidating officer of Lessee is appointed, or a petition for relief is filed by or against Lessee in bankruptcy, or other dissolution or insolvency proceedings are commenced by or against Lessee, or if Lessee commits waste to or abandons the premises, or if Lessee breaches any agreement, promise, duty, or covenant of Lessee under this lease, then Lessee will be deemed in default on this lease.

(b) In the event that Lessee defaults 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, in addition to all other remedies provided by law or otherwise, has the following rights:

- (1) To terminate this lease and all rights of Lessee under it;
- (2) To enter the premises and re-let the premises; 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 lease.

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 so by Lessor. If this lease is deemed terminated, Lessee's liability survives, and Lessee is liable for damages for the remainder of the term which exist at the termination date.

(c) In the event that Lessor defaults 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, in addition to all other remedies provided by law or otherwise, has the following rights:

(1) To terminate this lease and all rights of Lessor under it; 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 lease term.

If this lease is deemed terminated, Lessor's liability survives, and Lessor is liable for damages for the remainder of the term which exists at the termination date.

20. **Default.** Before a party can declare the other party in default, it must provide written notice of the specific obligation that the other has failed to perform and give that party 30 days in which to perform. It will not be considered a default if the required obligation cannot reasonably be performed within such 30-day period and if the other party is diligently trying to remedy the nonperformance.

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 will 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, together with all interest and penalties that may accrue 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, will be deemed to be additional rent and, in the event of nonpayment by Lessee, Lessor has all the rights and remedies as to those amounts that Lessor has for the nonpayment of basic rent.

23. **Lessor's Right to Perform Lessee's Obligations.** If Lessee is 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 has all remedies available under this lease for a default in the payment of rent.

24. **Late Charges.** Lessee acknowledges that late payment of rent or other sums due 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 within 10 business days of receiving written notice 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 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 neither 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 Lessor harmless from any and all costs, claims, or liabilities arising from or related to release, 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 must be paid and satisfied by Lessee. Lessee's indemnification survives 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 the premises in a neat, clean condition.

27. **Notices.** Any notice required by this lease must be in writing and sent by certified or registered mail, postage prepaid, addressed to the party at the address included herein or such other address as the party may furnish to the other. Any notice mailed in accordance with the preceding sentence will be deemed to have been given at the time it is received. Upon agreement of the parties, notice may be given by electronic means.

28. **Waiver.** No delay or omission by either party in exercising any right or power accruing upon any noncompliance or default by the other party impairs any such right or power or can be construed to be a waiver of such right or power. Subject to the provisions of this paragraph, every such right and power may be exercised at any time during the continuance of such default. A waiver by either of the parties of any of the covenants and agreements to be

performed by the other will not be construed to be a waiver of any succeeding breach or of any other covenants or agreements.

29. **Choice of Law**. The provisions of this lease and all questions arising concerning this lease will 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 is declared invalid or unenforceable, the remainder of the lease shall continue in full force and effect. This lease is binding upon the parties hereto and their legal representatives, successors, and assigns.

**LESSOR:**

**CITY OF FAIRBANKS**  
**800 Cushman Street**  
**Fairbanks, AK 99701**

By: \_\_\_\_\_  
David Pruhs, Mayor

**ATTEST:**

By: \_\_\_\_\_  
D. Danyielle Snider, City Clerk

**(SEAL)**

**LESSEE:**

**Yukon Quest International, Ltd**  
**550 1st Avenue**  
**Fairbanks, AK 99701**

By: \_\_\_\_\_  
Cathy Dimon, Executive Director

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Thomas A. Chard II, City Attorney