

**LEASE  
AGREEMENT**  
(ACDA-MOA)

THIS LEASE AGREEMENT (herein "Lease"), made and entered into as of the October 25<sup>th</sup>, 2018, by and between Anchorage Community Development Authority (referred to as "ACDA" or "Landlord") and Municipality of Anchorage, Anchorage Police Department (referred to as "APD" or "Tenant").

**WITNESSETH:**

In consideration of the mutual covenants contained herein, the parties to this Lease agree as follows:

1. LEASED PREMISES. Landlord hereby leases to Tenant, and Tenant hereby leases and takes from Landlord, those premises at 716 West 4<sup>th</sup> Avenue, Anchorage, Alaska, including real property and all improvements, and more particularly described in Attachment A ("Premises" or "Property").

The parties acknowledge that the Premises are subject to a telecommunications lease between Verizon and ACDA. The Verizon lease shall not be expanded in scope without the consent of Tenant, but may be renewed by Landlord according to the terms of the current Verizon lease.

2. TERM AND OPTIONS. The term of this Lease will be for one (1) year commencing on October 23, 2018. Tenant shall have the option to extend this Lease for nineteen (19) one-year extension terms upon all terms and conditions set forth herein, except rent shall increase by the Consumer Price Index for All Urban Consumers Anchorage (CPI-U) each year. Renewal will be automatic unless either party gives the other party not less than three months' written notice of non-renewal prior to the expiration of the then current Lease term.

3. RIGHT OF FIRST OFFER TO PURCHASE. Landlord grants to Tenant a Right of First Offer to Purchase the Property, which option shall terminate upon expiration of the Lease. During the term of the Lease, including extension terms, before Landlord may sell the Property to a third party, Landlord shall first offer Tenant the option to submit an offer to purchase the Property following the procedures set forth in this Section.

Tenant shall have forty (40) days following the date of Landlord's Notice to Tenant to submit an offer to purchase the Property from Landlord.

If Landlord accepts Tenant's offer, the parties may consummate the purchase transaction on whatever timeline is mutually acceptable.

If Landlord declines Tenant's offer, Landlord shall be free to enter into an agreement with a third party on terms (considered as a whole) no more favorable to the third party, in the sole judgment of the Landlord, than Tenant offered Landlord. The parties acknowledge that the agreement to purchase shall be subject to Assembly approval.

4. RENT. Tenant covenants and agrees to pay to the Landlord rent at a monthly rate of One Hundred Thirty-Two Thousand Three Hundred Twenty-Five Dollars (\$132,325) with annual rate adjustments, adjusted in accordance with the U. S. Department of Labor Consumer Price Index for Urban Consumers (CPI-U). Said rent is due and payable monthly, in advance, on or before the 10th day of each month. Rent payments are subject to annual Anchorage Assembly appropriation. In the event that the Anchorage annual budget fails to appropriate sufficient funds for annual rent, the Lease shall terminate automatically as of the first day of the month for which monthly rate will not be paid.

5. UTILITIES AND SERVICES. Tenant shall be responsible for and shall pay for all utilities and services, including but not limited to landscaping, ground maintenance, snow removal, ground and parking lot maintenance, telecommunication, and janitorial.

6. TAXES. Landlord shall pay the District 1SD97 Special Assessment District and MESA for which the Tenant agrees to reimburse the Landlord as pass-through expenses.

7. MAINTENANCE AND REPAIRS.

A. Landlord agrees to furnish Major Maintenance to the Premises. Major Maintenance shall be defined as capital expenses reasonably required to extend the useful life of the Premises, including but not limited to roof replacement, structural work, and replacement of portions or the entirety of building systems.

B. The Tenant shall maintain in good repair all interior non-structural portions of the Demised Premises, including, without limitation, all fixtures

(including elevators), the utility lines from the point of entrance into the Demised Premises to the point of actual use, all doors and windows, all show windows, all window frames and door frames, all door hardware, door hinges and closure devices, all moldings, trim and the like; and shall replace, at its own expense, all plate glass of the doors or windows of the Demised Premises which may be defaced, cracked or broken during the term of this Lease. In addition, it shall be the responsibility of the Tenant during the term of this Lease and any extensions or renewals hereof, at its sole expense to pay the repair, maintenance, adjustment, replacement and inspection costs to comply with all applicable laws, regulations, rules and orders, regardless of when such become or became effective (including without limitation, those relating to health, safety (including fire code), noise, waste disposal, water and air quality, or fuel or energy saving allocations) for all electrical, ventilating, air conditioning and lighting equipment in the Demised Premises, whether or not the same were initially furnished and installed by Landlord. Tenant expressly covenants and agrees to pay for a semi-annual inspection of the fire equipment within the Demised Premises, and to pay for any inspections of the Demised Premises (including elevators) for purposes of compliance with any applicable health codes.

C. Notwithstanding the language of Paragraph 13, Landlord shall not be liable for any loss or damage to person or property sustained by Tenant, or other persons, which may be caused by (i) inadequate maintenance of the Demised Premises or any equipment, electric, plumbing, heating, ventilating or air conditioning equipment, or the unavailability at reasonable cost of electricity, fuel, gas or other suitable fuel or energy source; (iii) inadequate installation or maintenance of electric wiring, gas, water, stairs, railings or walks; (iv) broken glass; (v) the backing up of any sewer pipe or down spout; (vi) the bursting, leaking or running of any tank, tub, washstand, water closet, waste pipe, drain or any other pipe or tank in, upon or about the Demised Premises or the Building; (vii) the escape of steam or hot water; (viii) water, snow, or ice being upon, or coming through the roof, skylight, trap door, stairs, doorways, show windows, walks or other place upon or near the Demised Premises, the Building, or otherwise; (ix) the failing of any fixture, plaster, dry wall, tile or stucco; and (x) any act, omission or negligence of tenants other than Verizon, licensees or other persons or occupants of any premises in the Building.

D. Tenant shall give actual written notice to Landlord within three (3) working days in case of fire or accident in the Demised Premises or Building, and of any defects therein or in any fixtures or equipment.

8. BUILDING AND PERSONNEL SAFETY. Tenant is responsible for compliance with all statutes, codes and regulations as pertain to its operations within or upon the Premises.

9. ALTERATIONS, INSTALLATION, REMOVAL OF EQUIPMENT AND FURNISHINGS.

A. All tenant improvements and alterations shall be at the Tenant's sole expense and upon prior written consent of Landlord, which consent shall not be unreasonably withheld. However, Tenant shall have the right, without prior consent of Landlord, to make minor alterations and install equipment and furnishings as may be convenient for the conduct of its business.

B. All equipment and furnishings constructed or installed in the Premises at the expense of Tenant shall be the property of Tenant and may be removed by Tenant upon the termination of this Lease or at any time prior thereto. However, the cost of repairing any damage or disfigurement to the Premises caused by such removal by Tenant shall be borne by Tenant.

C. Upon expiration of the Lease Term, Tenant shall remove Tenant's equipment and furnishings, or with Landlord's agreement, Tenant may abandon or convey the property to Landlord.

10. RIGHT OF ENTRY. Landlord shall have the right to enter the Premises with reasonable advance notice and shall be escorted in all areas for the purpose of performing its obligations pursuant to this Lease. Immediate emergency access shall be granted through APD Dispatch. Landlord agrees insofar as reasonably practicable not to interfere with the use and enjoyment of the Premises by Tenant.

11. ASSIGNMENT OR LEASE.

A. Tenant shall not assign or sublet this Lease without the prior written consent of Landlord, which consent may be granted or withheld in Landlord's sole discretion; except, Tenant may permit use of areas for activities of other law enforcement agencies or law enforcement support agencies without the prior written consent of Landlord.

B. Any assignment or lease shall include language whereby the assignee or sublessee expressly assumes obligations of Tenant under this Lease. No assignment or lease shall release or diminish the obligations of

Tenant for performance of Tenant's obligations hereunder and Tenant shall remain liable as if no assignment or lease were made; that is, Tenant and assignee or sublessee will be jointly and severally liable for such obligations unless the Landlord specifically in writing allows the release of the Tenant.

12. BUILDING AND PERSONNEL SAFETY. Tenant shall be responsible for compliance with all statutes, codes and regulations as pertain to its operations within or upon the Premises.

13. INDEMNITY. Tenant shall indemnify, hold harmless and defend the Landlord from and against any claim of, or liability for error, omission or negligent act of the Tenant under this agreement. The Tenant shall not be required to indemnify the Landlord for a claim of, or liability as a result of the sole negligence of the Landlord. If there is a claim of, or liability for the joint negligent error or omission of the Landlord and Tenant, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Landlord" and "Tenant", as used within this article, include the employees, agents and other contractors who are directly responsible, respectively, to each.

14. DEFAULT BY TENANT. Should Tenant default in the payment of any rent or other monies provided herein, or violate any other covenants of this Lease, Landlord, at its option, may terminate and cancel this Lease upon ninety (90) days written notice to Tenant, provided the default or other violation is not corrected during said period or Tenant is not actively engaged in correcting same; provided, however, that no extension for cure be permitted for longer than ninety (90) days.

15. DEFAULT BY LANDLORD. Should Landlord default in the performance or the observance of any covenants of this Lease and fail to fully remedy such default within ninety (90) days after written notice by Tenant, then Tenant, notwithstanding any other provision of this Lease, may cure such default and deduct from the rent the cost thereof.

16. HOLDING OVER. Should Tenant continue to hold possession of the Premises after the expiration of the term of this Lease, including extensions, Tenant shall become a Tenant from month-to-month at the last agreed upon monthly rent rate and subject to the terms and conditions contained in this Lease; provided, however, that the Landlord may require the Tenant to vacate immediately upon termination of this Lease. Upon termination of this Lease, Tenant shall vacate immediately, restoring the premises to their original condition, normal wear and tear excepted.

17. NOTICES. Notices regarding this Lease shall be given only by certified letter, return receipt requested or hand-delivery with signed receipt, or by facsimile with confirmation of receipt, and shall be deemed given when the communication is dispatched, addressed to the party for whom intended at such party's address as herein provided, or at such other address as the party may have substituted therefore by proper written notice to the other.

18. MODIFICATION OF LEASE. The terms, covenants and conditions of this Lease may not be changed orally, but may be changed by an agreement in writing signed by authorized representatives of the parties to this Lease. The failure of either party to insist upon the performance of any term, covenant or condition of this Lease shall not constitute a waiver or relinquishment for the future of any such term, covenant or condition.

19. SUCCESSORS AND ASSIGNS. The terms, covenants and provisions of this Lease shall be binding upon the Landlord, Tenant, and their respective heirs, successors and assigns.

20. INSURANCE COVERAGE.

A. Landlord. The Landlord shall provide the following insurance:

1. Property Insurance. At all times during the Lease Term, Landlord shall procure and maintain "all risk" property insurance, including earthquake and flood, in an amount not less than one hundred percent (100%) of the replacement cost, covering the premises, all Landlord-owned equipment, and the building in which the Premises are located (collectively, the "Property Insurance"). The Property Insurance shall contain flood coverage and business income ("loss of rents") coverage for a period of time not less than twelve (12) months following the insured casualty. The proceeds of the Property Insurance shall be used for the repair or replacement of the property; the proceeds applicable to the Building and Premises shall be paid to Landlord. The Property Insurance policy shall be in a form and contain such endorsements as are normal and customary for property insurance policies carried on similar property or properties or by similarly situated parties.

2. Commercial General Liability (CGL) Insurance. CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury, and personal and advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this location or the general aggregate limit shall be twice the required occurrence limit.
3. A Certificate of Insurance evidencing these coverages shall be delivered to the Tenant not less than 30 days prior to delivery date and thereafter not less than 30 days prior to expiration of the current policies. No such policies shall be subject to cancellation or modification without thirty (30) days prior written notice to Tenant.

B. Tenant. The Tenant shall provide the following insurance:

1. Property Insurance. At all times during the Lease Term, Tenant shall procure and maintain property insurance for the Tenant’s improvements and betterments, all equipment and other business personal property, and signs. Tenant shall procure earthquake and flood coverage at its discretion.
2. Commercial General Liability (CGL) Insurance. CGL on an “occurrence” basis, including products and completed operations, property damage, bodily injury, and personal and advertising injury with limits no less than \$2,000,000 per occurrence. If a general aggregate limit applies, either the general aggregate limit shall apply separately to this location or the general aggregate limit shall be twice the required occurrence limit.
3. Workers Compensation Insurance. \$1,000,000 Employers Liability and Worker Compensation as required by Alaska Law.
4. A Certificate of Insurance evidencing these coverages shall be delivered to the Landlord not less than 30 days prior to delivery

date and thereafter not less than 30 days prior to expiration of the current policies. No such policies shall be subject to cancellation or modification without thirty (30) days prior written notice to Landlord.

C. Tenant and Landlord agree that insurance carried or required to be carried by either of them against loss or damage to property by fire, flood, earthquake, acts of terrorism, acts of war, or other casualty shall contain a clause whereby the insurer waives its right to subrogation against the other party, its elected officials, directors, employees, volunteers, and agents, and each party shall indemnify the other against any loss or expense, including reasonable attorney fees, resulting from the failure to obtain such waiver.

D. Tenant shall reimburse Landlord for Landlord's costs of insurance coverage for the Property.

21. ADDRESSES. For the purpose of notifications regarding this Lease, the contacts for the Tenant and Landlord shall be:

TENANT:

Municipality of Anchorage  
c/o Real Estate Services  
P O Box 196650  
Anchorage, AK 99519-6650

LANDLORD:

Anchorage Community Development  
Authority  
245 West 5<sup>th</sup> Avenue, Suite #122  
Anchorage, AK 99501

It is understood and agreed either party to this Lease may, at any time, and from time to time, change the information from that shown in this section, upon written notification to the other.

22. SIGNS. Tenant will not erect signs, poles, lights or advertising devices on the structure or building without first obtaining written approval of Landlord.

23. RELEASE/ENVIRONMENTAL INDEMNIFICATION.

A. To the extent allowed by law, Tenant releases Landlord from and shall indemnify, defend, and hold Landlord harmless from and against any and all claims, demands, damages, losses, liens, costs, and expenses which accrue to, or are incurred by, Landlord on or after the date of this Lease that arise directly from or out of any activities on the Premises during



Tenant's possession or control of the Premises that directly or indirectly result in the Premises becoming contaminated with Hazardous Substances.

B. Tenant further agrees to be held responsible for payment of reasonable and required costs of any cleanup, abatement, remediation, removal, or restorative work required by any federal, state, or local governmental agency with appropriate jurisdiction because of any Hazardous Substance present in the soil or groundwater on or under the Premises which is demonstrated to be a result of Tenant's use and occupancy of the Premises.

C. For purposes of this Lease, "Hazardous Substances" is any solid, liquid, or gas that can harm people, other living organisms, property, or the environment. Hazardous materials may be radioactive, flammable, explosive, toxic, corrosive, carcinogenic, mutagenic, biohazardous, an oxidizer, an asphyxiant, a pathogen, an allergen, or may have other characteristics that render it hazardous in specific circumstances.

24. WAIVER. Waiver of the breach of a covenant, term, or condition of this Lease by either party shall not be construed as waiver of a subsequent breach of the same covenant, term or condition. The consent to or approval of any act by the other party of a nature requiring consent or approval shall not be deemed to waive consent to or approval of any subsequent or similar act.

25. SEVERABILITY. If any clause or term of this Lease shall be deemed invalid by any court of law, the enforceability of the remaining clauses and terms of the Lease shall be unaffected.

26. FIRE, CASUALTY, EMINENT DOMAIN.

A. If the entire Premises shall be taken by any public or governmental authority under the power of eminent domain, the term of this Lease shall cease as of the date possession is taken by such authority and the rental shall be paid up to that date. If only a part of the Premises shall be taken and the remainder remains tenable for the purposes for which Tenant has been using the Premises, then this Lease shall continue in effect, except that the rent shall be reduced in proportion to the amount of the floor area (in terms of square feet) of the Premises taken, and Landlord, at its expense, shall make all necessary repairs and alterations to the Premises required by such taking. All damages awarded for such taking may be retained by Landlord, whether such damage is awarded as compensation for diminution

in the value of the leasehold or to the fee of the Premises. The term "eminent domain" as used herein shall include the exercise of any similar governmental power and any purchase or other acquisition in lieu thereof.

B. Should the Premises be damaged by fire or other casualty arising from any cause other than the use, activity, or noncompliance with maintenance obligations of Tenant or its employees, agents and other contractors, and if the damage is repairable within one-hundred twenty (120) days from the date of the occurrence (with the repair work and the preparation to be done during regular hours on regular working days), the damage shall be repaired with due diligence by Landlord, and in the meantime the monthly rental shall be abated in the same proportion that the untenable portion of the Premises bears to the whole thereof, taking into account the functionality of the tenantable portion of the Premises.

C. Should the Premises be completely destroyed by fire or other casualty arising from any cause other than the use, activity, or noncompliance of maintenance obligations of Tenant or its employees, agents and other contractors, or should it be damaged to such an extent that repair cannot be accomplished within one-hundred twenty (120) days of the occurrence, either party shall have the option to terminate this Lease

27. APPLICABLE LAW. It is agreed that the Lease shall be governed by, construed, and enforced in accordance with the laws of the State of Alaska.

IN WITNESS WHEREOF, the parties have respectively executed this Lease as of the day and year first above written.

**TENANT:**  
MUNICIPALITY OF ANCHORAGE

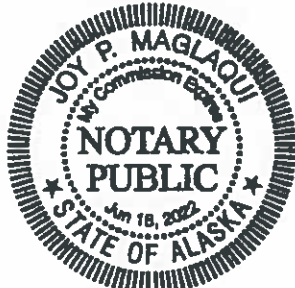
**LANDLORD:**  
ANCHORAGE COMMUNITY  
DEVELOPMENT AUTHORITY

By: William D. Jeter By: [Signature]

(ACKNOWLEDGEMENTS NEXT PAGE)

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

This is to certify that on the 25th day of October, 2018, before me, the undersigned Notary Public, personally appeared **William D. Falsey**, known to me to be the **Municipal Manager** of the **MUNICIPALITY OF ANCHORAGE**, a home rule municipality, and authorized to execute the foregoing on behalf of the same.



Joy P. Maglaqui  
Notary Public in and for Alaska  
My commission expires: 6/18/22

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

This is to certify that on the 25th day of October, 2018, before me, the undersigned Notary Public, personally appeared **Andrew Halcro** who has acknowledged to me to be the **Executive Director** of the **ANCHORAGE COMMUNITY DEVELOPMENT AUTHORITY** and is authorized to execute the foregoing on behalf of the same.

[Signature]  
Notary Public in and for Alaska  
My commission expires: 05/15/21

