



<i>postponed to 10/24/05</i>	Approved	Denied
Action taken	<i>10/24/05</i>	
Other:		
Verified by:	<i>[Signature]</i>	

WASILLA CITY COUNCIL ACTION MEMORANDUM

AM No. 05-61

TITLE: AIRPORT LEASE LOTS PURSUANT TO WMC 5.32.120.C (3)

Agenda of: October 10, 2005
 Originator: Planning

Date: September 30, 2005

Route to:	Department	Signature/Date
	Police	
	Recreational and Cultural Services Library, Museum	
X	Public Works Planning	<i>[Signature]</i>
X	Finance *signature required	<i>[Signature]</i>
X	Clerk	<i>[Signature]</i>

REVIEWED BY MAYOR DIANNE M. KELLER: *[Signature]*

FISCAL IMPACT: yes\$ or no Funds Available yes no

Account name/number:

- Attachments: WPC Resolution 05-23
 Draft lease agreement
 Site Plan for proposed improvements
 Vicinity Map

SUMMARY STATEMENT:

Wasilla Municipal Code § 5.32.120.C (3) requires approval by the City Council, upon recommendation from the Planning Commission, of Wasilla Airport leases for buildings more than 10,000 square feet in size, or for leases longer than ten years.

On September 2, 2005, Scott Johannes and Criterion General, Inc., applied for a lease on Lot 10 of the New Wasilla Airport to construct a 12,144 square foot carousel hanger building. Because of the large investment inherent in constructing a facility of this type and size, the applicants have asked for the term of the proposed lease to be 30 years.

BACKGROUND

The city of Wasilla advertised that lease Lots 10-15 at the Wasilla Airport were available in May of this year. Four proposals to lease lots at the Airport were received in response to that advertisement. Two of the four proposals that were received were for buildings greater than 10,000 square feet in size and for leases of longer than ten years.

The Planning Commission met with the Airport Advisory Commission in a work session to discuss the two proposals that they needed to review and make recommendations on pursuant to § 5.32.120.C (3).

In reviewing the request for leases for terms longer than 10 years, the Planning commission and the Airport Advisory Commission agreed that the City needs to provide a reasonable lease term to allow a lessee to amortize his or her development investment. The two commissions considered copies of Merrill Field Airport Lease Term Guidelines and the State's rural Airports Lease Term guidelines in reaching their decision to recommend approval of requests for 30 year terms on New Wasilla Airport lease lots.

The September 2, 2005 application for lease submitted by Mr. Johannes and Criterion General, Inc. is one of the proposals discussed by the Planning Commission and Airport Advisory Commission during their work session.

RECOMMENDED ACTION:

The Planning Commission considered the Criterion, Inc. request at their regular meeting of September 27, 2005 and adopted WPC Resolution 05-23 recommending that the construction of a 12,144 square foot hangar building and a 30-year term for the proposed lease be approved by City Council.



CITY OF WASILLA

• Planning Office •

290 East Herning Avenue • Wasilla • Alaska • 99654-7091

• Telephone 907-373-9020 •

RECEIVED

OCT 12 2005

CLERK'S OFFICE
CITY OF WASILLA

MEMORANDUM

DATE: October 11, 2005
TO: City Council
THROUGH: Mayor Keller *OK*
FROM: Sandra Garley, City Planner *S. Garley*
RE: Public Comments on Notice for Lot 10 New Wasilla Airport - *Am No. 05-61*

Regarding the request to construct a 12,144 s.f. hanger on a portion of Lot 10 of the New Wasilla Airport, there were no public comments received in response to the 39 Notices that were mailed to property owners within 1200' of the Airport on September 6, 2005.

Per 16.16.040(A) 2e of the Wasilla Municipal Code, notices were mailed to "the owners of property, as listed on the Matanuska-Susitna Borough property tax rolls, within a minimum of one thousand two hundred (1,200) feet of the lot lines of the development." See attached list of property owners who were mailed a notice. Four notices were returned by the Post Office as undeliverable.

Twenty-three agencies that were notified per the adopted policy included:

<u>City</u>	<u>Federal Agencies</u>	<u>State Departments/Agencies</u>
Public Works	Corps of Engineers	Environmental Conservation /Wasilla
Police Department	FAA	Fish and Game
	Natural Conservation Service	Natural Resources/Water Sources
<u>Borough</u>		Natural Resources/Technical Services
Code Compliance	<u>Utilities</u>	DOT/Anchorage
Fire Chief	Enstar	DOT/Palmer
Planning Director	MEA	Soils & Water Conservation District
Platting Division	MTA	Public Safety
Public Works	GCI Cable	Alaska Railroad

In reference to the State and Anchorage airport lease term guidelines, the estimated cost of construction for the proposed 12,144 s.f. hanger on Lot 10 is \$650,000.

Attachments: Notice mailed to Property Owners
Copy of mailing labels of Property Owners Noticed
List of Notices returned as Undeliverable
Anchorage and State Airport Lease Term Guidelines

NOTICE OF APPLICATION FOR USE PERMIT

DATE: 9-06-05

CASE: U05-19

APPLICANT (S): SCOTT JOHANNES

REQUEST: To permit construction of 12,144 sq. ft. hangar on portion of Lot 10, of New Wasilla Airport Lease Lots, located southwest of the existing nine commercial lease lots. Applicant is also requesting lease lot for a period of 30 years. In accordance with WMC 16.20, a Use Permit is required for a commercial structure over 10,000 sq ft in size in the I—Industrial Zone.

You are being notified of this proposed action in accordance with Chapter 16.12 of the Wasilla Municipal Code, as you own property within 1200' of the subject parcels.

Comments may be submitted in writing by filling in the spaces below and mailing to: City of Wasilla, Planning Office, 290 E Herning Ave, Wasilla, AK 99654. If there is not enough room below please attach a separate piece of paper. You may also fax (907) 373-9021 or email comments to: jcarricaburu@ci.wasilla.ak.us. Comments on the draft use permit must be received within five days following the date of public notice.

Anyone wishing to review the application for this case is encouraged to contact the Planning Office for additional information.

Name _____

Address _____

Lot _____ Block _____ Subdivision _____

Comments: _____



CITY OF WASILLA
PLANNING OFFICE
290 E HERNING AVE
WASILLA, AK 99654
PHONE 373-9020 FAX 373-9021

FIRST CLASS

PUBLIC NOTICE

7N02W13A004
OKOSITNA LLC
701 E SHORELINE CIR
WASILLA, AK 99654

1565B01L002
WILCOX GENE
1380 S BETTINA WAY
WASILLA, AK 99654

1565B01L003
ROBERTS DOUGLAS T&MARGRET
PO BOX 871774
WASILLA, AK 99687

565B01L004
ATE FLORENCE NIGHTENGALE
PO BOX 770229 % RANDALL D
CRANDEL
EAGLE RIVER, AK 99577

1565B01L005
AUDINO MARY JANE SHEETS
16330 NIKITA DR
EAGLE RIVER, AK 99577

1565B03L008
RANDALL LENITA J
1011 S BETTINA WAY
WASILLA, AK 99654

565B03L009
SPINDLE JEANA LOUISE
PO BOX 770261
EAGLE RIVER, AK 99577

1565B03L010
SIMONS LEONARD S JR
HC 34 BOX 2082A
WASILLA, AK 99654

1565B03L011
OTT MICHAEL E& PATRICIA A
PO BOX 871004
WASILLA, AK 99687

565B03L012
SELBY WM H
PO BOX 298392
WASILLA, AK 99629

1565B03L025
GINDLING THOS W & MARU V
PO BOX 417
SUTTON, AK 99674

1565B03L026
NEUSER DAVID J
6463 VISTA DR
FERNDALE, WA 98248

565B03L027
TWOHY TIMOTHY D
7362 W PARKS HWY PMB 271
WASILLA, AK 99654

1565B04L001
SEIME DALE & PATRICIA A
PO BOX 298803
WASILLA, AK 99629

1565B04L002
MEGGITT RONALD J&KATHLEEN
7362 W PARKS HWY PMB 793
WASILLA, AK 99654

565B04L003
BELL RAINY E
PO BOX 298837
WASILLA, AK 99629

1565B04L004
KING ANNA MARIE
808 5TH AVE S # 2
SAINT CLOUD, MN 56301

1565B04L005
SHEPARD RALPH C & LANA M
1830 E PARKS HWY STE 113A PMB
512
WASILLA, AK 99654

565B04L006
ROWSEY PENNY W CRAWFORD
HC 34 BOX 2076A
WASILLA, AK 99654

1996B01L001
KRAFFT PEARY
100 DIXIE DR
HOLLISTER, CA 95023

1996B01L002
BROOKS SHARON SUE
1270 S BETTINA WAY
WASILLA, AK 99654

1996B01L003
GEORG RENEE
PO BOX 298589
WASILLA, AK 99629

1996B01L004
WILCOX GENE A
1380 S BETTINA WAY
WASILLA, AK 99654

1996B02L001
STEIDEL DEBORA RIES
PO BOX 511
SKAGWAY, AK 99840

1996B02L002
GRAHAM JAMES M & TAMI A
PO BOX 874236
WASILLA, AK 99687

1996B02L003
RUD BONNIE J
PO BOX 872805
WASILLA, AK 99687

1996B02L004
GILLAM JASON D
1830 E PARKS HWY STE 113A PMB
631
WASILLA, AK 99654

1996B02L005
ROSENSEN BETTY LU
PO BOX 871003
WASILLA, AK 99687

1996B02L007
SCHACHLE VERNON E&NADIA N
PO BOX 871213
WASILLA, AK 99687

1996B02L008
SMITH JOSHUA RAY
PO BOX 874465
WASILLA, AK 99687

1996B02L009
BURRIS TIMOTHY J
PO BOX 871501
WASILLA, AK 99687

1996B04L002
FICHTNER CHRISTOPHER R& T
PO BOX 874552
WASILLA, AK 99687

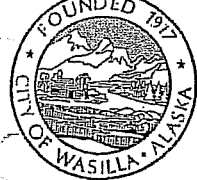
2473B01L008-1
BROTT LOWRY G
PO BOX 298509
WASILLA, AK 99629

2473B04L003
NORCROSS DIANE G
6930 W ISLAND LAKES DR # 9
WASILLA, AK 99654

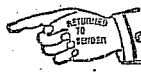
2473B04L004
BAEZ ISMAEL S& BERNADETTE
HC 34 BOX 2072B
WASILLA, AK 99654

2473B04L005
OATHOUT GARY M & CAROLE R
PO BOX 874636
WASILLA, AK 99687

2473B04L007
CISCO JULIE A
PO BOX 4062
PALMER, AK 99645

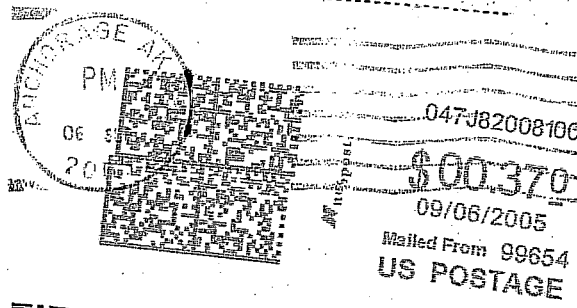


CITY OF WASILLA
 PLANNING OFFICE
 290 E HERNING AVE
 WASILLA, AK 99654
 PHONE 373-9020 FAX 373-9021



- Not Deliverable As Addressed
- Unable To Forward
- Insufficient Address
- Moved, Left No Address
- Unclaimed Refused
- Attempted - Not Known
- No Such Street Number
- Vacant Illegible
- No Mail Receptacle
- Returned - No Order
- Returned For Better Address
- Postage Due

2473B01L008-1
 BROTT LOWRY G
 PO BOX 298509
 WASILLA, AK 99629



FIRST CLASS

PUBLIC NOTICE

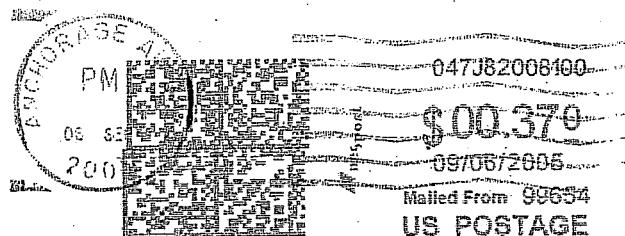


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- Not Deliverable As Addressed
- Unable To Forward
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- Attempted - Not Known
- No Such Street Number
- Vacant Illegible
- No Mail Receptacle

1996B01L003
 GEORG RENEE
 PO BOX 298589
 WASILLA, AK 99629



FIRST CLASS



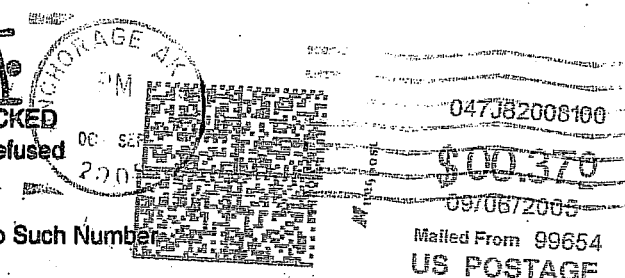
CITY OF WASILLA
 PLANNING OFFICE
 290 E HERNING AVE
 WASILLA, AK 99654
 PHONE 373-9020 FAX 373-9021



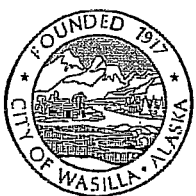
REASON CHECKED

- Unclaimed Refused
- Attempted - Not Known
- Insufficient Address
- No Such Street No Such Number
- No Such Office In State

1565B03L025
 GINDLING THOMAS W & MARY W
 PO BOX 417
 SUTTON, AK 99674

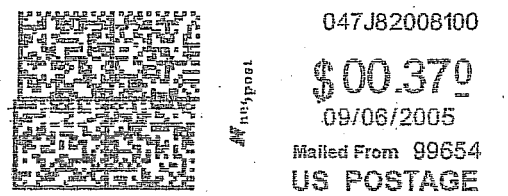


FIRST CLASS



CITY OF WASILLA
 PLANNING OFFICE
 290 E HERNING AVE
 WASILLA, AK 99654
 PHONE 373-9020 FAX 373-9021

1565B03L010
 SIMONS LEONARD S JR
 HC 34 BOX 2082A
 WASILLA, AK 99654



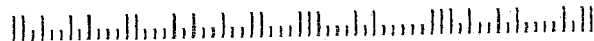
FIRST CLASS

PUBLIC NOTICE

SIMONS TRISHA WAY
 4385 W TRISHA WAY
 WASILLA AK 99654-9279

RETURN TO SENDER

99654X7091



Municipality of Anchorage
Merrill Field Airport
DRAFT

MERRILL FIELD AIRPORT LEASE TERM GUIDELINES

Merrill Field Airport is owned by the Municipality of Anchorage and as a municipal airport is subject to Anchorage Municipal Codes, including Chapter 11.60 dealing with municipal airports and Chapter 25.30 dealing with disposal of municipal lands because a lease is considered a disposal of land. Leases for land on Merrill Field Airport are also subject to and must comply with local laws and regulations as well as federal laws and regulations.

The lease term guidelines attempts to establish lease terms on the basis of a lessee's commitment to construct, in the first few years of the term, permanent improvements and also attempts to provide a reasonable lease term for the amortization of a lessee's development investment. As a general matter, the term of the lease also has to address considerations such as the use of the property, Airport Master Plan recommendations, regulatory requirements and the benefits to the Municipality resulting from the use and/or improvements to the property.

Minimum Improvement Commitment

Maximum Term

\$0	5 years
\$37,500	10 years
\$75,000	15 years
\$112,500	20 years
\$150,000	25 years
\$187,500	30 years
\$225,000	35 years
\$262,500	40 years
\$300,000	45 years
\$337,500	50 years
\$375,000	55 years

The Municipality may determine that it is in the Municipalities best interest to grant a shorter term for a given investment in order to accommodate future development plans, changing regulatory requirements, or other similar factors.

APPENDIX 4



g:\merrill field\admin & policy\forms-pac

idelines.doc

Revised October 2003

LOCATION:907 276 8421

RX TIME 04/29 '05 13:42

LEASE TERM GUIDELINES Rural Airports

Term	Investment Commitment
6 years	\$ 7,500
7 years	\$ 15,000
8 years	\$ 22,500
9 years	\$ 30,000
10 years	\$ 37,500
11 years	\$ 45,000
12 years	\$ 52,500
13 years	\$ 60,000
14 years	\$ 67,500
15 years	\$ 75,000
16 years	\$ 85,500
17 years	\$ 90,000
18 years	\$ 97,500
19 years	\$105,000
20 years	\$112,500
21 years	\$120,000
22 years	\$127,500
23 years	\$135,000
24 years	\$142,500
25 years	\$150,000
26 years	\$157,500
27 years	\$165,000
28 years	\$172,500
29 years	\$180,000
30 years	\$187,500
31 years	\$195,000
32 years	\$202,500
33 years	\$210,000
34 years	\$217,500
35 years	\$225,000
36 years	\$232,500
37 years	\$240,000
38 years	\$247,500
39 years	\$255,000
40 years	\$262,500
41 years	\$270,000
42 years	\$277,500
43 years	\$285,000
44 years	\$292,000
45 years	\$300,000
46 years	\$307,500
47 years	\$315,000
48 years	\$322,500
49 years	\$330,000
50 years	\$337,500
51 years	\$345,000
52 years	\$352,500
53 years	\$360,000
54 years	\$367,500
55 years	\$375,000

**WASILLA PLANNING COMMISSION
RESOLUTION SERIAL NO. 05-23**

A RESOLUTION OF THE WASILLA PLANNING COMMISSION APPROVING USE PERMIT UP05-19 TO PERMIT CONSTRUCTION OF A 12,144 SQUARE FOOT HANGAR ON A PORTION OF LOT 10, NEW WASILLA AIRPORT LEASE LOTS, ALSO REQUEST A TERM OF THIRTY YEARS FOR LEASE AGREEMENT.

WHEREAS, Scott Johannes, applicant has applied for a use permit to construct an airplane hangar facility consisting of two bays with four-plane carousels and one bay for private hangar on a portion of Lot 10, New Wasilla Lease Lots. The total size of the proposed structure would be 12,144 square feet. The approximate area of the lot is 58,000 square feet; and

WHEREAS, on September 7, 2005 the applicant provided a lease agreement request, along with a site plan for of proposed structure; and

WHEREAS, the City of Wasilla is currently involved in the airport masterplan process and Lot 10 is not indicated as the terminal lot, and

WHEREAS, Wasilla Municipal Code § 5.32.120 requires approvals from the Wasilla City Council and the Wasilla Planning Commission (WPC) of the application process, which includes the requirement of a scaled drawing, and

WHEREAS, notices regarding requested Land Use Permit were mailed to all property owners within 1200 radial feet of the proposed project; and

WHEREAS, no adverse comments have been received as a result of the public mail out; and

WHEREAS, the Wasilla Planning Commission held a public meeting on

September 27, 2005 to review the application.

WHEREAS, Wasilla Municipal Code 5.32.120 requires Planning Commission approval for airport leases when requesting the term of the lease be longer than a ten-year period; and

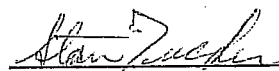
WHEREAS, the applicant, Mr. Johannes, is requesting a 30-year term for lease.

NOW, THEREFORE BE IT RESOLVED, the Wasilla City Planning Commission approves adoption of Resolution No. 05-23 with the following conditions:

- 1) Non-developed portions of the parcel(s) will be required to be used for aviation related purposes only;
- 2) Non-developed portions of the parcel(s) may be used for airplane tie downs during the term of the lease.
- 3) All development shall be in accordance with Federal Aviation Administration, (FAA), requirements;
- 4) All structures shall be located a minimum of 500' from center of runway 3-21, 25' front and rear setbacks, and no sideyard setback is required upon approval of State Fire Marshall.

ADOPTED by the Wasilla Planning Commission on September 27, 2005.


APPROVED:



STAN TUCKER, Chairman

ATTEST:

[SEAL]



JILI CARRICABURU
Planning Clerk

Wasilla Planning Commission Resolution 05-23**Findings of Fact**

1. An Application along with appropriate fee and accompanying documentation for a Use Permit was received on September 7, 2005 from Scott Johannes for Criterion General, Inc., requesting to lease Lot 10 at the Wasilla Airport.
2. Lot 10 of the New Wasilla Airport is owned by the City of Wasilla.
3. The requested Use Permit is to construct a 12,144 square foot hangar facility consisting of two bays with four-plane carousels and one bay for a private hangar on Lot 10 of the New Wasilla Airport.
4. Lot 10 of the New Wasilla Airport is designated as Generally Industrial on the 1996 City Comprehensive Plan Future Land Use Map.
5. Surrounding land is zoned I-Industrial.
6. Lot 10 of the New Wasilla Airport is part of the Wasilla Airport Master Plan prepared by LCMF Incorporated and adopted by the City Council in 2002.
7. Notices of the requested Use Permit were mailed to 39 property owners within 1200' of the subject property on September 6, 2005.
8. The specific approval criteria under 16.16.060 do not apply as hangars are not one of the uses listed that would be subject to the Specific Approval Criteria in 16.16.060.
9. Request for comments was issued to twenty-three reviewing parties on September 6, 2005 as of the date this hearing; two agencies have sent comments - MSB Platting - Comply with MSB 16.15.005 (C) on Leaseholds and AK DOT - No comment.
10. Primary access for emergency and fire vehicles is provided from W. Aviation Avenue with secondary access from adjacent airport taxiway.
11. The additional traffic generated by proposed hangar building is similar to the existing traffic peak use characteristics of the aviation/commercial activity in the surrounding area.
12. The proposed addition of 12,144 s.f. of hangar space at the Wasilla Airport will not change the traffic peak use characteristic of the existing access roads.
13. The proposed project meets the setback requirements of 16.24.010 for front, rear and side yard setbacks.

14. The proposed hangar is a pre-engineered steel building with metal insulated foam core panels approximately 24' in height and 66' x 184' in size and meets the maximum height regulations of WMC 16.24.030(A)6.
15. Applicant can provide the required parking and snow storage areas in the front of the hangar building.
16. Lot 10 New Wasilla Airport has on-site water and sewer. Other utility services will be provided by private utility companies.
17. The airport drainage plan is controlled by the City Public Works Director and the FAA approved Airport Master Plan.
18. The proposed airport hangar use will not generate noise, fumes or odors, glare, smoke, light, vibration, dust, litter, or interference in any radio or television receivers off the premises, or cause significant line voltage fluctuation off the premises in excess of existing airport uses.
19. Airport land uses are not required to meet minimum landscaping requirements for trees but will need to meet the landscaping requirement with flower beds and/or shrubs.
20. There are no known historic resources on Lot 10 of the New Wasilla Airport.
21. Lot size and location at the Wasilla Airport do not support dedication of a portion of the property for open space.
22. There are no foreseeable problems associated with winter conditions such as snow drifting or glaciation anticipated as a result of construction of the proposed hangar.
23. The Wasilla City Planning Commission on May 10, 2005, passed Resolution Serial Number 05-09 to allow construction of airport hangars ten thousand square feet in size or larger on lease lots 10 through 15 with terms of leases to be greater than ten years in length.

ADOPTED: September 27, 2005



Stan Tucker, Chairman

ATTEST:



Sandra Garley, City Planner



LEASE of the West 210 feet of Lot 10,
(38,700 sq. feet)
City of Wasilla
And Scott Johannes

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APPENDIX A - Permitted Uses
LEASE

This LEASE is between the CITY OF WASILLA, an Alaskan municipal corporation hereinafter referred to as the "Lessor", and Scott Johannes, 2820 Commercial Drive, Anchorage, Alaska 99501, an individual, hereinafter referred to as the "Tenant".

The parties hereby agree as follows:

ARTICLE 1

PREMISES, TERMS AND RENTALS

Section 1.1 Premises

Lessor leases to tenant, and tenant leases from lessor, the following described real property (hereinafter "the Property"):

Future Lease of the West 210 feet of Lot 10, pending approval of the New Wasilla Airport Lease Lots, Palmer Recording District, Third Judicial District, State of Alaska,

Section 1.2 Term

The term of this lease shall be for a period of thirty (30) years, commencing on the first day of November, 2005, and expiring on the last day of September, 2035 unless sooner terminated as provided in this lease.

Section 1.3 Rent

- (a) Tenant shall initially pay to the Lessor the amount of, One Hundred Ninety Three Dollars and Fifty Cent s(\$193.50) per month, payable monthly in advance beginning on the 1st day of November, 2005, and on the first day of each month thereafter at the office of the Lessor. Failure to pay rent by the tenth (10th) day of the month shall obligate the Tenant to pay a late charge of ONE HUNDRED DOLLARS (\$100.00) for each late payment.
- (b) All taxes, charges, costs and expenses that the Tenant is required to pay, and all damages, costs and expenses that the Lessor may incur by reason of any default of the Tenant or failure on the Tenant's part to comply with the terms of the lease, shall be deemed to be additional rent and in the event of nonpayment by the Tenant, the Lessor shall have all the rights and remedies with respect thereto that the Lessor has for the nonpayment of the basic rent.

Section 1.4 Rent Adjustment

At each five-year interval, the fair market value of the Property leased to the Lessee and an appropriate lease rate shall be determined by the City Council in a manner deemed appropriate by the Council. The tenant shall pay that amount of rent to Lessor for each

subsequent five-year interval.

ARTICLE II

USE

Section 2.1 Airport Purposes

This property shall be used for: constructing an airplane hangar facility, consisting of two bays with 4-plane carousels and one bay to be used as a private hangar. The construction of the hangars shall be pre-engineered metal buildings with insulated foam core panels. The estimated date of commencing construction is fall of 2005, weather permitting. The estimated date of construction completion is 4 months from date of commencement.

Section 2.2 Prohibited Uses

Tenant shall not use or permit any part of the Property to be used for any unlawful purpose or for any purpose, that may constitute a nuisance or hazard to health, safety, or property. Tenant shall not permit any part of the Property to be used for any purpose in violation of any applicable law, lawful order, or rule or regulation relating to the operation or use of the Wasilla Municipal Airport.

Section 2.3 Hazardous Material

- (a) Tenant shall not cause or permit any hazardous material to be on or used on the Property without the written consent of lessor. Lessor shall not unreasonably withhold consent if any such materials are necessary or useful to tenant's business, and will be stored and used in a manner complying with all laws and regulations regulating use and storage of hazardous materials.
- (b) Tenant shall defend, indemnify, and hold the lessor harmless from any claims, damages, fines, penalties, liabilities or losses resulting from any breach of subsection (a) above, or from hazardous material being on the property. If clean-up or property restoration is required, tenant shall be considered the Responsible Party under any and all applicable State and Federal laws and regulations, and shall pay all costs connected with clean-up or restoration.

Section 2.4 Reservations and Exceptions

Lessor represents that it is not currently aware of any conditions, reservations, limitations, provisions, or terms imposed upon the premises of the Wasilla Airport in any grant, loan, lease, permit, patent, deed or any other conveyance to the Lessor from the United States or the State of Alaska that would unduly interfere with or prohibit the activities contemplated by the Tenant.

However, there may be future circumstances that impose certain restrictions or limitations upon the use of the airport facilities. To deal with that possibility, the parties agree as follows:

This lease is made by the lessor and accepted by the tenant conditioned upon and subject to any conditions, reservations, limitations, provisions, or terms imposed upon the premises of the Wasilla Municipal Airfield, as contained in any grant (including any

monetary grant or loan), lease, permit, patent, deed, or any other conveyance to the Lessor of the Property, from the United States, or the State of Alaska, including their agencies. In the event that any such condition, reservation, limitation, provision or term shall prevent, without fault of the Lessor, this lease from continuing in full force and effect, the Lessor shall have the option to terminate this lease immediately and at any time, without liability to the Tenant.

Section 2.5 Subordination of Lease to Requirements of the Federal Aviation Agency

- (a) This lease shall be subordinated to the provisions of any existing or future agreement between the Lessor and the State of Alaska or the United States, relative to the operation or maintenance of the Wasilla Municipal Airport.
- (b) The Lessor has undertaken and may in the future undertake certain obligations respecting its operation of the Wasilla Municipal Airport and activities of its contractors, tenants and permittees. If the State of Alaska, the Federal Aviation Administration, or any other governmental body having jurisdiction over the obligations of the Lessor in its operation of the Wasilla Municipal Airport shall take any action affecting the operations of Tenant, Tenant shall promptly comply with these actions as the Lessor may direct.

Section 2.6 Aircraft on Premises

The Tenant shall provide Lessor, upon request, a list identifying all aircraft on the premises for any purpose, together with the aircraft type, model and number, the name and address of the owner, the purpose of the aircraft being on the premises, and such other information the Lessor may request.

Section 2.7 Discriminatory Acts Prohibited

- (a) The Tenant shall furnish any service to be rendered by the Tenant on a fair, equal and not unjustly discriminatory basis to all users. In performing such services, Tenant shall charge fair, reasonable and not unjustly discriminatory prices or rates, provided the Tenant may make reasonable and discriminatory discounts, rebates or other similar types of price reductions to volume users or purchasers, or in recognition of significant private investment.
- (b) The Tenant shall not discriminate against any person or class of persons by reason of race, color, creed, gender, or national origin.

Section 2.8 Maintenance of Premises

The Tenant shall keep the entire premises in good repair and in a neat, orderly and sightly condition. The Tenant shall not cause or permit to remain any litter, garbage, debris, weeds or other items and materials of other kind whatsoever. The Tenant shall not store such things as parts, lumber, and oil or gasoline drums outside of a building, unless express written permission is granted by the Lessor to do so. The Tenant shall remove any and all such materials within five (5) days of written notice from Lessor.

Section 2.9 Signs

The Tenant may erect one sign, securely mounted on the building, not to exceed twenty-five (25) square feet in size bearing the Tenant's trade name and business description, providing the sign meets all municipal sign ordinance requirements. No freestanding signs are permitted. The Tenant shall not, without Lessor's written consent, place any additional signs on the Property. At the termination of this lease, all signs shall be removed by the Tenant at Tenant's expense.

Section 2.10 Improvements and Alterations

- (a) Prior to commencing construction, renovation, enlargement, demolition, or modification of leasehold improvements now or hereafter existing on the Property, Tenant shall submit plans and specifications for such work to the Lessor for approval. Work shall not be commenced until such approval is obtained from the Lessor. All construction shall be in accordance with the approved plans and specifications. The Lessor's approval of plans and specifications submitted to him by Tenant shall not constitute the assumption of any liability by Lessor for compliance or conformity with applicable building codes, land use regulations, development and City, Borough, State and Federal laws, ordinances and regulations, or for their accuracy, and Tenant shall be solely responsible for such plans, and specifications. The Lessor may subsequently direct the Tenant to amend the same to provide for any corrections or omissions needed to comply with applicable building codes, zoning regulations or standards, City, Borough, State or Federal laws, ordinances, standards or regulations.
- (b) Tenant shall obtain all necessary licenses and permits to accomplish any of the work described in Section 2.10(a). Nothing in this lease shall limit or restrict the City, Borough, or State of Alaska in the exercise of its police power, authority to enforce building, fire and other safety codes, laws, ordinances or regulations.
- (c) Any contract or agreement for labor, services, materials or supplies to be furnished in connection with construction or alteration of any improvement to the Property shall provide that no lien, claim or other encumbrance shall thereby be created, or arise, or be filed by anyone against the Lessor or upon or against the Property or the improvements. Before the commencement of any work, Tenant shall deliver to Lessor either an executed duplicate original of the contract or a written waiver by the architect, engineer, contractor, material man, mechanic, person or corporation named in the contract of all right of lien which may exist or be created upon or against the Property, or the improvements to be constructed or altered, or any interest of Lessor. Tenant hereby warrants to Lessor that the Property and all improvements shall be free and remain free of all liens, claims and encumbrances and agrees to indemnify, defend and hold harmless from and against any and all losses, damages and costs, including reasonable attorneys' fees, with respect thereto. If any lien or notice of lien on account of the alleged debt of Tenant or lien or notice of lien by any party engaged by Tenant or Tenant's contractor to work on the Property shall be filed against the Property or improvements, Tenant shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.
- (d) No work described in Section 2.10(a) whose estimated cost exceeds \$100,000

shall be commenced by Tenant until it has, at its sole cost and expense, provided to Lessor a performance and payment bond from a company acceptable to the Lessor in an amount equal to 110% of the estimated cost of the improvements to be accomplished, which bond guarantees the completion of the work by Tenant's contractors in accordance with the plans and specifications theretofore approved by Lessor and guarantees the payment by such contractors of all subcontractors' charges and all other persons and firms supplying services, labor, materials or supplies in connection with the work.

- (e) Title to improvements constructed by Tenant shall remain in Tenant during the term of this lease or an authorized extension, but such title shall vest in Lessor upon the termination of this lease.

Section 2.11 Tenant's Right to Terminate

If any governmental body, agency or official, other than Lessor, prohibits or otherwise prevents the use of the Wasilla Municipal Airport as a public airport for one year or more, or should the continued use of the Wasilla Municipal Airport as an airport become impossible or unlawful without the fault of the Tenant, the Tenant shall have the option to terminate this lease on thirty (30) day written notice to Lessor.

Section 2.12 Lessor's Improvements

- (a) Lessor shall have a permanent right of access over, under and across the Property for the purposes of maintaining, servicing, upgrading or removing any Lessor-installed improvements including, but not limited to, pavement, aircraft tie-downs, light poles, and fencing. The Lessor shall provide a snow storage area on the Airport property for use of the tenants, but shall have no responsibility for sanding or removing snow from Tenant's leased Property.
- (b) All improvements constructed by the Lessor shall at all times remain the property of Lessor and may be maintained, upgraded, serviced or removed at Lessor's convenience and discretion.
- (c) Lessor shall make all reasonable efforts to coordinate any maintenance or repair work with Tenant and to avoid disrupting Tenant's use of the premises whenever possible.
- (d) The purpose of the paving and tie-down improvements is to provide clean and serviceable areas for public use aircraft parking. Tenant may make reasonable use of these improvements, if they are not destroyed or removed, or used in a manner that converts them to a non-public use.

Section 2.13 Aviation Easement

Tenant's right to use the Property for the purposes, as set forth in this lease shall be secondary and subordinate to the operation of the Airport. Lessor specifically reserves for itself, other Wasilla Municipal Airport leaseholders, and for the public, an easement for the passage of and noise caused by aircraft in the air space above the surface of the Property. Tenant shall not construct any building or facility to a height, which in Lessor's discretion will interfere with the

operations of the Airport.

ARTICLE III

TAXES, INDEMNIFICATION AND INSURANCE

Section 3.1 Taxes, Assessments and Utilities

Tenant shall pay when due all taxes, assessments and charges upon the Property and upon buildings, improvements and property thereon, that are assessed or charged at any time during the term. Upon request, the Tenant shall furnish official receipts from the appropriate taxing authorities or other proof satisfactory to the Lessor evidencing payment to the Lessor for Lessor's inspection. Tenant shall pay and be responsible for all charges for gas, electricity, water, light, heat, power, garbage, solid waste, and other utility services used on or supplied to the Property.

Section 3.2 Indemnification

The Tenant shall defend, save and hold the Lessor harmless from any and all claims, demands, suits or liability, including all attorneys' fees arising from any and all loss, damage to property or injury to persons occurring in connection with the occupancy of the property or operations under this lease. This indemnification agreement includes claims alleging acts or omissions by the Lessor or its agents, which are claimed to have contributed to the loss or damage. However, Tenant shall not be responsible for any damage or claim arising from the sole negligence or willful misconduct of the Lessor or its agents.

Section 3.3 Insurance

The Tenant shall obtain and maintain throughout the period of performance of this lease insurance in the following minimum requirements:

- A. Workers, Compensation Insurance, covering all employees of the Tenant, in statutory limits, to include any of the obligations assumed by the Tenant under this Lease.
- B. Commercial Automobile Liability Insurance, whether Owned, Hired, or Non-Owned; liability limits of not less than \$500,000.00 Combined Single Limit or Liability per Accident/Unlimited Annual Aggregate including Uninsured/Underinsured Motorist, with minimum limits as follows:

\$500,000.00	Bodily Injury Limit Per Person
\$500,000.00	Bodily Injury Limit Per Accident
\$500,000.00	Property Damage Per Accident
- C. Premises Liability in the Amount of:

\$1,000,000.00	Combined Single Limit of Liability per Occurrence
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The Policy shall be endorsed to include the City of Wasilla as an additional

insured, with a minimum of thirty (30) days notice of cancellation to the City of Wasilla. Prior to the execution of this Lease, certificates of insurance and/or letter verification of the effectiveness of such insurance, shall be furnished so as to demonstrate compliance with the foregoing insurance requirements. Continuing evidence of compliance with the insurance requirements in the form of certificates and/or letters of verification may be requested by the Lessor at any time.

ARTICLE IV

ASSIGNMENT AND SECURITY INTERESTS

Section 4.1 Assignment or Sub-Leasing

- (a) Tenant shall not assign or sublet any interest in the premises, or any part thereof, nor permit the occupancy of any part thereof by any other person or entity without the prior written consent of the Lessor, which consent shall not be unreasonably withheld. Lessor shall not be required to consent to any assignment or sublease unless the proposed assignee or sublessee agrees in writing to assume and perform all the terms, conditions and covenants of this lease. Tenant shall furnish the Lessor with a copy of any proposed assignment or sublease for approval prior to any assignment or sublease, and shall further furnish a copy to the Lessor of any executed assignment or sublease.
- (b) If Tenant is a corporation, assignment for purposes of this lease shall include, but not be limited to, any change in the structure of or the ownership of shares of stock in the corporation whereby control of the affairs of the corporation is transferred to persons other than those exercising such control on the date of execution of this lease or on the date of Lessor's approval of the immediately prior-assignment.
- (c) No assignment, sublease, or occupancy permitted under subparagraph (a) of this paragraph shall relieve Tenant of any of Tenant's obligations herein. Tenant agrees to save the Lessor harmless from any liability or loss because of the nonpayment of rentals, taxes or assessments or other charges incurred on the premises by the assignee, sublessee or occupant.

Section 4.2 Mortgage and Encumbrances

Tenant shall not mortgage or otherwise encumber this lease, including Tenant's leasehold estate and the improvements thereon, without the prior written consent of Lessor, except that encumbrance of the improvements or leasehold only (but not the underlying property) is allowed for the purpose of financing the construction of approved leasehold improvements. Tenant shall furnish Lessor with a copy of any agreement mortgaging or encumbering the Property for the Lessor's approval prior to executing any mortgage or encumbrance, and shall also furnish a copy to the Lessor of any such executed security transactions.

ARTICLE V

DEFAULT AND ENFORCEMENT

Section 5.1 Default Defined

Each of the following shall be deemed a default by the Tenant and a breach of this lease:

- (a) Failure to pay the rent provided herein, or any part thereof, for a period of ten (10) days after it is due.
- (c) Failure to provide and maintain in effect insurance in compliance with Section 3.3.
- (d) Failure to do, observe, keep and perform any other term, covenant, condition, agreement or provision contained in this lease for a period of thirty (30) days after written notice of such failure is sent by Lessor, or, in the case of a default not reasonably susceptible of being cured within thirty (30) days (which does not include any default which may be cured by the payment of money), failure to commence promptly and proceed diligently and in good faith to cure within a total of sixty (60) days after the sending of the notice.
- (e) The abandonment of the premises by the Tenant, the making by the Tenant of a general assignment for the benefit of creditors, or the appointment of a permanent or temporary receiver for the Tenant's property, which is not vacated or set aside within thirty (30) days of the sending of written notice of such event by Lessor.

Section 5.2 Lessor Remedies on Default

In the event of any default by the Tenant, the Lessor may:

- (a) Terminate this lease in accordance with Section 5.3, below,
- (b) Reenter the Property without terminating the lease in accordance with Section 5.4, below,
- (c) Perform any act required hereunder to be performed by the Tenant and recover the cost thereof as provided in Section 5.5, below,
- (d) Recover damages in accordance with Section 5.6, below, and,
- (e) Obtain any other remedy provided at law or in equity, including but not limited to, injunctive relief.

The remedies given to Lessor in this lease are cumulative and may be exercised in any combination without regard to the consistency thereof.

Section 5.3 Termination

In the event of default by the Tenant, Lessor may send a written notice to the Tenant stating that the Lessor elects to terminate this lease upon a specified date not less than thirty (30)

days after the date of the sending of such notice at which date this lease shall expire as if that date had been originally fixed as the expiration date of the term unless the default is cured within the applicable period provided in the notice of termination. Upon termination, all interest of the Tenant in the Property shall expire and Lessor shall have the right to immediate possession.

Section 5.4 Reentry

In the event of a default by the Tenant, the Lessor may send a written notice to the Tenant stating that the Lessor elects to reenter the premises without terminating the lease upon a specified date not less than thirty (30) days after the date of the sending of the notice. Lessor may on that date or at any time thereafter, reenter and resume possession of the Property or any part thereof, and remove all persons and property therefrom, either by a suitable action or proceeding at law, or otherwise, without being liable for any damages therefore. No reentry by the Lessor shall be deemed an acceptance of surrender of this lease or a liquidation or satisfaction to any extent whatsoever of Tenant's liability to pay rent as provided. Lessor may in its own name, but as agent for the Tenant, relet the whole or any portion of the premises for any period equal to or greater or less than the remainder of the term, for any sum which it may deem appropriate, and in connection with any such lease the Lessor may make such changes in character of the improvements on the premises as the Lessor may determine to be appropriate or helpful in effecting such lease. However, in no event shall the Lessor be under any obligation to relet the premises for any purpose which the Lessor may regard as injurious to the premises, or to any tenant which the Lessor, in the exercise of reasonable discretion, shall deem to be objectionable. Lessor may, at any time after reentry, terminate this lease in accordance with Section 5.3.

Section 5.5 Lessor's Right to Perform

In the event of default by the Tenant, the Lessor at Lessor's discretion may cure such default on behalf of the Tenant for the account and at the expense of Tenant, in which event Tenant shall reimburse the Lessor for all sums paid to effect such cure, together with interest at the statutory rate of TEN AND ONE-HALF PERCENT (10.5%) per annum and reasonable attorneys' fees. In order to collect such reimbursement, the Lessor shall have all the rights and remedies available under this lease for a default in the payment of rents.

Section 5.6 Damages

In the event of default by Tenant, Lessor shall have the right to recover from Tenant at any time:

- (a) An amount equal to all sums required hereunder to be paid by Tenant including, but not limited to, sums paid by the Lessor pursuant to Section 5.5, above;
- (b) An amount equal to all expenses, if any, incurred by the Lessor in recovering possession of the premises and all costs and charges for the care of the premises while vacant;
- (c) In the event of termination of this lease by the Lessor pursuant to Section 5.4, above, an amount equal to the difference between the value discounted to date of termination of the rent hereunder for the term of the lease remaining, if Lessor had not terminated, and the value discounted to the date of termination of the net rent which the Lessor might reasonably expect to receive from the Property for the

balance of the term remaining, if Lessor had not terminated, including, but not limited to, a reasonable allowance for vacancies;

- (d) In the event of reentry by the Lessor pursuant to Section 5.4, above, either before or without termination thereafter, an amount equal to the amount of all rent provided by this lease less the next rent, if any, collected by the Lessor on reletting the premises allowing for all actual expenses of the Lessor which amount shall be due and payable by the Tenant; and
- (e) All reasonable attorneys' fees and costs incurred by Lessor in any proceeding to enforce this lease or exercise any remedy hereunder.

Section 5.7 Right of Access

The Lessor shall have the right to enter upon the Property during reasonable hours for any purpose. The Lessor also reserves the right of access and the right to abate any nuisances or hazardous conditions on the premises without notice when in the Lessor's good faith judgement an emergency exists.

Section 5.8 Lessor's Failure to Enforce and Nonwaiver

No failure by the Lessor to insist upon the strict performance of any term, condition or covenant of this lease or to exercise any right or remedy available on a breach thereof, and no acceptance of full or partial rentals during the continuance of any such breach shall constitute a waiver of any such breach or any such term, condition or covenant. No term, condition or covenant of this lease required to be performed by the Tenant, and no breach thereof, shall be waived, altered or modified, except by written instrument executed by the Lessor. No waiver of any breach shall effect or alter any term, condition or covenant of this lease, and each such term, condition or covenant shall continue in full force and effect with respect to any other then existing or subsequent default or breach. Any other or subsequent default or breach may be enforced by Lessor as provided in this lease.

ARTICLE VI

GENERAL COVENANTS

Section 6.1 Condition and Status of Premises

Tenant acknowledges that Tenant has examined the Property and accepts same in its present condition without any representation or warranty, express or implied in fact or by law, by the Lessor as to the title, nature, condition or usability of the premises for the purposes set forth in this lease, all of these warranties being hereby expressly disclaimed by Lessor.

Section 6.2 Risk of Loss

No destruction or damage to any building or improvement on the Property by fire, rain, ice, snow, windstorm, earthquake, aircraft damage or any other casualty or action of the elements shall entitle the Tenant to surrender possession of the Property, to terminate this lease, to violate any of its provisions, or to cause any rebate or abatement in rent when due or thereafter becoming due.

Section 6.3 Repair or Rebuilding

Upon the destruction or damage to any building or structure by fire, rain, ice, snow, windstorm, earthquake, aircraft damage or any other casualty or action of the elements, the Tenant shall have the right to repair, restore or rebuild within one (1) year after the date of such occurrence. However, in the event that good cause is shown, Lessor may consent to an extension of time in which to accomplish the restoration or rebuilding. Such consent by the Lessor will not be unreasonably withheld.

Section 6.4 Condemnation

- (a) If the Property, or any part thereof rendering the remainder unusable, is taken by eminent domain, this lease shall expire on the date when the Property is taken by a declaration of taking, or on the date when the condemnor is granted possession of the premises, and the rent shall be apportioned as of that date.
- (b) The Tenant shall be entitled to the award for the building, structures and the Tenant's improvements and the Lessor shall be entitled to award for the ground leased and for any improvements placed upon and benefiting the premises by the Lessor or acquired by the Lessor from the Tenant or any other person.

Section 6.5 Surrender of Premises

At the expiration or termination of this lease or an authorized extension, or upon reentry by Lessor, the Tenant shall peacefully and quietly surrender the Property in as good a condition as it was at the beginning of the initial term, reasonable use and wear and damages by the elements excepted.

Section 6.6 Reversion and Removal of Buildings and Improvements

All buildings, structures or improvements placed by the Tenant upon the Property shall revert to and become the property of the Lessor upon the expiration or termination of this lease for any cause whatsoever. Lessor in its sole discretion may require Tenant to remove part or all of the improvements including, but not limited to, fuel tanks and lines, and partially or completely restore the Property to its condition when leased by sending written notice requesting such removal and restoration within sixty (60) days after such expiration or termination. Tenant shall then at its own expense complete the removal and restoration within ninety (90) days of the sending of the notice.

Section 6.7 Holdover

In the event the Tenant shall hold over after the expiration or termination of this lease for any cause whatsoever, such holding over shall be deemed a tenancy from month to month only, at the same rental per month and upon the same provisions set forth in this lease. The lessor may terminate this holdover tenancy Tenant written prior notice of at least thirty (30) days. Such holding over period shall include any time employed by the Tenant to remove any buildings, structures or improvements permitted by this lease.

Section 6.8 Right-of-Way Easement

Lessor shall have the right to designate or grant right-of-way or utility easements across the Property without compensation to Tenant, provided that Tenant shall be entitled to compensation for the taking or destruction of any Tenant's improvements and provided further that the Tenant, at his option, may terminate this lease or may demand a rental adjustment to reflect any reduction in value of the Property.

Section 6.9 Notices

Any notices required to be sent in accordance with the terms of this lease, including legal process, shall be sent in writing by registered or certified mail, to the parties at the following addresses unless otherwise notified in writing and deemed to be received when so sent:

Lessor's Address: City of Wasilla
290 E. Herning Avenue
Wasilla, Alaska 99654

Tenant's Address: Scott Johannes
2820 Commercial Drive
Anchorage, AK 99501

Section 6.10 Rights or Remedies

No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, but is intended to be in addition to any right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

Section 6.11 Successors in Interest

This lease shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

Section 6.12 Applicable Law and Forum

This lease and the respective rights and obligations of the parties shall be construed and interpreted in accordance with the laws of the State of Alaska. Any civil action concerning this lease shall be brought in an appropriate Alaska State Court in the Third Judicial District.

Section 6.13 Recordation of Lease

The parties may record a memorandum of this lease or the lease itself.

Section 6.14 Severability

The invalidity or unenforcability of any particular provision of this lease shall not affect any remaining provisions hereof, and, in any such event, this lease shall be construed and interpreted in all respects as if such invalid or unenforceable provisions were omitted.

Section 6.15 Entire Agreement

This written lease with Appendix A constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements, oral or written, between the parties. No modifications, amendments, deletions, additions or alterations of this lease shall be effective unless in writing and signed by the parties. This lease shall not be construed more strictly against one party than the other.

LESSOR

CITY OF WASILLA

Mayor, Dianne Keller

Date: _____

ATTEST:

Kristie L. Smithers, MMC
City Clerk

Date: _____

TENANT

By: _____
Scott Johannes
Title: Individual

Date: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on the ____ day of _____, 2005, before the undersigned Notary Public for the State of Alaska, duly commissioned and sworn, personally appeared Scott Johannes, known to me to be the individual described in and who executed the within and foregoing Lease on behalf of tenant and acknowledged to me that he signed the same in the name of and for and on behalf of the tenant, freely and voluntarily and by tenant's authority for the uses and purposes therein mentioned.

GIVEN UNDER MY HAND and official seal the day and year last above written.

Notary Public in and for Alaska
My Commission Expires:_____.

CRITERION GENERAL, INC.

412 S. Adele Circle
Wasilla, AK 99654-7386

(907) 376-2783

Fax (907) 376-2780

JOB Wasilla Airport Hangar

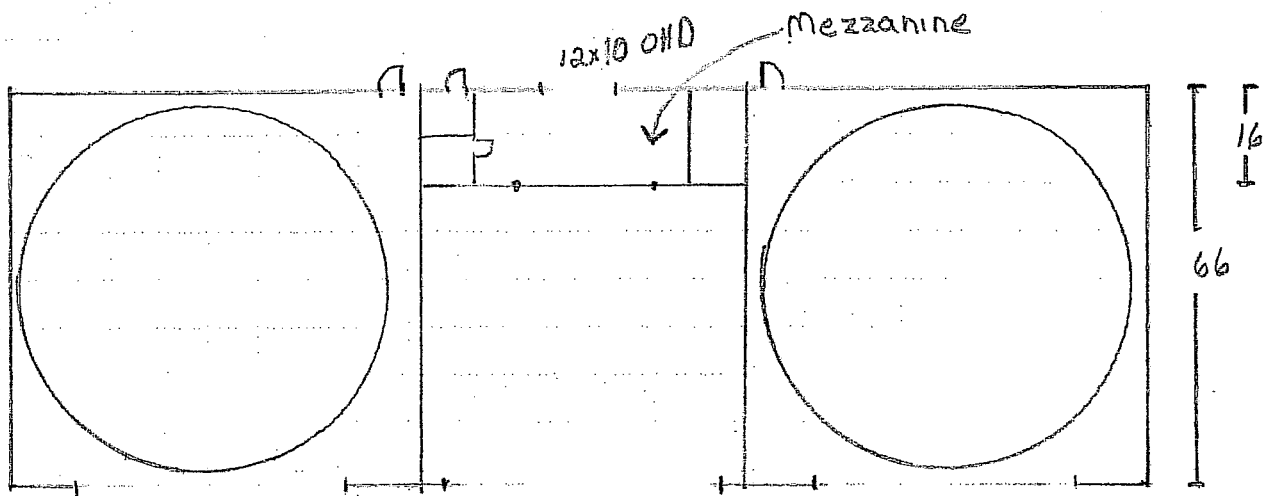
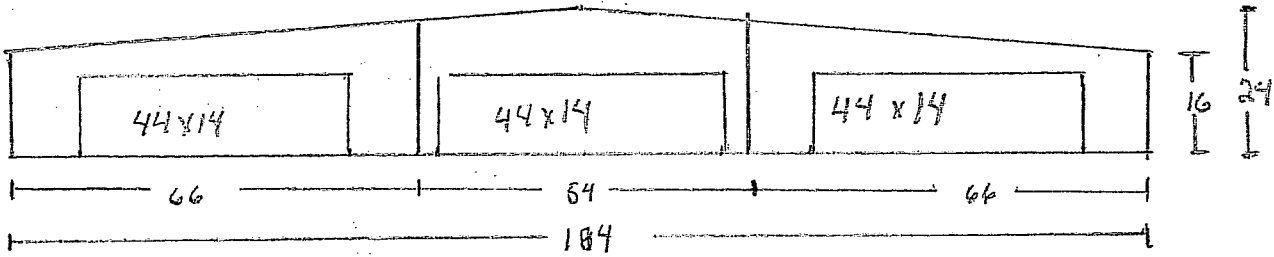
SHEET NO. _____ OF _____

CALCULATED BY _____ DATE _____

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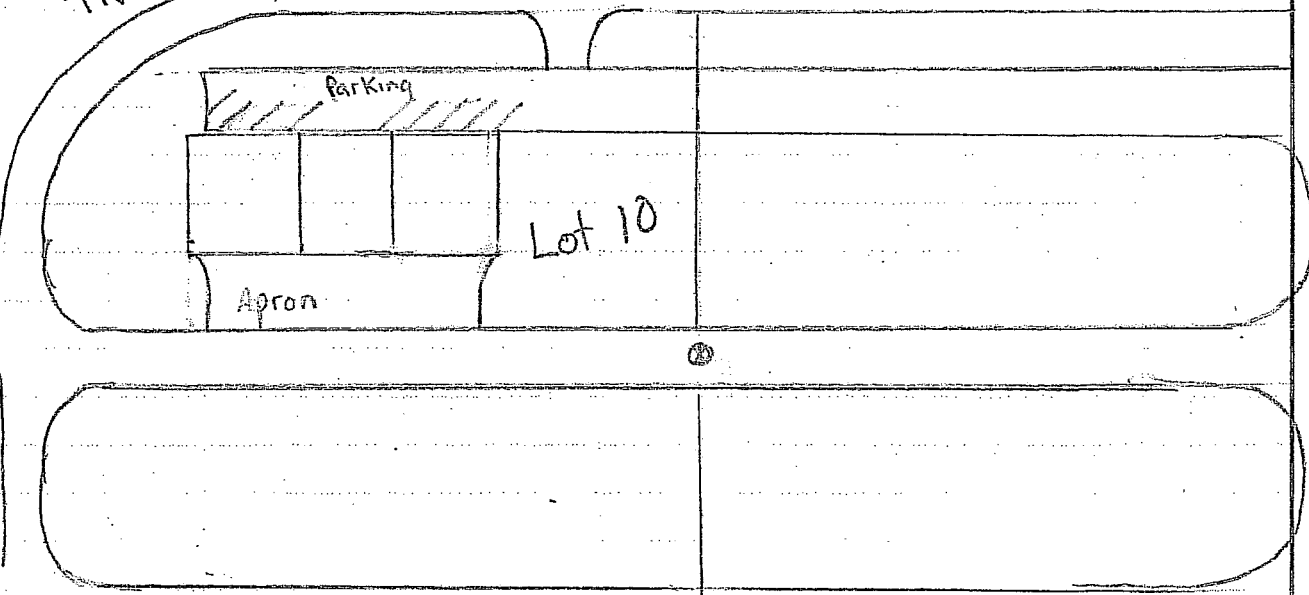
SCALE _____

1" = 32'



TRACT 7

W. AVIATION AVE. EXTENSION



CASE NO. U05-019

A request for a use permit to construct a 12,144 sq. ft hangar within New Wasilla Airport Subdivision, on a portion of Lot 10 of airport lease lot extension, southwest of nine existing lease lots. The lot is approximately 50,000 sq ft in size and is zoned I--Industrial.

Applicant: Scott Johannes



KEY



SUBJECT PARCEL

