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Attachments:

CA	Commercial-Industrial Lease Clauses
CB	Residential Lease Clauses
CC	Utility Lease Clauses
CD	Recreational Lease Clauses
CE	Agricultural Lease Clauses

V. APPENDIX C

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF LANDS
323 East Fourth Avenue
Anchorage, Alaska 99501

ADL NO. _____

LEASE AGREEMENT

THIS Lease agreement made and entered into this _____ day of _____, 19____, by and between the State of Alaska, through the Director of the Division of Lands, with the consent and approval of the Commissioner of the Department of Natural Resources, acting for and on its behalf under and pursuant to AS 38.05, as amended, and the regulations promulgated thereunder, as amended or hereafter amended, hereinafter referred to as the LESSOR; and _____ of _____ hereinafter referred to as the LESSEE:

WHEREAS, the Lessor has caused the lands herein demised to be appraised and such appraisal was made and approved on or after _____, 19____; and

WHEREAS, the Lessor has caused a notice of intent to lease the lands herein demised to be published as required by law or caused notices of intent to lease to be posted as required by law; and

WHEREAS, an auction of the herein demised property was held at the time and place designated by notice and said sale was approved by the Director of the Division of Lands, Department of Natural Resources, State of Alaska:

NOW THEREFOR, the Lessor has agreed to let and does hereby let and demise to the Lessee, and the Lessee has agreed to take and does hereby take from the Lessor the surface estate of all that lot, piece, or parcel of land more particularly bounded and described, as follows:

located in the _____ Recording District, State of Alaska.

TO HAVE AND TO HOLD the said demised premises for a term of _____ () years commencing on the _____ day of _____, 19____, and ending at 12 o'clock midnight on the _____ day of _____, _____, a period of fifty-five years unless sooner terminated as hereinafter provided.

The Lessee shall be granted the option to extend the term of his lease for no more than three consecutive five-year periods beyond the original term of the lease, provided that Lessee notifies Lessor of his intention to exercise one or more such options no later than 6 months prior to expiration of the original lease term or the first or second extension terms, as applicable.

The Lessee shall pay to the Lessor rental as follows: Equal _____ payments, in advance, on or before the _____ day of _____ of every year during

said term at the rate of _____ Dollars (\$ _____) per _____; such payments to be subject to adjustment as hereinafter required from the effective date hereof, as provided herein.

The annual rental as hereinafter provided for shall not during any rental period increase more than one hundred percent of the immediately preceding annual rental.

It is agreed that each of the covenants, terms and agreements herein contained shall be binding upon the parties and upon their respective successors and assigns.

1. Appurtenances, and Encumbrances-- Lessor leases and grants to Lessee all easements, parking and loading rights, rights of ingress and egress, fixtures and appurtenances now or hereafter belonging or pertaining to said premises. The described premises are leased, subject to patent restrictions, easements, rights-of-way, if any, zoning and building restrictions and statutes and governmental regulations now in effect or hereafter adopted by any governmental authority.

2. Payment of Taxes and Assessments-- Lessee agrees to pay to the public authorities charged with collection thereof, promptly as the same may become due and payable, all taxes, permit, inspection and license fees and other public charges, whether of a like or different nature, except for general and special assessments lawfully levied upon the leasehold estate and any buildings, structures, fixtures, improvements or leasehold interest now or hereafter located thereon, or arising in respect of the occupancy, use or possession of the leased Premises, and which are charged against and are, or may become, a lien during the term of this lease; and Lessee agrees to exhibit to Lessor, on demand receipts evidencing payment of all taxes, fees and other similar public charges so payable by Lessee. Lessee shall also pay all charges of water, sewer, gas, electricity, power or other public utility services rendered on or to the Premises during the term of this lease as such charges become due.

3. Documentation of Improvements-- Lessee must within 90 days of completion of any site improvements, including but not limited to clearing, leveling, excavation, and backfill, and exclusive of any structures, file with the Lessor adequate and reasonable documentation of such improvements including any applicable costs and quantities. Such documentation is intended to aid in future determinations of the original condition of the Premises.

4. Notification and Late Payment Charge-- In the event Lessee becomes 30 days delinquent in payments due, a late payment charge of 6% of such amount due shall be levied against the lease. Additionally, a charge for notification for payments 30 days late shall be made at the rate of \$5.00 for the first notice and \$20.00 for the second notice.

5. Permitted Uses-- (a) The Lessee shall use the leased Premises for uses and purposes consistent with those cited in Attachment 1, and in conformance with applicable local zoning ordinances. At any time Lessee may request a change in permitted uses, provided that Lessee's existing or proposed use of the Premises is consistent with existing zoning. If the Lessor concurs with such change of permitted use, then this lease shall terminate, and a new lease, upon a form and containing terms, appraisal and rental rate applicable to the changed classification; shall be executed for the balance of the unexpired lease term, or renewal term if applicable, then remaining.

b. Lessee may request that part of the leased Premises be severed

from the Premises for purposes of changing of that part for a use or uses not permitted under the then existing permitted uses of the Premises. If the Lessor concurs, then this lease shall terminate as to the part so severed, and a new lease, upon a form and containing terms, appraisal and rental rate applicable to the changed permitted uses; shall be executed for the balance of the unexpired lease term, or renewal term if applicable, then remaining. The annual rentals applicable to the original leased Premises shall be adjusted to reflect the effect of severance of the part permitted by this paragraph for the balance of the original lease term or the renewal term, if applicable. If severance of a portion of the Premises is permitted, Lessee shall comply with all state and local laws and ordinances regarding the subdivision of real property, and shall bear the expenses and costs attributable to survey, recording and other compliance with said laws and ordinances.

6. Compliance with Laws' Ordinance and Regulations-- Lessee shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter in existence which in any manner affect the leased Premises or the sidewalks, alleys, streets, and ways adjacent thereto, or any buildings, structures, fixtures or improvements or the use thereof. Lessee further agrees that it will not permit any unlawful occupation, business or trade to be conducted on the Premises, or any use to be made thereof contrary to any law, ordinance or regulation applicable thereto.

The lessee, at its own cost and expense, shall keep the leased Premises and all improvements which at any time during the term of this lease may be situated thereon, in good maintenance, condition and repair during the entire term of this lease, and hereby expressly waives any right to make repairs to the Premises at the expense of Lessor which may be allowed by any statute or law in effect at the time of the execution of this lease or any amendment thereof, or by any other statute or law which may be hereafter passed during the term of this lease. The Lessee's rights under this Lease may be terminated by the Director, in whole or in part, if the leased Premises are used for a purpose unlawful under Federal or State law or regulation, or local Government ordinance as applicable.

7. Lessor's Rights of Occupancy and Use-- Lessee, when not in default of performance of any of its obligations hereunder, shall have the following rights, during the term of this lease, from time to time and in such manner, and to such extent, as Lessee may in its sole judgment deem advisable, except where any of said rights is conditioned upon prior approval of Lessor: (a) The right to demolish, remove or otherwise dispose of any improvements presently or subsequently situated upon the leased Premises; (b) The right to erect, place, or install upon the leased Premises buildings, structures, and improvements as from time to time it shall deem advisable; (c) The right to make such alterations, additions and repairs to the leased Premises as it may desire.

8. Disposition of Improvements Upon Termination-- (a) All buildings, structures and permanent improvements, including any signs which are installed, placed or attached in or about the leased Premises by Lessee, shall remain the property of Lessee at the expiration or termination of this lease, or of any renewal term thereof. The lessee shall within 60 days after termination or expiration of the lease remove all improvements located on the leased Premises, provided that such removal will not cause injury or damage to the leased Premises; and further provided that the Lessor may extend the time for removing such improvements in a case where hardship is demonstrated. Following removal Lessee shall leave Premises in a safe and natural condition. The retiring Lessee may, with the consent of the Lessor,

sell its improvements to the succeeding lessee.

(b) If any improvements and/or chattels having an appraised value in excess of \$10,000.00, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall, upon due notice to the Lessee, be sold at public sale under the direction of the Lessor. The proceeds of sale shall inure to the Lessee who placed such improvements and/or chattels on the lands after payment to the Lessor of all rents due and owing and expenses incurred in holding such sale. In case there are no other bidders at any such sale, the Lessor is authorized to bid on such improvements and/or chattels. The Lessor shall acquire all rights, both legal and equitable, that any other purchaser could acquire by reason of said sale and purchase.

(c) If any improvements and/or chattels having an appraised value of \$10,000.00 or less, as determined by the Lessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in, the Lessor.

9. Freedom From Liens-- Lessee will not permit any mechanics', laborers', or materialmen's liens to stand against the leased Premises or improvements for any labor or materials furnished to Lessee, or claimed to have been furnished to Lessee or to Lessee's agents, contractors, or sublessees, in connection with work of any character performed on said Premises or improvements by or at the direction or sufferance of Lessee; provided, however, that Lessee shall have the right to contest the validity or amount of any such lien or claimed lien. In the event of such contest, Lessee shall give to Lessor such reasonable security as may be demanded by Lessor to insure payment thereof and to prevent any purported sale, foreclosure or forfeiture of the premises or improvements by reason of such non-payment. Such security need not exceed one and one-half times the amount of such lien or such claim of lien. Lessee shall record such bond as contemplated by Section 34.35.072, Alaska Statutes upon Lessor's demand. Lessee shall immediately pay any judgment rendered on any proven claim of lien, together with all proper costs and charges, and shall have such lien released or judgment satisfied at Lessee's own expense. The State may file such notices of non-responsibility as it may deem necessary, pursuant to A.S. 34.35.065.

10. Lawful Use of Premises-- The Lessee may use and occupy the leased Premises for any lawful purpose provided such purpose is allowed under Attachment 1 of this Lease.

11. Indemnity to Lessor-- Lessee will indemnify and hold Lessor harmless from and against all claims and demands for loss or damage, including property damage, personal injury or wrongful death, arising out of or in connection with the use or occupancy of the Premises by Lessee or any other person under Lessee, and from any accident or fire on the Premises and from any nuisance made or suffered thereon, and from any failure by Lessee to keep the Premises in a safe condition, and Lessee will reimburse Lessor for all its costs and expenses, including reasonable attorneys' fees, incurred in the defense of any such claims; and Lessee will hold all goods, materials, furniture, fixtures equipment, machinery and other property whatsoever on the Premises at the sole risk of Lessee, and will save Lessor harmless from any claim of loss or damage thereto by any cause whatsoever. If all or part of the improvements placed by Lessee on the demised premises are destroyed by fire, earthquake or other cause, Lessee shall remove the debris and clean up the affected area within 60 days of the occurrence of such destruction, and may surrender to Lessor this lease, together with any interest of Lessee and of any mortgagee in

The remaining insurance proceeds and Lessee may thereby be relieved of any further obligation hereunder.

12. Default-- If Lessee at any time during the term or renewal term of this lease (and regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal, which has or might have the effect of preventing Lessee from complying with the terms of this lease) (a) shall fail to make payment of any installment of rent or of any other sum herein specified to be paid by Lessee, or (b) shall fail to observe or perform any of Lessee's other covenants, agreements or obligations hereunder, and if any such default shall not be cured as to (a) within ten days after Lessor shall have given Lessee written notice of such failure to make payment, or as to (b) within thirty (30) days after Lessor shall have given to Lessee written notice specifying such default or defaults, Lessee shall not have commenced diligently to cure such default; or if Lessee has filed a voluntary petition or has become subject to an involuntary petition under any provision of the Bankruptcy Act, 11 U.S.C. 701 et. seq; or if Lessee finally and without further possibility of appeal or review is adjudicated a bankrupt or insolvent; or if Lessee has a receiver or a Trustee appointed for all or substantially all of its business or assets on the ground of Lessee's insolvency; or if Lessee has itself appointed as debtor-in-possession in a proceeding for a reorganization or an arrangement; or if Lessee shall make an assignment for the benefit of its creditors, then in any such event Lessor shall have the right, at its election, then or at any time thereafter, and while such default, defaults or events shall continue, to give Lessee written notice of Lessor's intention to terminate this lease and all of Lessee's rights hereunder, on the date specified in such notice, which date shall not be less than thirty (30) days after the date of giving of such notice; and on the date specified in such notice this lease and all rights granted Lessee hereunder shall terminate as fully as if the lease had then expired by its own terms; and Lessee hereby covenants to peaceably and quietly surrender to Lessor said leased Premises and all structures, buildings improvements and equipment located thereon, subject to paragraph 7 (a) above and to execute and deliver to Lessor such instrument or instruments which may be required by Lessor to properly evidence termination of Lessee's rights and interest hereunder.

In the event of termination of this lease as provided in this paragraph 12, Lessor shall have the right to repossess the leased Premises and such structures, buildings, improvements and equipment, ~~thereon~~ and subject to paragraph 5 above either with process of law or through any form of suit or proceeding, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of Lessee, including damages for rent for the balance of the lease term not then accrued. Lessor shall also have the right, without taking possession of the premises or terminating this lease, to sue for and recover all rents and other sums, including damages, at any time and from time to time which may accrue hereunder as a result of any default of Lessee.

13. Condemnation-- If the whole or any part of the devised premises shall be taken for any public or quasi-public use, under any statute or by right of eminent domain or private purchase in lieu thereof, by any public or quasi-public body vested with the power of eminent domain, then when possession shall be taken thereunder of the leased Premises, or any part thereof, the following provisions shall control:

a. Taking of All Premises-- If all of the Premises are taken by condemnation; the term of this lease and all rights of the Lessee hereunder shall immediately terminate, and the rent shall be adjusted as of the time of such termination so that Lessee shall have paid rent only, up to the time of such taking. Lessor shall

be entitled to the full condemnation proceeds, except that portion thereof attributable to the value of the buildings or improvements placed on the Premises by Lessee.

b. Taking of Substantial Part of Premises-- If the taking by condemnation reduces the ground area of the leased Premises by at least thirty percent (30%), or materially affects the use being made by the Lessee of the demised premises, Lessee shall have the right, by written notice to Lessor made not later than one hundred eighty (180) days after possession shall be taken, to elect to terminate or to not terminate this lease under the provisions set forth herein. If the election to terminate is made the provisions of (a) of this paragraph relating to the taking of the whole Premises shall govern. If the election not to terminate is made the lease shall continue and Lessor shall be entitled to the full condemnation proceeds except the portion thereof attributable to the value of the buildings or structural improvements placed on the Premises by Lessee; and rent at the existing rate and amount shall be adjusted as of the date of the taking of possession, and the rent for the balance of the term, except as modified from time to time under paragraph 1 of attachment 1 hereof, shall be reduced so that the new rent shall be that part of the former rent (before condemnation) which the unimproved value of the untaken Premises (appraised after the taking) bears to the unimproved value of the entire Premises immediately before the taking. Any dispute, controversy or claim arising out of or relating to the fixing of the new rent shall be settled by arbitration as provided herein.

c. Taking of Insubstantial Part of Premises-- If the taking is of such an insubstantial portion of the ground area that the use being made by Lessee of the leased premises is not materially affected, the provisions of this paragraph regarding Lessee's election not to terminate shall govern.

14. Quiet Enjoyment-- Provided Lessee is not in default hereunder, Lessor covenants that Lessee shall have peaceful and quiet enjoyment of the leased Premises without let or hindrance on the part of Lessor, and Lessor will warrant and defend Lessee in the peaceful and quiet enjoyment of the leased Premises.

15. Notices-- All notices required or permitted under this agreement shall be made by certified or registered mail, postage prepaid, to the parties at the following addresses.

To The Lessor: _____

To The Lessee: _____

16. Rights or Remedies-- Except as may be inconsistent with or contrary to any provision of this lease, no right or remedy herein conferred upon or reserved to Lessor shall be exclusive of any other right or remedy, and each and every right or remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

17. Waiver or Forebearance-- The receipt of rent by the Lessor, with or without knowledge of any breach of the lease by the Lessee, or of any default on the part of the Lessee in the observance or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right hereunder by the Lessor, unless in writing, shall discharge or invalidate such term or covenant; nor shall any forbearance or

written waiver affect the right of the Lessor to enforce any term or covenant in the event of any subsequent breach or default. The receipt by Lessor of rent or any other sum of money or the termination, in any manner, of the lease term or the giving by Lessor of any notice hereunder to effect such termination, shall not reinstate, continue, or extend any term herein leased, or destroy, or in any manner impair the validity of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless the contrary effect shall be expressed in writing and signed by the Lessor.

18. Inspection-- Lessor shall, at all reasonable times have access to the Premises for the purpose of inspection.

19. Successors in Interest-- This Lease shall be binding upon and inure to the benefit of the respective heirs, successors in interest and assigns of the parties hereto.

20. Assignment or Subletting-- Lessee shall not sublet or assign the leased premises or any part thereof, without the prior written consent of Lessor to such subletting or assignment, which consent shall not be unreasonably withheld, subject to use provisions of this lease. However, Lessee, without prior authorization may assign this Lease, or any part thereof, to a duly licensed and authorized lending institution for loan security purposes, provided that this right to assign shall not operate as a subordination of Lessor's rights hereunder, nor a subordination of its fee. Lessor agrees that upon receipt of application for assignment by Lessee, it will consent to or deny a proposed subletting or assignment by Lessee. No assignment or subletting of the Premises or any portion thereof by Lessee shall void Lessee's obligation to pay the rent herein reserved for the full term of this sublease or any extensions thereof. Anything contrary in the foregoing notwithstanding, Lessee shall have the right to sublease all or any portion of the enclosed space in any building which Lessee may construct upon the leased Premises without prior written approval of Lessor.

21. Soil Conditions and Water Drainage-- Lessor makes no warranty and assumes no liability regarding the soil conditions or water drainage upon the leased premises.

22. Mineral Reservation-- The Lessor hereby expressly saves, excepts and reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, and fossils of every name, kind or description, and which may be in or upon said lands above-described, or any part thereof, and the right to explore the same for such oils, gases, coal, ores, minerals, fissionable materials and fossils. All coal, oil, gas and other minerals and all deposits of stone or gravel valuable for extraction or utilization, are excepted from the operation of a surface lease. Specifically, the lessee of the surface rights shall not sell or remove for use elsewhere any timber, stone, gravel, topsoil, or any other material valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used. It also hereby expressly saves and reserves out of the grant hereby made, unto itself, its lessee, successors, and assigns forever, the right to enter by itself, its or their agents, attorneys, and servants upon said lands, or any part or parts thereof, at any and all times, for the purpose of opening, developing, drilling and working mines or wells on these or other lands and taking out and removing

therefrom all such oils, gases, coal, ores, minerals, fissible materials and fossils; and to that end it further expressly reserves out of the grant hereby made, unto itself, its lessees, successors, and assigns forever, the right by its or their agents, servants and attorneys at any and all times to erect, construct, maintain, and use all such buildings, machinery, roads, pipelines, powerlines, and railroads, sink such shafts, drill such wells, remove such soil, and to remain on said lands or any part thereof for the foregoing purposes and to occupy as much of said lands as may be necessary or convenient for such purposes, hereby expressly reserving to itself, its lessees, successors, and assigns, as aforesaid, generally all rights and power in, to and over said land, whether herein expressed or not, reasonably necessary or convenient to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved.

Provided, however, no rights shall be exercised by the Lessor or its mineral lessees, until provision has been made by the Lessor or its mineral lessees to pay to the Lessee of the land, upon which the rights herein reserved to the Lessor or its mineral lessees, are sought to be exercised, full payment for all damages sustained by said Lessee, by reason of entering upon said land; and provided that if said Lessee for any cause whatever refuses or neglects to settle said damages, the Lessor or its mineral lessees, or any applicant for a mineral lease or contract from the Lessor or its lessees for the purpose of prospecting for valuable minerals, or option contract or lease for mining coal or lease for extracting petroleum or natural gas, shall have the right, after posting a surety bond with the Director issued by a corporation qualified to do business in Alaska and licensed to sell insurance in Alaska, or a bond executed by one or more individual sureties approved by the Director, after due notice and opportunity to be heard, to be sufficient in amount and security to secure the said Lessee full payment for all such damages, to enter upon the land in the exercise of said reserved rights, and shall have the right to institute such legal proceedings in a court of competent jurisdiction wherein the land is situated, as may be necessary to determine the damages which the surface lessee of such lands may suffer.

23. Mortgage of Leasehold Interest of Tenant--- A leasehold mortgagee, a beneficiary of a deed of trust, or a security assignee shall have and be subrogated to any and all rights of Lessee with respect to the curing of any default hereunder by Lessee. If the holder of any such mortgage, the beneficiary of any such deed of trust, or the security assignee shall give Lessor, before any default shall have occurred in the lease, a written notice containing the name and post office address of such holder, Lessor shall thereafter give to such holder a copy of each notice of default by Lessee at the same time as any notice of default shall be given by Lessor to Lessee; and Lessor will not thereafter enter into any modification of this lease without the prior written consent of such mortgagee, beneficiary or security assignee. If by reason of any default of Lessee, either this lease or any renewal thereof shall be terminated at the election of Lessor prior to the stated expiration thereof, Lessor shall enter into a new lease with the leasehold mortgagee, the beneficiary of a deed of trust, or the security assignee, for the unexpired portion of the lease term, effective as of the date of such termination, at the rent and on the terms herein contained, subject to the following conditions.

Mortgagee, beneficiary or security assignee shall do the following:

- a. make written request to Lessor for a new lease within forty (40) days after the date of such termination; and such written request shall

be accompanied by payment to Lessor of all sums then due Lessor under this lease as if termination had not occurred but with such costs as are permitted under this Lease.

b. pay to Lessor, at the time of the execution and delivery of such new Lease, any and all sums due thereunder, in addition to those which would at the time of the execution and delivery thereof be due under this Lease but for such termination, and in addition thereto, any reasonable expenses, including legal and attorneys' fees to which Lessor shall have been subjected by reason of such default.

c. on or before the execution and delivery of such new Lease, perform all other conditions required to be performed by Lessee, to the extent that Lessee shall have failed to perform such conditions.

24. Arbitration-- Any dispute between the parties arising under this lease or through the performance or non-performance of any term of this lease shall be first subject to resolution by arbitration, under the authority and procedures contained in Alaska Statutes 09.43. Appointment of an arbitrator shall be made by agreement between the parties. If no agreement can be reached, each party shall appoint an arbitrator, who shall by agreement between themselves appoint a third arbitrator. If any State Board of Land Appeals is later created which shall have jurisdiction over disputes which may arise under this lease, such Board shall assume jurisdiction and no requirement for arbitration shall thereafter be imposed during the pendency of such jurisdiction.

25. Integration and Modification-- This document including attachments which by reference are made a part hereof, contains the entire agreement of the parties hereto. All negotiations, statements, representations, warranties, and assurances, whether oral or written, which are in any way related to the subject matter of this lease, and the performance by either party hereto, are merged and integrated into the terms of this document.

This Lease may not be modified nor amended except by a writing signed by both parties hereto, and any purported amendment or modification is without effect until reduced to a writing signed by both parties hereto.

IN WITNESS WHEREOF the State of Alaska, Lessor, acting through the Director of the Division of Lands of the Department of Natural Resources, lawfully authorized thereunto, has caused these presents to be executed at Anchorage, Alaska, in duplicate, and the said Lessee has hereunto set his hand, agreeing to keep, observe and perform the rules and regulations promulgated under AS 38.05, as amended, the terms, conditions and provisions herein contained, on the Lessee's part to be kept, observed and performed.

Director, Division of Lands

APPROVED:

Trustee

COMMISSIONER, DEPARTMENT OF NATURAL RESOURCES
STATE OF ALASKA

UNITED STATES OF AMERICA)

LESSEE(S)

ss

State of Alaska)

THIS IS TO CERTIFY that on the _____ day of _____, 19____, before me, the undersigned Notary Public, personally appeared _____ known to me and known by me to be the _____ of the Division of Lands of the Department of Natural Resources, and acknowledged to me that he executed the foregoing lease for an on behalf of said State, freely and voluntarily and for the use and purposes therein set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year in this certificate first above written.

Notary Public in and for the State of Alaska
My commission expires _____

UNITED STATES OF AMERICA)

ss

State of Alaska)

THIS IS TO CERTIFY that on this _____ day of _____, 19____, before me, the undersigned, a Notary Public in and for Alaska duly commissioned and sworn, personally appeared _____ to me personally known to be one of the persons described in and who executed the within instrument and the said _____ acknowledged to me that he signed and executed the same freely and voluntarily for the uses and purposes therein mentioned.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year of this certificate first above written.

Notary Public in and for the State of Alaska
My commission expires _____

APPROVED AS TO FORM:

ATTORNEY GENERAL

By _____
Deputy Attorney General

ADI NO. _____

The following clauses are hereby included in and by reference made a part of the attached lease document.

1. Modified Rentals

- (a) Beginning with the lease year and continuing at five-year intervals thereafter, the annual rental shall be modified so as to equal _____ percent of the fair market value of the premises at such appraisal dates, as determined by appraisal as hereinafter specified; provided, however that the premises shall be valued and appraised at the date of the rental modification, as unimproved land as defined herein. For purposes of rental modification, unimproved land shall mean the leased land in its original condition at the commencement date of the Lease, disregarding all building or structural improvements above or below grade, excavation or backfill, and disregarding all landscaping, paving, leases or encumbrances placed on the property by the Lessee. The foregoing notwithstanding, any improvements above or below grade placed on or made available to the property by the lessor or at the expense of the

Lessor shall not be disregarded. The unimproved land, as above defined, shall be appraised at its highest and best use regardless of its actual use, but subject to existing use restrictions and zoning.

2. Special Assessments--In the event any general or special assessment is levied on the Premises for a part of the cost of any public work or improvement assessed according to benefit found by levying authority to accrue therefrom to the demised Premises, Lessor shall pay for the same.
3. Permitted Uses--The lands described herein are intended to permit uses common to industrial development areas. Such uses may include but are not limited to light manufacturing, processing, storage, wholesaling, and distribution operations as well as limited commercial uses.
4. Liability Insurance--Lessee will at its own expense obtain and maintain during the term of this Lease and any renewal term thereof comprehensive general liability insurance with respect to the leased Premises, naming Lessor as additional assured, from an insurance company authorized to do business in Alaska, with minimum

limits of not less than \$200,000 for injury to one person and not less than \$1,000,000 for injury to more than one person in any one accident or occurrence, and insurance in a sum not less than \$200,000 against claims for property damage, or such higher limits as Lessor may from time to time determine, with due regard to then prevailing prudent business practice in the State of Alaska, as reasonably adequate for its protection, and Lessee will from time to time upon receipt thereof deposit promptly with Lessor upon demand current certificates of such insurance.

ADD. No. _____

The following clauses are hereby included in and by reference made a part of the attached lease document.

1. The annual rent in the sum of _____ payable by Lessee each year beginning with the lease year and modified at five-year intervals thereafter as provided for under paragraph 2(a) excepting waivers of rental as provided for in paragraph 2(b). This lease shall continue until the _____ day of _____, _____ a period of fifty-five years, and shall be payable in _____ installments.

2. (a) The annual rental shall be modified so as to equal _____ percent of the fair market value of the premises, at such appraisal dates as determined by appraisal in a manner as hereinafter specified; provided, however, that the premises shall be valued and appraised at the date of the rental modification as unimproved land as defined herein. For the purposes of rental modification, unimproved land shall mean the leased land in its original condition at the commencement date of the lease, disregarding all building or structural improvements above or below grade, excavating or backfill, and disregarding all landscaping, paving, leases

or encumbrances placed on the property by the lessee. The foregoing notwithstanding, any improvements above or below grade placed on or made available to the property by the Lessor or at the expense of the Lessor shall not be disregarded. The unimproved land, as above defined, shall be appraised at its highest and best use regardless of its actual use, but subject to existing classification, zoning, and lease use restrictions.

- (b) If a waiver of rent adjustments is necessary for obtaining long-term financing of residential development which has occurred or in actuality will occur on the leased premises, then upon approval of Lessee's application for waiver of rent adjustments, the annual rent for the thirty years next succeeding, or for the remainder of the lease term, whichever is less, shall from the date of approval of such waiver be determined by appraisal as hereinbefore provided, upon approval of such appraisal by the Lessor. Lessee shall pay all expenses of such appraisal. Approval or rejection of such appraisal shall be given by the Lessor within two weeks after its submission to the Lessor, which approval shall not be unreasonably withheld. Such appraisal, upon approval, shall be

used to determine the rental under the waiver of rent adjustments if the effective date of the appraisal is not earlier than one year prior to the date of application for the waiver. Upon termination of such waiver, rental shall be adjusted upon the anniversary date of the next ensuing five-year interval from the lease commencement date.

(c) If an appraisal as provided for in paragraph (a) has been performed, and is applicable to the portion for which the waiver is granted such appraisal may be used to determine the rental under said waiver as long as the effective date of the appraisal is not earlier than one year prior to the date of the application for waiver.

(d) Anything to the contrary notwithstanding, upon approval of sublease, the Lessor shall have the right to readjust the rental of all parcels subleased at that time. Such parcels so adjusted and subject to waiver shall be leased at the new rental for the duration of such waiver. Any portion of those lands legally described herein which are not subject to sublease shall be reduced

in rental in proportion to the amount of land subleased at that time. Upon such adjustment the annual rental shall be the cumulative amount of annual rental for each portion and shall be based on the methods and rate stated in paragraph (a) of this clause.

3. Special Assessments--In the event any general or special assessment is levied on the premises for a part of the cost of any public work or improvement assessed according to the benefit found by levying authority to accrue therefrom to the demised premises, Lessee shall pay for the same.

4. Permitted Uses--The lands described herein are intended for residential use.

ADD. No. _____

The following clauses are hereby included in and by reference made a part of the attached lease document:

1. Modified Rentals--(a) Beginning with the lease year and continuing at five-year intervals thereafter, the annual rental shall be modified so as to equal _____ percent of the fair market value of the premises at such appraisal dates, as determined by appraisal as hereinafter specified; provided, however that the premises shall be valued and appraised at the date of the rental modification as unimproved land as defined herein. For purposes of rental modification, unimproved land shall mean the leased land in its original condition at the commencement date of the lease, disregarding all building or structural improvements above or below grade, excavation or backfill, and disregarding all landscaping, paving, or encumbrances placed on the property by the Lessee. The foregoing notwithstanding, any improvements above or below grade placed on or made available to the property by the Lessor or at the expense of the Lessor shall not be disregarded. The unimproved land, as above defined, shall be appraised at its highest and best use regardless of its actual use, but subject to existing classification and zoning.

2. Special Assessments--In the event any general or special assessment is levied on the Premises for a part of the cost of any public work or improvement assessed according to benefit found by levying authority to accrue therefrom to the demised Premises, Lessee shall pay for the same.

3. Permitted Uses--The lands described herein are intended to permit any use which is consistent with zoning and building restrictions and statutes and governmental regulations now in effect or hereafter adopted by any governmental authority.

4. Liability Insurance--In the event of uses other than residential or agricultural, Lessor may require that Lessee will at his own expense obtain and maintain during the term of this Lease and any renewal term thereof comprehensive general liability insurance with respect to the leased Premises, naming Lessor as additional assured, from an insurance company authorized to do business in Alaska, with minimum limits of not less than \$200,000 for injury to one person and not less than \$1,000,000 for injury to more than one person in any one accident or occurrence, and insurance in a sum not less than \$200,000 against claims for property damage, or such higher limits as Lessor may from time

to time determine, with due regard to the prevailing prudent business practice in the State of Alaska, as reasonably adequate for its protection, and Lessee will from time to time upon receipt thereof deposit promptly with Lessor upon demand current certificates of such insurance.

ADD. No. _____

The following clauses are hereby included in and by reference made a part of the attached lease document:

1. Modified Rentals--(a) Beginning with the lease year and continuing at five-year intervals thereafter, the annual rental shall be modified so as to equal _____ percent of the fair market value of the premises at such appraisal dates, as determined by appraisal as hereinafter specified; provided, however, that the premises shall be valued at the date of the rental modification as unimproved land as defined herein. For purposes of rental modification, unimproved land shall mean the leased land in its original condition at the commencement date of the Lease, disregarding all building or structural improvements above or below grade, excavation or backfill, and disregarding all landscaping, paving, leases or encumbrances placed on the property by the lessee. The foregoing notwithstanding, any improvements above or below grade placed on or made available to the property by the lessor or at the expense of the lessor shall not be disregarded. The unimproved land, as defined above, shall be appraised at its highest and best use regardless of its actual use, but subject to existing use restrictions and zoning.

2. Special Assessments--In the event any general or special assessment is levied on the premises for a part of the cost of any public work or improvement assessed according to benefit found by levying authority to accrue therefrom to the demised premises, Lessee shall pay for the same.

3. Permitted Uses--Whereas the lands described herein are intended for recreational use they shall under the terms of this lease have a maximum use density of one recreational dwelling or structure and accessory building or structure which are reasonably necessary for the use and enjoyment of and are in keeping with the nature of the recreational lease.

ADL No. _____

The following clauses are hereby included in and by reference made a part of the attached lease document:

1. Modified Rentals--(a) Beginning with the lease year and continuing at five-year intervals thereafter, the annual rental shall be modified so as to equal _____ percent of the fair market value of the premises at such appraisal dates, as determined by appraisal as hereinafter specified; provided however that the premises shall be valued at the date of the rental modification as unimproved land as defined herein. For purposes of rental modification, unimproved land shall mean the leased land in its original condition at the commencement date of the lease, disregarding all building or structural improvements above or below grade, excavation or backfill, and disregarding all landscaping, paving, leases or encumbrances placed on the property by the lessee. The foregoing notwithstanding, any improvements above or below grade placed on or made available to the property by the lessor or at the expense of the lessor shall not be disregarded. The unimproved land, as above defined, shall be appraised at its highest and best use regardless of its actual use, but subject to existing use restrictions and zoning.

2. Special Assessments--In the event any general or special assessment is levied on the premises for a part of the cost of any public work or improvement assessed according to benefit found by levying authority to accrue therefrom to the demised premises, lessee shall pay for the same.

3. Permitted Uses--Whereas the lands described herein are permitted agricultural uses, they shall, under the terms of this lease, shall be limited to the following rights of use:

- (a) The right to develop one single family dwelling and accessory buildings or structures for the family's use.
- (b) The right to develop and utilize the property for agricultural purposes that include grazing of livestock, cultivation of crops or forage, and storage of crops, feed, animals, and agricultural equipment and supplies.
- (c) The right to construct fences, structures, and buildings reasonably required for agricultural production on the property.

(d) The right to harvest timber only as needed to clear fields, pastures, and roadways.

THE PRECEDING PAGES WERE TREATED AS
A UNIT IN THE ORIGINAL FILE.

Anch Times

3/15/77

Committee Opts For Ceiling On Increase Of Land Leases

A governor's committee on land disposal policies has decided to keep a ceiling on the amount leases on state-owned land can be increased after each five-year appraisal.

At a public hearing earlier this month, leaseholders objected to the 100 per cent increase in the ceiling, saying this would mean they could be paying millions of dollars in annual rent by the end of the 55 year leases, as well as experience great difficulty in getting financing for capital improvements on the land.

There is no ceiling limit on current lease last year some leaseholders experienced rent increases of as much as 1,000 per cent.

The committee has decided to leave the ceiling provision in its recommendations which have been presented to Gov. Jay Hammond and his administration, Ted Smith, director of the state division of land and water management, said today. Smith co-chaired the special land

policy committee.

Smith said the group did decide, however, that current leaseholders would have the option of converting to new leases which would contain committee recommendations.

Those who choose not to convert their leases wouldn't be subject to the 100 per cent increase ceiling. New leaseholders wouldn't have this option.

An administration bill incorporating the 18 recommendations for changes in state policies concerning sale and lease of state lands should be introduced in the state legislature this week, Smith said.

He said he had hoped to get the recommended changes incorporated into a Senate Resources Committee substitute bill of a Senate bill also recommending changes in the lease law but the committee failed to do this. "Now it means we'll have to get a governor's bill introduced."

$$157 \times 3 = 471,000$$



Big Lake

157 ac

\$ 830/yr '70

\$ 8500/yr '75

\$ 35,000 investment

\$ 14 K appraisal

\$ 141 K appraisal

5 ac. 3-4K
5 ac. 20-25K

60-71 water

6 x no 10 gpo

Can Band
Arch approx



remote ~~land~~ acreage

2 1/2 % / mo increase on commercial land

Real Estate Soc of AR

Ken Gains 274-7636
Frank King

Pat McKee

Baro Lancaster

last 25/50

The Governor's meeting has been
changed to every Tuesday at
4:15. It has been expanded to
include House members so
it will now be held in the Gov.
conference room. Briefing on
Royalty oil and gas.

Cancelled!