

STATE OF ALASKA
DEPARTMENT OF COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
MUNICIPAL TRUST LAND

RESIDENTIAL LAND LEASE

This lease is entered into between the State of Alaska, Department of Commerce, Community, and Economic Development, as trustee for any future city in Kokhanok (hereinafter referred to as Lessor), whose mailing address is 550 W. 7th Avenue, Suite 1640, Anchorage, Alaska 99501-3510, and Evelyn Mike-Ricci and Harry A. Ricci, a married couple (hereinafter referred to as Lessee), whose mailing address is P.O. Box 1069, Kokhanok, Alaska 99606. The Lessor and Lessee are collectively referred to herein as "the parties".

The parties agree as follows:

1. The Leased Premises: The Lessor agrees to lease to the Lessee the following real property (referred to as "the Parcel") which is located in Kokhanok, Alaska, and is more particularly described as follows:

That surface estate located within Section 31, Township 8 South, Range 32 West, Seward Meridian, Alaska, being situated in Kokhanok, Alaska, more particularly described as Lot 22 of Asiggyuq Subdivision, Plat 96-6, Iliamna Recording District, containing 1.110 acres more or less.

2. Waiver of Fair Market Value/Rental. The fair market value requirement for this disposal of municipal trust land is waived pursuant to 3 AAC 190.460(4) because the Parcel will be used for the purpose of residential expansion to benefit bona fide village residents.
3. Term. The term of this lease is 50 years starting on _____, 20____, and ending at midnight on _____, 20____, unless sooner terminated as provided in this lease.
4. Use of Parcel. The Lessee shall use the Parcel as a personal place of residence only, including the construction, occupancy, and maintenance of personal residences and appurtenances. The Lessee shall not permit any unlawful occupation, business, or trade to be conducted on the Parcel. The Lessee shall properly locate residential improvements on the land and shall not commit waste of the Parcel or the resources thereon.

5. Renewal of Lease. If the Lessee wants to renew the lease, the Lessee must notify the Lessor at least 120 days prior to the expiration date of the lease. If it is mutually determined that a new lease should be granted, the Lessee will be given a right of first refusal to lease the Parcel upon the terms fixed by the Lessor.
6. Reservation of Rights. The Lessor reserves the right to grant to others the rights and privileges to use the Parcel not specifically and exclusively granted to the Lessee. The rights and privileges granted to the Lessee in this lease are the only rights and privileges granted to the Lessee by this lease. The Lessee has no easements, rights or privileges, express or implied, other than those specifically granted by this lease.
7. Valid Existing Rights. This lease is entered into and made subject to all valid existing rights, including easements, rights-of-way, reservations, or other interests in land, in existence on the date the lease is entered into.
8. Assignment, Improvement, or Encumbrance of Land. During the term of this lease, the Lessee may not assign this lease nor enter into any lease, easement, or other obligation of the Lessor's title without the prior written approval of the Lessor. During the term of this lease, Lessee may not construct or install any improvements not expressly authorized in paragraph 4 of this lease without the prior written approval of the Lessor. Any such act, without prior written approval of the Lessor, is void.
9. Subleases. Subject to paragraph 8, the Lessee may sublet the Parcel for approved uses with the prior written consent of the Lessor. Any sublease permitted by the Lessor shall be subject to, and require full compliance with, all terms, obligations, and conditions of this lease agreement, and Lessee shall remain fully liable for Lessee's obligations and responsibilities under this lease, including, but not limited to, the performance of all conditions and obligations to be performed under this lease.
10. Documents. The Lessee shall promptly provide the Lessor with copies of all proposed or executed assignments and subleases, and with copies of all proposals for development or improvements to the Parcel before undertaking any of the activities described in same. Lessee shall provide Lessor the construction as-builts for any improvements made to the Parcel during the term of this lease within 90 days after the completion of such improvements.
11. Access to Parcel. The Lessor or its authorized representatives reserve the right of ingress and egress on the Parcel and inspection of the Parcel with 24 hours written notice to Lessee or notice to Lessee by phone, email, or any other method by which the Lessee is available for contact.

12. Operation and Maintenance. At no cost to the Lessor, the Lessee will provide all utilities, services, and maintenance necessary for the Lessee's use of the Parcel. The Lessee will take reasonable steps to protect the surface of the leased area and the natural resources and all improvements on the Parcel, and to maintain the Parcel and surrounding area in a reasonably neat and clean condition compatible with its use and surroundings, to the satisfaction of the Lessor.
13. Surface Reservation. Unless otherwise stated in this lease, the Lessee may not sell or remove for use elsewhere any of the surface resources of the Parcel or surrounding area.
14. Subsurface Estate. This lease governs only the surface estate of the herein described Parcel. It is the duty and responsibility of the Lessee and its sublessees, if any, and not that of the Lessor, to notify and secure the written consent from the appropriate Alaska Native regional corporation subsurface owner for any and all activity or construction that enters, whether temporary or permanent, into the subsurface estate. Said written consent to the Lessee from the subsurface owner shall be provided to the Lessor by the Lessee prior to any activity or construction on the Land. If any subsurface-owner-approved activity, management, operation, or construction by the Lessee or its agents results in harm to the surface estate, all Lessor's rights and remedies at law or equity will survive modification or termination of the lease. Any and all costs incurred by the Lessee or its sublessees related to its temporary or permanent use of the subsurface estate shall be borne by the Lessee or sublessee and not the Lessor, including but not limited to costs imposed by the subsurface owner. The Lessor makes no representations or warranties, express or implied, that any use of the subsurface estate will be approved of by the subsurface owner. The rights and responsibilities of the Lessee or sublessee under this lease exist separate and apart from their successful or unsuccessful attempt to secure permission to use the subsurface estate.
15. Breach and Remedies; Termination.
- (a) If the Lessee or any third party uses the Parcel for other than residential purposes as set forth in paragraph 4 above, this lease will terminate and all interests and title in the Parcel will automatically revert to the Lessor or any successor municipality as provided in 3 AAC 190.460(1). In the event of such termination, Lessor reserves the right to collect from Lessee fair market value rent as provided in 3 AAC 190.450, or other compensation to which Lessor may be entitled at law or equity, for so long as such non-residential use continues after termination under this subparagraph.
- (b) Time is of the essence in this lease. If the Lessee breaches any provision of this lease, other than a breach for improper use of the Parcel, which is governed by subparagraph (a) of this paragraph, and the breach is not remedied within 30 days after written notice of same has been served on the Lessee, the Lessee is subject to any legal action that the Lessor considers appropriate, including the termination of this lease.

(c) If this lease is terminated by summary proceeding or in any other manner, or if the Parcel or any part of it is abandoned by the Lessee during the term of this lease, the Lessor, after written notice to the Lessee, may immediately, or at any time afterwards, enter or re-enter and take possession of the Parcel, or any part of it, without liability for any damage, and may remove all persons and property from it either by summary proceeding or by legal action. The words "entry" and "re-entry" are not restricted to their technical legal meaning.

(d) Lessor is not liable for any costs, expenditures, or damages incurred or suffered by Lessee in the event of termination of this Lease.

16. Vacation and Disposition of Improvements Upon Expiration, Termination, Cancellation:

(a) At the end of this lease, Lessee must peaceably and quietly vacate the Parcel and return possession to Lessor. The Parcel must be left in a clean, neat and presentable condition substantially the same as existed at the commencement of the lease term, normal wear and tear excepted. If Lessee causes any abnormal wear and tear or abuse of or to the Parcel, Lessee shall, at its expense and upon demand by Lessor, immediately eliminate such abnormal wear and tear or abuse or waste and pay for the restoration of the affected area(s) to a reasonably equivalent condition to the Parcel's condition at the commencement of this lease.

(b) No later than sixty (60) days after the effective date of the expiration, termination, or cancellation of this lease:

1. All of Lessee's personal property must be removed from the Parcel;

2. All other property on the Parcel that is owned by the Lessee, including fixtures and improvements, may be removed by the Lessee, sold by the Lessee and removed from the Parcel, so long as removal of the property will not cause injury or damage to the Parcel including any of Lessor's structures or improvements thereon, or Lessee may sell Lessee's improvements to a subsequent Lessee who obtains a valid lease of the Parcel from the Lessor.

(c) Title to any of Lessee's improvements, fixtures, or other property which are not removed, disposed of, or sold as set out above shall automatically and immediately vest in Lessor.

(d) Upon Lessee's request within the 60-day period, the Lessor may grant additional time for the removal or sale of personal property, fixtures, or improvements if hardship is established by Lessee.

17. Hazardous Substances; Breach, Remedies, and Indemnification.

(a) Lessee shall not engage in or permit by any employee, agent, representative, sublessee, contractor, subcontractor, or invitee the generation, use, storage, or disposal of fuel or any other Hazardous Substance on or around the Parcel, except in strict compliance with then-applicable federal, state, or local laws or regulations pertaining to Hazardous Substances. If fuel or any other hazardous material is handled on or around the Parcel, the Lessee agrees to require properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling fuel or hazardous materials in accordance with the National Fire Protection Code and all applicable federal, state and local laws. "Hazardous Substance(s)" means any toxic, hazardous, radioactive, corrosive material, waste, or compound the discharge, release or disposal of which is regulated under federal, state, or local law or regulations, or which must be reported under federal, state, or local law or regulation, and "Hazardous Substances" specifically include petroleum and petroleum by-products, whether refined and unrefined, as well as asbestos.

(b) In the event of a spill or discharge of any Hazardous Substance on or around the Parcel, the Lessee will ensure that either Lessee or the responsible party immediately acts to contain the spill or discharge, repair any damage, absorb and clean up the affected area, and restore the Parcel and surrounding land to comply with all current state and federal laws in effect at that time. The Lessee will also promptly notify the Lessor about the existence of any spill or discharge and report what actions have been taken to remedy the situation.

(c) Without limiting the effect of the indemnity contained in paragraph 20 of this lease, if Lessee, its employees, agents, representatives, sublessees, contractors, subcontractors and invitees breach the obligations stated in (a) or (b) of this paragraph, or if the presence of Hazardous Substances, including fuel, on or around the Parcel caused or permitted by Lessee, its employees, agents, representatives, sublessees, contractors, subcontractors and invitees results in contamination of the Parcel or surrounding land, or if contamination of the Parcel by Hazardous Substances otherwise occurs for which Lessee is legally liable for damage resulting therefrom, then Lessee shall indemnify, defend, and hold the Lessor harmless from any and all claims, judgments, damages, penalties, fees, costs, liabilities, or losses (including, without limitation, costs of environmental investigation, response, contribution and remediation, diminution in value of the Parcel and surrounding land, damages for the loss or restriction of usable space or of any amenity of the Parcel and surrounding land, and sums paid in settlement of claims, attorney's fees, consultant fees, and expert fees) which arise during or after the period in which this lease is in effect as a result of such contamination. This indemnification of the Lessor by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any clean-up, remedial, removal, or restoration work required by any federal, state, or local government agency or political subdivision because of Hazardous Substances present in the soil or groundwater on or under the Parcel and surrounding land.

18. No Waiver. The failure of the Lessor to insist on any one or more instance upon the strict performance by the other party of any provision in this lease may not be considered as a waiver for the future; the provision will continue in full force.
19. Formation of a City. The parties acknowledge that this lease is subject to the potential conveyance of the Parcel to a first- or second-class city that may form in Kokhanok. If a first- or second-class city is formed in Kokhanok during the duration of this lease, the city shall succeed to the Lessor's interest upon the conveyance of the Parcel.
20. Indemnity of Lessor. The Lessee shall indemnify and hold the Lessor harmless from:
- (a) All claims and demands for loss or damage, including property damage, personal injury, wrongful death, and wage or employment claims, arising out of or in connection with the use or occupancy of the Parcel by the Lessee, its successor, sublessee, representative, employee, contractor, subcontractor, or invitee, or at Lessee's invitation; and
 - (b) Any accident or fire on the Parcel; and
 - (c) Any nuisance on the Parcel; and
 - (d) Any failure of the Lessee to keep the Parcel in a safe and lawful condition consistent with applicable laws, regulations, ordinances, or orders; and
 - (e) Any assignment, sublease, or conveyance, attempted or successful, by the Lessee which is contrary to the provisions of this lease; and
 - (f) Any spill or discharge of Hazardous Substances on or around the Parcel, as provided in paragraph 17.
21. Assumption of Risk. The Lessee will keep all improvements, goods, materials, furniture, fixtures, equipment, machinery, and other property on the Parcel at its sole risk, and will hold the Lessor harmless from any claim of loss or damage to them by any cause.
22. Notice of Claim. The parties agree to immediately notify each other of any claim, demand, or lawsuit arising out of or affecting the Lessee's occupation or use of the Parcel. Both parties will fully cooperate in the investigation and litigation of any claim, demand, or lawsuit affecting the Parcel.

23. Laws and Taxes. At no expense to the Lessor, the Lessee will conduct all activities authorized by this lease in compliance with all federal, state, and local laws, ordinances, rules and regulations now or hereafter in force, which apply to the activities authorized herein or to the use, care, operation, maintenance, and protection of the Parcel, improvements, and infrastructure, including but not limited to matters of health, safety, sanitation, and pollution. The acquisition of any necessary licenses or permits and payment of any taxes and special assessments accruing against the Parcel during this lease term will be the responsibility of the Lessee or its sublessees and not that of the Lessor.

24. Notices. All notices and other writings required or permitted by this lease must be sent by registered or certified mail, postage prepaid, to the parties at the following addresses. A party must notify the other in writing of any change in address.

Lessor: Municipal Lands Trust Officer
Dept. of Commerce, Community, and Economic Development
550 W. 7th Avenue, Suite 1640
Anchorage, AK 99501-3510

Lessee: Evelyn Mike-Ricci and Harry A. Ricci
P.O. Box 1069
Kokhanok, AK 99606

25. Denial of Warranty Concerning Title or Conditions. The Lessor makes no specific warranties, express or implied, concerning the title or condition of the Parcel or any improvements thereon, including survey, access, or suitability for any use, including those uses authorized by this lease. The Lessee leases the Parcel subject to any and all of the covenants, terms, and conditions affecting the Lessor's title to the Parcel.

26. Successors Bound. All covenants and provisions in this lease extend to and bind the legal representatives, successors, sublessees, and assigns of the parties.

27. Integration and Modification. This lease, including all documents which by reference are incorporated in it or made a part of it, contains the entire agreement between the parties. No modifications or amendments to this lease are effective unless in writing and signed by both parties.

28. Severability of Clauses of Lease. If any provision or covenant of this lease is declared to be invalid by arbitration or a court of competent jurisdiction, the remaining provisions and covenants will continue in full force.

29. Effective Date. The effective date of this lease will be the starting date of the Term specified in paragraph 3, upon signature of this lease by both parties.

30. Early Termination. The Lessee and Lessor may agree to early termination of this lease provided that it is agreed to in writing and signed by both parties.
31. Headings. The heading of the numbered paragraphs in this lease shall not be considered in construing any provision of this lease.

BY SIGNING THIS LEASE, the State of Alaska, as Lessor, and the Lessee, agree to be bound by the provisions as stated above.

Attachments

Appendix A: Resolution of Kokhanok Village Council, Dated XXX

[SIGNATURE PAGES FOLLOW]

LESSEE:

LESSEE:

Signature: _____
Evelyn Mike-Ricci

Signature: _____
Harry A. Ricci

ACKNOWLEDGEMENT

STATE OF ALASKA)
Iliamna Recording District)ss.
Third Judicial District)

THIS IS TO CERTIFY that on the _____ day of _____, 20__, before me, the undersigned Notary Public for the State of Alaska, duly commissioned and sworn as such, appeared Evelyn Mike-Ricci, who executed this lease and acknowledged voluntarily signing it as Lessee.

(SEAL)

Notary Public for Alaska

My Commission expires: _____

ACKNOWLEDGEMENT

STATE OF ALASKA)
Iliamna Recording District)ss.
Third Judicial District)

THIS IS TO CERTIFY that on the _____ day of _____, 20__, before me, the undersigned Notary Public for the State of Alaska, duly commissioned and sworn as such, appeared Harry A. Ricci, who executed this lease and acknowledged voluntarily signing it as Lessee.

(SEAL)

Notary Public for Alaska

My Commission expires: _____

LESSOR:

STATE OF ALASKA
Department of Commerce, Community, and
Economic Development as Trustee for any future
city established in Kokhanok, Alaska.

By: _____
Sandra Moller
Municipal Lands Trust Officer

ACKNOWLEDGEMENT

STATE OF ALASKA)
Iliamna Recording District)ss.
Third Judicial District)

THIS IS TO CERTIFY that on the _____ day of _____, 20____, before me, the undersigned Notary Public for the State of Alaska, duly commissioned and sworn as such, personally came Sandra Moller, Municipal Lands Trust Officer acting under delegation of authority for the Commissioner of the Department of Commerce, Community, and Economic Development, for and on behalf of the STATE OF ALASKA as trustee for any municipal corporation which may be established in the future at Kokhanok, Alaska, and acknowledged that this lease was signed and sealed on behalf of the STATE OF ALASKA by proper authority delegated and vested in herself, and acknowledged further said instrument to be the free act and deed of said STATE OF ALASKA.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

(SEAL)

Notary Public for Alaska

My Commission expires: _____