

LEASE AGREEMENT

(MOA- MV Public Transportation)

THIS LEASE AGREEMENT (herein lease), made and entered into on the date last stated below, by and between Municipality of Anchorage (referred to as “Landlord”) and MV Public Transportation, Inc. (referred to as “Tenant”).

WITNESSETH:

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

1. LEASED PREMISES. Landlord hereby leases to Tenant, and Tenant hereby leases and takes from Landlord, those premises (herein Premises) at 3625 Dr Martin Luther King Jr Ave, Bldgs A&B, Anchorage, AK 99507 more particularly described as follows:

Grid SW 1835

Municipal Tudor Road Complex Subdivision Tract 1, Block C

NE 1/4 Section 33, T13N, R3W, S.W., AK

AREA 1,562,946 Square Feet, Plat # 99-51

all situated in the Anchorage Recording District, Third Judicial District, State of Alaska. Within this building, the tenant occupies all of Building A described as a 2-story office bldg. and within Building B occupies three (3) of four (4) maintenance bays and a bus washing bay, together with approximately 83 assigned parking spaces for 27,062 total square footage for Tenant (collectively, the “Premises”).

Landlord controls direction for traffic flow and other areas of open Municipal areas.

2. TERM. The term of this Lease commences on September 20, 2008, and terminates with the end of the Tenant’s MOA AnchorRIDES Service Contract 27PTD191 (“Service Contract”). The Tenant is required to occupy the leased premises during the term of the Service Contract. “Term” shall be defined to include extensions.

3. RENT.

a. Tenant covenants and agrees to pay to the Landlord rent beginning on the first month of occupancy as set forth in Attachment A. The second year rate shall apply for the lease period of 9/20/08 through 6/30/09. The third year rate shall

apply for the lease period of 7/1/09 – 6/30/2010. The rent amount for the additional two one-year professional service contract renewal options will be negotiated prior to 6/30/2010 and included in an amended lease.

b. Landlord may, in lieu of rent payments, reduce the fixed rate amount in the Service Contract as set forth in Attachment B.

4. SECURITY DEPOSIT. Landlord has not required a security deposit. Landlord reserves the right to withhold funds from the final payment under the Service Contract for damages and/or outstanding tenant obligations.

5. BUILDING AND PERSONNEL SAFETY.

A. Landlord warrants the Premises comply, and shall be maintained for continued compliance, with all applicable Federal, State and local statutes, codes and regulations, including but not limited to Zoning Ordinances, Building, Fire and Sanitation Codes, the Occupational Safety and Health Act (OSHA) of 1970 (or any authorized revision thereof), and all regulations issued thereunder, the Alaska OSHA Plan. Tenant acknowledges it is responsible for compliance with all such statutes, codes and regulations as pertains to its operations within or upon the Premises.

B. By the act of executing this Lease, the Landlord covenants the Premises have been adequately inspected, by qualified inspectors, to determine the existence and potential for exposure of employees, occupants and users to any hazardous or noxious materials, fumes or gasses, including, but not limited to, asbestos fibers, friable or otherwise. The Landlord further covenants all means have been employed to abate exposure or the potential for exposure to occupants and users of the Premises to hazardous or noxious materials, fumes or gasses existing anywhere in or on the structure or building, now or in the future.

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

A. Tenant agrees not to make any alterations to the Premises without prior written consent of Landlord, which consent shall not be withheld unreasonably. However, Tenant shall have the right, without prior consent of Landlord, to install equipment and furnishings as may be convenient for the conduct of its business.

- B. All equipment and furnishings constructed or installed in the Premises at the expense of Tenant shall be the property of Tenant and may be removed by Tenant upon the termination of this Lease or at any time prior thereto. However, the cost of repairing any damage or disfigurement to the Premises caused by such removal by Tenant shall be borne by Tenant. Tenant shall have no obligation to remove such equipment and furnishings and may, at its option, surrender the same along with the Premises. Any of the same not removed by Tenant upon vacation of the Premises shall be deemed abandoned and shall become the property of the Landlord, in which case, Tenant shall not be liable for removal or repair costs.
- C. All equipment and furnishings constructed or installed in the Premises at the expense of Landlord shall be the property of Landlord and may not be removed by Tenant upon the termination of this Lease or at any time prior thereto. However, the cost of repairing any damage or disfigurement to the Premises caused by Tenant shall be borne by Tenant. Tenant shall have no right to sell, lease or destroy Landlord owned equipment and furnishings.

7. MAINTENANCE, REPAIRS, DAMAGE, OR DESTRUCTION

- A. Landlord shall and specifically agrees to furnish major maintenance to the Premises, the roof, the parking lots, and the electrical, mechanical, plumbing and heating systems of the building at no cost to the Tenant. Landlord shall be responsible for all routine maintenance and minor repairs, including without limitation, snow removal, general cleanliness, sanitation and janitorial services, changing light bulbs and fixtures, routine plumbing, heating and air conditioning maintenance, prevention of damage from freezing, and cosmetic repairs to interior or exterior.
- B. If the Premises are rendered wholly or partially unfit for occupancy by any damage or destruction or if, for any reason, possession or beneficial use of the Premises is interfered with, the rent shall abate until the Premises are fully restored to fitness for occupancy or such interference has ceased.
- C. If the Premises are destroyed or damaged by fire, earthquake or other causes to such extent the Premises cannot be restored to tenable condition within ninety (90) days from the date of such destruction or damage, then either party may terminate this Lease effective as of the date of such destruction or

damage, by written notice given to the other party not later than thirty (30) days following such destruction or damage.

D. At all times during the term hereof, Tenant shall: (I) keep the Premises safe and orderly; (II) conduct activities upon and generally maintain the Premises in such a manner and with such care commensurate with their age and condition; (III) not use the Premises in such manner to increase the rate of fire and extended coverage insurance or to cause cancellation of the insurance or to make coverage unavailable; (IV) not use or permit any part of the Premises to be used for any unlawful or unauthorized purpose; (V) comply with Municipal, State, Federal and other governmental laws, statutes, ordinances, rules and regulations of whatever type and nature including, but not limited to, zoning ordinances, health, fire, safety and environmental regulations; (VI) not cause or permit any waste, damage or injury to the Premises.

8. RIGHT OF ENTRY. Landlord shall have the right to enter the Premises at all times for the purpose of performing its obligations as stated in this Lease, as may be appropriate for the safety and preservation thereof, including the making of repairs to the building of which the same is a part. Landlord agrees insofar as reasonably practicable not to interfere with the use and enjoyment of the Premises by Tenant.

9. ASSIGNMENT OR LEASE. Tenant shall not assign or sublet this Lease without the prior written consent of Landlord during the term of the Service Contract.

A. Any assignment or lease shall be in writing and duly executed by both parties. An executed original shall be delivered to Landlord.

B. Any assignment or lease shall include language whereby the assignee or sublessee expressly assumes and agrees to pay the obligations of Tenant under this Lease. No assignment or lease shall release or diminish the obligations of Tenant for performance of Tenant's obligations hereunder and Tenant shall remain liable as if no assignment or lease were made; that is, Tenant and assignee or sublessee will be jointly and severally liable for such obligations unless the Landlord specifically in writing allows the release of the Tenant.

- C. Any assignment or lease shall be subject to all of the terms, covenants and conditions of this Lease and shall authorize Landlord, at Tenant's option, to collect rent from assignee or sublessee and apply it against the obligations of Tenant under this Lease, without waiver of Landlord's rights and remedies hereunder.

10. SERVICES AND UTILITIES. Landlord shall pay services and utilities to the Premises, including without limitation, natural gas, electric, snow removal, trash collection, janitorial, telecommunication, water and sewer as included in the rent rate. Tenant agrees to pay for services and utilities that are above and beyond the services and utilities specified in this agreement such as cable or satellite television and cellular phone service. Tenant will exercise prudent measures to make efficient use of utilities and practice conservation with lighting and heating to minimize costs to Landlord.

11. INDEMNITY

- A. Tenant shall indemnify, defend, save and hold Landlord harmless from any claims, lawsuits, or liability, including attorney's fees and costs, allegedly arising out of, in connection with, or incident to any loss, damage or injury to persons or property or from any wrongful or negligent act, error or omission of Tenant or Tenant's agents, employees, invitees or licensees, occurring during the course of, or arising from Tenant's or Tenant's agents, employees, invitees or licensees breach of any covenant, term or condition of this Lease to be observed or performed by Tenant.
- B. Landlord shall indemnify, defend, save and hold Tenant harmless from any claims, lawsuits, or liability, including attorney's fees and costs, allegedly arising out of, in connection with, or incident to any loss, damage or injury to persons or property or from any wrongful or negligent act, error or omission of Landlord or Landlord's agents, employees, invitees or licensees, occurring during the course of, or arising from Landlord's or Landlord's agents, employees, invitees or licensees breach of any covenant, term or condition of this Lease to be observed or performed by Landlord.
- C. Responsibility for all claims, lawsuits, or liability, including attorney's fees and costs, resulting from injuries or damage sustained by any person or property arising from the wrongful or negligent acts

of both Landlord and Tenant which result in the joint negligence of Landlord and Tenant, shall be apportioned on the basis of comparative fault.

12. DEFAULT BY TENANT. Should Tenant default (1) in the payment of any rent or other monies provided herein, (2) violate any other covenants of this Lease, or (3) default under the terms of the Service Contract, Landlord, at its option, may terminate and cancel this Lease after thirty (30) days written notice to Tenant, provided the default or other violation is not corrected during said period or Tenant is not actively engaged in correcting same. Tenant may, in good faith, dispute payment of an amount of money to Landlord without breach of this Lease, if Tenant pays to Landlord any undisputed portion thereof. Upon such good faith dispute by Tenant, Landlord shall have no right to declare termination or cancellation of this Lease until such good faith dispute is judicially determined and Tenant has, within thirty (30) days after such judicial determination, complied therewith.

13. QUIET POSSESSION. Tenant, upon paying the rent and observing the covenants of this Lease, shall and may lawfully and quietly hold and enjoy the Premises during the term hereof without hindrance or interruption.

14. DEFAULT BY LANDLORD. Should Landlord default in the performance or the observance of any covenants of this Lease and fail to fully remedy such default within thirty (30) days after written notice by Tenant, then Tenant, notwithstanding any other provision of this Lease, may cure such default and deduct from the rent the cost thereof.

15. TERMINATION. Except as otherwise provided herein, neither party may terminate this Lease prior to the termination of the Service Contract.

16. HOLDING OVER. Should Tenant continue to hold possession of the Premises after the expiration of the term of this Lease, including extensions, Tenant shall become a Tenant from month-to-month at the last agreed upon monthly rent rate, plus \$0.10 per square foot unless otherwise mutually agreed, and subject to the terms and conditions contained in this Lease.

17. NOTICES. Notices regarding this Lease shall be given only by certified letter, return receipt requested or hand-delivery with signed receipt, or by facsimile with confirmation of receipt, and shall be deemed given when the communication

is dispatched, addressed to the party for whom intended at such party's address as herein provided, or at such other address as the party may have substituted therefore by proper written notice to the other.

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

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

20. PARAGRAPH HEADINGS. The paragraph headings in this document are inserted only as a matter of convenience, and for reference, and in no way define, limit or describe the scope or intent of this Lease or in any way affect its terms or provisions.

21. TAXES. During the term of this Lease, Tenant shall be responsible for and shall timely pay all personal property taxes on personal property used on the Leases Premises.

22. INSURANCE COVERAGE. During the term of this Lease, Tenant shall provide insurance as set forth in the Service Contract.

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

<u>TENANT:</u>	<u>LANDLORD:</u>
MV Public Transportation, Inc.	Municipality of Anchorage
President	Municipal Manager
360 Campus Lane, Suite 201	PO Box 196650
Fairfield, CA 94534-1400	Anchorage, AK 99519-6650
Facsimile: (707) 863-8793	Facsimile: 907-343-4526

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

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

25. ENVIRONMENTAL MATTERS: Landlord represents that during the term of its ownership, any handling, transportation, storage, treatment, or usage of hazardous or toxic substances that has occurred on the Premises to date has been in compliance with all applicable federal, state and local laws, regulations and ordinances.

Landlord further represents that no leak, spill, release, discharge, emission, or disposal of hazardous or toxic substances has occurred on the Premises to date, and the soil, groundwater, and soil vapor on or under the Premises is free of toxic or hazardous substances as of the date this Lease commences.

Tenant will provide an environmental evaluation as a baseline for condition of premises upon lease commencement and included as Attachment A to this lease agreement, upon completion.

26. INDEMNIFICATION FOR ENVIRONMENTAL MATTERS. Landlord shall indemnify, defend and hold Tenant harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities (including sums paid in settlement of claims) or loss, including attorneys' fees, consultant fees and expert fees (consultants and experts to be selected by Tenant) which arise from or in connection with the presence or suspected presence of toxic or hazardous substances in the soil, groundwater, or soil vapor on or under the Premises during the term of this Lease, unless the toxic or hazardous substances are present as a result of the conduct of Tenant, its officers, employees or agents. Without limiting the generality of the foregoing, the indemnification provided in this paragraph shall specifically cover costs incurred in connection with any investigation of the site conditions or any clean-up, remediation, removal or restoration work required by any federal, state, or local subdivision due to the presence or suspected presence of toxic or hazardous substances in the soil, groundwater, or soil vapor on or under the Premises, unless the toxic or hazardous substances are present as a result of the conduct of Tenant, its officers, employees or agents.

27. WAIVER. Waiver of the breach of a covenant, term, or condition of this Lease by either party shall not be construed as waiver of a subsequent breach of the same covenant, term or condition. The consent to or approval of any act by the

other party of a nature requiring consent or approval shall not be deemed to waive consent to or approval of any subsequent or similar act.

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

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

TENANT:

LANDLORD:

**MV PUBLIC TRANSPORTATION,
INC.**

MUNICIPALITY OF ANCHORAGE

By:_____

By:_____

Mayor, Municipal Manager, or Designee

Fund Certification:

Sharon B. Weddleton
Chief Fiscal Officer
Date:_____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

This is to certify that on the _____ day of _____, 2008, before me, the undersigned Notary Public, personally appeared _____ known to me to be the _____ of MV Public Transportation, Inc., and acknowledged to me that he/she is authorized to execute the foregoing as their free act and deed of said corporation for the uses and purposes therein stated.

Notary Public in and for _____
My Commission expires:_____