

ORDINANCE NO. 6343, AS AMENDED

AN ORDINANCE AUTHORIZING THE LEASE OF A PORTION OF CITY HALL TO THE FAIRBANKS CHILDREN'S MUSEUM

WHEREAS, the City of Fairbanks Charter Section 8.3 and Fairbanks General Code (FGC) Section 70-56 allow for the lease of real property made under the authority of an ordinance; and

WHEREAS, the City of Fairbanks owns City Hall located at 800 Cushman Street and approximately 15,209 square feet of City Hall is currently vacant following the closure of the Fairbanks Boys and Girls Club; and

WHEREAS, the City is committed to continuing its longstanding support of local youth-related activities at the City Hall location; and

WHEREAS, the City of Fairbanks conducted an extensive Request For Proposals (RFP) public process soliciting proposals to provide youth services to include licensed childcare in the vacant sections of City Hall; and

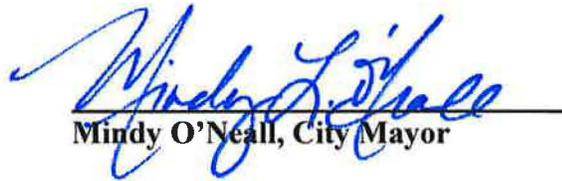
WHEREAS, an RFP evaluation committee unanimously determined that a proposal from the Fairbanks Children's Museum met all RFP requirements, was aligned with the City's intent, and was the highest scoring proposal.

NOW, THEREFORE, BE IT ENACTED BY THE CITY COUNCIL OF THE CITY OF FAIRBANKS, ALASKA, as follows:

SECTION 1. A lease instrument, substantially in the form shown in attached Exhibit A, is hereby authorized by Council for the purposes stated herein, providing a term of ~~40~~75 years.

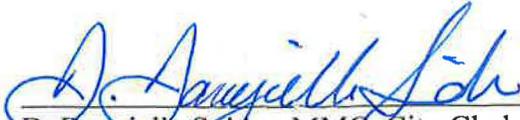
SECTION 2. Per FGC Sec.70-56, the lease must not be executed until a minimum of 30 days following the effective date of this ordinance.

SECTION 3. That the effective date of this ordinance is six days after adoption.


Mindy O'Neall, City Mayor

AYES: Marney, Ringstad, Cleworth, Sprinkle, Therrien, Tidwell
NAYS: None
ABSENT: None
ADOPTED: March 23, 2026

ATTEST:



D. Danyielle Snider, MMC, City Clerk

APPROVED AS TO FORM:



Thomas A. Chard II, City Attorney

CITY OF FAIRBANKS
FISCAL NOTE

I. REQUEST:

Ordinance or Resolution No: 6343

Abbreviated Title: ORDINANCE AUTHORIZING LEASE TO FAIRBANKS CHILDREN'S MUSEUM

Department(s): GENERAL

Does the adoption of this ordinance or resolution authorize:

1) additional costs beyond the current adopted budget? Yes _____ No X

2) additional support or maintenance costs? Yes _____ No X

If yes, what is the estimate? see below

3) additional positions beyond the current adopted budget? Yes _____ No X

If yes, how many positions? _____

If yes, type of positions? _____ (F - Full Time, P - Part Time, T - Temporary)

II. FINANCIAL DETAIL:

EXPENDITURES:	YEAR 1	YEARS 2-5	YEARS 6-10	TOTAL
				\$ -
TOTAL	\$ -	\$ -	\$ -	\$ -

FUNDING SOURCE:	YEAR 1	YEARS 2-5	YEARS 6-10	TOTAL
GENERAL FUND [RENTAL INCOME]	\$ 12,000	\$ 96,000	\$ 240,000	\$ 348,000
TOTAL	\$ 12,000	\$ 96,000	\$ 240,000	\$ 348,000

The City of Fairbanks will lease space in City Hall to the Fairbanks Children's Museum for 40 years. The rent will be as follows: Year 1 - \$1,000 per month; Years 2 through 5 - \$2,000 per month; and Years 6 through 10 - \$4,000 per month. Starting on the 10th year, rent may be adjusted every five years not to exceed the prevailing rate as determined by comparison of similar spaces in downtown Fairbanks.

Prepared by Finance Department: Initial mb Date 3/24/2026

EXHIBIT 'A' TO ORDINANCE NO. 6343
DRAFT REAL ESTATE LEASE

This lease agreement (hereinafter, "Lease") is executed and effective this ____ day of _____ 2026, between THE CITY OF FAIRBANKS, a municipal corporation of the State of Alaska, with address of 800 Cushman Street, Fairbanks, Alaska, 99701 (hereinafter, "Lessor"), and FAIRBANKS CHILDREN'S MUSEUM, an Alaska Nonprofit Corporation, with address of 302 Cushman Street, Suite 101, Fairbanks, AK 99701 (hereinafter, "Lessee") with the following:

WHEREAS, the City of Fairbanks, by Ordinance No. XXXX, authorized execution of this Lease of City owned property identified below.

NOW THEREFORE, Lessor, in consideration of the rent hereinafter specified and of the mutual covenants and agreements herein expressed, leases that certain real property, including land and buildings, described as follows:

1. Lease of Premises. The Lessor leases to Lessee, and Lessee leases from Lessor, the real property located at Fairbanks, Alaska, more particularly described as follows:

1.1 Premises. A portion of 800 Cushman Street, Fairbanks, Alaska, located within Block 104, Fairbanks Townsite, known as "City Hall", containing 15,209 square feet, comprised of the following identified building areas (hereinafter, "premises"), all as indicated in Attachment 1:

1.1.a. Cafeteria. Containing approximately 3,659 square feet; and

1.1.b. Gymnasium. Containing approximately 7,455 square feet (includes bleachers, chair storage area; excludes the existing shower facilities); and

1.1.c. Daycare. Containing approximately 2,595 square feet (includes two large classrooms, one split classroom, two bathrooms, and laundry); and

1.1.d. Basement. The portion of the basement level, City Hall "Northwest Tower", located in the northwest addition to City Hall, containing 1,500 square feet, more or less.

2. Parking. The following parking is made part of this Lease:

2.1 Reserved Parking. Lessee shall have exclusive use of 12 designated parking spaces onsite. Such use continues in force at all times during the term of this Lease, however, such use may be temporarily suspended for snow removal or other necessary maintenance activities with notice provided to Lessee. No vehicles can be parked in the designated area which impedes traffic flow in the driving lane. No vehicles can be allowed to stand in the driving lane except for active loading or unloading of passengers or materials.

2.2 Unreserved Parking. Lessee will have incidental use of available spaces in Block 110, which lies adjacent south of City Hall, after normal business hours and at such other times not in conflict with use by Lessor. Other parking on adjacent public streets is available in accordance with regulatory signage and the Fairbanks General Code of Ordinances. No parking shall be permitted on Block 110 during normal business hours.

3. Term. The term of this Lease shall be for 40 years, commencing on 04/01/2026, and ending at midnight on 03/31/2066.

4. Early Cancellation/Termination.

4.1 Lessee Termination. The Lessee may terminate this Lease before the end of the term by providing the Lessor with at least 90 days' prior written notice.

4.2 Lessor Termination. The Lessor may terminate this Lease before the end of the term by providing the Lessee with at least 90 days' prior written notice if the Lessee has materially breached this Lease or has engaged in, or allowed to continue, conduct amounting to gross negligence that creates a safety concern.

4.3 Surrender of Premises. Upon termination by either party, the Lessee shall surrender the premises in a clean and neat condition.

4.4 Survival of Claims. The Lessor's right to recover any damages resulting from the Lease, including unpaid rent or costs arising from the Lessee's breach, survives early termination.

5. Rent. As compensation for use of the premises during the life of this Lease and any extensions thereof, Lessee shall pay monthly rent. The Lessee has proposed a multi-year staggered occupation of the Lease area; to facilitate this approach both parties agree to a staggered rent schedule. For the first year of this Lease the monthly rent is set at \$1,000. For second through fifth year of this Lease the monthly rent is set at \$2,000. For the sixth to the 10th year, the monthly rent is set at \$4,000. Starting on the 10th year, rent maybe adjusted every five years not to exceed the prevailing fair market rent as determined by comparison of similar space in downtown Fairbanks.

6. Renovation & Hazardous Materials. When abatement of asbestos or other hazardous materials within the Lease area becomes necessary during performance of any tenant renovations, the cost of such abatement shall be the responsibility of Lessee. Abatement of asbestos or other hazardous substances which must be performed as part of said renovation or occupancy of the premises must be conducted in compliance with all legal requirements. Qualified, certified and competent workers, techniques and notice and reporting requirements must be used at all times. Abatement of asbestos or other hazardous substances will be subject to review and approval by the Building Official and City Engineer. Any tenant renovations or modifications of the Lease space must first be submitted to the City for review by the City Engineer and approval by the City Mayor.

7. Condition. Lessee has inspected the premises, is familiar with the physical condition, and accepts the premises in its "as-is" condition.

8. Permitted Uses. Lessee may use the premises for the nonprofit business of youth sports, educational and development activities, and necessary administrative office space. Lessee must provide 48-hour advance written notice of events or activities which include overnight boarding.

8.1 Third Party Use. Lessee agrees to notify Lessor of any agreements made to allow agencies, groups, or organizations to utilize the leased premises. Lessor shall have the right to reject or restrict such agreements.

8.2 Gymnasium Use. Lessor and its approved licensees may use the gymnasium portion of the leased premises without charge and said use to be scheduled in advance and approved by the Lessee. Such use must not conflict with Lessee prime activity times. Lessor will be responsible for the cost of any maintenance or repair arising from Lessor's use under this section, and the provisions of subsection 12 will not apply for claims arising from Lessor's use or the use by those licensed by Lessor under this section.

9. Prohibited Uses. Lessee shall not use or permit the use of the premises or any part thereof in violation of any applicable law, ordinance, or regulation. Other uses specifically prohibited include: athletic activities involving a trampoline; marksmanship using metal darts, arrows or other projectiles; boxing or wrestling, except that self-defense courses employing limited or noncontact techniques may be allowed.

10. Access and Security. Access to the Lease area for all purposes is through the northwest and the 8th Avenue entrances only, as shown on Attachment 1. Lessee shall be responsible for operation and security of the doors at this location. Emergency exit from the leased space may be through the southwest exit. Entry into or use of City Hall space beyond the leased area is prohibited for any purpose. Lessee shall exercise constant diligence to keep the public within the Lease area, bearing responsibility for same.

11. Payment of Expenses Relating to the Premises.

11.1 Utilities. Lessee shall be responsible for payment of telephone, cable TV, internet, and other privately contracted services as required by the utility provider. Lessor shall be responsible for the payment of water, sewage, electricity, and heating utilities.

11.2 Maintenance. Lessee shall perform all routine interior maintenance within the Lease area. Routine interior maintenance includes but is not limited minor electrical work, minor plumbing work related to existing sinks and toilets, drywall repair, painting, tile replacement, and general upkeep that does not affect the integrity of the building. Major building renovations including anything that alter load bearing walls, affect the building's heating system, or involve the water lines must first be approved by the Lessor.

Lessor shall perform maintenance of the building exterior, roof, and walls, including mechanical and electrical systems in the Lease area, exterior maintenance, and snow removal. Lessor shall also maintain sidewalk and grounds adjoining the leased premises. Lessee shall notify Lessor of hazards or safety concerns in the exterior common areas in a timely manner.

11.3 Janitorial and Garbage Collection. Janitorial and garbage service within the premises, if any, will be provided by Lessee.

11.4 Taxes. Lessor is a municipality of the State of Alaska and is therefore exempt from property taxes. If taxes are levied against the leased premises by a governmental body so long as Lessor remains the owner of record, any such taxes shall be paid by Lessee. Should taxes be levied against the property at such time as the record owner of the leased fee estate is a taxable entity, such owner will be responsible for payment of taxes.

12. Exculpation and Indemnity.

12.1 Exculpation of Lessor. Lessor shall not be liable to Lessee for any damage to Lessee or Lessee's property from any cause. Lessee shall bear all risk of loss as to all personal property of the Lessee, stored, or remaining on or near the premises, including without limitation, inventory, equipment, fixtures, and employees' personal effects.

12.2 Indemnity. Lessee shall defend and hold the Lessor harmless from all damages arising out of any damage or injury to any person or property occurring in, about, or on the premises, excluding exterior public areas.

12.3 Public Liability and Damage Insurance. Lessee, at its sole cost, shall at all times maintain public liability and damage insurance with a single combined liability limit of at least \$2,000,000 and insuring against all liability of Lessee and its authorized representatives arising out of and in connection with Lessee's use or occupancy of the premises, excluding exterior public areas. All public liability insurance and property damage insurance must insure performance by Lessee of all indemnity provisions required herein. Lessor must be named as an additional insured.

13. Prevention of Waste and Nuisance. Lessee shall not use the premises in any manner that will constitute waste, nuisance, or unreasonable annoyance to Lessor or the owners or occupants of adjacent properties. Violation or breach under this section will be determined at the sole discretion of the City Mayor.

14. Assignment and Sublease. Lessee cannot assign its rights under this Lease or sublet all or any portion of the premises without the prior written consent of Lessor. Consent will be granted at the sole discretion of Lessor but not unreasonably denied.

15. Liens. Lessee shall keep the premises free from any liens, including without limitation those liens arising out of any work performed, materials furnished, or obligations incurred by Lessee.

16. Consultation with Attorney. Lessee acknowledges that it has the right to review this Lease and all other documents relating to the Lease with its own attorney. Each party electing to have this Lease reviewed by an attorney shall bear the costs and expenses so incurred.

17. Destruction. If during the Lease term, the premises are totally or partially destroyed from any cause, rendering the premises totally or partially inaccessible or unusable, Lessee, at its election, may either terminate this Lease or restore the premises. Lessor shall have no duty to repair or restore the premises. If Lessee elects to restore the premises, Lessee will have 120 days to complete the repairs. If Lessee elects not to repair the premises, this Lease will terminate.

18. Right of Entry. Lessor, its agents and authorized employees, have the right to enter the leased premises to examine it and to make repairs as Lessor may deem necessary or desirable. All such entry will be preceded by 24 hours advance notice to Lessee, except that immediate entry will be allowed in event of emergency, as determined by the Lessor.

19. Default. Failure to occupy and operate the premises for 30 consecutive days, or failure to perform any material provision of this Lease will constitute default by Lessee of this Lease. Upon Lessee's default, Lessor shall give Lessee ten days' notice to cure the default. No default notice will be deemed a forfeiture or a termination of this Lease unless Lessor so elects in the notice.

20. Notice. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person must be in writing and either served personally or sent by prepaid, first class mail, addressed to the other party at the address set forth in the introductory paragraph of this Lease. Either party may change its address by notifying the other party of the change of address.

21. Attorney's Fees. If Lessor brings or maintains an action for enforcement of any of the covenants, terms, or conditions of this Lease, Lessee shall pay all costs incurred by Lessor for such action, including attorney's fees, in the event Lessee is found to be at fault.

22. Time of the Essence. Time is of the essence of each provision of this Lease.

23. Successors. This Lease is binding on and inures to the benefit of the parties and their successors.

24. Severability. The unenforceability, invalidity, or illegality of any provision does not render the other provisions unenforceable, invalid, or illegal.

IN WITNESS WHEREOF, the parties hereto have set their hands and seals on the date first written above.

LESSEE:
Fairbanks Children's Museum

LESSOR:
City of Fairbanks

By: Meredith Maple, Executive Director

By: Mindy O'Neill, Mayor

ATTEST:

APPROVED AS TO FORM:

D. Danyielle Snider, CMC, City Clerk

Thomas Chard, City Attorney

ACKNOWLEDGMENT

THIS IS TO CERTIFY that on this _____ day of _____ 2026, the undersigned, a Notary Public for the State of Alaska, duly commissioned and sworn as such, personally appeared _____, and that they acknowledged before me that they executed the same for and on behalf of the City of Fairbanks and under the authority of said municipal corporation so granted by the City Council, as their free and voluntary act and deed of said corporation.

IN WITNESS, I have set my hand and affixed my official seal on this _____ day of _____ 2026.

Notary Public
My Commission Expires: _____

ACKNOWLEDGMENT

THIS IS TO CERTIFY that on this _____ day of _____ 2026, the undersigned, a Notary Public for the State of Alaska, duly commissioned and sworn as such, personally appeared _____, of the Fairbanks Children's Museum, to me known to be the person described in and who executed the foregoing instrument and acknowledged to me that she signed the same freely and voluntarily for the uses and purposes therein mentioned, having authority to do so.

IN WITNESS, I have set my hand and affixed my official seal on this _____ day of _____ 2026.

Notary Public
My Commission Expires: _____