



City of Homer

www.cityofhomer-ak.gov

Port and Harbor

4311 Freight Dock Road

Homer, AK 99603

port@cityofhomer-ak.gov

(p) 907-235-3160

(f) 907-235-3152

Memorandum 22-057

TO: HOMER CITY COUNCIL

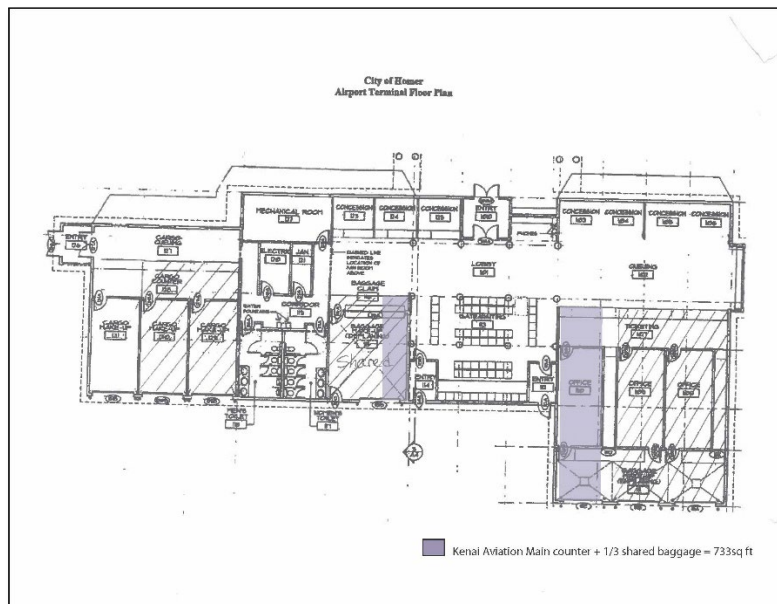
THRU: ROB DUMOUNCHEL, CITY MANAGER

FROM: PORT AND HARBOR ADVISORY COMMISSION

DATE: MARCH 23 2022

SUBJECT: RESOLUTION 22-026, SUBLEASE ASSIGNMENT TO KENAI AVIATION OPERATIONS LLC

On February 24th 2022 Kenai Aviation Operations LLC submitted a lease application to the City requesting a possible sublease of space within the Homer Airport Terminal for their expanding operations. Several options for space were considered and a sublease of the 3rd ticket counter and office space located within the main terminal, as well as 1/3 of the shared baggage claim bay, was decided on for a total of 733 sq. ft.



Kenai Aviation's application had requested a term from May 1, 2022 to December 31, 2023, however, the City's own lease with the State of Alaska for the land on which the Homer Airport terminal resides ends as of March 30, 2023. The City can't, in good faith, offer a term of sublease that extends past the term of the parent lease. This results in a term of sublease of eleven (11) months, which has been agreed to be satisfactory by Kenai Aviation to meet their current need.

Notes on the proposed draft sublease:

- Space = 733 sq. ft. (see graphic above for location)
- Term = 11 months, May 1, 2022 until March 30, 2023
- Monthly rental rate for the space at 733 sq. ft. shall be \$2,866.03 plus taxes/fees, a total of \$31,526.33 for the 11 month term of the sublease.
- Standard conditions of City provided: snow removal for parking area, dumpsters, maintenance and janitorial of shared common areas/ building, and utilities consisting of electric/sewer/ water. Sublessee responsible for cleaning leased space, trash removal, and any additional installation of utilities (including pre approval for such installation from the City)
- No employee parking spaces delineated with this sublease
- Kenai Aviation Operations LLC currently retains insurance that has been deemed to meet their needs by their insurance company. Our standard insurance requirements are higher and the draft lease has been written as such. Kenai Aviation is open to adjusting their insurance to add the City as an additional insured, per City requirement, and making other necessary changes before the completion and signing of sublease documents. The City insurance consultants are available to work with Kenai Aviation's agents to make sure insurance requirements are satisfactory and to increase levels as needed. No signing will take place before insurance requirements are satisfactory for all parties.

This space is currently vacant and Kenai Aviation's application and references have been deemed complete. Their purpose of use for the property as a ticket counter and passenger/cargo transport by air service is in line with the City's agreed best public use of the property. Staff feels that this is a good fit, an efficient way to use the space, and will provide increased travel opportunities and options to the local Homer community.

Recommendation

Adoption of Resolution 22-026 Awarding an eleven month sublease for 733sq ft. of space within the Homer Airport Terminal to Kenai Aviation Operations LLC for the monthly lease rent of \$2,866.03 and authorize the City Manager to negotiate and execute the appropriate documents.

Attached: Kenai Aviation Operations Lease Application
Proposed Draft Sublease



Lease Application/Assignment Form

Directions:

1. Please submit this application form to the City Manager's Office, 491 Pioneer Avenue, Homer, AK, 99603.
2. Please answer all questions on this form, or put "N/A" in the space if it is non-applicable.
3. Please include all applicable fees in the form of a check, made payable to the City of Homer.

| | |
|--|--------------------------------|
| Applicant Name: | Jacob Caldwell |
| Business Name: | Kenai Aviation |
| Email Address: | jacob@kenaiaviation.com |
| Mailing Address | 101 N. Willow St. |
| City, State, ZIP code: | Kenai AK 99611 |
| Business Telephone No. | 907-283-4124 |
| Representative's Name: | SAME |
| Mailing Address: | SAME |
| City, State, ZIP code: | SAME |
| Business Telephone No. | SAME |
| Property Location: | Homer Airport Terminal |
| Legal Description: | NA |
| Type of Business to be placed on property: | Scheduled and charter airline |
| Duration of Lease requested: | May 1 - 2022 thru Dec 31, 2023 |
| Options to re-new: | Yes |

**The following materials must be submitted when applying for a lease of
City of Homer real property**

| 1. | Plot Plan <p align="center">NA</p> | <p><u>A drawing of the proposed leased property showing:</u></p> <p><input type="checkbox"/> Size of lot - dimensions and total square footage (to scale)</p> <p><input type="checkbox"/> Placement and size of buildings, storage units, miscellaneous structures planned (to scale).</p> <p><input type="checkbox"/> Water and sewer lines – location of septic tanks, if needed.</p> <p><input type="checkbox"/> Parking spaces – numbered on the drawing with a total number indicated</p> | | | | | | | | | | | | | | | | | | | | |
|--------------|--|---|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|-------------------------------|-------|-------|-------|-------|-------|-------|
| 2. | Development Plan <p align="center">NA</p> | <p><input type="checkbox"/> <u>List the time schedule from project initiation to project completion, including major project milestones.</u></p> <table border="0"> <thead> <tr> <th align="left">Dates</th> <th align="left">Tasks</th> </tr> </thead> <tbody> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> </tbody> </table> <p>For each building, indicate:</p> <table border="0"> <thead> <tr> <th align="left">Building Use</th> <th align="left">Dimensions and square footage</th> </tr> </thead> <tbody> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> <tr><td>_____</td><td>_____</td></tr> </tbody> </table> | Dates | Tasks | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | Building Use | Dimensions and square footage | _____ | _____ | _____ | _____ | _____ | _____ |
| Dates | Tasks | | | | | | | | | | | | | | | | | | | | | |
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| Building Use | Dimensions and square footage | | | | | | | | | | | | | | | | | | | | | |
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| _____ | _____ | | | | | | | | | | | | | | | | | | | | | |
| 3. | Insurance | <p><input type="checkbox"/> Attach a statement of proof of insurability of lessee for a minimum liability insurance for combined single limits of \$1,000,000 showing the City of Homer as co-insured. Additional insurance limits may be required due to the nature of the business, lease or exposure. Environmental insurance may be required. If subleases are involved, include appropriate certificates of insurance.</p> | | | | | | | | | | | | | | | | | | | | |
| 4. | Subleases <p align="center">NA</p> | <p><input type="checkbox"/> Please indicate and provide a detailed explanation of any plans that you may have for subleasing the property. The City of Homer will generally require payment of 10% of proceeds paid Lessee by subtenants.</p> | | | | | | | | | | | | | | | | | | | | |
| 5. | Health Requirements <p align="center">NA</p> | <p><input type="checkbox"/> Attach a statement documenting that the plans for the proposed waste disposal system, and for any other necessary health requirements, have been submitted to the State Department of Environmental Conservation for approval. Granting of this lease shall be contingent upon the lessee obtaining all necessary approvals from the State DEC.</p> | | | | | | | | | | | | | | | | | | | | |

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| 6. | Agency Approval NA | <input type="checkbox"/> Attach statement(s) of proof that your plans have been inspected and approved by any agency which may have jurisdiction of the project; i.e. Fire Marshall, Army Corps of Engineers, EPA, etc. The granting of this lease shall be contingent upon lessee obtaining approval, necessary permits, and/or inspection statements from all appropriate State and/or Federal agencies. |
| 7. | Fees | <u>All applicable fees must be submitted prior to the public meeting preparation.</u> <input type="checkbox"/> Application fee - \$30.00. Please make check payable to the City of Homer. <input type="checkbox"/> Lease fee - \$300.00. Please make check payable to the City of Homer. |
| 8. | Financial Data Business Financials provided, ability to meet financial obligations confirmed by staff 2/28/22 | Please indicate lessee's type of business entity: <input type="checkbox"/> Sole or individual proprietorship. <input type="checkbox"/> Partnership. <input checked="" type="checkbox"/> Corporation. <input type="checkbox"/> Other – Please explain: _____ _____ _____ <input checked="" type="checkbox"/> Financial Statement – <u>Please attach a financial statement showing the ability of the lessee to meet the required financial obligations.</u> <input type="checkbox"/> Surety Information – Has any surety or bonding company ever been required to perform upon your default or the default of any of the principals in you organization holding more than a 10% interest <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach a statement naming the surety or bonding company, date and amount of bond, and the circumstances surrounding the default or performance. <input type="checkbox"/> Bankruptcy information - Have you or any of the principals of your organization holding more than a 10% interest ever been declared bankrupt or are presently a debtor in a bankruptcy action? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach a statement indicating state, date, Court having jurisdiction, case number and to amount of assets and debt. <input type="checkbox"/> Pending Litigation – Are you or any of the principals of your organization holding more than a 10% interest presently a party to any pending litigation? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes. If yes, please attach detailed information as to each claim, cause of action, lien, judgment including dates and case numbers. |

| 9. | Partnership Statement | <input type="checkbox"/> If the applicant is a partnership, please provide the following: Date of organization: _____ Type: <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership Statement of Partnership Recorded? <input type="checkbox"/> Yes <input type="checkbox"/> No Where _____ When _____ Has partnership done business in Alaska? <input type="checkbox"/> Yes <input type="checkbox"/> No Where _____ When _____ Name, address, and partnership share. If partner is a corporation, please complete corporation statement. <i>Please attach a copy of your partnership agreement.</i> | | | | | | | | | | | | | | | | | | | | | | | | |
|---------------------|-----------------------|--|--------------|--------------|----------------|--------------|---------------------|--|--|--|--|--|--|--|--|--|--|--|-------------|--------------|---------------------|--|--|--|--|--|
| 10. | Corporation Statement | <input checked="" type="checkbox"/> If the applicant is a corporation, please provide the following: Date of Incorporation: <u>1/17/2018</u> State of Incorporation: <u>ALASKA</u> Is the Corporation authorized to do business in Alaska? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes. Is so, as of what Date? <u>1/17/2018</u> Corporation is held? <input type="checkbox"/> Publicly <input checked="" type="checkbox"/> Privately If publicly held, how and where is the stock traded? _____ Officers & Principal Stockholders [10%+]: <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Title</u></th> <th><u>Address</u></th> <th><u>Share</u></th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center;"><u>SEE ATTACHED</u></td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> <input checked="" type="checkbox"/> Please furnish a copy of Articles of Incorporation and By-laws. Please furnish name and title of officer authorized by Articles and/or By-laws to execute contracts and other corporate commitments. <table border="0"> <thead> <tr> <th><u>Name</u></th> <th><u>Title</u></th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;"><u>SEE ATTACHED</u></td> </tr> <tr> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> </tr> </tbody> </table> | <u>Name</u> | <u>Title</u> | <u>Address</u> | <u>Share</u> | <u>SEE ATTACHED</u> | | | | | | | | | | | | <u>Name</u> | <u>Title</u> | <u>SEE ATTACHED</u> | | | | | |
| <u>Name</u> | <u>Title</u> | <u>Address</u> | <u>Share</u> | | | | | | | | | | | | | | | | | | | | | | | |
| <u>SEE ATTACHED</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <u>Name</u> | <u>Title</u> | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>SEE ATTACHED</u> | | | | | | | | | | | | | | | | | | | | | | | | | | |
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11. Applicant References

Please list four persons or firms with whom the Applicant or its owners have conducted business transactions with during the past three years. Two references named shall have knowledge of your financial management history, of which at least one must be your principal financial institution. Two of the references must have knowledge of your business expertise.

Name: Jim Bielefeld
Firm: Kenai Aviation Leasing
Title: Owner
Address: PO Box 46 Kenai AK 99611
Telephone: 907 252 5935
Nature of business association with Applicant: Lessor

Name: Becky Fielden
Firm: AKUSA
Title: Branch Manager
Address: 230 Bidarkast. Kenai AK 99611
Telephone: 907 395 4505
Nature of business association with Applicant: Banking

Name: Glenda Feeken
Firm: Kenai Airport Commission
Title: Chair
Address: 10735 Kenai Spur Hwy Unit B Kenai AK
Telephone: 907 253 2743
Nature of business association with Applicant: Airport Commission

Name: Charles Henry
Firm: Crowley Fuels
Title: Operations Supervisor
Address: 401 N Willow St Sentinel Kenai AK 99611
Telephone: 907 444 4199
Nature of business association with Applicant: Fuel Supply

I hereby certify that the above information is true and correct to the best of my knowledge.

Signature:

Julie Caldwell

Date:

2/24/2022

From: [Jacob Caldwell](#)
To: [Erica Hollis](#)
Subject: Re: City of Homer Lease Application
Date: Monday, February 28, 2022 2:38:52 PM
Attachments: [image001.png](#)
[Updated Financial Model 20Feb22.xlsx](#)
[Certificates \(2\).pdf](#)

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hey Erica,
Attached is the financial forecast for the scheduled project.

For the development/usage section:

Our intent is to have a small desk area with access to the ramp to be able to check in passengers and small cargo and load the passengers into the aircraft on the ramp. We will have non-permanent banner style signage at initial launch. If possible to have a lesser rate for the first couple months of operations while we launch service that would be greatly appreciated, but we will make whatever work that is needed.

Attached is a letter showing our current insurance. We can have the City of Homer added as additional insured as we complete this application process.

Please let me know if you need anything else.

Thanks,
Jacob

State of Alaska
Department of Commerce, Community, and Economic Development
Corporations, Business, and Professional Licensing

Certificate of Organization

The undersigned, as Commissioner of Commerce, Community, and Economic Development of the State of Alaska, hereby certifies that a duly signed and verified filing pursuant to the provisions of Alaska Statutes has been received in this office and has been found to conform to law.

ACCORDINGLY, the undersigned, as Commissioner of Commerce, Community, and Economic Development, and by virtue of the authority vested in me by law, hereby issues this certificate to

Kenai Aviation Operations LLC



IN TESTIMONY WHEREOF, I execute the certificate
and affix the Great Seal of the State of Alaska
effective **January 17, 2018**.

A handwritten signature in cursive script that reads "Mike Navarre".

Mike Navarre
Commissioner



THE STATE
 of ALASKA

Department of Commerce, Community, and Economic Development
 Division of Corporations, Business, and Professional Licensing
 PO Box 110806, Juneau, AK 99811-0806
 (907) 465-2550 • Email: corporations@alaska.gov
 Website: corporations.alaska.gov

FOR DIVISION USE ONLY

Domestic Limited Liability Company

2022 Biennial Report

For the period ending December 31, 2021

Web-12/22/2021 1:13:02 PM

Due Date: This report along with its fees are due by January 2, 2022

Fees: If postmarked before February 2, 2022, the fee is \$100.00.
 If postmarked on or after February 2, 2022 then this report is delinquent and the fee is \$137.50.

Entity Name: Kenai Aviation Operations LLC

Entity Number: 10076145

Home Country: UNITED STATES

Home State/Prov.: ALASKA

Physical Address: 101 NORTH WILLOW STREET, KENAI, AK 99611

Mailing Address: 101 NORTH WILLOW STREET, KENAI, AK 99611

Registered Agent information cannot be changed on this form. Per Alaska Statutes, to update or change the Registered Agent information this entity must submit the Statement of Change form for this entity type along with its filing fee.

Name: Joel Caldwell

Physical Address: 51265 SALTY CIRCLE, KENAI, AK 99611

Mailing Address: 51265 SALTY CIRCLE, KENAI, AK 99611

Officials: The following is a complete list of officials who will be on record as a result of this filing.

- **Provide all officials and required information. Use only the titles provided.**
- **Mandatory Members:** this entity must have at least one (1) Member. A Member must own a %. In addition, this entity must provide all Members who own 5% or more of the entity. A Member may be an individual or another entity.
- **Manager:** If the entity is manager managed (per its articles or amendment) then there must be at least (1) Manager provided. A Manager may be a Member if the Manager also owns a % of the entity.

| Full Legal Name | Complete Mailing Address | % Owned | Member |
|-----------------|--|---------|--------|
| Joel Caldwell | 51265 SALTY CIR., KENAI, AK 99611 | 90.00 | X |
| Caleb Caldwell | 5612 E 40TH AVE #B303, ANCHORAGE, AK 99504 | 5.00 | X |
| Jacob Caldwell | 34840 Poppy Wood St, Soldotna, AK 99669 | 5.00 | X |

If necessary, attach a list of additional officers on a separate 8.5 X 11 sheet of paper.

Purpose: any lawful business

NAICS Code: 481211 - NONSCHEDULED CHARTERED PASSENGER AIR TRANSPORTATION

New NAICS Code (optional):

This form is for use by the named entity only. Only persons who are authorized by the above Official(s) of the named entity may make changes to it. If you proceed to make changes to this form or any information on it, you will be certifying under penalty of perjury that you are authorized to make those changes, and that everything on the form is true and correct. In addition, persons who file documents with the commissioner that are known to the person to be false in material respects are guilty of a class A misdemeanor. Continuation means you have read this and understand it.

Name: Jacob Caldwell

CERTIFICATE OF INSURANCE

THIS IS TO CERTIFY TO:

To Whom It May Concern

THAT THE FOLLOWING POLICY OF INSURANCE HAS BEEN ISSUED TO:

Kenai Aviation Operations, LLC
101 N. Willow St.
Kenai, AK 99611

POLICY NUMBER: NAC6041146
POLICY PERIOD: From June 23, 2021 To June 23, 2022
INSURANCE COMPANY: Endurance Assurance Corporation

DESCRIPTION OF COVERAGES AND LIMITS OF LIABILITY: Please refer to attached schedule which is incorporated as a part hereof.

This certificate is issued as Evidence of Coverage only.

Subject to Date Change Recognition Endorsement.

Data included in this Certificate valid as of September 13, 2021.

This certificate of insurance is not an insurance policy and does not amend, extend or alter the coverage afforded by the policy listed herein. Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate of insurance may be issued or may pertain, the insurance afforded by the policy described herein is subject to all the terms, exclusions and conditions of such policies.

Should the described policy be cancelled before the expiration date hereof, the issuing company will endeavor to give 30 days (10 days for non-payment) notice to the certificate holder named herein. However, failure to mail such notice shall not impose any obligation nor any liability of any kind upon the Company, its representatives or agents.

By: W. Scott Brown
W. Brown & Associates Insurance Services

Date of Issue: September 13, 2021
Certificate No.: 7

SCHEDULE OF AIRCRAFT

| DESCRIPTION OF AIRCRAFT | | | | |
|-------------------------|------------|------------|-------------------------------|---------------|
| No. | FAA Cert # | Serial # | Year/Make/Model | Insured Value |
| 1 | N60AR | BB-1743 | 2001 Beechcraft King Air B200 | \$1,400,000 |
| 2 | N7711D | U206-03170 | 1976 Cessna 206 | \$110,000 |

| PHYSICAL DAMAGE COVERAGE | | | |
|--------------------------|---------------|-----------|--------------------------|
| No. | Deductibles | | Physical Damage Coverage |
| | Not In Motion | In Motion | |
| 1 | \$50,000 | \$50,000 | F. All Risk Basis |
| 2 | \$10,000 | \$10,000 | F. All Risk Basis |

| AIRCRAFT LIABILITY COVERAGES | | | | |
|------------------------------|--|---------------------|--------------------------------|-----------------|
| No. | Single Limit Bodily Injury & Property Damage | Passenger Liability | Passenger Liability Limited To | |
| | | | Each Person | Each Occurrence |
| 1 | \$2,000,000 | Included | \$150,000 | \$1,650,000 |
| 2 | \$1,000,000 | Included | \$150,000 | \$900,000 |

| MEDICAL EXPENSES | | | |
|------------------|----------------|-------------|-----------------|
| No. | Including Crew | Each Person | Each Occurrence |
| 1 | Yes | \$5,000 | \$55,000 |
| 2 | Yes | \$5,000 | \$30,000 |

HOMER AIRPORT TERMINAL
AIR CARRIER/TICKET COUNTER SUBLEASE

THIS SUBLEASE IS MADE this 1st day of May, 2022, between the City of Homer, an Alaska Municipal Corporation (“Sublessor”), whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and Kenai Aviation Operations LLC, an Alaskan Limited Liability Corporation (“Sublessee”), whose address is 101 N. Willow St, Kenai AK 99611.

The City is Lessee in a lease agreement (“Prime Lease”) affecting the property dated both October 6, 1992 and March 3, 1993, the agreement of which has been recorded in the Homer Recording District under Document No. 1993-001154-0, also known as Lease Agreement No. ADA-06600, between the State of Alaska, Department of Transportation and Public Facilities (“Lessor”), and the City of Homer (“Lessee”), as amended by Supplement No.1, dated February 28, 2002, and may be further amended from time to time with the Lessor to which all the terms, covenants, and conditions of this Sublease are subject to. Sublessee will fully comply with all covenants, provisions, conditions, and terms of that Prime Lease.

CITY AND SUBLESSEE AGREE AS FOLLOWS:

1. DESCRIPTION. City subleases to Sublessee and Sublessee subleases from City the premises consisting of 733 square feet of space as more fully described and/or depicted on Exhibit A (“Leased Premises”) in the Homer Airport Terminal Building (“Building”) located on Lot 5A, Block 800, HOMER AIRPORT TRACTS according to the official plats on file with DOT/PF, Division of Aviation for the term, the rent, and subject to the covenants and conditions hereinafter provided. The Sublessee will also have access to the Common Use Areas for Sublessees more fully described and/or depicted on Exhibit A (“Common Use Areas”). This Sublease confers no rights either with regard to the subsurface of the land below the floor level of the Leased Premises or with regard to airspace above the ceiling of the Leased Premises.

2. TERM. (a) The term of this Sublease shall commence on May 1, 2022, and shall end on March 30, 2023, unless sooner terminated as hereinafter provided.

(b) In any event, Sublessee may not occupy the Premises before the debtor currently in possession of the lease notices rejection or DOT/PF consents to this Sublease in writing. If City is unable to deliver possession of the Premises by the date specified for the commencement of the term of this Sublease as a result of causes beyond its reasonable control, including without limitation any failure or delay in obtaining the consent of DOT/PF, City shall not be liable for any damage caused by failing to deliver possession, this Sublease shall not be void or voidable, and the term of this Sublease shall not be extended by the delay. The Sublessee shall not be liable for rent

until the City delivers possession of the Premises to Sublessee but shall commence paying rent when City delivers possession.

3. RENT Sublessee shall pay to City as annual rent, without deduction, setoff, prior notice or demand, the sum of \$34,392.36 plus taxes ("Rent"). Rent shall be payable in monthly installments of \$2,866.03 plus tax ("Monthly rent Payment") in advance on the first day of each month, commencing on the date the term of this Sublease commences. Monthly rent for the first month or portion of it shall be paid on the day the term commences.

Monthly rent for any partial month shall be prorated based on the number of days in the month. Rent not paid when due shall bear interest from the date when due at the rate of interest specified in AS 45.45.010 (a) as now enacted or hereinafter amended. Rent shall be paid at the address set forth for City in the introductory paragraph of this Sublease, or as otherwise directed from time to time by notices from City.

4. USE OF PREMISES Sublessee shall use the Leased Premises for office space and ticket counter space for passenger or cargo transportation by air and related functions of aircraft operations and ticket sale and for no other use without City's written consent. Sublessee agrees to comply with all federal, state and local laws, ordinances and regulations as well as the terms of the Prime Lease. Sublessee agrees to comply with the following rules and regulations and with such reasonable modifications thereof and additions thereto as City may hereafter from time to time make for the Building.

(a) Sublessee shall comply with all covenants, provisions, conditions, and terms of the Prime Lease.

(b) Sublessee shall not make or permit to be made any use of the premises or any part thereof which would violate any of the covenants, agreements, terms, provisions and conditions of said Prime Lease; nor will Sublessee commit any act, either by commission or omission, which would cause City to be in default of any covenant, provision, term or condition of the Prime Lease. Sublessee hereby acknowledges receiving a copy of the Prime Lease as provided in Exhibit D.

(c) Sublessee will not make any use of the Property or the Building, nor will sublessee make or permit to be made any use of the Premises or any part thereof which would violate any of the covenants, agreements, terms, provisions and conditions of this Sublease; which is forbidden by any federal, state or local law, ordinance or regulation; which may be dangerous to life, limb, or property; which would, in the reasonable judgement of City, in any way impair the character, reputation or appearance of the Building as an attractive and functional airport terminal building; or which would impair or interfere with or tend to impair or interfere with any of the services performed by City for the Property. Sublessee shall immediately cease and desist any conduct the City, in its sole discretion, determines is in violation of this subsection upon receiving written notification by the City of such violation.

(d) Sublessee shall not exhibit, sell or offer for sale on the Premises or in the Building any article or thing except those articles and things reasonably connected with the stated use of the Premises set forth above by Sublessee without the advance consent of the City.

(e) Sublessee shall not display, inscribe, print, paint, maintain or affix in or about the building or outside of the Premises any sign, notice, legend, direction, figure or advertisement, unless Sublessee shall first

have obtained the consent of the City, any then only such names(s) and matter, and in such color, size, style, place and materials as shall first have been approved by City. City shall not unreasonably withhold prompt approval, but City's insistence on compliance with a uniform signage plan shall not be deemed unreasonable.

(f) No additional locks or similar devices shall be attached to any door or window without City's consent. No keys for any door other than those provided by city shall be made. All keys including cargo area garage door openers must be returned to City at the expiration or termination of this Sublease. If more than two keys for one lock are desired, City will provide the same upon payment by Sublessee. Sublessee will be responsible for replacing lost or damaged garage door opener and/or keys.

(g) Sublessee shall not overload any floor. City may direct, within reason, the time and manner of delivery, routing and removal, and the location, of safes and other heavy articles.

(h) Unless city gives consent, Sublessee shall not install or operate any steam or internal combustion engine, boiler, machinery, refrigerating or heating device or air conditioning apparatus in or about the premises, or carry on any mechanical business therein, or use the Premises for housing accommodation or lodging or sleeping purposes, or do any cooking therein, or use any illumination other than electric light, or use or authorize to be brought into the Building any inflammable fluid such as gasoline, kerosene, naphtha, and benzene, or any explosives, radioactive materials or other articles deemed extra hazardous to life, limb or property, except in a manner which would not violate any federal, state or local law, ordinance or regulation. Sublessee shall not use the premises for any illegal purpose.

(i) The sidewalks, halls, passages, exits, and entrances ("Common use Areas") shall not be obstructed by Sublessee or used for any purpose other than for ingress to and egress from the premises. No Sublessee and no employees or invitees of any Sublessee shall go up on the roof of the Building.

(j) Sublessee shall not use, keep or permit to be kept any foul, explosive or noxious gas or substance in the Premises, or permit or suffer the premises to be occupied or used in a manner unreasonable offensive or objectionable to the City or other occupants of the Building by reason of noise, odors, and/or vibrations, or unreasonably interfere in any way with other tenants or those having business therein; nor shall any animals or birds be brought in or kept in or about the Premises or the Building, unless for purposes of air transport, and then only in containers designed for transport of such animals or birds. Sublessee shall be responsible for enforcing the requirement that all animals and birds shall be kept in containers while in the Premises or the Building. Sublessee shall make all repairs and conduct all cleaning necessary as a result of the presence of birds or animals in the Premises or the building in connection with air transport.

(k) Sublessee shall see that the doors and windows, if openable, of the premises, are closed and securely locked before leaving the Building and must observe with strict care and caution that all water faucets or water apparatus are entirely shut off before Sublessee or Sublessee's employees leave the building, and that all electricity shall likewise be carefully shut off so as to prevent waste or damage.

(l) In the event of any default or carelessness in performing the duties imposed by this paragraph, Sublessee shall make good all resulting injuries or losses sustained by other sublessees or occupants of the Building and City. In additions to all other liabilities for breach of any covenant of this paragraph, the

Sublessee shall pay to the City an amount equal to any increase in insurance premiums payable to the City or any other tenant in the building caused by such breach, but City shall have the burden of proving by a preponderance of the evidence that such increase is directly attributable to such breach.

5. SECURITY DEPOSIT. The Sublessee has deposited with City at the time of execution of this Sublease the sum of \$5,158.85 (equal to fifteen percent (15%) of Rent) as a security deposit for the performance by Sublessee of the provisions of this Sublease. If Sublessee is in default, City can use the security deposit, or any portion of it, to cure the default or to compensate City for all damage sustained by City resulting from Sublessee's default. Sublessee shall immediately upon demand pay to City a sum equal to the portion of the security deposit expended or applied by city as provided in this paragraph so as to maintain the security deposit in the sum initially deposited with the City. Sublessee's failure to do so within five (5) days after demand by City shall be a default under this Sublease. If Sublessee is not in default at the expiration or termination of this Sublease, city shall return the security deposit to Sublessee. City's obligation with respect to the security deposit are those of debtor and not those of trustee or fiduciary. City may maintain the security deposit separate and apart from City's general funds or co-mingle the security deposit with City's general funds. City shall not be required to pay Sublessee interest on the security deposit. If City is required by law to maintain the security deposit in an interest bearing account, City shall be entitled to receive and retain the maximum amount permitted under applicable law as a bookkeeping and administrative charge.

6. UTILITIES AND SERVICES. City shall furnish to the Premises, at City's expense, except as otherwise provided in this sublease, reasonable quantities of electricity and heat as required for Sublessee's use. City shall furnish water, sewer and garbage removal service to the Building, at City's expense; however, Sublessee shall be responsible for cleaning the Leased Premises and taking its garbage to dumpsters provided for the Building. If City is required to construct new or additional utility installations including, without limitation, wiring, plumbing, conduits and mains, resulting from Sublessee's changed or increased utility requirements, Sublessee shall, on demand, pay the City the total cost of these items. If Sublessee causes City services such as janitorial services to exceed the normal and scheduled service already provided to the building, Sublessee will be responsible for the costs incurred by the City to provide this additional service. City shall not be liable for failure to furnish utilities to the Premises when the failure results from causes beyond City's reasonable control, but in case of such failure City will take all reasonable steps to restore the interrupted utilities. Any such interruption of utilities shall never be deemed an eviction or disturbance of Sublessee's use and possession of the Premises, or any part thereof, or give Sublessee any right to abatement of rent, or otherwise relieve Sublessee from performance of any of Sublessee's obligations under this Sublease, except that Sublessee's obligation to pay rent shall be abated to the extent that any such interruption of the utilities exceeds fifteen (15) days. Sublessee shall pay for the telephone charges, including installation.

7. CONDTION OF PREMISES. Sublessee's taking possession of the Premises shall be conclusive evidence as against Sublessee that the Premises were in good order and satisfactory condition when Sublessee took possession, except that to latent defects. No promise of City to alter, remodel, repair or improve the Premises or the Building and no representation as to the condition of the Premises or the building has been made by City to Sublessee, other than as may be contained in this Sublease or in a separate written agreement. At the termination of this Sublease, the Sublessee shall return the Premises clean and in as good order and condition as when the Sublessee took possession, ordinary wear and tear

excepted, failing which the City may restore the Premises to such condition and the Sublessee shall pay the cost thereof on demand.

8. MAINTENANCE AND REPAIRS. City, at City's expense, shall maintain, in good condition, the structural parts of the Building which shall include only the foundation, bearing and exterior walls (excluding glass and doors to the premises), subflooring, the unexposed electrical, plumbing and sewage systems, and the heating and ventilation system servicing the Premises. Sublessee, at Sublessee's expense, shall maintain, in good condition, the Premises, including, without limitation, all glass, doors to the Premises, electrical and plumbing fixtures, interior walls, signs and Sublessee's personal property.

9. PARKING AND SNOW REMOVAL. No employee parking spaces are designated in this sublease. No overnight parking of employee vehicles is allowed. City shall provide snow removal in the parking area. If city, in City's sole discretion, is able to provide additional designated parking for employee or business vehicles, Sublessee shall pay additional rent of \$15 per month for each additional space. Additional rent is due at the same time the rent is due under paragraph 3 of the Sublease.

10. ALTERATIONS. (a) Sublessee shall not make any alterations to the Premises without City's prior written consent, which shall not be unreasonably withheld. Requests for approval of alterations shall be made in writing and shall not be unreasonably withheld. Requests for approval of alterations shall be made in writing and shall include three (3) copies of the plans and specifications. The city will approve or disapprove the proposed alterations within thirty

(30) days. Approval of the alterations shall not constitute a building permit, nor shall a building permit constitute approval of the alterations. Any alterations (except Sublessee's trade fixtures) shall remain on and be surrendered with the premises on expiration or termination of this Sublease, except that City can elect at any time to require Sublessee to remove any alterations that Sublessee has made to the Premises. If City so elects, Sublessee, at Sublessee's expense, shall restore the Premises to the condition designated by City in its election, before the last day of the term, or within thirty (30) days after notice of election is given, whichever is later. If Sublessee proceeds to make any approved alterations to the Premises as provided in this paragraph, Sublessee shall notify city no less than five (5) days prior to the commencement of the work.

(b) Sublessee shall make no improvements or construction without the prior approval of DOT/PF. Sublessee shall provide City with copies of such written approval(s) prior to commencement of any improvements or construction.

11. MECHANICS' LIENS. Sublessee shall pay all costs for construction done by it or caused to be done by it on the premises as permitted by this Sublease. Sublessee shall keep the Premises, the Building, and the property free and clear of mechanics' liens resulting from construction done by or for Sublessee. Sublessee shall have the right to test the correctness or validity of any such lien only if, immediately on demand by City, sublessee procures and records a lien release bond issued by a corporation authorized to issue surety bonds in the State of Alaska in an amount equal to one and one-half times the amount of the claim of lien. The bond shall meet the requirements of AS 34.35.072 and shall provide for the payment of any sum that the claimant may recover on the claim, plus interest, costs and attorney's fees.

12. INDEMNITY. (a) Sublessee shall protect, indemnify and hold City and DOT/PF harmless from all damages, including costs and attorneys' fees, arising out of any injury to or death of any person or damage to or destruction of property occurring to, in, on or about the Premises, Building or Property, but only to the proportionate extent such damages, costs and fees may be caused by or contributed to by fault or other legal responsibility on the part of Sublessee, its employees, authorized representative, customers, invitees, or sublessees. Notwithstanding the preceding sentence, Sublessee shall protect, indemnify and hold City and DOT/PF harmless from all damages, including costs and attorney's fees, arising out of any injury to or death of any person or damage to or destruction of property arising out of and in the course of Sublessee's cargo and/or flight time, as defined in 14 CFR Section 1.1. notwithstanding the first sentence of this paragraph, Sublessee shall not be liable to City or its insurers, and Sublessee's obligation to protect, indemnify and hold City harmless shall not include any lost or damages, including costs and attorney's fees, covered and paid by City's fire insurance described in paragraph 16.

(b) Furthermore, sublessee shall protect, defend, and indemnify and hold the State harmless to the same level and extent that the Sublessee would provide to the State if the Sublessee were a direct lessee of the State under the Prime Lease.

13. AVIATION LIABILITY, PUBLIC LIABILITY, PROPERTY DAMAGE, WORKERS' COMPENSATION, AND OTHER NSURANCE. (a) Sublessee, at Sublessee's expense, shall maintain airline/aircraft/airport public liability insurance with policy limits not less than that required by statute.

(b) Sublessee, at Sublessee's expense, shall maintain comprehensive general liability insurance with a single combined liability limit of not less than ONE MILLION DOLLARS (\$1,000,000.00) per person, THREE MILLION DOLLARS (\$ 3,000,000.00) per occurrence for personal injury or death and property damage arising from one occurrence in the amount of not less than ONE MILLION DOLLARS (\$1,000,000.00) insuring against all liability of sublessee, its employees, and authorized representatives, arising out of or in connection with sublessee's use or occupancy of the premises.

(c) All aviation and comprehensive general liability insurance policies shall insure performance by Sublessee of the indemnity provisions of paragraph 12; shall name City and DOT/PF as additional insureds; shall include a waiver of subrogation by the insurer against City and DOT/PF; and shall not contain any exclusion from coverage for Sublessee's liability for damages or loss incurred by City or DOT/PF because of their status as additional insureds

(d) Sublessee, at Sublessee's expense, shall maintain workers' compensation insurance with policy limits not less than that required by statute.

(e) In addition to the foregoing, Sublessee must obtain and maintain such insurance covering the operations and activities of Sublessee to the same level and extent that Sublessee would be required to maintain fi the Sublessee were the direct lessee of DOT/PF under the Prime Lease. Sublessee must provide to DOT/PF, with a copy to City, such binders or certificates of insurance as may be required by DOT/PF to prove compliance with this subparagraph.

14. USE OF HAZARDOUS SUBSTANCES. (a) Sublessee shall not cause or permit any hazardous material to be brought upon, kept, or used in or about the Property by Sublessee or its authorized

representatives, customers, invitees or sublessees, except for such hazardous material as is necessary or useful to Sublessee's lawful use of the Property.

(b) Any hazardous material permitted on the Property as provided in this paragraph, and all containers therefor, shall be handled, used, kept, stored and disposed of in a manner that complies with all laws or regulations applicable to any such Hazardous Material. Such Hazardous material shall be handled only by properly trained personnel.

(c) Sublessee shall not discharge, leak or emit, or permit its authorized representatives, customers, invitees or sublessees to discharge, leak or emit, any material into the atmosphere, ground, sewer system or any body of water, if such material does or may, unlawfully pollute or contaminate the same, or may unlawfully adversely affect (i) the health, welfare or safety of persons, whether located on the Property or elsewhere, or (ii) the condition, use or enjoyment of the Property or any other real or personal property. The preceding sentence only applies to Sublessee's use of and operations on the Property.

(d) If any such discharge, leak, spill, emission, or pollution (referred to in subparagraph 14(c) above) occurs upon or from the Property during the Sublease term or any holdover, Sublessee will immediately notify City and all appropriate federal, state, and local authorities, and will act immediately to contain the spill, repair any damage, absorb and clean up the spill area and restore the Property to comply with the applicable portions of any federal, state, or local law or regulation then in effect.

(e) Sublessee hereby agrees that it shall be fully liable for all costs and expenses related to the handling, use, storage and disposal of hazardous material brought or kept on the property by the sublessee, its authorized representatives, customers, invitees and sublessees, and the Sublessee shall give immediate notice to the City of any violation or suspected violation of the provisions of subparagraphs 149a), (b), (c) and (d).

15. INDEMNITY FOR USE OF HAZARDOUS MATERIAL. (a) Sublessee shall protect, indemnify and hold City and DOT/PF and their officers, officials, and other employees harmless from and against 0 any claims, demands, penalties, fines, judgments, settlements, liabilities, losses, damage, costs and expenses (including, without limitation, attorney, consultant and expert fees, court costs and other litigation expenses)

(b) City shall protect, indemnify and hold Sublessee and its directors, officers, and other employees harmless from and against any Environmental Damages arising out of or related to 9i) the presence, disposal or release of any hazardous material on or impacting the property; and (ii) any bodily injury (including death) or property damage (real or personal) caused by such presence, disposal or release, but only to the proportionate extent such Environmental Damages shall have been caused by or contributed to by fault or other legal responsibility on the part of city or its employees, agents, customers, invitees or contractors.

(c) For the purposes of paragraphs 1 and 15, "Hazardous material" is defined as any substance that is toxic, ignitable, reactive, or corrosive that is regulated by any local government; the State of Alaska, or the United States government. "Hazardous waste", "extremely hazardous waste or a "hazardous substance" pursuant to local, state or federal law, including without limitation, the resource Conservation

and recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder, and the Comprehensive Environmental response, Compensation and Liability Act of 1980, as amended from time to time, and regulations promulgated thereunder. "Hazardous material" also includes, but is not restricted to, asbestos, polychlorobiphenyles ("PCB's") and petroleum and petroleum products.

16. CITY'S FIRE INSURANCE. City shall, at City's expense, maintain on the Building a policy of fire and extended coverage insurance, with vandalism and malicious mischief endorsement, up to the full replacement value. The policy shall provide that any proceeds shall be made payable solely to City. The "full replacement value" of the building to be insured under this paragraph shall be determined by the insurance company issuing the policy at the time the policy is initially obtained or subsequently renewed.

Sublessee shall not use the Premises for any purpose, nor do any acts in the premises, which will increase the existing rate of insurance on the building or cause the cancellation of any insurance policy covering the building or any part thereof, nor shall Sublessee sell, or permit to be kept, used or sold, on the premises, any article, material or substance which may be prohibited by standard form fire and extended coverage insurance policies. Sublessee shall, at Sublessee's expense, comply with any and all requirements pertaining to the Premises of any insurance organization or company, necessary for the maintenance of fire and extended coverage insurance covering the Building. Sublessee agrees to pay to City and additional rent any increase in premiums on policies which may be carried by City covering damage to the Building by fire and the perils normally included in extended coverage, but only to the extent City proves by a preponderance of the evidence that such increase is directly attributable to Sublessee's breach of the first two sentences of this subparagraph. In event of non-payment of such additional rent, city shall have all the rights and remedies provided in this Sublease in case of nonpayment of rent.

17. OTHER INSURANCE MATTERS. All insurance required to be carried by Sublessee under this sublease and the Prime Lease shall be issued by insurance companies authorized to do business in the State of Alaska with a financial rating of at least "A" as rated in the most recent edition of Best's Insurance Reports, or an equivalent rating; shall be issued as a primary policy; and shall contain an endorsement requiring twenty(20) days prior written notice from the insurance company to both parties and before cancellation or change in the coverage, scope or amount of any policy. Sublessee shall furnish insurance certificates to City and DOT/PF at the commencement of the term of this sublease, and on renewals. Sublessee shall promptly furnish copies of each policy to City and DOT/PF upon request.

18. TAXES AND ASSESSMENTS. City shall pay all general and special assessments. Sublessee shall pay all real estate taxes levied on Sublessee's interest in the premises, Building or Property.

19. DESTRUCTION. If, during the term of this sublease, the Premises or the Building are totally or partially destroyed from any cause, rendering the Premises totally or partially inaccessible or unusable, city shall restore the premises or the Building to substantially the same condition as they were in immediately before destruction, if the restoration can be made under the then existing laws and can be substantially completed within one hundred twenty(120) working days after the date of destruction. Such destruction shall not terminate this Sublease. If the restoration cannot be made in the time stated in this paragraph, either party shall have the right to terminate this Sublease by notice to the other party given at any time within thirty (30) days after the date of such destruction, or within thirty (30) days after it is determined that such restoration cannot be completed within the time stated, whichever is longer, except

that if such destruction resulted from Sublessee's fault or negligence, Sublessee shall have no right to terminate this Sublease. If the then existing laws do not permit the restoration, either party shall have the right to terminate this Sublease by notice to the other party given at any time within thirty (30) days after the date of such destruction.

If a portion of the building other than the Premises shall be totally or partially destroyed from any cause such that in the reasonable opinion of the city the Building should be restored in such a way as to alter the Premises materially, city may terminate this Sublease by notice to Sublessee at any time within thirty (30) days after the date of such destruction. In the event of giving effective notice pursuant to this paragraph, the term of this Sublease shall expire on the date thirty (30) days after the giving of such notice as fully and completely as if such date were set forth for the expiration of the term of this Sublease. If this Sublease is not so terminated, City shall restore the Premises and the Building within a reasonable time and this Sublease shall continue in full force and effect.

If City is required or elects to restore the Premises as provided in this paragraph, city shall not be required to restore alterations made by Sublessee, Sublessee's improvements, Sublessee's trade fixtures, and Sublessee's personal property, including without limitation, any panels, decoration, office fixtures, railing, ceiling, floor covering, partitions and the like, such excluded items being the sole responsibility of Sublessee to restore.

In case of destruction there shall be an abatement or reduction of rent, between the date of destruction and the date of completion of the restoration or the date of termination of this Sublease based on the extent to which the destruction interferes with Sublessee's use of the Premises, except that if such destruction resulted from Sublessee's fault or negligence, Sublessee shall not be entitled to such abatement or reduction of rent.

If there is destruction to the building that exceeds thirty-three and one-third percent (33 1/3%) of the then replacement value of the building from any risk, City can elect to terminate this Sublease whether or not the Premises are destroyed. If, in the case of such destruction, Sublessee reasonably determines that such destruction unreasonably interferes with its use and occupancy of the Premises, Sublessee can elect to terminate this Sublease by written notice to City.

20. CONDEMNATION. If, during the term of this Sublease, there is a taking by condemnation (including condemnation by city) of all or any part of the Premises or Building, the rights and obligations of the parties shall be as follows:

If there is a taking of all or any part of the premises, the term of this Sublease shall forthwith cease and terminate as of the date of vesting of title in the condemner, and the City is entitled to receive the entire award from the condemning authority except that portion, if any, of the award which may be attributable to the loss of the value of the Sublessee's business and Sublessee's leasehold interest, which is given the Sublessee by virtue of this Sublessee.

21. DEFAULT. Each of the following shall be deemed a default by the Sublessee and a breach of the Sublease:

(a) A default in the payment of the rent and additional rents due hereunder for a period often (10) days from the due date for such payment.

- (b) A default in the performance of any other term, covenant or condition on the part of the Sublessee to be kept, performed, or observed for a period of fifteen (15) days after service by City on Sublessee of a notice specifying the particular default or defaults, provided, however, that no default on the part of the Sublessee in the performance of work or acts required by it to be done, or conditions to be modified, shall be deemed to exist if steps shall have in good faith been commenced promptly by the Sublessee to rectify the same and shall be prosecuted to completion with diligence and continuity.
- (c) The entry of a decree or order for relief by a court having jurisdiction in respect of the Sublessee in an involuntary case under the federal bankruptcy laws, as now or herein after constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of or for the Sublessee or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs.
- (d) The commencement by the Sublessee of a voluntary case under the federal bankruptcy laws, as now constituted or thereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to the appointment of or taking possession of a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of or for the Sublessee or for any substantial part of its property, or the making by Sublessee of any assignment for the benefit of creditors, or the failure of the Sublessee generally to pay its debts as such debts become due, or the taking of corporate action by the Sublessee in furtherance of any of the foregoing.
- (e) The taking possession of the property of Sublessee by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of the Sublessee.
- (f) The vacation or abandonment of the Premises by Sublessee.
- (g) The assignment or subletting of the Premises by Sublessee without the prior written consent of City and the State of Alaska.

22. CITY'S REMEDIES IN EVENT OF DEFAULT. In the event of any default by Sublessee under this Sublease, City shall have the following rights and remedies, which shall be cumulative and all in addition to any rights and remedies that City may be given by statute common law or otherwise:

- (a) Distrain for rent due.
- (b) Re enter the Premises and take possession thereof and remove all signs, other evidence of tenancy, and all personal property of Sublessee from the premises.
- (c) Declare the term of this Sublease ended.
- (d) Relet the Premises in whole or in part for any period equal to or greater or less than the remainder of the term of this Sublease.
- (e) Collect any and all rents due or to become due from subtenants or other occupants of the Premises.
- (f) If Sublessee shall at any time fail to make any payment or perform any other action in part to be made or performed under this Sublease, City may, but shall not be obligated to, and without waiving or releasing Sublessee from any obligation under this Sublease, make such payment or perform such other

act as may be reasonable in the circumstances, and in connection therewith to pay expenses and employ counsel.

All sums so paid by City and all expenses in connection therewith, together with interest thereon at the rate of twelve percent (12%) per year or the current maximum legal rate of interest, whichever is less, from the date of payment to the date of repayment, shall be deemed additional rent hereunder and payable at the time of any installment of rent thereafter becoming due and city shall have the same rights and remedies for the nonpayment thereof, or any other additional rent as in the case of default in the payment of rent.

(g) Restrain by injunction any violation or attempted violation, or compel by injunction the performance of any of the covenants, agreements or conditions or terms of this Sublease.

(h) Recover, whether this Sublease be terminated or not, from Sublessee, damages, provided for below constituting of items (i) and (ii), or at City's election in lieu of (ii), item (iii):

(i) reasonable attorney's fees and other expenses incurred by city by reason of the breach or default by Sublessee:

(ii) an amount equal to the amount of the rent and additional rents reserved under this Sublease, less the net rent, if any, collected by City on reletting the Premises, which shall be due and payable by Sublessee to City on the days on which the rent and additional rents reserved in this Sublease would have become due and payable; that is to say, upon each of such days Sublessee shall pay to City the amount of deficiency then existing. Such net rent collected on reletting by City shall be computed by deducting from the gross rent collected all expenses incurred by city in connection with the reletting of the Premises, or any part thereof, including broker's commission and the cost of renovation or remodeling the Premises;

(iii) an amount to be due immediately on breach, equal to the amount, if any, by which the remaining rent due under this Sublease exceeds the fair and reasonable rental value of the Premises for the same period. In the computation of such damages the difference between any installment of rent thereafter becoming due and the fair and reasonable value of the Premises for the period for which such installment was payable shall be discounted to the date of such breach at the rate of eight percent (8%) per year. If the Premises, or any part thereof, be relet by City for the unexpired term of this Sublease, or any part thereof, before presentation of proof of damages, the amount of rent reserved upon such reletting in the absence of evidence to the contrary, shall be deemed to be the fair and reasonable rental value for the Premises, or any part thereof, so relet during the term of such reletting.

Reentry or reletting of the Premises, or any part thereof, pursuant to this section shall not be deemed a termination of this Sublease, unless expressly declared to be so by City. If this Sublease shall be deemed terminated, Sublessee's liabilities shall survive and Sublessee shall be liable for damages as provided above.

The enumeration of the default rights of City above are not intended to imply that they are mutually exclusive, nor that they are in lieu of any or all statutory, common law or other rights.

23. BANKRUPTCY OR INSOLVENCY. (A) In the event that Sublessee shall file a petition, or an order for relief is entered against Sublessee, under Chapter 7 of the Bankruptcy Code, and the Trustee of

Sublessee shall elect to assume this Sublease for the purpose of assigning the same, such election and/or assignment may only be made if all of the terms and conditions of subsections (c), (d) and (e) hereof are satisfied. If such Trustee shall fail to elect to assume this Sublease for the purpose of assigning the same within sixty (60) days after the order of relief, this Sublease shall be deemed to have been rejected. City shall be thereupon immediately entitled to exercise any remedies available to it under paragraph 25 of this Sublease, and this Sublease shall be canceled, but City's right to be compensated for damages in such bankruptcy proceeding shall survive.

(b) In the event that Sublessee files a petition for reorganization under Chapters 11 and 13 of the Bankruptcy Code or a proceeding filed by or against Sublessee under any other chapter of the Bankruptcy Code is converted to a Chapter 11 or 13 proceeding, and the Trustee of Sublessee or Sublessee as debtor-in-possession fails to assume this Sublease within sixty (60) days from the date of filing of the Petition or such conversation, the Trustee or debtor-in-possession shall be deemed to have rejected this Sublease. City shall be thereupon immediately entitled to exercise any remedies available to it under section 22 of this Sublease and this Sublease shall be canceled, but City's right to be compensated for damages in such bankruptcy proceedings shall survive. If the Trustee of Sublessee shall elect to assume this Sublease such election may only be made if all of the terms and conditions of subsections (c) and (d) hereof are satisfied. If the Trustee of Sublessee shall elect to assign this Sublease after assuming it, such assignment may only be made if all of the terms and conditions of subsection e hereof are satisfied.

(c) No election to assume this Sublease shall be effective unless in writing and addressed to City and unless in City's reasonable business judgement, all of the following conditions, which City and Sublessee acknowledge to be commercially reasonable, have been satisfied:

- 1) The Trustee or the debtor-in-possession has cured or has provided City adequate assurance (as defined hereunder) that:
 - A) within ten (10) days from the date of such assumption the Trustee or debtor-in-possession will cure all monetary defaults under this Sublease; and
 - B) within thirty (30) days from the date of such assumption the Trustee or debtor-in-possession will cure all not-monetary defaults under this Sublease, or if the non-monetary default requires more than thirty (30) days to cure, the Trustee or debtor-in-possession will within thirty (30) days commence and proceed with diligence and continuity to cure the non-monetary defaults under this Sublease.
- 2) The Trustee or the debtor-in-possession has compensated, or has provided to City adequate assurance (as defined hereunder) that within ten (10) days from the date of assumption City will be compensated for any pecuniary loss sent to the Trustee or debtor-in-possession.
- 3) The Trustee or the debtor-in-possession has provided City with adequate assurance of the future performance of each of Sublessee's obligations under this Sublease; provided, however, that the obligations imposed upon the Trustee or debtor-in-possession shall continue with respect to Sublessee after the completion of bankruptcy proceedings.
- 4) City has determined that the assumption of the Sublease will not breach any provision in any other Lease by which City is bound relating to the Property.

(d) For the purposes of subparagraph (c) , adequate assurance shall mean: (i) City shall reasonably determined that the Trustee or the debtor-in-possession has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure City that the Trustee or debtor-in-possession will have sufficient funds to fulfill the obligations of Sublessee under this Sublease; and (ii) An order shall have been entered segregation sufficient cash payable to City and/or there shall have been granted a valid and perfected first lien and security interest in property of Sublessee, Trustee or debtor-in-possession, acceptable as to value and kind to City, to secure City the obligation of the Trustee or debtor-in-possession to cure the monetary and/or non-monetary defaults under this Sublease within the time period set forth above.

(e) If the Trustee or debtor-in-possession has assumed the Sublease pursuant to the terms and provisions of subparagraphs (a) or (b), for the purpose of assigning (or elects to assign) Sublessee's interest under this Sublease to any other person, such interest may be so assigned only if City shall acknowledge in writing that the intended assignee has provided adequate assurance as defined in this subparagraph (e) of future performance of all the terms, covenants and conditions of this Sublease to be performed by Sublessee.

For purposes of this subparagraph (e), adequate assurance of future performance shall mean that City shall have reasonably ascertained that each of the following conditions has been satisfied:

- 1) The assignee has submitted a current financial statement audited by a certified public accountant which shows a net worth and working capital in amounts determined to be sufficient by City to assure the future performance by such assignee of Sublessee's obligations under this Sublease;
- 2) If requested by City, the assignee shall have obtained guarantees in form and substance satisfactory to City from one or more persons whom City determines to be credit worth;
- 3) The assignee has submitted in writing evidence, satisfactory to City, of substantial business experience in business operations of the same kind and comparable size to the business contemplated under this Sublease; and
- 4) City has obtained all consents or waivers from any third party necessary to permit such assignment under any lease or agreement by which City is bound.

(f) Neither Sublessee's interest in this Sublease, nor any lesser interest of Sublessee herein, shall pass to any Trustee, receiver, assignee for the benefit of creditors, or any other person or entity, or otherwise by operation of law under the laws of any state having jurisdiction of the person or property of Sublessee ('State law') unless City shall consent to such transfer in writing. No acceptance by City of rent or other payments from any such Trustee, receiver, assignee, person or other entity shall be deemed to have waived, nor shall it waive, the need to obtain City's consent or City's right to terminate this Sublease for any transfer of Sublessee's interest under this Sublease without such consent.

(g) In the event Sublessee shall be adjudicated insolvent pursuant to the provisions of any present or future insolvency law under state law, or if a receiver or Trustee of the property of Sublessee shall be appointed under state law by reason of Sublessee's insolvency made or Sublessee's property for the benefit of creditors under state law; then and in such event City may, at its option, terminate this Sublease and all rights of Sublessee here under without further obligation to Sublessee, by giving Sublessee written notice of the election to so terminate.

24. SURRENDER OF POSSESSION. If, after termination of this Sublease, Sublessee shall vacate the Premises without removing all of its property, any and all property that remains may be removed from the Premises by City and may be handled, removed or stored by City at the risk, cost, and expense of Sublessee, and City shall in no event be responsible for the value, preservation or safekeeping thereof or for any loss or damage to Sublessee occasioned thereby. Sublessee shall pay to City, upon demand, any and all expenses incurred in such removal and all storage charges against such property so long as the same shall be in City's possession or under City's control. Any such property of Sublessee not removed from the Premises or retaken from storage by Sublessee within thirty (30) days after the end of the term of this Sublease or of Sublessee's right to possession of the Premises, however terminated, shall be conclusively deemed to have been forever abandoned by Sublessee and either may be retained by City as its property or may be disposed of in such manner as City may see fit.

25. QUIET ENJOYMENT. So long as Sublessee shall observe and perform the covenants and conditions contained in this Sublease, Sublessee shall, at all times during the term of this Sublease, peacefully and quietly have the enjoy possession of the Premises without any disturbance or hindrance by, from or through City, but subject to any rights of the State of Alaska in the Prime Lease.

26. ASSIGNMENT AND SUBLETTING. (a) Sublessee shall not assign, hypothecate, or encumber its interest in this Sublease or in the Premises. Sublessee shall not sublease all or any part of the Premises, or allow any other person or entity (except Sublessee's authorized representatives) to occupy or use all or any part of the Premises without first obtaining City's written consent, which will not unreasonably be withheld, and the written consent of DOT/PF. No sub-sublessee may occupy the Premises before DOT/PF grants written consent. Any assignment, encumbrance or hypothecation of the Sublease is void, and any sub-sublease without such consent by the City and DOT/PF is voidable and, at City's election, shall constitute a default. No consent to any sublease shall constitute a further waiver of the provisions of this paragraph.

(b) Any proposed sublease must be submitted to the City for approval in three (3) copies, each bearing the original notarized signature of all parties. Each sublease shall be expressly subject and subordinate to the Sublease and the Prime Lease and the rights of the City and DOT/PF respectively, and shall require the sublessee to assume the Sublessee's obligations hereunder and shall not release the Sublessee from liability hereunder. Each sublease shall be expressly terminable by City in its sole discretion at the end of the term of this Sublease. If approved by City, the proposed sublease will be forwarded to DOT/PF for approval. No consent to sublease is effective until given in writing by both the City and DOT/PF.

27. RIGHTS RESERVED TO CITY. City reserves the following rights:

- (a) To name or to change the name of the Building.
- (b) To install and maintain or to allow installation and maintenance of signs on the exterior or interior of the Building, excluding the interior of the Premises.
- (c) To have pass keys to the Premises.
- (d) To have access to the Premises for purposes of inspection upon reasonable prior notice.

(e) On reasonable prior notice to Sublessee, to exhibit the Premises to prospective tenants during the last six (6) months of the term of this Sublease, and to any prospective purchase, mortgagee, or assignee of any mortgage on the Building and to other having a legitimate interest at any time during the term of this Sublease.

(f) At any time in the event of an emergency and otherwise at reasonable times, to take any and all measures, including inspections, repairs, alterations, additions, and improvement to the Premises or to the Building as may be necessary or desirable for the safety, protection or preservation of the Premises or the Building or City's interest, or as may be necessary or desirable in the operation or improvement of the building, or in order to comply with laws, and requirement of governmental or other authority.

28. ESTOPPEL CERTIFICATES. Either party shall at any time and from time to time upon not less than fifteen (15) days prior request by the other party, execute, acknowledge and deliver to such party, or to its designee, a statement in writing certifying that this Sublease is unamended and in full force and effect (or, if there has been any amendment thereof that the same is in full force and effect as amended and stating the amendment or amendments). That there are no defaults existing (or if there is any claimed default, stating the nature and extent thereof); and stating the dates to which the rent and other charges have been paid in advance.

29. HOLDING OVER. If Sublessee remains in possession of the Premises after expiration of the term of this Sublease, or after the date in any notice given by City to Sublessee termination this Sublease, such possession by Sublessee shall be deemed to be a month to month tenancy terminable on thirty (30) days' notice given at any time by either party. The provisions of this paragraph do not exclude City's rights of re-entry or any other right under this Sublease.

30. SUBORDINATION OF SUBLEASE. The rights of Sublessee under this Sublease shall be and are subordinate at all times to the Prime Lease and all ground leases and/or underlying leases, if any, now or hereafter in force against the Property and to the lien of any mortgage or mortgages now or hereafter in force against such leases and/or the Premises, and to all advances made or hereafter to be extensions thereof. This paragraph is self-operative and no further instrument of subordination shall be required. In conformation of such subordination, Sublessee shall promptly execute such further instrument as may be reasonably requested by City. Sublessee, at the option of any mortgagee, agrees to attorn to such mortgagee in the event of a foreclosure sale or deed in lieu thereof.

31. NOTICES. All notices, demands and requests from one party to another shall be delivered in person or sent by mail addressed to the other party at the address set forth below or at such other address as either party may notify the other in writing pursuant to this paragraph.

If to City:

City Manager's Office
Airport Terminal manager, City Hall
491 East Pioneer Ave.
Homer Alaska 99603-7624
Telephone: 907.235.8121
E-mail: citymanager@ci.homer.ak.us

If to Sublessee:

Kenai Aviation Operations LLC
Jacob Caldwell
101 N. Willow St
Kenai AK 99611
Telephone: 907.283.4124
E-mail: jacob@kenaiaviations.com

Telephone, facsimile, and e-mail addresses are provided for informational purposes, and may not be used in lieu of mail or personal delivery for formal notices, demands, and requests.

If in an emergency, a secondary contact person on behalf of each party, and aside for the contacts listed above, will be:

City of Homer
Attn: Building Maintenance Division
491 East Pioneer Ave, Homer AK
Telephone: 907.235.3170
E-mail: publicworks@cityofhomer-ak.gov

Kenai Aviation Operations LLC
101 N. Willow St
Kenai AK 99611
Telephone: 907.283.4124
E-mail: Jacob@kenaiaviation.com

32. WAIVER. No failure by either City or Sublessee to insist upon the strict performance by the other of any term, covenant or condition of this Sublease or to exercise any right or remedy consequent upon a breach thereof, shall constitute a waiver of any such breach or of such term, covenant or condition. No waiver of any breach or right, unless in writing, shall affect or alter this Sublease, but each and every term, covenant and condition of this Sublease shall continue in full force and effect with respect to any other then existing or subsequent breach.

The receipt and acceptance by City of delinquent rent shall not constitute a waiver of any other defaults; it shall constitute only a waiver of timely payment of the particular installment of rent involved. No act or conduct of City, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Sublessee before the expiration of the term of this Sublease. Only a notice from City o Sublessee shall constitute acceptance of the surrender of the premises and accomplish a termination of the term of this Sublease.

33. SALE OR TRANSFER OF PREMISES. If City sells or transfers the Building or the Premises, on assumption of the sale or transfer, City shall be released from any liability thereafter accruing under the security deposit or prepaid rent to City's successor and on such transfer City shall be discharged from any further liability in reference to the security deposit or prepaid rent.

34. MISCELLANEOUS PROVISIONS.

- (a) Time is of the essence of each provision of this Sublease.
- (b) This Sublease shall be binding on and inure to the benefit of the parties here to and their respective successors and assigns, except as otherwise provided in the Sublease.
- (c) This Sublease shall be governed by and construed and enforced in accordance with the laws of the State of Alaska.
- (d) This Sublease contains all the agreements of the parties and cannot be amended or modified except by a written agreement signed by the parties hereto.
- (e) It is understood and agreed that this Sublease shall not be binding until and unless all parties have signed it.

- (f) If Sublessee is a corporation, Sublessee shall deliver to City and DOT/PF on execution of this Sublease a certified copy of a resolution of its board of directors authorizing the execution of this Sublease and naming the officers that are authorized to execute this Sublease on behalf of the corporation or other proof reasonably satisfactory to City and DOT/PF.
- (g) Any litigation arising out of the performance of the parties under this Sublease, or its interpretation, shall be brought in the Superior Court for the State of Alaska, Third Judicial District at Homer.
- (h) All provisions contained in this Sublease, whether covenants or conditions, shall be deemed to be both covenants and conditions.
- (i) This Sublease may be executed in several counterparts, each of which shall be deemed an original and may be used as such, and such counterparts shall constitute but one and the same instrument.

35. NON-DISCRIMINATION. Sublessee covenants and agrees that discrimination on the grounds of race, color, religion, national, origin, ancestry, age or gender will not be permitted against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal, state or local law. To the extent required by applicable law, regulation, or government contract, Sublessee shall furnish services on a fair, reasonable and not unjustly discriminatory basis, and shall charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided, however, that Sublessee may make reasonable and nondiscriminatory discounts, rebates and similar types of price reductions to volume purchasers, The Sublessee recognizes the right of the City to take any action necessary to enforce this covenant, including actions required pursuant to any federal, state or local law.

- (a) This agreement is subject to requirements of the U/S/ Department of Transportation's regulations, 49 CFR Part 23, Subpart F. The concessionaire agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award of performance of any concession agreement covered by 49 CFR Part 23, Subpart F.
- (b) The concessionaire agrees to include the above statements in any subsequent concession agreement that it enters and cause those businesses to similarly include the statements in further agreements.

36. RADIO INTERFERENCE. At the City's request, Sublessee shall discontinue the use of any machine or device which interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

37. REGULATIONS. Sublessee agrees to abide by all reasonable regulations now or hereafter established by the City or DOT/PF, or both, concerning the use, operation and maintenance of the Premises, Building and the Property.

38. STATE DOT/PF APPROVAL. Pursuant to the terms of the Prime Lease this Sublease shall not become effective until approved in writing by the State of Alaska, Department of Transportation and Public Facilities.

39. TERMINAL CHANGES AND IMPROVEMENTS. (a) The Sublessee understands and agrees that the requirements of the Building as an airport terminal in such matters as passenger volume, freight

volume, flight frequencies, aircraft size, operating procedures, efficient baggage handling and passenger movements, aircraft and vehicle parking requirements, etc., may from time to time change, sometimes substantially, and consequently the City does hereby reserve the right and option to rebuild, remodel, relocate or otherwise effect such changes in the Premises and the Building. Sublessee agrees that upon thirty (30) days advance written notice given by City to relocate to new premises within the Building as may be reasonably assigned by City as deemed necessary or advisable; subject, however, to the conditions that the new premises shall be situated on the same floor in the Building and on the same concourse or hallway as the Premises, and further that the area of the new premises shall not be less than ninety percent (90%) of the area of the Premises unless Sublessee shall consent to a greater reduction.

(b) Sublessee shall be receive no compensation but shall receive reimbursement of reasonable expenses for any such move required by City. Moreover, if the area of the new premises is less than the area of the Premises, rent shall be reduced by a fraction, the numerator of which is the difference between the area of the Premises and the area of the new premises and the donominator of which is the area of the Premises. During the term of this Sublease (not including any extensions or renewals thereof) the Sublessee shall not be required to pay any increased rent resulting from any such move required by City, even if the new premises are larger than or have a higher rental rate than the Premises.

(c) The Sublessee agrees that temporary inconveniences such as noise, disturbances, traffic detours, moving, and the like, caused by or associated with the construction, remodeling, rebuilding, or relocation of the Premises or other portions of the Building shall not constitute a breach of quiet enjoyment of the Premises, nor shall they be grounds for an abatement of rental exception in cases of interruption of the Sublessee's business or activities of longer than five (5)days in any calendar month in which case the rent shall be abated to the extent of the daily prorated rate of the monthly rental per each day of interruption of the Sublessee' business or activity.

(d) In the event Sublessee is required to move to new premises, City will exert its best efforts to provide new premises comparable to the Premises but in the event Sublessee reasonably believes the move will have a substantially adverse effect on the activities or business of the Sublessee conducted in the premises, the Sublessee may terminate this Sublease by giving written notice of termination to the City within thirty (30) days after the City has given the Sublessee the foregoing notice that the Sublessee must move.

40. SPECIAL COVENANTS. Special Covenants including renewal and rent adjustment provisions, if any, are set forth in Exhibit "B" attached hereto and incorporated by reference in this Sublease.

IN WITNESS WHEREOF, City and Sublessee have signed this Sublease as of the day and year first above written:

Sublessor:

Sublessee:

CITY OF HOMER

KENAI AVIATION OPERATIONS LLC

By: _____
Rob Dumouchel, City Manager

(Name, Title)

ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 20__, by _____, City Manager of the City of Homer, an Alaska municipal corporation, on behalf of the City of Homer.

Notary Public in and for Alaska
My Commission Expires:

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 20__, by _____, as _____ (title) of _____ (name of entity) on behalf of _____ (name of entity).

Notary Public in and for Alaska
My Commission Expires: _____

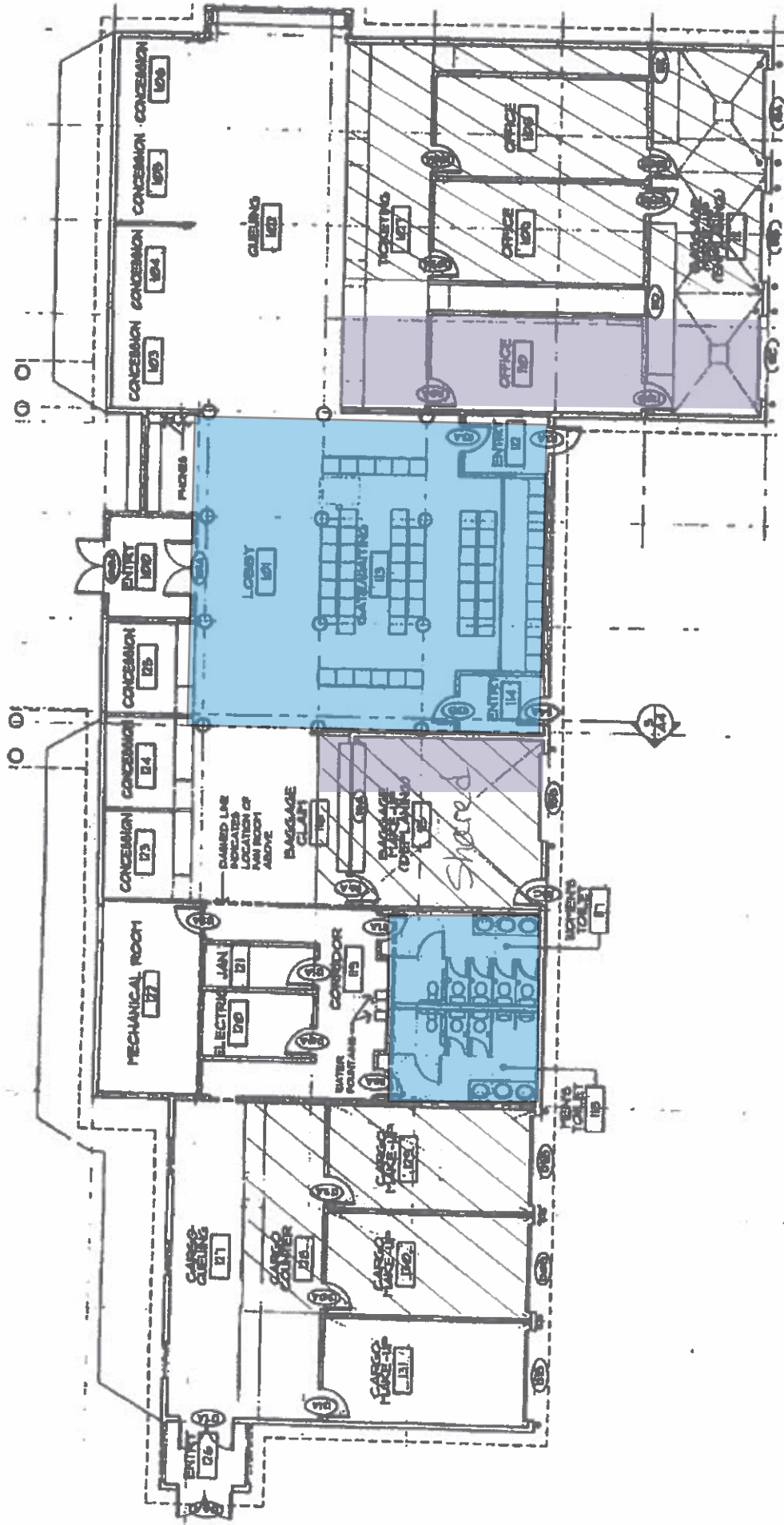
EXHIBIT A

DESCRIPTION OF SUBLEASED PREMISES

The description of the Leased Premises is as follows:

Office and ticket area #110 with baggage make-up area (enplaning) directly behind office area #110. One-third of the baggage make-up area (deplaning) #115. Cargo make -up area # 131 directly behind office and ticket area #110. Total area consisting of 733 square feet, in the Homer Airport Terminal Building, Homer Airport located in Township 6S, Range 13W, Seward Meridian, Section 21, Homer recording District, Homer, Alaska, all situated on Lot 5A, Block 800, HOMER AIRPORT TRACTS according to the official plats on file with the State of Alaska, Department of Transportation and Public Facilities, Division of Aviation. The attached drawings depict the Premises being subleased (shaded in purple) along with the common areas of the Building that are used by other sublessees and the City.

**City of Homer
Airport Terminal Floor Plan**



Common Areas (+ all public corridors)

Main counter + 1/3 shared baggage = 733sq ft
= \$2866.03 per month x 12 = \$34,392.36 per annum

EXHIBIT B

SPECIAL COVENANTS

1. This Sublease does not include any right of renewal
2. In addition to the uses authorized in paragraph 4 of the Sublease, Sublessee is authorized to conduct aircraft fueling operations in conformance with the requirements of the Prime Lease, as amended by Supplement No. 1. By conducting aircraft fueling operations, Sublessee, with respect to Sublessee's aircraft fueling operations, voluntarily assumes all responsibilities and liabilities assigned to the "Lessee" in Supplement No. 1, and further agrees to hold harmless, defend, and indemnify the City and DOT/PF from and against any and all losses, liabilities, damages, claims, costs, expenses and attorney fees, resulting from or arising out of Sublessee's aircraft fueling operations or its breach in performance of the obligations of the "Lessee" under Supplement No. 1, or both. Nothing contained in this paragraph shall be construed as any limitation of any other hold harmless, defense, or indemnity provision of the Lease, and in the case of any conflict between such provisions, the provision granting the greater protection to the City shall control.

**EXHIBIT C
PRIME LEASE**

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

HOMER AIRPORT

LEASE NO. ADA-06600

LEASE AGREEMENT
LAND

This 30th day of March, 1993, the State of Alaska, Department of Transportation and Public Facilities, hereinafter called the Lessor, whose address is P.O. Box 196900, Anchorage, Alaska 99519-6900, and the City of Homer, hereinafter called the Lessee, whose address is 491 East Pioneer Avenue, Homer, Alaska 99603-7624 do enter into this agreement of 16 pages, including exhibit(s) and signature page(s), and agree as follows:

A. BASIC PROVISIONS

PREMISES

1. The Lessor leases to the Lessee, and the Lessee leases from the Lessor, the following described property, hereinafter called the "Premises", located on the Homer Airport, hereinafter referred to as the "Airport", in the Homer Recording District, Third Judicial District, Alaska:

Lot 5A, Block 800 consisting of approximately 162,882 square feet as shown on Exhibit "A", sheet 1 of 1, dated February 25, 1993, attached hereto and made a part hereof.

AUTHORIZED USES

2. This lease is issued for the following authorized uses:

The construction, operation, and maintenance of a public passenger/air cargo terminal building, aircraft loading and unloading of air cargo and passengers, vehicle parking, along with any function or service which is normally performed in a public terminal facility and is authorized under Title 17 of the Alaska Administrative Code.

TERM

3. The term of this agreement is 30 years, from the 30th day of March, 1993, to the 30th day of March, 2023.

RENT

4. (a) The annual rental for the Premises will be \$14,007.85, calculated at the rate of \$.086 per square foot per year payable annually, in advance, on March 30, 1993 and on the anniversary date of each year thereafter. Any additional fees will be specified in Special Covenants herein. All payments required by this lease must be made in U.S. currency.

(b) Checks, bank drafts, or postal money orders are to be made payable to the State of Alaska and delivered to Accounting Section, Department of Transportation and Public Facilities, P.O. Box 196900, Anchorage, Alaska 99519-6900, or any other address which the Lessor may designate in writing.

(c) All unpaid rents and fees will accrue interest at 10.5% per annum beginning thirty (30) days after payment is due.

(d) Any rent, charge, fee, or other consideration which is due and unpaid at the expiration, termination, or cancellation of this lease will be a charge against the Lessee.

(e) During the first five years of the term stated in Basic Provision No. 3, the Lessor may not change the rents or fees payable under this lease. At any time after the end of the fifth year of the lease term, the Lessor may, in its sole discretion, increase or decrease the rents or fees, provided that the Lessor may not change the rents or fees more than once in any 12 month period. Any change is effective upon written notice to the Lessee. If the Lessee believes that the changed rent exceeds the fair market rent for the Premises, the Lessee may appeal to the Lessor according to the following procedures:

(i) The Lessee must pay the changed rent beginning on the effective date stated in the Lessor's rent change notice and continue paying the changed rent throughout the appeal process.

(ii) Within 30 days after the date of the Lessor's written notice of the rent increase or decrease, the Lessee must submit a written appeal to the Lessor. The appeal must include the name, address, telephone number and professional qualifications of the real estate appraiser the Lessee intends to retain to perform a fair market rent appraisal of the Premises.

(iii) The Lessor will review the appraiser's qualifications and approve or disapprove the appraiser in writing to the Lessee. If the Lessor disapproves the appraiser, the Lessee will have 30 days from the date of the Lessor's written disapproval to continue the appeal by submitting the name, address, phone number, and professional qualifications of another appraiser.

(iv) If the Lessor approves the Lessee's appraiser, the Lessee shall, at the Lessee's sole expense, cause the Premises to be appraised according to appraisal instructions furnished by the Lessor;

provided that any appraisal shall exclude the value of any improvements constructed by the Lessee. The written appraisal must be received by the Lessor within 90 days following the date of the Lessor's written approval of the Lessee's appraiser.

(v) The Lessor will review the appraisal for conformance with the appraisal instructions and issue a written approval or rejection to the Lessee. Upon approval of the appraisal, the fair market rent determined by the appraisal will be the rent for the Premises, retroactive to the effective date of the Lessor's rent change notice. Rejection of the appraisal by the Lessor will constitute a denial of the Lessee's appeal.

(vi) The Lessor has no obligation to appraise the Premises under any circumstances.

B. GENERAL COVENANTS

IMPROVEMENTS

1. Any construction on the Premises must be neat, presentable, and compatible with its use and surroundings. Before placing fill material or beginning construction of any improvements on the Premises, the Lessee must first obtain the written approval of the Lessor in the form of an approved building permit. Detailed drawings of the proposed development on the Premises must be submitted to the Lessor. If a building is contemplated, the Lessee must also submit comprehensive structural drawings showing front and side elevation views and floor plan, materials to be used, dimensions, elevations, the location of all proposed utility lines, and any additional data requested by the Lessor. The Lessor will review and approve or disapprove the proposed construction. Approval will not be withheld except where proposed construction does not comply with valid engineering principles, fire or building codes, generally recognized principles of sound airport development, or the proposed construction is inconsistent with the purposes of this lease. The Lessee shall submit to the lessor evidence of the Lessee's compliance with the Federal Aviation Regulations, 14 C.F.R. Part 77, and all other municipal, state, or federal regulations governing construction of improvements on the airport.

2. No building or other permanent structure may be constructed or placed within ten (10) feet of any boundary line of the Premises. In addition, no building or other permanent structure may be constructed or placed within 975 feet of the airport runway centerline.

3. The Lessee, within sixty (60) days after completion of construction or placement of improvements upon the Premises, shall deliver to the Lessor an as-built drawing showing the location and

dimensions of the improvements, giving bearings and distances to an established survey point. Furthermore, if the Lessee constructs underground improvements the Lessee shall appropriately mark the surface of the land with adequate surface markers. The type, quantity, and distance between such markers will be subject to the approval of the Lessor.

LIVING QUARTERS

4. The establishment or maintenance of any kind of temporary or permanent living quarters on the Premises is expressly prohibited.

MAINTENANCE AND CONSTRUCTION

5. The Lessee shall keep the Premises and all improvements neat and presentable at the Lessee's own expense. The Lessee shall not strip, waste, or remove any material from the Premises without the prior written permission of the Lessor.

6. At no cost to the Lessor, all structures on the Premises must be painted, finished, or covered with a permanent exterior surface and be maintained by the Lessee.

7. At no cost to the Lessor, the Lessee shall provide for all utilities, services, and maintenance (including snow removal) as is necessary to facilitate the Lessee's use of the Premises.

8. The disposal on the airport of waste materials generated by the Lessee, including slash, overburden, and construction waste, is prohibited.

9. The Lessee agrees to coordinate its snow removal and maintenance activities on the Premises with the Lessor's Airport personnel. The Lessee further agrees to comply with all reasonable decisions and directions of the Lessor's Airport management personnel regarding snow removal, maintenance, and general use of the Premises by the Lessee, its agents, contractors or employees.

DISPOSITION OF IMPROVEMENTS

10. (a) At the expiration, termination, or cancellation of this lease, improvements or other property, real or personal, owned by the Lessee on the Premises will either:

- (i) be removed by the Lessee at Lessee's sole expense within thirty (30) days; or
- (ii) automatically vest in the Lessor; or
- (iii) with Lessor's consent, be sold to a succeeding Lessee

(b) The Lessor may grant additional time for the removal of improvements if hardship is established by the Lessee.

(i) if additional time is granted to Lessee to remove its improvements, Lessee hereby agrees to pay Lessor an administrative fee equal to 150% of an amount equal to the annual rent charged under the lease prorated for the number of days the Lessee's improvements remain on the Premises; however, no administrative fee shall be owed if Lessor consents to the sale of such improvements to a succeeding Lessee.

(ii) the granting of additional time for removal of Lessee's improvements does not operate as a renewal or extension of the term of the agreement but only creates a tenancy until the improvements are removed, or Lessee is given written notice that the extension period for the removal of the improvements has expired and title to all remaining improvements or property on the Premises vests in the Lessor.

11. Title to any improvements or other property owned by the Lessee which is not disposed of pursuant to General Covenant No. 10 will vest in the Lessor.

HAZARDOUS MATERIALS

12. If hazardous materials are handled on the Premises, the Lessee agrees to have properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling hazardous materials in accordance with the National Fire Protection Code and all applicable federal, state, and local laws.

13. In the event of a hazardous materials spill on the Premises, the Lessee shall immediately notify the Lessor and act promptly to contain the spill, repair any damage, absorb and clean up the spill area, and restore the Premises to a condition satisfactory to the Lessor and otherwise comply with the applicable portions of Title 17 and Title 18 of the Alaska Administrative Code.

14. The storage and/or sale of aviation, jet, or vehicle fuel or lubricating oils on the Premises is prohibited.

ENVIRONMENTAL INDEMNIFICATION

15. If contamination of the Premises or other properties by Hazardous Material otherwise occurs from the Lessee's operations on the Premises, the Lessee shall indemnify, defend, and hold the Lessor harmless from any and all claims, judgements, damages, penalties, fines, costs, liabilities, or losses, including, but not limited to, sums paid in settlement of claims, attorney's fees, consultant fees, and expert fees, which arise during or after the term of this lease as a result of such contamination. This indemnification of the Lessor by the Lessee includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal, or restorative work required by any federal, state, or local governmental

agency because of Hazardous Material present in the soil or groundwater on or under the Premises or other affected properties. Without limiting the foregoing, if the presence of any Hazardous Material on the Premises results in any contamination of the Premises or other properties, the Lessee shall promptly take all actions, at its sole expense, as is necessary to remediate the contamination and restore the area.

Remediation and restoration of the affected area must meet all applicable local, state, and federal laws and regulations and must meet the requirements of all governing regulatory authorities. Remediation and restoration of the affected area must not adversely impact the maintenance, operations, and future development of the Airport as determined by the Lessor.

LIABILITY

16. The Lessee shall indemnify, defend, and hold the Lessor harmless from any liability, action, claim, suit, loss, property damage, or personal injury of whatever kind resulting from or arising out of any act of commission or omission by the Lessee, its agents, employees, or customers or arising from or connected with the Lessee's use and occupation of the Premises or the exercise of the rights and privileges granted by this lease.

INSURANCE

17. (a) At no expense to the Lessor, the Lessee shall secure and keep in force during the term of this lease adequate insurance to protect both the Lessor and the Lessee against comprehensive general liability and property damage in no less than the following amounts:

- (i) Property damage arising from one occurrence in the amount of not less than \$1,000,000.00; and
- (ii) personal injury or death in an amount of not less than \$1,000,000.00 per person and \$3,000,000.00 per occurrence.

(b) The Lessee shall provide the Lessor with proof of insurance coverage in the form of an insurance policy or a certificate of insurance. All insurance required by this covenant must:

- (i) name the Lessor as an additional assured; and
- (ii) provide that the Lessor be notified at least thirty (30) days prior to any termination, cancellation, or material change in the insurance coverage.

(c) The requirement of insurance coverage does not relieve the Lessee of any other obligations under this agreement.

RENEWAL

18. In order to renew this lease, the Lessee must file a written application with the Lessor at least thirty (30) days before the expiration of the lease. The application must state the purpose of the renewal and any other information which the Lessor may require. Any filing fees or deposits which the Lessor then requires must be submitted with the application for renewal. The filing of an application which fully conforms to the requirements stated herein will extend the term, subject to written approval of Lessor, of this lease on a month to month basis until one of the following occurs:

- (a) a lease renewal document is executed by both parties;
- (b) the Lessor sends the Lessee written notice that the request for renewal has been rejected, stating the reasons for rejection; or
- (c) the Lessor sends written notice to the Lessee that by law, regulation, or the public interest, the Lessor is required to offer the lease at public auction.

HOLDING OVER

19. If the Lessee holds over and remains in possession of the Premises after the expiration of this agreement without a written renewal, the holding over will not operate as a renewal or extension of the term of this agreement but only creates a tenancy from month to month, regardless of any rent payments accepted by the Lessor. The Lessee's obligations for performance under this lease will continue until the month to month tenancy is terminated by the Lessor. The Lessor may terminate the tenancy at any time by giving the Lessee at least ten (10) days prior written notice.

ASSIGNMENT OR SUBLEASE

20. The Lessee may not assign nor sublet, either by grant or implication, the whole or any part of the Premises or any improvements thereon without the written consent of the Lessor. Any proposed assignment, lease, or sublease must be submitted to the Lessor for approval in four (4) originals, each bearing the original notarized signature of all parties. Lessor shall approve or disapprove in writing an assignment or sublease within thirty (30) days after its submission by Lessee and shall state the reasons for any disapproval. All covenants and provisions in this agreement extend to and bind the legal representatives, successors, and assigns of the parties.

CONDEMNATION

21. If the Premises are condemned by any proper authority, the term of this lease will end on the date the Lessee is required to surrender possession of the Premises. The Lessor is entitled to all the

condemnation proceeds except the Lessee will be paid the portion of the proceeds attributable to the fair market value of any improvements placed on the Premises by the Lessee according to the provisions of 17 AAC 40.330, amended. Rent will also be adjusted according to the provisions of 17 AAC 40.330, as amended.

CANCELLATION

22. The Lessor may cancel this lease and recover possession of the Premises by giving the Lessee thirty (30) days prior written notice upon the happening of any of the events listed below, unless the breach is cured within said thirty (30) days:

- (a) the Lessee's failure to pay when due the rents or fees specified in this lease, including any increases made pursuant to this lease;
- (b) the return of checks for insufficient funds for payment of rents or fees;
- (c) the use of the Premises by the Lessee for any purpose not authorized by this lease;
- (d) the filing of a petition in bankruptcy by or against the Lessee;
- (e) the entry by any court of a judgment of insolvency against the Lessee;
- (f) the appointment of a trustee or receiver for the Lessee's assets in a proceeding brought by or against the Lessee;
- (g) the failure of the Lessee to perform any provision or covenant in this lease.

VACATION

23. At the expiration, cancellation or termination of this lease, the Lessee must peaceably and quietly vacate the Premises and return possession to the Lessor. The Premises must be left in a clean, neat, and presentable condition to the satisfaction of the Lessor.

CANCELLATION BY LESSEE

24. The Lessee may cancel this lease by giving the Lessor at least thirty (30) days advanced written notice, provided however that if the Lessee's interest is encumbered by a mortgage or assignment for security, such cancellation shall not be effective without the written consent of the mortgagee or assignee delivered to the Lessor.

EASEMENTS

25. The Lessor reserves the right to make grants to third parties or reserve to the Lessor easements or rights of way through, on, or above the Premises, provided that no such easement or rights of way may be granted or reserved which unreasonably interferes with the Lessee's use of the Premises.

RESERVATION OF RIGHTS

26. The Lessor specifically reserves the right to grant to others the rights and privileges 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.

DISCRIMINATION

27. The Lessee covenants and agrees that, with respect to Lessee's use of and operations at the Premises, discrimination on the grounds of race, color, religion, national origin, ancestry, age, or sex will not be permitted against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. The Lessee recognizes the right of the Lessor to take any action necessary to enforce this covenant, including actions required pursuant to any federal or state law.

AFFIRMATIVE ACTION

28. The Lessee agrees that it will undertake an affirmative action program as required by 14 C.F.R. Part 152, Subpart E, to insure that no person will be excluded from participating in any employment activities covered by 14 C.F.R. Part 152, Subpart E on the grounds of race, creed, color, national origin, or sex. The Lessee hereby agrees that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by said subpart. The Lessee further agrees that it will require that its covered suborganization(s) provide assurance to the Lessor to the same effect that they will also undertake affirmative action programs and require assurances from their suborganizations, as required by 14 C.F.R. Part 152, Subpart E.

RADIO INTERFERENCE

29. At the Lessor's request, the Lessee shall discontinue the use of any machine or device which may interfere with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

EXECUTION BY LESSOR

30. This lease is of no effect until it has been signed by the Commissioner of the Department of Transportation and Public Facilities or its designated representative.

LAWS AND TAXES

31. This lease is issued subject to all requirements of the laws and regulations of the State of Alaska relating to the leasing of lands and facilities and the granting of privileges at State airports.

32. At no expense to the Lessor, the Lessee will conduct all activities or business 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 or business authorized herein or to the use, care, operation, maintenance, and protection of the Airport, including but not limited to matters of health, safety, sanitation, and pollution. The Lessee must obtain all necessary licenses and permits, pay all taxes and special assessments lawfully imposed upon the Premises, and pay any other fees and charges assessed under applicable public statutes or ordinances.

33. In any dispute between the parties, the laws of the State of Alaska will govern and any lawsuit must be brought in the Superior Courts of the State of Alaska, in the Municipality of Anchorage.

34. The Lessee agrees to notify the Lessor of any claim, demand, or lawsuit arising out of the Lessee's occupation or use of the Premises. Upon the Lessor's request the Lessee will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit affecting the Premises.

35. The Lessor makes no specific warranties, express or implied, concerning the condition of the property, including survey, access, or suitability for any use, including those uses authorized by this lease. The Lessee takes the Premises subject to any and all of the covenants, terms, and conditions affecting the Lessor's title to the Premises.

LIENS

36. The Lessee shall keep the Premises free of all liens, pay all costs for labor and materials arising out of any construction or improvements by the Lessee on the Premises, and hold the Lessor harmless from liability for any liens, including costs and attorney fees. By this provision, the Lessor does not recognize that it is in any way liable for any liens on the Premises.

NO WAIVER

37. The failure of the Lessor to insist in any one or more instances upon the strict performance by the Lessee of any provision or covenant in this lease may not be considered as a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the Lessor of any provision or covenant in this lease cannot be enforced or relied upon unless the waiver is in a writing signed on behalf of the Lessor.

MODIFICATION

38. The Lessor may modify this lease to meet the revised requirements of federal or state grants or to conform to the requirements of any revenue bond covenant to which the State of Alaska is a party, provided that a modification may not act to reduce the rights or privileges granted the Lessee by this lease nor act to cause the Lessee financial loss.

VALIDITY OF PARTS

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

INTERRELATIONSHIP OF PROVISIONS

40. The basic provisions, general covenants, special covenants, supplements, addendums, and drawings attached as exhibits are essential parts of this lease and are intended to be co-operative, to provide for the use of the Premises, and to describe the respective rights and obligations of the parties to this agreement. In case of a discrepancy, figured dimensions govern over scaled dimensions unless obviously incorrect. Special covenants govern over basic provisions, both of which govern over general covenants.

NATURAL DISASTERS

41. In the event any cause which is not due to the fault or negligence of either Lessee or Lessor renders the Premises unusable and makes the performance of this lease impossible, this agreement may be terminated by either party upon written notice to the other party. Causes include but are not restricted to acts of God or the public enemy, acts of the United States, fires, floods, epidemics, quarantine restrictions, or strikes.

NOTICES

42. Any notice required by this agreement must be hand delivered or sent by registered or certified mail to the appropriate party at the address set forth on page one of this lease or to any other address which the parties subsequently designate in writing.

INTEGRATION AND MERGER

43. This agreement sets forth all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Premises whether oral or written. No modification or amendments of this lease is effective unless in writing and signed by both the parties.

NATIONAL EMERGENCY

44. In case of any national emergency declared by the federal government, the Lessee may not hold the Lessor liable for any inability to perform any part of this agreement as a result of the national emergency.

APPROVAL BY LESSOR

45. Any approvals required of the Lessor by this lease will not be unreasonably withheld.

INGRESS, EGRESS

46. The Lessor reserves the right of ingress to and egress from the Premises and the right to enter any part of the Premises, including buildings thereon, for the purpose of inspection at any reasonable time. Except in the case of an emergency, all inspections will be coordinated with the Lessee in order to minimize interference with the Lessee's activities on the Premises.

SPECIAL COVENANTS

1. The Lessee hereby agrees to complete land development and construction of a passenger/air cargo facility on the Premises by no later than October 1, 1994. When completed, said land development and improvements must have an aggregate value of at least \$300,000. In addition to the as-built drawings required by General Covenant No. 3 herein, the Lessee must submit to the Lessor evidence that it has completed development and improvements on the Premises with an aggregate value of not less than \$300,000. Evidence of value shall consist of documentation that the Lessee has actually incurred costs for land development and improvements in an amount not less than the aggregate value set forth in this paragraph. Said as-built drawings and evidence of value must be submitted to the Lessor within sixty (60) days of the completion of said development and improvements, but by no later than December 1, 1994. Completion shall be defined as the date on which the architect of the passenger/air cargo facility issues a certificate of completion for that facility. Pursuant to Title 17, Alaska Administrative Code [17 AAC 40.330(b)], failure by the Lessee to fully comply with the requirements of this special covenant will be sufficient grounds for cancellation of the lease by the Lessor.

2. The Lessee hereby acknowledges the undeveloped condition of the Premises. Lessee is hereby authorized to place gravel fill on the Premises subject to General Covenant No. 1 herein, in such a manner that the surface drainage does not flow towards the aircraft apron or towards an adjoining lease lot unless such surface drainage is intercepted by a drain.

3. All costs associated with the purchase and placement of gravel fill on the Premises shall be the responsibility of the Lessee. All gravel fill must be obtained from an off-airport source.

4. The Lessee shall provide adequate auto parking space on the leased Premises for the needs of its business. The parking of vehicles owned and/or operated by the Lessee, its employees, customers, guests and invitees shall be limited to designated areas of the Premises and to such other areas on the Airport as may be designated in writing by the Lessor.

5. The Lessee and Lessor acknowledge that the Premises are unsurveyed, and the Lessee hereby agrees, at its sole expense, to cause the Premises to be surveyed by a Land Surveyor registered in the State of Alaska to establish the corners and boundaries of the Premises as shown on Exhibit "A" attached hereto, and to place suitable permanent markers on said corners and at other appropriate locations such that the leased Premises can be readily identified by others. The Lessee further agrees to complete said survey and submit a plat of survey to the Lessor by no later than July 1, 1992 or prior to the commencement of any construction on the Premises, whichever event occurs first. Said plat of survey must conform to the survey plat requirements attached to this lease as Exhibit "B." Said plat of survey must also provide survey ties to the centerline stationing of the Airport Runway. Upon approval of said plat by the Lessor, the Lessor and Lessee hereby agree to execute a supplement to this lease which shall amend the Premises description herein as appropriate to conform with said survey.

6. Use of the Premises for outside storage of junk, inoperative equipment, salvage aircraft parts or trash or debris of whatever kind is prohibited.

7. The Lessee is hereby required to operate its "terminal operation" business on the Premises on a continuous basis, uninterrupted by periods of non-operation exceeding 45 consecutive days or 60 aggregate days in a 365 day period effective the date of the Lease. This provision does not apply to any period during which the Lessee is unable to operate its business on the Premises as a result of an act or directive of the Lessor or other higher authority, or as a direct result of a natural disaster which affects the tenability of the Premises.

8. The Lessee hereby agrees to make space within the terminal building available, without discrimination, for use by air carriers and commuter airline operators for passenger related services, subject to space limitations. Provided that nothing in this covenant shall be construed as prohibiting the Lessee from charging reasonable rent or fees for such use of said terminal space.

9. The Lessee hereby agrees to limit the parking of light aircraft on the Premises to periods not to exceed two (2) hours. However, Lessee may authorize light aircraft to park on the Premises for periods exceeding two hours if the aircraft is having mechanical problems.

For purposes of this agreement, light aircraft mean any aircraft that has a Certificated Maximum Gross Take-off Weight of 12,500 pounds or less.

LEASEHOLD SURVEYS

SURVEY PLAT REQUIREMENTS

To be acceptable, survey plats must be complete. To prevent the possibility of important details being omitted, the following checklist indicates the items that will be included on all survey plats. It is highly recommended that the surveyor contact the Airport Leasing staff prior to any field work.

- A. Unless otherwise authorized, the basis of bearing for the survey shall be runway centerline as established by State Airport survey control sheet. If centerline monumentation has been destroyed, surveyor shall reestablish monuments as indicated on State Airport survey control sheet. If an Airport does not have a survey control sheet the surveyor will be instructed on which information source to use.
- B. Lease lot plat shall show runway station and offset. If the lot bounds on an exterior boundary of the airport, lot will be tied by record bearing and distance to an established monument on the exterior boundary.
- C. Runway station and centerline offset data will be shown for at least one lot corner using Alaska State plane coordinates, if available.
- D. Dimensions and bearings of all lot boundaries will be indicated on the plat. Indicate Alaska State Plane grid bearing or true bearing and measured or recorded distances.
- E. Indicate area of lot or parcel (in square feet).
- F. Description of all monumentation set or recovered, for example: indicate rebar, copperweld, brass cap, etc.
- G. Show all structures located on the lot (size and location on lot with ties to lot boundaries).
- H. Show all existing utilities on the lot (label aboveground or underground).
- I. All plats must be drawn to a scale no smaller than 1" = 50'.
- J. Survey must be conducted by a surveyor registered in the State of Alaska and the plat must bear the surveyor's seal.
- K. In cases where a lease or permit includes a unique survey requirement (special ties, setback from road centerline, etc.) the plat must reflect that requirement.
- L. Tie the lease lot to any adjacent private property monuments within a 100-foot radius of the lease lot corner.
- M. A complete copy of the surveyor's field notes shall be submitted with each survey plat. No exceptions or deletions from the above requirements are allowed unless written permission has been obtained from Airport Leasing.

IN WITNESS WHEREOF, the parties hereto have set their hands and day and year stated in the acknowledgments below.

(CORPORATE SEAL)

LESSEE: City of Homer,

Richard J. Letano

STATE OF Alaska)
) ss.
3rd)
(Judicial District or County)

THIS IS TO CERTIFY that on this 24th day of March, 1993, before me, the undersigned, a Notary Public in and for the State of ALASKA, duly commissioned and sworn, personally appeared Richard J. Letano, known to me and to me known to be an officer of the above mentioned corporation which executed the within instrument, and (he)(she) acknowledged to me that (he)(she) executed the same for and on behalf of said corporation, and that (he)(she) is fully authorized by said corporation so to do; and that the corporation seal affixed to said instrument is the corporate seal of said corporation.

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

James L. Peterson
Notary Public in and for: ALASKA
My Commission Expires: 01/07/95

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

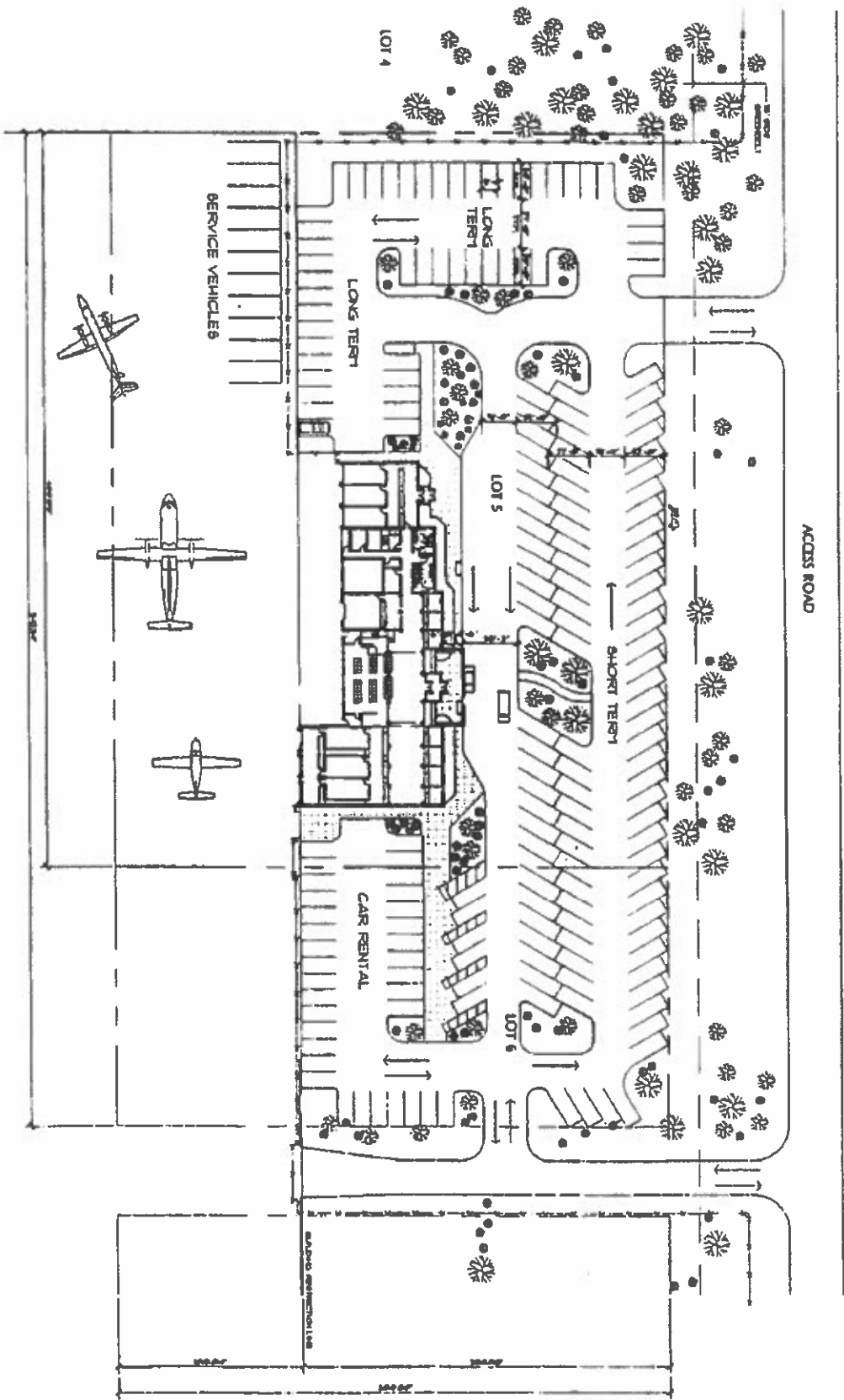
STATE OF ALASKA)
) ss.
3RD JUDICIAL DISTRICT)

Richard A. O'Brien

THIS IS TO CERTIFY that on this 25 day of March, 1993, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn as such, personally appeared Michael M. O'Brien, known to me and to me known to be the Chief, Leasing & Property Management, Department of Transportation and Public Facilities, and he acknowledged to me that he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that he is authorized by said State of Alaska so to do.

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

Debra L. Epperson
Notary Public in and for Alaska
My Commission Expires: 4/25/96



HOMER AIRPORT TERMINAL
 Site Plan
 SCALE: 1" = 50'

Available Parking Spaces

| | |
|---------------------|------------|
| SHORT TERT | 107 |
| (INCLUDED & USED) | |
| LONG TERT | 49 |
| CAR RENTAL | 53 |
| SERVICE VEHICLE | 1 |
| TOTAL SPACES | 210 |

PRELIMINARY
 NOT FOR CONSTRUCTION