

**CITY OF HOMER
HOMER, ALASKA**

City Manager/
Port Director

RESOLUTION 24-110

A RESOLUTION OF THE CITY COUNCIL OF HOMER, ALASKA
APPROVING A SUBLEASE AT THE HOMER AIRPORT TERMINAL FOR
STERLING AIRWAYS DBA ALEUTIAN AIRWAYS, AND AUTHORIZING
THE CITY MANAGER TO EXECUTE THE APPROPRIATE
DOCUMENTS

WHEREAS, On April 5, 2024 Sterling Airways terminated the sublease in the Homer Airport Terminal authorized by Resolution 23-080 due to ongoing construction that precluded their fleet of airplanes from operating on the facility; and

WHEREAS, On August 1, 2024 Sterling Airways submitted a sublease application requesting to sublease 1,117 square feet of combined front counter, office, and baggage claim loading bay space located at the Homer Airport Terminal Building; and

WHEREAS, An internal staff review of their application deemed it to be complete per HCC 18.08.045 and 18.08.060, and that the proposed use of space for "Airline passenger and Cargo check in, loading and movement." is in keeping with the City's agreed best public use of the Homer Airport Terminal; and

WHEREAS, The proposed 1,117 sq. ft. space for sublease is currently vacant at the Homer Airport Terminal; and

WHEREAS, The monthly sublease rent of \$4,392.38 will equal \$52,708.56 in additional revenues to the City; and

WHEREAS, The term of the sublease will be from November 1, 2024 until March 30, 2028, March 30th being the expiration date of the City's current lease with the State of Alaska (SOA) for the land on which the Homer Airport Terminal resides; and

WHEREAS, Section 20. ASSIGNMENT OR SUBLEASE of the City's lease with the SOA allows for the sublease of the whole or any part of the "Premises" with lessor approval; and

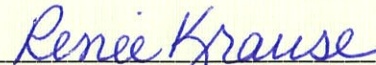
NOW, THEREFORE, BE IT RESOLVED that the City Council of Homer, Alaska, awards a sublease for 1,117 sq. ft. of space within the Homer Airport Terminal to Sterling Airways DBA Aleutian Airways for the monthly lease rent of \$4,392.38 and authorizes the City Manager to execute the appropriate documents.

PASSED AND ADOPTED by the Homer City Council this 14 day of October, 2024.

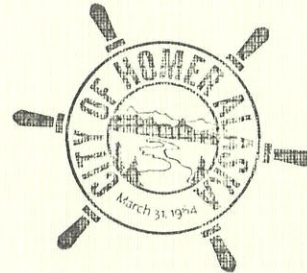
CITY OF HOMER


RACHEL LORD, MAYOR

ATTEST:


RENEE KRAUSE, MMC, CITY CLERK

Fiscal Note: \$52,708 in lease revenue





MEMORANDUM

Resolution 24-110, Approving a Sublease at the Homer Airport Terminal for Sterling Airways DBA Aleutian Airways and Authorizing the City Manager to Negotiate and Execute the Appropriate Documents. City Manager/Port Director

Item Type: Backup Memorandum
Prepared For: Homer City Council & Mayor Castner
Date: October 8, 2024
From: Bryan Hawkins, Port Director
Through: Melissa Jacobsen, City Manager

Sterling Airways DBA Aleutian Airways was approved for a sublease in the Homer Airport by Resolution 23-080, and operated satisfactorily in the Homer Terminal through the winter of 2023-2024. Sterling Airways terminated their sublease on April 5, 2024 when it was revealed that ongoing construction at the airport would not permit their aircraft to operate through the summer of 2024.

They have submitted a new application to sublease in the Homer Airport terminal, both for the space included in the original sublease and a ticket counter vacated by Kenai Aviation earlier in 2024. The proposed use of the space is for "Airline passenger and Cargo check in, loading and movement."

The Homer Airport Terminal building is owned by the City of Homer, while the land is leased to the City by the State of Alaska. The City's lease with the State ends on March 30, 2028, beyond which the City cannot sublease space within the terminal. There is a holding over provision for a month-to-month continuation of both the City lease with the State and for subleases beyond that date. HCC 18 specifies within it that lease options to renew are limited to 25% of the original term. Aleutian Airways has requested a three-year term with two extensions (restricted to nine months each). Given the limited time remaining on the prime lease, Staff recommend a three-year and five month lease beginning November 1, 2024 and ending March 30, 2028.

The City Manager and Lease Staff have reviewed the request and found the proposal to be compatible with applicable regulations and meets the criteria outlined in City Code.

RECOMMENDATION: Adopt Resolution 24-218



City Lease Application For City-Owned Real Property

Homer Port & Harbor
4311 Freight Dock Road
Homer, AK 99603
Phone: (907)235-3160
Fax: (907)235-3152
port@cityofhomer-ak.gov

Lease Application Instructions

- The information provided on the following form shall be used by City Staff, City Council, and the Port and Harbor Advisory Commission (for City land on the Homer Spit) during the review process of your lease proposal. It is considered public information and will be included in the public meeting packets.
- Any financial information/documents included with your application is considered confidential and will be used by City Staff only; it will not be part of the public review process.
- Please complete all sections of the form, or put "N/A" if non-applicable.
- All applicable fees must be included with your application in order to process the application. Payments can be made either by check payable to "City of Homer" or by credit card. Current fees established by the City Fee Schedule are:

Lease Application Fee – For New Long-Term Leases	\$1,000.00
Lease Amendment/Transfer Fee – For Assignment of an Existing Lease to a New Lessee	\$500.00

- Submit your completed application, required documents, and application fee to:

Homer Port & Harbor
4311 Freight Dock Road
Homer, AK 99603
Email: rkriegh@cityofhomer-ak.gov
Direct Phone: (907)235-3161

- Your application will go through an initial review to ensure completeness and Lease Staff will be in touch to coordinate any follow-up meetings, requests for missing information, and to schedule your lease application/proposal for the applicable public meetings.
- Lease applications and proposal are evaluated based on the criteria outlined in HCC 18.08.060.

Lease Application Questions?

Contact:
Roslyn Kriegh, Port Property Associate
Email: rkriegh@cityofhomer-ak.gov
Direct Phone: (907)235-3161



City Lease Application For City-Owned Real Property

Homer Port & Harbor
4311 Freight Dock Road
Homer, AK 99603
Phone: (907)235-3160
Fax: (907)235-3152
port@cityofhomer-ak.gov

Lease Application Purpose

- ☒ Request for New Lease; New Lessee – Applicant is not currently a City lessee
- ☐ Request for New Lease; Existing Lessee – Applicant is a current lessee with no remaining options to renew
- ☐ Request for Assignment of Lease – Applicant is requesting to have an existing lease transferred to a new owner/business

Property Information

Physical Address:	3720 FAA Rd, Homer, AK 99603		
Square Footage:	<input type="checkbox"/> Full Lot	<input checked="" type="checkbox"/> Portion of Lot	KPB Parcel No.: 17940001
Legal Description of Property:	Cargo space inside of the airport terminal. Ticket counter space inside the terminal.		

Applicant Information

Business Name:	Sterling Airways dba Aleutian Airways
Representative's Full Name & Title:	Brian Whilden General Manager
Mailing Address:	6751 S. Airpark Place
City, State, ZIP Code:	Anchorage, AK 99502
Phone Number(s):	907-600-7051
Email:	brian.whilden@flysterling.com

Business Entity & Financial Information

<input type="checkbox"/>	Sole or Individual Proprietorship – Attached documentation must provide owner's full name, address, and verify they are the sole owner.	
	Is entity authorized to do business in Alaska? <input type="checkbox"/> No <input type="checkbox"/> Yes – As of what date:	
<input type="checkbox"/>	Partnership – Attached documentation must provide Partners' full names, addresses, and share percentages.	
	Date of Organization:	Type of Partnership:
	Is Partnership authorized to do business in Alaska? <input type="checkbox"/> No <input type="checkbox"/> Yes – As of what date:	

<input checked="" type="checkbox"/>	Corporation – Attached documentation must provide the full names of Officers and Principal Stockholders (10%+), their addresses, and share percentages.	
	Date of Organization: 07/26/2021	Type of Corporation: C-Corp
	Is Corporation authorized to do business in Alaska? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes – As of what date:	
	Corporation is held: <input checked="" type="checkbox"/> Privately <input type="checkbox"/> Publicly – How and where is stock traded:	
<input type="checkbox"/>	Other – Please explain:	
Proof of Financial Capability to Meet Obligations:	<input type="checkbox"/> Documentation of Payment History: Documents such as a credit report and score from one of the three credit bureaus (i.e. Experian, Equifax, TransUnion) or records of prior lease history.	
	<input type="checkbox"/> Documentation of Applicant's Financial Backing: Records showing applicant has secured the funding necessary to implement their development/improvement plan and/or purchase the business (if applicable).	
	<input type="checkbox"/> Documentation of Business' Vitality: Minimum of two years (past year and current year) of financial statements; this includes a Balance Sheet and Profit/Loss Statement (Revenue/Expense Statement).	
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 – Attach a statement naming the surety or bonding company, date and amount of bond, and the circumstances surrounding the default or performance.	
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 type="checkbox"/> No <input checked="" type="checkbox"/> Yes – Attach a statement indicating state, date, Court having jurisdiction, case number and to amount of assets and debt.	
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 – Attach detailed information as to each claim, cause of action, lien, judgment including dates and case numbers.	

Lease Proposal	
Type of Business/ Proposed Use of the Property:	Airline. Passenger and Cargo check in, loading and movement.

Requested Lease Term:	<input type="checkbox"/> Short Term Lease (One Year or Less) – Duration (in months): <input checked="" type="checkbox"/> Long Term Lease (More Than One Year) <ul style="list-style-type: none"> Standardized Lease is a 20-year term with two 5-year Options to Renew; City Manager may deviate from standardized lease term when reasonable and necessary, and approved by Council (18.08.030). No more than two Options to Renew; each option cannot exceed 25% of initial lease term (18.08.110). <div style="display: flex; justify-content: space-between;"> Duration (in years): 3 No. of Options to Renew: 2 </div>
Property Plan:	<input type="checkbox"/> Describe your Property Plan in your written narrative. Details should include but not be limited to: <ul style="list-style-type: none"> Proposed utilization of the lot/space, including parking If there are existing buildings on the property and what their proposed uses are Any intentions to rent out or sublease space on the property How the use is compatible with neighboring uses and consistent with applicable land use regulations including the Land Allocation Plan; Comprehensive Plan <input type="checkbox"/> Provide a detailed schematic (to scale) that shows the following: <ul style="list-style-type: none"> Size of lot – dimensions and total square footage Placement/size of existing buildings, storage units, and other miscellaneous structures Parking spaces – numbered on the drawing with a total number indicated Note: an as-built survey from a licensed surveyor may be required
Development Plan:	<p>Do you have a development and/or improvement plan for the property, including plans for repairs or maintenance to any existing buildings?</p> <div> <input type="checkbox"/> Yes In your written narrative, provide as much information as possible on how you intend to develop/improve the property. Include a time schedule from project initiation to completion, major project milestones, cost estimate and financing plan, and any additional designs not already provided in the Property Plan's detailed schematic. </div> <div> <input checked="" type="checkbox"/> No In your written narrative, explain why. </div>
City Planning & Other Agency Approvals:	<p>Does your business/proposed use and/or development plan require agency approval? The granting of any lease is contingent upon lessee obtaining approval, necessary permits, and/or inspection statements from all appropriate City, State and/or Federal agencies. This includes but is not limited to:</p> <ul style="list-style-type: none"> Applicable permits/approval from City Planning for zoning compliance, such as Conditional Use Permits, Zoning Permits Fire Marshall Plan Review and Permitting Waste Disposal System Plan Approval – Includes fish waste if applicable Other applicable permits/inspection statements from agencies such as U.S. Army Corps of Engineers, U.S. Environmental Protection Agency, and Alaska Department of Environmental Conservation Division of Environmental Health <input type="checkbox"/> Explain in your written narrative what necessary approvals, permits, and/or inspections are applicable to your business/proposed use and the current status of your application with those agencies. <input type="checkbox"/> Attach any relevant documentation that verifies completion or pending status.

Insurance Requirements:	<p>The granting of any lease is contingent upon lessee obtaining and keeping in full force insurance as outlined in HCC 18.08.170. Certificates of insurance showing the required insurance is in effect and identifying the City as an additional insured must be provided to the City at the time a lease becomes effective and annually thereafter, and upon every change in insurance provider or insurance coverage.</p> <p><input checked="" type="checkbox"/> Provide proof of insurability for public liability insurance in the amount of not less than \$1,000,000 coverage per occurrence for bodily injury, including death, and property damage, and the City of Homer as co-insured. Additional insurance limits or types may be required due to the nature of the business, lease, or exposure.</p>
Benefits & Impacts on Community:	<p><input checked="" type="checkbox"/> In your written narrative answer the following questions:</p> <ul style="list-style-type: none"> • What experience do you have in the proposed business or venture? • How long have you resided or conducted business in the City, Kenai Peninsula Borough, and/or the State of Alaska? • What are some of the economic, social, and financial benefits and/or impacts your business/proposed use brings to the community?
Applicant References:	<p><input checked="" type="checkbox"/> In your written narrative, 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.</p> <p>Each reference must include the following:</p> <ul style="list-style-type: none"> • Full Name • Name of the organization/business and their title at this entity • Address • Phone number and email address • Nature of association with Applicant
Additional Information:	<p><input type="checkbox"/> Include in your written narrative, or attach relevant documentation, that you deem pertinent to your application/lease proposal. Criteria for evaluating and approving proposals and competing lease applications can be found under HCC 18.08.060.</p>

Required Attachments/Documentation

- ☒ Written Narrative
- ☒ Business Entity and Licensing Information
 - State of Alaska Business License
 - Current State of Alaska Biennial Report
 - If Partnership: Statement of Partnership/Partnership Agreement
 - If Corporation: Articles of Incorporation & Bylaws
 - Any additional documentation concerning the formation or operation of the entity
- ☒ Financial Information
- ☐ Property Plan – Detailed Schematic of Property
- ☐ Development Plan documents/plans, if any
- ☐ Proof of Insurability; verification that insurance can be provided at signing of lease

☐

City Planning & Other Agency Approval Information, if any

Application Signatures

By signing, I agree that the above information is true and correct to the best of my knowledge. I certify that I am authorized to sign as the applicant on behalf of the entity I represent.

Signature: _____ Date: 08/01/2024

Printed Name & Title: Brian Whilden General Manager

Office Use Only

Received By & Date:	Fee Processed: \$	Date:
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Date Application Accepted as Complete/Submitted for Review:	Application Timeout Date: (1 year from receipt)
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Submitted for Dept. Review: ☐ Planning ☐ Port & Harbor ☐ Economic Development ☐ Finance ☐ Public Works

Submitted for City Manager Review: ☐ Approved on: ☐ Denied on:

For Existing Leases Exempt from Competitive Bidding:	Current Lease Expires with No Options to renew: _____
	6 mos. Prior to date of lease termination (Council Approval Deadline): _____
	Request received within 12 to 18 mo. timeframe from expiration of lease date: <input type="checkbox"/> Yes <input type="checkbox"/> No

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing

PO Box 110806, Juneau, AK 99811-0806

This is to certify that

Aleutian Airways

777 West Putnam Avenue, First Floor, Greenwich, CT 06830

owned by

Sterling Airways, Inc.

is licensed by the department to conduct business for the period

January 10, 2023 to December 31, 2024
for the following line(s) of business:

48 - Transportation and Warehousing

This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Julie Sande
Commissioner



Aleutian Airways
777 West Putnam Avenue
First Floor
Greenwich, CT 06830

Alaska Department of Commerce, Community, and Economic Development

Division of Corporations, Business, and Professional Licensing
PO Box 110806, Juneau, AK 99811-0806

This is to certify that

Sterling Airways

10794 Craig Blvd, Jacksonville, FL 32225

owned by

Via Acquisitions Limited

is licensed by the department to conduct business for the period

September 24, 2021 to December 31, 2022
for the following line(s) of business:

48 - Transportation and Warehousing



This license shall not be taken as permission to do business in the state without having complied with the other requirements of the laws of the State or of the United States.

This license must be posted in a conspicuous place at the business location.
It is not transferable or assignable.

Julie Anderson
Commissioner

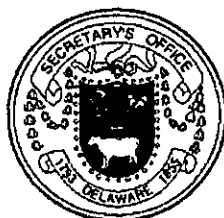
Sterling Airways
10794 Craig Blvd
Jacksonville, FL 32225

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF
DELAWARE, DO HEREBY CERTIFY "STERLING AIRWAYS, INC." IS DULY
INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD
STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS
OF THIS OFFICE SHOW, AS OF THE TWENTY-SIXTH DAY OF JULY, A.D. 2021.



5961722 8300

SR# 20212786934

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature of Jeffrey W. Bullock in black ink, written over a horizontal line.

Jeffrey W. Bullock, Secretary of State

Authentication: 203757579

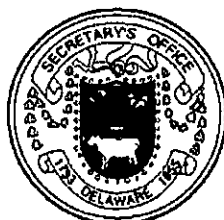
Date: 07-26-21

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "VIA AIRLINES, INC.", CHANGING ITS NAME FROM "VIA AIRLINES, INC." TO "STERLING AIRWAYS, INC.", FILED IN THIS OFFICE ON THE TWENTY-THIRD DAY OF JULY, A.D. 2021, AT 12:13 O'CLOCK P.M.



5961722 8100
SR# 20212786934

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature of Jeffrey W. Bullock in black ink, written over a horizontal line.

Jeffrey W. Bullock, Secretary of State

Authentication: 203757578
Date: 07-26-21

A. NEW OWNERSHIP AND MANAGEMENT OF VIA AIRLINES.

a. Via Airlines, Inc.

8. *Organization.* Via Airlines, Inc. is a Delaware corporation.

9. *Managing Officers/Key Personnel.*² The following are Via's managing officers and key technical/operational personnel:

CEO and Chairman: Mr. Wayne Heller is a well-known and experienced senior airline manager with more than 35 years of experience in the industry overseeing scheduled airline operations. From 2002-2015, Mr. Heller served as Executive Vice President and Chief Operating Officer at Republic Airways Holdings, parent company of several regional air carriers, i.e., Republic Airlines, Chautauqua Airlines, and Shuttle America. Prior to Republic, he served as Managing Director of System Operations at Mesaba Airlines in the late 1990s.

Vice President and Assistant Secretary: Mr. Arthur Amron is a Partner and the General Counsel of Wexford Capital LP and has significant experience in airline investments and management. Wexford previously owned Republic Airways, which in turn owned Republic Airlines, Chautauqua Airlines, and Shuttle America.

Vice President, Treasurer and Secretary: Mr. Andre Jakubowski is a Vice President at Wexford Capital LP, and has significant experience in and responsibility for financial matters relating to Wexford investments.

Director of Operations: Mr. Alex Osleger has extensive airline operational management experience. Mr. Osleger served as the Director of Operations ("DO") for Chautauqua Airlines, Republic Airlines, and Shuttle America. He also led the certification effort for Republic Airlines, the first airline certified under ATOS, and was the lead team member for the Chautauqua/Shuttle America single operating certificate under SMS. Mr. Osleger has also been a line pilot, line check airman, program manager, and Chief Pilot.

Director of Maintenance: Mr. Jeffrey Greubel has substantial airline maintenance experience. Mr. Greubel was the Director of Maintenance

² "Key personnel" include "the directors, president, chief executive officer, chief operating officer, all vice presidents, the directors or supervisors of operations, maintenance, and finance, and the chief pilot of the applicant or air carrier, as well as any part-time or full-time advisors or consultants to the management of the applicant or air carrier". 14 C.F.R. § 204.2(i).



Southeast Marine and Aviation Insurance

355 Alhambra Circle
Suite 1201
Coral Gables, Florida 33134
Tel: 305-779-7676
Fax: 305-779-7677
www.semainsurance.com

Date: March 15, 2023

To: Whom It May Concern

CERTIFICATE OF INSURANCE

BASIS: This Certificate of Insurance is issued by Southeast Marine & Aviation Insurance to evidence that certain insurance policies have been placed by ourselves in our capacity as Insurance Brokers to the Insured in respect of their required insurance of such policies.

DESCRIPTION OF INSURANCE: Subject to the coverage, terms, conditions, limitations, exclusions and cancellation provisions of the Policies mentioned below.

INSURED: **STERLING AIRWAYS** and/or their subsidiary and/or associated and/or affiliated companies and/or their employees and/or agents for their respective rights and interests.

POLICY PERIOD: 15 March 2023 to 15 March 2024, both days inclusive at 00:01 local standard time at the address of the Insured

GEOGRAPHICAL LIMITS: Worldwide subject to LSW617H (Amended to Delete B) and also excluding Cuba, Russia, Belarus, Ukraine and Crimea.

ORDER(S) HEREON: 100% insurance placed with certain Underwriters at Lloyd's of London and various insurance companies

COVERAGE: **AIRCRAFT HULL ALL RISKS**
To cover Aircraft owned or operated by or on behalf of the Insured or for which the Insured is responsible as per Schedule against all risks of physical loss or damage subject to Agreed Values as per Aircraft Schedule. Cover is afforded to aircraft for Ground and In-Flight Risks.
Cover afforded under Hull Physical Damage includes coverage for loss and/or damages as a result of FOD (Foreign Object Damage/Ingestion). The coverage does not extend to DOD (Domestic Object Damage/wear and tear). Cover is subject to a deductible in respect of all losses (other than in the event of a Total Loss/Constructive Total Loss/Arranged Total Loss or Fire or Theft of the Aircraft):

SAAB 2000: USD 250,000 each and every claim

AIRCRAFT HULL WAR RISKS

To cover all Aircraft as per Schedule owned, operated, leased or used by or on behalf of the Insured or for which they are responsible for loss or damage against War Risks and Allied Perils including Confiscation and Hi-Jacking as per form, including Extortion and Hi-Jack Expenses and Confiscation by Government of Registration.

The Policy is on an agreed value basis but subject to a maximum agreed value of USD 5,000,000 any one aircraft.

The Aircraft Hull All Risks and Aircraft Hull War Risks Insurance are arranged separately and contain a 50/50 provisional claims settlement clause AVS103 which is a placing slip clause being an agreement between the two sets of Insurers. Therefore clause AVS103 will not form part of the respective policies.

LIABILITIES

To pay on behalf of the Insured all sums which the Insured shall become legally obligated to pay.

The Limit of Legal Liability: ,

Combined Single Limit (Bodily Injury/Property Damage/ including Passenger Legal Liability) USD 350,000,000 any one occurrence/each aircraft/unlimited in all but in the aggregate including Products.

War Risks are covered in accordance with Extended Coverage Endorsement (Aviation Liabilities) AVN52E as contained in the Policy, but subject to a sub-limit of USD 350,000,000 any one occurrence and in the annual aggregate except in respect of passengers, cargo and mail on board the aircraft to whom the full policy limit shall apply

Personal Injury to persons other than passengers limited to USD 25,000,000 any one offence and in the aggregate within overall Combined Single Limit.

Cargo Liability limited to USD 150,000,000 any one occurrence.
Passenger Baggage Liability limited to USD 100,000 any one occurrence.

Hangarkeepers Liability included within the Combined Single Limit of USD 350,000,000 any one occurrence

SPARES

To cover loss of or damage to aircraft spares.
Maximum USD 10,000,000 any one occurrence

N.B. Any of the Aggregate Limits shown herein may be reduced or exhausted by virtue of claims made in respect of any of the Insured's Aircraft/activities/operations insured under their Aviation liability Insurances.

Equipment:

One (1) Saab 2000 Aircraft bearing Manufacturer's Serial No. 2000-021 and Registration Number N687PA valued at USD 3,750,000

One (1) Saab 2000 Aircraft bearing Manufacturer's Serial No. 2000-046 and Registration Number N462PA valued at USD 3,750,000

Subject to the terms, conditions, limitations, exclusions and cancellation provisions of policy numbers AI 013468545-03.



AUTHORISED SIGNATORY

(RE)INSURERS LIABILITY CLAUSE

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Sterling Airways

Balance Sheet

As of May 31, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023
ASSETS					
Current Assets					
Bank Accounts					
10200 PNC Checking	148,135	214,372	132,257	227,476	103,739
10300 PNC Money Market	54,490	54,551	54,621	54,688	54,770
10400 PNC DDA acct for Vendor drafts	116,843	265,155	87,977	172,216	223,057
10500 US Bank x7210	1,822	1,762	1,702	3,311	1,543
10600 Wells Fargo Checking					3,323
Total Bank Accounts	\$321,290	\$535,841	\$276,558	\$457,691	\$386,432
Accounts Receivable					
12000 Accounts Receivable - customers	3,810,325	4,710,524	6,147,224	488,667	510,939
12090 Other receivables	770,285	770,285	770,285	770,285	770,285
Total Accounts Receivable	\$4,580,610	\$5,480,809	\$6,917,509	\$1,258,952	\$1,281,224
Other Current Assets					
12070 Employee Cash Advances	422	422	953	1,028	1,011
12080 Due from Vendors	4,811	4,249	4,966	4,936	4,196
13030 Spare Parts Inventory - MTX	12,530	12,530	12,530	12,530	12,530
13090 Uniforms	88	88	88	88	88
14000 Prepaid Expenses	86,484	47,368	569,552	515,855	459,925
14100 Refundable deposits - current	3,100	3,100	3,100	3,100	3,100
17100 Intercompany - Due From/(To) affiliate - SCS	25,000	25,000	25,000	25,000	25,000
27032 Due From Affiliate - Aleutian Airways	46,091	40,792	34,758	6,906,918	8,606,093
Total Other Current Assets	\$178,526	\$133,550	\$650,948	\$7,469,454	\$9,111,943
Total Current Assets	\$5,080,426	\$6,150,199	\$7,845,015	\$9,186,097	\$10,779,598
Fixed Assets					
15100 Building and improvements	3,996	3,929	3,861	3,793	3,725
15400 Machinery & Equipment	1,459	1,426	1,393	1,360	1,327
15500 Computer equipment	10,487	9,684	9,203	8,428	7,989
15600 Software	416	399	382	364	347
15700 Rotables	0	0	0	-0	-0
15900 Assets Held for Sale (AHFS)	113,211	113,211	113,211	113,211	113,211
Total Fixed Assets	\$129,570	\$128,648	\$128,049	\$127,156	\$126,599
Other Assets					
17000 Intangible Assets	1,895	1,895	1,895	1,895	1,895
18400 Other Long-term Assets	584,640	580,140	580,140	580,140	580,140
18500 LT deposits	20,000	20,000	20,000	20,000	20,000
18900 Goodwill	789,801	789,801	789,801	789,801	789,801
Total Other Assets	\$1,396,335	\$1,391,835	\$1,391,835	\$1,391,835	\$1,391,835
TOTAL ASSETS	\$6,606,331	\$7,670,683	\$9,364,900	\$10,705,089	\$12,298,032

Sterling Airways

Balance Sheet

As of May 31, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023
LIABILITIES AND EQUITY					
Liabilities					
Current Liabilities					
Accounts Payable					
21000 Accounts payable	1,348,507	1,353,490	1,949,182	1,782,763	2,116,986
Total Accounts Payable	\$1,348,507	\$1,353,490	\$1,949,182	\$1,782,763	\$2,116,986
Credit Cards					
16100 Due To/From SFT	350,000	350,000	350,000	350,000	350,000
21500 PNC Credit Cards	28,152	47,970	46,394	42,345	46,374
Total Credit Cards	\$378,152	\$397,970	\$396,394	\$392,345	\$396,374
Other Current Liabilities					
21100 Current portion of LT Debt	129,562	130,425	131,295	132,170	133,051
22000 Accrued liabilities	12,488	52,488	62,176	11,647	9,667
22010 Accrued payroll	224,547	234,487	164,271	193,264	257,457
22020 Payroll Taxes withheld or payable	41,673	43,791	11,152	14,239	23,989
22030 Payroll Garnishments payable	1,055	1,055	434	434	434
22031 401(k) payable - EE Withholdings	2,558	2,807	0	0	0
22050 HSA payable	1,349	712	762	792	228
22070 Excise Tax Payable - 7.5%	134,686	157,965	195,178	200,070	205,259
22071 Segment Fees Payable	2,183	2,183	2,183	2,183	2,183
22072 TSA Security Fees Payable	762	762	762	762	762
23000 Air Traffic Liability	78,855	656,972	949,980	1,407,107	1,807,354
25100 Lease liability - Current	550	550	550	550	550
26000 Bankruptcy liabilities	297,314	288,034	282,139	279,580	273,686
26032 Due to Affiliate - Aleutian Airways	2,125,940	2,593,318	3,523,686	4,575,735	5,429,635
Total Other Current Liabilities	\$3,053,521	\$4,165,549	\$5,324,567	\$6,818,532	\$8,144,254
Total Current Liabilities	\$4,780,180	\$5,917,009	\$7,670,143	\$8,993,640	\$10,657,614
Long-Term Liabilities					
26100 Rumi Properties note payable - LT	189,629	178,358	167,013	155,592	144,094
27031 Intercompany - Due to/(From) affiliate - SCS	0	0	0	0	25,325
Total Long-Term Liabilities	\$189,629	\$178,358	\$167,013	\$155,592	\$169,419
Total Liabilities	\$4,969,808	\$6,095,367	\$7,837,156	\$9,149,232	\$10,827,033
Equity					
Additional Paid in Capital	6,173,381	6,173,381	6,173,381	6,173,381	6,173,381
Common Stock	2,945	2,945	2,945	2,945	2,945
Retained Earnings	-4,428,583	-4,428,583	-4,428,583	-4,428,583	-4,428,583
Net Income	-111,220	-172,427	-219,999	-191,886	-276,744
Total Equity	\$1,636,523	\$1,575,316	\$1,527,744	\$1,555,857	\$1,470,999
TOTAL LIABILITIES AND EQUITY	\$6,606,331	\$7,670,683	\$9,364,900	\$10,705,089	\$12,298,032

Sterling Airways

Profit and Loss by Month

January - May, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	TOTAL
Income						
40200 Other income	376,715	369,641	455,325	498,811	581,889	\$2,282,381
Total Income	\$376,715	\$369,641	\$455,325	\$498,811	\$581,889	\$2,282,381
Cost of Goods Sold						
51000 Salaries & Wages - Pilots	78,346	69,350	95,540	105,131	111,373	\$459,739
51010 Salaries & Wages - Inflight	15,152	13,605	16,044	14,942	22,175	\$81,917
51020 Salaries & Wages - Maintenance	66,549	60,914	87,467	86,909	103,618	\$405,457
51030 Salaries & Wages - Dispatch	20,346	17,380	18,109	21,602	25,378	\$102,814
51040 Salaries & Wages - Pilot Training	7,665	6,923	7,665	7,418	7,665	\$37,335
51050 Salaries & Wages - Operations	57,699	50,068	64,187	78,326	125,643	\$375,923
51100 Payroll Taxes - Pilots	7,699	5,828	7,770	8,064	9,049	\$38,409
51110 Payroll Taxes - Inflight	1,587	1,251	1,349	1,280	1,977	\$7,445
51120 Payroll Taxes - Maintenance	7,291	5,160	6,971	6,974	8,184	\$34,580
51130 Payroll Taxes - Dispatch	2,009	1,361	1,568	1,687	1,962	\$8,586
51140 Payroll Taxes - Pilot Training	745	515	572	553	572	\$2,957
51150 Payroll Taxes - Operations	4,228	4,407	5,581	6,895	9,995	\$31,106
51200 Employee benefits - Direct	-8,685	-5,957	-5,716	-5,822	-5,575	\$ -31,756
51210 Health Insurance - Direct	14,917	17,301	15,509	17,588	16,874	\$82,189
52000 Aircraft Maintenance	259	-849	26	26	545	\$8
53100 Contractors - Direct	1,968	0	1,960	198	5,057	\$9,182
53300 Travel - Direct	0	1,802	29	311	896	\$3,039
54100 Fuel		8,339				\$8,339
54200 Insurance - Aircraft	36,716	36,716	18,358			\$91,790
54250 Landing Fees		194				\$194
54260 Aircraft Parking Fees		113				\$113
54300 Airport Ground Services		626		867		\$1,493
Total Cost of Goods Sold	\$314,490	\$295,047	\$342,988	\$352,947	\$445,387	\$1,750,860
GROSS PROFIT	\$62,225	\$74,594	\$112,336	\$145,864	\$136,502	\$531,521
Expenses						
64000 Salaries & Wages - Indirect	82,926	68,524	89,521	97,556	93,358	\$431,887
64100 Payroll Taxes - Indirect	7,398	5,282	6,774	2,732	6,700	\$28,887
64200 Employee benefits - Indirect	-2,660	-1,797	-3,318	-3,457	-3,525	\$ -14,756
64400 Contractors - Indirect	5,305	4,865	2,189	1,360	1,390	\$15,109
64410 Health Insurance - Indirect	5,406	5,637	8,030	8,726	8,726	\$36,526
64510 Office supplies		32	156	251		\$439
64700 Rent & Lease - Non-Aircraft	2,000	2,000	2,000	2,000	2,000	\$10,000
64800 Travel - Indirect	297	229	25	0	18	\$570
64999 Other Expenses	36	36	36	236	36	\$380
71000 Technology expenses	2,773	2,358	2,624	2,492	2,857	\$13,104
72030 Team building promotions	250	50	1,100		100	\$1,500
72100 Insurance - Non-Aircraft	4,387	4,387	4,387	4,387	4,387	\$21,935
72200 Repair & Maintenance - Building	371	371	371	371	371	\$1,854

Sterling Airways

Profit and Loss by Month

January - May, 2023

	JAN 2023	FEB 2023	MAR 2023	APR 2023	MAY 2023	TOTAL
72300 Office Expenses	43	285	403	103	158	\$992
72400 Advertising / Marketing	167	167	167	20	20	\$540
72600 Bank Fees	-794	187	-2,018	238	-908	\$ -3,295
72700 Payroll Fees	2,854	1,757	2,635	2,297	2,464	\$12,006
73000 Legal/Professional Services	57,578	37,730	37,730	-14,688	37,730	\$156,078
73100 Subscriptions/Publications	649	161	161	161	161	\$1,294
73400 EE Training/testing	135	379				\$514
75000 Utilities - all	629	423	261	266	266	\$1,844
Total Expenses	\$169,750	\$133,064	\$153,233	\$105,052	\$156,310	\$717,408
NET OPERATING INCOME	\$ -107,525	\$ -58,470	\$ -40,897	\$40,812	\$ -19,808	\$ -185,888
Other Income						
90100 Interest earned - PNC Money Market	72	66	75	71	88	\$371
90110 Interest earned - Elavon holdback		246	481	816	1,410	\$2,953
Total Other Income	\$72	\$312	\$556	\$887	\$1,497	\$3,324
Other Expenses						
81000 Interest expense	2,197	2,128	6,187	-1,719	3,084	\$11,877
85110 Depreciation expense - Bldg	68	68	68	68	68	\$339
85410 Depreciation expense - Machinery	33	33	33	33	33	\$166
85510 Depreciation expense - Computer Equipment	1,452	804	775	775	439	\$4,244
85610 Depreciation expense - Software	17	17	17	17	17	\$87
85710 Depreciation expense - Rotables	0	0	0	0	0	\$0
97000 Penalties and Fees			150	14,412	62,906	\$77,468
Total Other Expenses	\$3,767	\$3,050	\$7,230	\$13,587	\$66,547	\$94,180
NET OTHER INCOME	\$ -3,695	\$ -2,738	\$ -6,675	\$ -12,699	\$ -65,050	\$ -90,856
NET INCOME	\$ -111,220	\$ -61,207	\$ -47,572	\$28,113	\$ -84,858	\$ -276,744

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION**

In re:

CASE NO. 6:19-bk-06589-KSJ

VIA AIRLINES, INC,

CHAPTER 11

Debtor.

FINAL PLAN OF REORGANIZATION FOR VIA AIRLINES, INC.

COUNSEL FOR DEBTOR

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111 N. MAGNOLIA AVE., SUITE 1400
ORLANDO, FLORIDA 32801**

July 2, 2020

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

In re:

CASE NO. 6:19-bk-06589-KSJ

VIA AIRLINES, INC,

CHAPTER 11

Debtor.

FINAL PLAN OF REORGANIZATION FOR VIA AIRLINES, INC.

VIA AIRLINES, INC. (the “Debtor” or “VIA”), by and through its undersigned counsel, hereby submits the following Final Plan of Reorganization (the “Plan”) pursuant to Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”), which Plan incorporates a series of modifications filed and announced in open court at the confirmation hearing held on June 29, 2020 at 10:00.

ARTICLE I – DEFINITIONS

1. **Administrative Claim** shall mean a Claim for payment of an administrative expense of a kind specified in §§ 503(b) or 507(a)(1) of the Bankruptcy Code, including, without limitation, the actual, necessary costs and expenses incurred after the commencement of the Bankruptcy Case of preserving the Debtor’s Estate and operating the Debtor’s business, including wages, salaries, or commissions for services, compensation for legal and other services and reimbursement of expenses awarded under §§ 330(a) or 331 of the Code, and all fees and charges assessed against the Estate under Chapter 123 of Title 28, United States Code.

2. **Administrative Claim Reserve** means the \$185,000.00 held by the Debtor’s counsel as noted in Article VI, Section A of the Plan.

3. **Administrative Claims Bar Date** means the date by which all Administrative

Claims must be filed with the Bankruptcy Court to be allowed. The Administrative Claims Bar Date will be established by the Bankruptcy Court as a specific date prior to the Confirmation Date.

4. **Allowed Administrative Claim** means all or any portion of an Administrative Claim that has been or becomes allowed by Order of the Bankruptcy Court.

5. **Allowed Amount** shall mean the amount of an Allowed Claim.

6. **Allowed Claim** means a Claim (a) with respect to which a Proof of Claim has been filed with the Bankruptcy Court in accordance with the provisions of Bankruptcy Code § 501 and Bankruptcy Rule 3001 and within any applicable period of limitation fixed by Rule 3003 or any notice or Final Order of the Bankruptcy Court; (b) deemed filed pursuant to Bankruptcy Code § 1111(a) by virtue of such Claim having been scheduled in the list of Creditors prepared and filed by the Debtor with the Bankruptcy Court pursuant to Bankruptcy Code § 521(1) and Rule 1007(b) and not listed as disputed, contingent, or unliquidated; or (c) deemed an Allowed Claim (including Allowed Secured Claims and Allowed Unsecured Claims) pursuant to the provisions of the Plan or any Final Order of the Bankruptcy Court. Unless otherwise provided in the Plan or unless deemed or adjudicated an Allowed Claim pursuant to the provisions of the Plan or any Final Order of the Bankruptcy Court, an Allowed Claim shall not include any Claim as to which an objection to or proceeding challenging the allowance thereof has been interposed by the Debtor within any applicable period of limitation fixed by the Plan, by Rule 3003, or any Final Order of the Bankruptcy Court, until such objection or proceeding has been overruled, dismissed, or settled by entry of a Final Order. Notwithstanding the filing of any such objection or the commencement of any such proceeding, a Claim may be temporarily allowed for voting purposes pursuant to the provisions of Rule 3018(a). Unless otherwise specified in the Plan or any Final Order of the Bankruptcy Court, an Allowed Claim shall not include or accrue interest on the amount of such Claim maturing, incurred

otherwise or arising subsequent to the Petition Date.

7. **Allowed Interest** means an Interest (a) with respect to which a proof of Interest has been filed with the Bankruptcy Court within the applicable period of limitation fixed by Rule 3001 or a Final Order; or (b) that has been scheduled in the list of equity security holders prepared and filed by the Debtor with the Bankruptcy Court pursuant to Rule 1007(b); and in either case as to which no objection to the allowance thereof has been interposed within any applicable period of limitation fixed by Rule 3001 or any Final Order of the Bankruptcy Court.

8. **Allowed Priority Claim** means a Priority Claim pursuant to §507, exclusive of §507(a)(8) of the Bankruptcy Code; to the extent such Priority Claim is or becomes an Allowed Claim.

9. **Allowed Priority Tax Claim** means a Priority Claim pursuant to § 507(a)(8) of the Bankruptcy Code; to the extent such Priority Claim is or becomes an Allowed Claim.

10. **Allowed Secured Claim** means a Secured Claim to the extent provided under § 506 of the Bankruptcy Code and to the extent that neither the lien underlying the Claim is challenged nor the amount of the Claim is challenged as provided herein.

11. **Allowed Unsecured Claim** means an Unsecured Claim to the extent such Unsecured Claim is or becomes an Allowed Claim.

12. **Assets** means each and every item of Property of the Estate and every interest of the Debtor and its Estate as of the Effective Date, whether tangible or intangible, legal or equitable, liquidated or unliquidated, whether or not controlled by the Debtor, and includes without limitation: (a) all real and personal property and Cash; (b) all rights, Claims, demands, or Causes of Action, whether arising by statute or common law, and whether arising under the laws of the United States, other countries, or applicable state or local law; (c) any and all amounts owed to the Debtor,

including accounts receivable, contract rights, or other rights, including without limitation rights to payment, contribution or distribution from Insiders, whether due prior or subsequent to the Petition Date; (d) all of the Debtor's books, records, and privileges; and (e) all Executory Contracts, and other contracts, agreements, licenses, and leases.

13. **Ballot** means the ballot accompanying the Plan and Disclosure Statement that will be sent to all Creditors entitled to vote on the Plan, on which such Creditors will indicate their vote to accept or reject the Plan.

14. **Ballot Date** means the date set by the Bankruptcy Court by which all votes for acceptance or rejection of the Plan must be received by the Bankruptcy Court or the balloting agent, as the case may be.

15. **Bankruptcy Case** means the Debtor's bankruptcy case that is pending before the United States Bankruptcy Court for the Middle District of Florida, Orlando Division, pursuant to Chapter 11 of the Bankruptcy Code, case number 6:19-bk-06589-KSJ.

16. **Bankruptcy Code** or **Code** means Title 11 of the United States Code, 11 U.S.C. §§ 101, et seq., including any amendments thereto, in effect during the Bankruptcy Cases.

17. **Bankruptcy Court** or **Court** means the United States Bankruptcy Court for the Middle District of Florida, Orlando Division, in which the Bankruptcy Case is pending, and any Court having jurisdiction to hear appeals or certiorari proceedings therefrom.

18. **Bankruptcy Estate** shall mean the estate created pursuant to § 541 of the Code by the commencement of Debtor's Chapter 11 case and shall include all property of the Estate as defined in such section.

19. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure promulgated under Title 28, United States Code, § 2075, including any amendments thereto, as they may be

amended from time to time during the Bankruptcy Case.

20. **Bar Date** means the date fixed by Order of the Bankruptcy Court as the last date for the filing of Claims in this Bankruptcy Case or the date fixed by the Bankruptcy Code.

21. **Business Day** means every day except Saturdays, Sundays, federal holidays, and Florida state holidays observed by the Bankruptcy Court.

22. **Cash** means cash or cash equivalents, including, but not limited to, checks, bank deposits, negotiable instruments, or other similar items.

23. **Causes of Action** means any and all of the Estate's and the Debtor's actions, Claims, demands, rights, defenses, counterclaims, cross-claims, suits, causes of action, liabilities, obligations, debts, judgments, remedies, damages, recoupments, setoffs, cross claims, counterclaims, third party claims, indemnity claims, contribution claims, and any other claims, whether known or unknown, foreseen or unforeseen, direct or indirect/derivative, choate or inchoate, in law, equity or otherwise, including but not limited to the right to recover transfers voidable or recoverable under Bankruptcy Code §§ 502, 542, 543, 544, 545, 547, 548, 549, 550, 551, and/or 553, and any and all other claims or rights of any value whatsoever, at law or in equity, against any Creditor or other third party, including, without limitation, the claims specifically noted in Debtor's Schedule B, and any and all claims against any Insiders, members, officers, directors, managers or employees of the Debtor, including any claims for contribution or indemnification for any unauthorized post-petition obligations or transactions and any transaction or obligation incurred by the Debtor not otherwise approved by the Bankruptcy Court; provided, however, that, when used in the Plan, the term Causes of Action does not include any Claims, obligations, suits, judgments, damages, rights, remedies, causes of action, charges, costs, debts, indebtedness, or liabilities released or waived pursuant to the terms of the Plan or by a Final Order of the Bankruptcy Court. A Cause of Action will not under any

circumstances be waived as a result of the failure of the Debtor to describe such Cause of Action with specificity in the Plan or the Disclosure Statement, and nothing in the Plan operates as a release of any of the Causes of Action except as specifically provided in the Plan.

24. **Claim** means, “claim” as defined in Bankruptcy Code § 101(5).

25. **Class** means any Class into which Claims or Interests are classified pursuant to the Plan.

26. **Class 1 Claim, Class 2 Claim, Class 3 Claim**, etc., shall mean the specific Class into which Claims or Interests are classified pursuant to Article II of the Plan.

27. **Code** shall mean the United States Bankruptcy Code, 11 U.S.C. § 101, et seq., and any amendments thereof.

28. **Confirmation** means the process leading to confirmation of the Plan, including the entry of the Confirmation Order pursuant to Bankruptcy Code § 1129.

29. **Confirmation Date** means the date of entry of the Confirmation Order by the Bankruptcy Court on the Court’s docket.

30. **Confirmation Hearing** means the date set by the Bankruptcy Court for the hearing on confirmation of the Plan, as may be continued from time to time.

31. **Confirmation Order** means the Final Order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of the Bankruptcy Code.

32. **Contingent** means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which or the obligation to make payment on which is dependent upon a future event that may or may not occur.

33. **Creditor(s)** means “Creditor” as defined in Bankruptcy Code § 101(1).

34. **Debtor** means VIA AIRLINES, INC.

35. **Disallowed** means, when referring to a Claim, a Claim or any portion of a Claim that has been disallowed or expunged by a Final Order of a Court.

36. **Disclosure Statement** means the Disclosure Statement describing the Plan and approved for distribution by the Bankruptcy Court pursuant to Bankruptcy Code § 1125, together with any amendments or modifications thereto.

37. **Disputed Claim** means every Claim or portion thereof, that is not an Allowed Claim and that has not yet been Disallowed.

38. **Disputed Equity Interest** shall mean an Interest in the Debtor which is not an Allowed Interest and which has not been disallowed by a Final Order or the Bankruptcy Court.

39. **Distribution** means a distribution to the Holders of Allowed Claims.

40. **Effective Date** means the date upon which this Plan becomes effective and the Debtor starts making Distributions as set forth in Article VII .

41. **Estate Assets** shall mean all the assets, property and cash of the Debtor, as defined in section 541 of the Code (excluding assets previously distributed, expended or otherwise disposed of by the Debtor prior to the Confirmation Date not otherwise subject to recovery), wherever located or of whatever type or nature, existing as of the Confirmation Date, including, without limitation, the Causes of Action.

42. **Equity Interest** means any and all issued or authorized equity interests, common stock, stock options and warrants in the Debtor.

43. **Executory Contract** means every unexpired lease to which the Debtor is a party, and every other contract that is subject to being assumed or rejected by the Debtor under Bankruptcy Code § 365, pursuant to the Plan or pursuant to separate motion.

44. **Final Decree** means the Bankruptcy Court's final decree pursuant to Bankruptcy

Code § 350(a) and Bankruptcy Rules 3022 and 5009 closing the Bankruptcy Cases after the Estate has been fully administered.

45. **Final Distribution Date** shall mean the date as soon as practicable after the last to occur of: (a) the date that the last Claim becomes an Allowed Claim; or (b) the date upon which all Causes of Action have been liquidated and converted to Cash or abandoned.

46. **Final Order** means an Order or judgment of the Bankruptcy Court that is no longer subject to appeal or *certiorari* proceedings and as to which no appeal or *certiorari* proceeding is pending.

47. **Holder** means the holder of a Claim or Interest, as applicable.

48. **Impaired Class** means any Class whose members are Holders of Claims or Interests that are impaired within the meaning of Bankruptcy Code § 1124.

49. **Insider** means “insider” as defined in Bankruptcy Code § 101(31).

50. **Interest(s)** means an issued or authorized outstanding membership interest, a warrant or warrants for the issuance of such membership interests, or any other equity instruments in the Debtor.

51. **Lien** shall mean any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any asset or property of the Debtor but only to the extent that such interest is recognized as valid by a court of competent jurisdiction if the validity of scope of such interest is challenged by the Debtor, the Liquidating Trustee, or any other party with standing to bring such challenge.

52. **Litigation Trust** shall mean the Litigation Trust to be established on the Effective Date of the Plan.

53. **Nonordinary Course Administrative Claim** shall mean an Administrative Claim

other than an Ordinary Course Administrative Claim.

54. **Order** shall mean a determination, decree, adjudication or judgment issued or entered by the Bankruptcy Court.

55. **Ordinary Course Administrative Claim** shall mean an Administrative Claim incurred in the ordinary course of business of the Debtor; *provided, however*, that any due and unpaid, post-petition payment in respect of rejected, or to be rejected, executory contracts or unexpired leases shall not be an Ordinary Course Administrative Claim.

56. **Payment** shall mean the Cash to be paid under the Plan to the holders of Allowed Claims.

57. **Person** means “person” as defined in Bankruptcy Code § 101(41).

58. **Personal Property** means all tangible personal property of the Debtor subject to taxation under Florida law.

59. **Petition Date** means October 8, 2019, the date on which Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

60. **Plan** means this Final Chapter 11 Plan of Reorganization, in accordance with the terms hereof or in accordance with the Bankruptcy Code.

61. **Plan Payments** means payments made by the Debtor pursuant to the terms of the Plan.

62. **Plan Sponsor** means Wexford Capital LP or an affiliate.

63. **Post-Confirmation Fees and Expenses** shall mean the fees and expenses of the liquidating trust including any fees and expenses of the liquidating trustee and any professionals employed by the liquidating trust.

64. **Prepetition** means the period of time preceding the Petition Date and concluding on

the Petition Date.

65. **Priority Claim** means an Unsecured Claim, other than an Administrative Claim, to the extent such Unsecured Claim is entitled to priority in payment under Bankruptcy Code § 507.

66. **Priority Tax Claim** means every Unsecured Claim or portion thereof that is entitled to priority pursuant to Bankruptcy Code § 507(a)(8).

67. **Priority Unsecured Claim** means every Unsecured Claim or portion thereof that is not an Administrative Claim or a Priority Tax Claim, and that is entitled to priority under any applicable provision of Bankruptcy Code § 507.

68. **Pro Rata** means proportionate, and when applied to a Claim means the ratio of the consideration distributed on account of an Allowed Claim in a Class to the amount of consideration distributed on account of all Allowed Claims in such Class.

69. **Professional** means: (i) any professional retained by the Debtor in the Bankruptcy Case pursuant to an order of the Bankruptcy Court in accordance with Bankruptcy Code §§ 327 or 1103; (ii) any attorney or accountant seeking compensation or reimbursement of expenses pursuant to Bankruptcy Code § 503(b); and (iii) any entity whose fees and expenses are subject to approval by the Bankruptcy Court as reasonable pursuant to Bankruptcy Code § 1129(a)(4).

70. **Professional Fees** means the Administrative Claims for compensation and reimbursement submitted pursuant to Bankruptcy Code §§ 328, 330, 331, or 503(b) of Professionals (i) employed pursuant to an order of the Bankruptcy Court under Bankruptcy Code §§ 327 or 328; or (ii) for whom compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to Bankruptcy Code § 503(b) or by other Final Order.

71. **Proof of Claim** means the form filed in the Bankruptcy Court by a Creditor on which the specifics of a Claim are set forth as required by the Bankruptcy Code and the Bankruptcy

Rules.

72. .

73. **Property of the Estate** means “property of the estate” as defined in Bankruptcy Code § 541.

74. **Reorganized Debtor** shall mean the Debtor upon entry of the Confirmation Order.

75. **Rule** or **Rules** shall mean the Federal Rules of Bankruptcy Procedure, as supplemented by the Local Bankruptcy Rules as adopted by the Bankruptcy Court.

76. **Schedules** means the schedules of assets and liabilities and any amendments thereto filed by the Debtor with the Bankruptcy Court in accordance with Bankruptcy Code § 521(1).

77. **Secured Claim** means a Claim secured by a Lien against the Debtor’s Assets, or any part thereof, to the extent of the value of any interest in such Assets securing such Claim, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or to the extent of the amount of such Claim subject to setoff in accordance with Bankruptcy Code § 553, in either case as determined pursuant to Bankruptcy Code § 506(a).

78. **Security Interest** means “security interest” as defined in Bankruptcy Code § 101(51).

79. **Unclaimed Property** shall mean any cash, or any other Property of the Debtor unclaimed for a period of six (6) months after any Distribution or, in the event that the Distribution was made on the Final Distribution Date, six (6) months after the Final Distribution Date.

80. **Unimpaired Class** means any Class the members of which are the holders of Claims or Interests, which are not impaired within the meaning of Bankruptcy Code § 1124.

81. **Unsecured Claim** means every Claim or portion thereof, regardless of the priority of such Claim, which is not a Secured Claim.

82. **United States Trustee** shall have the meaning ascribed to it in 28 U.S.C. § 581, *et. Seq.* and, as used in the Plan, means the office of the United States Trustee for Region 21 located in the Middle District of Florida, Orlando, Florida.

ARTICLE II – CLASSIFICATION OF CLAIMS AND INTERESTS

All Claims and Interests treated under Articles IV of the Plan are divided into the following classes, which shall be mutually exclusive:

A. Class 1 – Allowed Secured Claim of Bank of America, N.A.

Class 1 consists of the Allowed Secured Claim of Bank of America, N.A. The Class 1 Claim is secured by a first priority lien on the Debtor's Personal Property. Class 1 is Impaired.

B. Class 2 – Allowed Secured Claim of IberiaBank.

Class 2 consists of the Allowed Secured Claim of IberiaBank. The Class 2 Claim is secured by a second priority lien on the Debtor's Personal Property. Class 2 is Impaired.

C. Class 2(a) – Allowed Secured Claim of West Virginia State Tax Department.

Class 2(a) consists of the Allowed Secured Claim of the West Virginia State Tax Department. The Class 2(a) Claim is secured by an alleged statutory lien on Property of the Estate located in the State of West Virginia. Class 2(a) is Impaired.

D. Class 2(b) – Allowed Secured Claim of Department of Treasury – Internal Revenue Service.

Class 2(b) consists of the Allowed Secured Claim of the Department of Treasury – Internal Revenue Service. The Class 2(b) Claim is secured by a statutory lien on the Debtor's Personal Property. Class 2(b) is Impaired.

E. Class 2(c) – Allowed Secured Claim of Precision Aviation Group, Inc.

Class 2(c) consists of the Allowed Secured Claim of Precision Aviation Group, Inc. ("Precision"), which Claim is secured by a possessory lien on aircraft parts owned by the Debtor.

Class 2(c) is Impaired.

F. Class 3 – General Unsecured Claims.

Class 3 consists of the all Allowed Unsecured Claims in the Debtor's Bankruptcy Case. Class 3 is Impaired.

G. Class 4 – Equity Interests.

Class 4 consists of the Equity Interests in the Debtor. Class 4 is Impaired.

ARTICLE III – ADMINISTRATIVE CLAIMS AND PRIORITY CLAIMS.

A. Administrative Claims.

In full and final satisfaction, settlement, release and discharge of each Allowed Administrative Claim, Holders of an Allowed Administrative Claim shall be paid in full on the Effective Date, or upon such other terms as may be agreed upon by the holder of the claim, the Debtor and the Plan Sponsor, or, if the Claim does not become Allowed prior to the Effective Date, on the date the Allowed Amount of such claim is determined by Final Order of the Bankruptcy Court. The Allowed Administrative Claims shall be paid from the Administrative Claim Reserve, cash on hand or through pre-petition retainers. Debtor estimates Administrative Claims to be approximately \$185,000.00, before deducting pre-petition and post-petition retainers, and accounting for administrative fee reductions agreed to by Debtor's counsel and the Sanford Airport Authority.

B. Priority Claims.

1. Allowed Priority Tax Claims.

Except to the extent that the Holder, the Debtor, and the Plan Sponsor have agreed or may agree to a different treatment, in full satisfaction of each Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of such Claim, payments equal to the Allowed Amount of such Claim. Allowed Priority Tax Claims shall be paid in full by

the Plan Sponsor: (i) on the Effective Date; (ii) on such dates as a respective Priority Tax Claim becomes Allowed; or (iii) in the event the Allowed Priority Tax Claims exceed \$25,000.00 (in the aggregate), in the Plan Sponsor's sole discretion, equal payments over a five (5) year period sufficient to satisfy the full amount of Allowed Priority Tax Claims from the Petition Date. .

2. Allowed Priority Claims.

Except to the extent that the Holder and the Debtor have agreed or may agree to different treatment, in full satisfaction of each Priority Claims, exclusive of Priority Tax Claims under 11 U.S.C. § 507(a)(8), each Holder of an Allowed Priority Claim shall have the option to receive: (i) a distribution on account of 50% of their Allowed Priority Claim in full and final satisfaction of their respective claim within thirty (30) days of the Effective Date; or (ii) 100% of their respective Allowed Priority Claim paid over a five (5) year period from the Petition Date. The anticipated amount of potential Allowed Priority Claims is \$414,118.33. Each holder of an Allowed Priority Claim shall notify the Plan Sponsor of its selected treatment under Option (i) or (ii) above on or before the Effective Date. Payments required under this section will commence within thirty days following the Effective Date. .

3. United States Trustee Fees.

All fees required to be paid by 28 U.S.C. § 1930(a)(6) (U.S. Trustee Fees) will accrue and be timely paid by the Debtor until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees owed on or before the Effective Date will be paid when due in the ordinary course.

ARTICLE IV – TREATMENT OF IMPAIRED CLASSES.

A. Determination of Allowed Amounts.

Treatment prescribed for Claims and Interests in the following sections of this Article

IV shall in all events refer exclusively to the Allowed Amount of each respective Claim. In the event the Allowed Amount of any Claim is not determined by agreement or otherwise prior to the Effective Date, then the treatment prescribed shall be deemed effective as of the date of the determination of such Claim by agreement or Final Order or as otherwise provided under the Plan. Notwithstanding Confirmation of the Plan, the Debtor, the Plan Sponsor, the Reorganized Debtor and the Trustee reserve the right to object to any Claim (other than Claims deemed in the Plan to be Allowed Claims) for any reason authorized by applicable bankruptcy and non-bankruptcy law, as well as the right to assert that any such Claim includes amounts subject to equitable subordination or other equitable relief.

Entry of the Confirmation Order shall be deemed to be recognition that the Bankruptcy Court expressly retains jurisdiction as to determination of all such issues pursuant to Article VII, Section H, of this Plan, and other applicable law.

There are four (4) Classes of Claims and Interests. Treatment for these classes is as follows:

B. Secured Claims.

1. Class 1 – Allowed Secured Claim of Bank of America, N.A.

Class 1 consists of the Allowed Secured Claim of Bank of America, N.A. (“BOA”). The Class 1 Claim is secured by a first priority lien on the Debtor’s Personal Property. In full satisfaction of its Class 1 Allowed Secured Claim, BOA shall receive one of the following options: (1) receipt of the collateral securing BOA’s Class 1 Secured Claim as the indubitable equivalent of its Claim; or (2) a lump sum payment of \$100,000.00 paid on the Effective Date. Under either option, the maximum Distribution to the Class 1 Claimholder shall be equal to the total amount of the Class 1 Claim, and BOA shall not receive Personal Property of a monetary

Distribution in an amount greater than the amount of its Allowed Secured Claim. Boa shall inform Debtor of its election to receive treatment under Option (1) or Option (2) concurrently with the submission of its Ballot accepting or rejecting the Plan. Class 1 is Impaired. .

2. Class 2 – Allowed Secured Claim of IberiaBank.

Class 2 consists of the Allowed Secured Claim of IberiaBank (“Iberia”). The Class 2 Claim is secured by a second priority lien on the Debtor’s Personal Property. In satisfaction of its Allowed Class 2 Claim, Iberia shall retain its lien on the Debtor’s Personal Property to the same extent, validity and priority as existed on the Petition Date, and shall receive stay relief to pursue its in rem rights with respect to the Personal Property securing its Class 2 Claim. In addition, Iberia’s Allowed Class 2 Claim shall be entitled to treatment in accordance with the terms and conditions of Class 3, and Iberia’s Allowed Class 3 Unsecured Claim shall be reduced dollar-for-dollar to the extent of any recovery from the sale of any Personal Property securing its Allowed Class 2 Claim. Class 2 is Impaired. .

Class 2(a) – Allowed Secured Claim of West Virginia State Tax Department.

Class 2(a) consists of the Allowed Secured Claim of West Virginia State Tax Department (“WV Tax”), which claim is secured by an alleged statutory lien on Property of the Estate located in the State of West Virginia. In full satisfaction of its Allowed Class 2(a) Claim, WV Tax shall retain its lien on the Property of the Estate located in the State of West Virginia to the same extent, validity and priority as existed on the Petition Date, and shall receive the proceeds from the sale of the Property of the Estate located in the State of West Virginia, and/or to the extent the Allowed Class 2(a) Secured Claim is also an Allowed Priority Tax Claim, the Class 2(a) Claim shall be paid consistent with all other Allowed Priority Tax Claims. Class 2(a) is Impaired.

Class 2(b) – Allowed Secured Claim of the Department of Treasury – Internal

Revenue Service.

Class 2(b) consists of the Allowed Secured Claim of the Department of the Treasury – Internal Revenue Service (“IRS”) in the amount of \$166,819.15 as set forth in Class 10-4. In full satisfaction of its Allowed Class 2(b) Claim, the IRS shall receive equal monthly payments over a period ending not later than five (5) years after the Petition Date. The IRS shall retain a lien on the Debtor’s Personal Property after the Effective Date. Payments shall commence on the Effective Date. Class 2(b) is Impaired.

Class 2(c) – Allowed Secured Claim of Precision Aviation Group, Inc.

Class 2(c) consists of the Allowed Secured Claim of Precision Aviation Group, Inc. (“Precision”), which Claim is secured by a possessory lien on aircraft parts owned by the Debtor. In full satisfaction of its Allowed Class 2(c) Claim, Precision shall retain its possessory lien on the aircraft parts owned by the Debtor to the same extent, validity and priority as of the Petition Date, and shall receive stay relief to pursue its in rem rights with respect to the Personal Property securing its Allowed Class 2(c) Claim. Class 2(c) is Impaired. Notwithstanding any other Provision of this Plan, the Reorganized Debtor expressly reserves and shall have the right to assert claims against Precision and otherwise object to the Class 2(c) Claim.

C. Unsecured Claims.

1. Class 3 – Allowed General Unsecured Claims.

Class 3 consists of all Allowed General Unsecured Claims. In full satisfaction of their Allowed Class 3 Claims, Class 3 Holders shall become beneficiaries of the Litigation Trust and shall receive, on the later of: (i) the Effective Date; (ii) the date all Claim Objections are resolved; or (iii) the date all Causes of Action are fully resolved by Final Order of the Bankruptcy

Court, 100% of the net proceeds recovered by the Litigation Trust, paid pro rata, after all costs and expenses of the Litigation Trust, including without limitation, the costs and expenses of the Trustee and counsel to the Litigation Trust, if any. Such asset of the Litigation Trust includes the \$50,000.00 lump sum payment made to the Litigation Trust on the Effective Date. The maximum Distribution to Class 3 Claimholders shall be equal to the total amount of the Class 3 Claims, and no Class 3 Holder shall receive an amount greater than the amount of its Allowed Unsecured Claim. Class 3 is Impaired. .

D. Equity Interests.

1. Class 4 – Equity Interests in the Debtor.

Class 4 consists of all ownership interests currently issued or authorized in the Debtor. On the Effective Date, all currently issued and outstanding Equity Interests in the Debtor shall be extinguished and 100% of the Interests in the Reorganized Debtor shall be vested in the Plan Sponsor, or its designated affiliate, in return for the Plan Consideration provided by the Plan Sponsor. Class 4 is Impaired.

ARTICLE V – UNEXPIRED LEASES AND EXECUTORY CONTRACTS.

A. Assumption or Rejection of Unexpired Leases and Executory Contracts.

To the extent the Debtor rejects any executory contract or unexpired lease prior to the Confirmation Date, any party asserting a Claim pursuant to Section 365 of the Code arising from the rejection of an executory contract or lease shall file a proof of such Claim within thirty (30) days after the entry of an Order rejecting such contract or lease. Allowed Claims resulting from rejection shall be Class 3 General Unsecured Claims, except as otherwise provided herein. The Debtor shall have until the completion of the hearing on Confirmation to assume or reject any unexpired lease or

executory contract. In the event any such unexpired lease or executory contract is not assumed (or subject to a pending motion to assume) by such date, the Plan Sponsor shall have until thirty (30) days after the Confirmation Date to file a notice with the Bankruptcy Court designating which unexpired leases and/or executory contracts will be assumed by the Reorganized Debtor and a proposed cure amount for such unexpired leases and/or executory contracts (the “Assumption Designation Date”). Counterparties to unexpired leases and executory contracts that are designated for assumption by the Assumption Designation Date shall have twenty (20) days from the Assumption Designation Date to object to the assumption and/or proposed cure amount set forth in the Plan Sponsor’s/Reorganized Debtor’s notice (the “Assumption Objection Deadline”). Any unexpired leases and/or executory contracts that are not subject to a timely filed objection shall be deemed assumed by the Reorganized Debtor, with the cure amount set forth in the Plan Sponsor’s/Reorganized Debtor’s notice. Any unexpired leases and/or executory contracts that are not designated for assumption prior to the Assumption Designation Date shall be deemed rejected as of the Confirmation Date. The Debtor’s position is that the executory contracts listed on the Schedule of Executory Contracts filed pursuant to Rule 1007 are the only executory contracts to which the Debtor was a party as of the Petition Date. The Assumption Designation Date may be extended as to any unexpired lease or executory contract by agreement of the Plan Sponsor and the counterparty to such unexpired lease or executory contract.

ARTICLE VI – MEANS OF IMPLEMENTATION.

A. Plan Consideration provided by the Plan Sponsor.

The Plan will be implemented utilizing funding provided by the Plan Sponsor. Pursuant to the terms of an agreement reached with the Debtor, the Plan Sponsor will provide plan consideration (subject to satisfaction of certain conditions precedent to confirmation of the Plan and

the occurrence of the Effective Date) as follows: (1) forgiveness of the amounts drawn on the DIP Facility; (2) cash sufficient to pay the Allowed Administrative Claims up to the amount of the Administrative Claim Reserve and all Allowed Priority Claims in full (subject to the Plan Sponsor's right to pay certain Allowed Priority Claims over a period not to exceed 5 years from the Petition Date as permitted under the Bankruptcy Code and subject to the Allowed Priority Tax Claim of the Internal Revenue Service not exceeding \$166,819.15; (3) funding of the Class 1 Payment, if elected by BOA, (4) a grant in the amount of \$50,000.00 to the Litigation Trust on the Effective Date (the "Exit Grant"); (5) additional cash not to exceed \$1.5 million to pay the Debtor's/reorganized Debtor's costs and expenses in connection with the recertification of its FAA Part 121 Certificate (collectively the "Plan Consideration"). The Plan Consideration provided by the Plan Sponsor will be distributed in accordance with the terms of the Plan. Prior to the confirmation hearing on the Plan, the Plan Sponsor shall deposit \$185,000.00 for the payment of Allowed Administrative Expense Claims with the Debtor's Counsel (Latham Luna Eden & Beaudine, LLP) to be held pending confirmation of the Plan but paid on the Effective Date (the "Administrative Claim Reserve"). If the Plan is confirmed and the Effective Date occurs, the Administrative Claim Reserve shall be disbursed to the Debtor for the purpose of satisfying all Allowed Administrative Claims. To the extent the Administrative Claim Reserve exceeds the Allowed Administrative Claim, such funds shall be returned to the Plan Sponsor. The Plan Sponsor shall not be required to fund any amounts over and above the Administrative Claim Reserve for the purpose of funding Allowed Administrative Claims under the Plan.

B. The Litigation Trust.

The Plan contemplates that, upon entry of the Confirmation Order, a Litigation Trust will be formed, which will be funded by the Exit Grant. The Litigation Trust shall prosecute any

Causes of Action the Debtor may have, and shall distribute the net proceeds, after payment of Post-Confirmation Fees and Expenses, recovered from the Causes of Action in accordance with the terms of the Plan.

The Litigation Trust shall be overseen by an oversight board which shall initially be comprised of three representatives of the holders of Allowed Class 3 Claims as selected by the majority of the allowed amounts of the Allowed Class 3 Claimholders (the “Oversight Board”), and a trustee (the “Trustee”) who will be appointed by the Oversight Board, who may be removed for good cause, upon notice and hearing and after order by the Bankruptcy Court. Irit Vizer, Amos (Ami) Vizer, and any entity owned by or in which Mr. or Mrs. Vizer have an interest, shall only be permitted to collectively occupy a maximum of one (1) seat on the Oversight Board if appointed by the holders of Allowed Class 3 Claims. To the extent the Trustee has a conflict of interest with respect to any duty owed to the Litigation Trust, which conflict is raised by the Oversight Board or any Allowed Class 3 Claimholder, the remaining Oversight Board members shall elect a conflict Trustee to prosecute or investigate any cause s of action or objections to claims as a result of Trustee’s conflict of interest. On the date all Causes of Action are fully resolve by Final Order of the Bankruptcy Court, and after all Payments required to be made by the Litigation Trust are completed, the Oversight Board and Trustee shall have no further obligations under the Plan and shall dissolve the Litigation Trust Relinquish all powers and authority.

If at any time the Class 3 Claims are paid in full, the remaining members of the Oversight Board shall be deemed to have resigned and replaced with members appointed by the Reorganized Debtor. All members of the Oversight Board shall be fiduciaries for the beneficial owners of interests in the Litigation Trust.

The Litigation Trust shall make Payments and Distributions as follows:

- First, to pay the costs and expenses incurred by the Litigation Trust, including

without limitation, the costs and expenses of the Trustee and counsel to the Litigation Trust, each of whose compensation shall be on a contingency basis;

- Second, to make Distributions to Class 3 Creditors as provided in the Plan; and
- Third, to the Reorganized Debtor.

C. Court Approval.

Although full operational control of the Litigation Trust will be vested in the Oversight Board and the Trustee, the Trustee will be required to file and serve notice of any compromise or settlement of any Causes of Action to (i) the Office of the United States Trustee and (ii) any party who provides notice that it wishes to be notified of the actions of the Litigation Trust contemplated herein (“Post Confirmation Notice”). If no objections are filed to a Post Confirmation Notice after fourteen (14) days, the proposed settlement or compromise shall be deemed approved. If an objection is filed to a proposed settlement or compromise, the Court shall conduct a hearing to determine whether such settlement or compromise should be approved. A request to receive Post Confirmation Notice shall be filed with the Court and served on the Reorganized Debtor, and the Trustee. The Litigation Trust via the Trustee may retain professionals on such terms as the Trustee deems reasonable, without Bankruptcy Court approval and payments to the professionals for Post-Confirmation Fees and Expenses shall be made only upon fifteen (15) days’ notice to the Oversight Board (the “Post-Confirmation Fee Statement”). If the Oversight Board objects to any Post-Confirmation Fees and Expenses, it must file an objection with the Bankruptcy Court within fifteen (15) of receipt of the Post-Confirmation Fee Statement.

D. Operations of the Litigation Trust.

The Trustee shall have full and complete authority to perform all acts, execute all documents and make all payments and disbursements of funds directed to be done, executed, performed, paid and disbursed by the provisions of the Plan on behalf of the Litigation Trust.

The Trustee shall prepare monthly reports regarding Payments and Distributions made by the Litigation Trust and recoveries obtained from Causes of Action, which reports shall be filed with the Bankruptcy Court and served on the Reorganized Debtor.

The Trustee shall keep an accounting of receipts and disbursements, which shall be open to inspection and review by the Court and creditors of the Debtor (upon reasonable notice, and without unduly interfering with the operations of the Trustee). The Trustee shall provide copies of quarterly reports to creditors who request same in writing and shall be responsible for payment of all U.S. Trustee fees.

No recourse shall ever be had, directly or indirectly, against the Trustee, his officers or directors, or any employee of the Trustee, by legal or equitable proceedings or by virtue of any statute or otherwise, or any deed of trust, mortgage, pledge, note, nor upon any promise, contract, instrument, undertaking, obligation, covenant or agreement whatsoever executed by the Trustee under the Plan or by reason of the creation of any indebtedness by the Trustee under this Plan for any purpose authorized by the Plan, it being expressly understood and agreed that all such liabilities, covenants, and agreements of the Trustee, its officers, directors and employees, whether in writing or otherwise, under this Plan shall be enforceable only against, and be satisfied only out of, the Trust Assets, or such part thereof as shall, under the terms of any such agreement, be liable therefor or shall be evidence only of a right of payment out of the income, proceeds and avails of the Trust Assets, as the case may be; every undertaking, contract, covenant, or agreement entered into in writing by the Trustee shall provide expressly against the personal liability of the Trustee.

The Trustee shall not be liable for any act he may do or omit to do hereunder while acting in good faith and in the exercise of his best judgment, and the fact that such act or omission was advised, directed or approved by an attorney acting as attorney for the Trustee, shall be

conclusive evidence of such good faith and best judgment. However, this paragraph shall not apply to any gross negligence or willful misconduct by the Trustee or his agents, officers and employees; and nothing in this paragraph abrogates the Trustee's obligation to comply with the Internal Revenue Code. .

E. Management and Control and Operation of the Reorganized Debtor.

The operations of the Reorganized Debtor will be managed by an executive team consisting of the following Directors and Officers:

Directors:

Arthur Amron – (General Counsel – Wexford Capital, LP)

Amos (Ami) Vizer – (Prior Chairman of the Board of Via Airlines, Inc.)

Wayne Heller – (Chief Executive Officer – Sterling Flight Training and former Executive Vice-President and Chief Operating Officer for Republic Airways Holdings)

Officers:

Wayne Heller – (President)

Andre Jakubowski – (Vice-President, Assistant Secretary)

Arthur Amron – (Vice-President, Assistant Secretary)

It is contemplated that after confirmation of the Plan, Mr. Vizer shall be retained by the Reorganized Debtor. Mr. Vizer's compensation has not been finalized, however, the amount of said compensation shall not exceed what Mr. Vizer received from the Debtor prior to the Petition Date.

F. Procedures For Resolving Disputed Claims.

1. Prosecution of Objections to Claims.

Unless otherwise ordered by the Bankruptcy Court after notice and a hearing,

and except as otherwise provided in the Plan, the Debtor, the Trustee or Reorganized Debtor as the case may be, shall have the exclusive right (but not the obligation) to make and file objections to all Claims.

Pursuant to the Plan, unless another time is set by order of the Bankruptcy Court, all objections to Claims shall be filed with the Bankruptcy Court and served upon the Holders of each of the Claims to which objections are made within 90 days after the Effective Date.

Except as may be specifically set forth in the Plan, nothing in the Plan, the Disclosure Statement, the Confirmation Order, or any order in aid of Confirmation, shall constitute, or be deemed to constitute, a waiver or release of any claim, cause of action, right of setoff, or other legal or equitable defense that either Debtor had immediately prior to the commencement of the Bankruptcy Cases against or with respect to any Claim or Equity Interest, with the exception of claims against any creditor who holds a stipulated and Allowed Claim under the Plan. Except as set forth in the Plan, upon Confirmation the Litigation Trust shall have, retain, reserve and be entitled to assert all such claims, Causes of Action, rights of setoff and other legal or equitable defenses that the Debtor had immediately prior to the commencement of the Bankruptcy Case as if the Bankruptcy Case had not been commenced.

2. Estimation of Claims.

Pursuant to the Plan, the Debtor may, at any time, request that the Bankruptcy Court estimate any contingent, disputed, or unliquidated Claim pursuant to § 502(c) of the Code, regardless of whether the Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection; and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the

pendency of any appeal relating to any such objection. In the event the Bankruptcy Court estimates any contingent, disputed, or unliquidated Claim, that estimated amount will constitute either the Allowed Amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim.

3. Cumulative Remedies.

In accordance with the Plan, all of the aforementioned Claims objections, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Until such time as an Administrative Claim, Claim, or Equity Interest becomes an Allowed Claim, such Claim shall be treated as a Disputed Administrative Claim, Disputed Claim, or Disputed Equity Interest for purposes related to allocations, distributions, and voting under the Plan.

4. Payments and Distributions on Disputed Claims.

As and when authorized by a Final Order, Disputed Claims that become Allowed Claims shall be paid such that the Holder of such Allowed Claim receives all payments and distributions to which such Holder is entitled under the Plan in order to bring payments to the affected Claimants current with the other participants in the particular Class in question. Except as otherwise provided in the Plan, no partial payments and no partial distributions will be made with respect to a Disputed Claim until the resolution of such dispute by settlement or Final Order. Unless otherwise specifically provided in the Plan, a Creditor who holds both an Allowed Claim and a

Disputed Claim will not receive a distribution until such dispute is resolved by settlement or Final Order.

5. Allowance of Claims and Interests.

(i) Disallowance of Claims.

According to the Plan, all Claims held by entities against whom the Debtor has obtained a Final Order establishing liability for a Cause of Action under §§ 542, 543, 522(f), 522(h), 544, 545, 547, 548, 549, or 550 of the Code shall be deemed disallowed pursuant to § 502(d) of the Code, and Holders of such Claims may not vote to accept or reject the Plan, both consequences to be in effect until such time as such causes of action against that entity have been settled or resolved by a Final Order and all sums due the Litigation Trust by that Entity are turned over to the Litigation Trust.

(ii) Allowance of Claims.

Except as expressly provided in the Plan, no Claim or Equity Interest shall be deemed Allowed by virtue of the Plan, Confirmation, or any Order of the Bankruptcy Court in the Bankruptcy Cases, unless and until such Claim or Equity Interest is deemed Allowed under the Code or the Bankruptcy Court enters a Final Order in the Bankruptcy Cases allowing such Claim or Equity Interest

6. Controversy Concerning Impairment.

If a controversy arises as to whether any Claims or Equity Interests or any Class of Claims or Equity Interests are Impaired under the Plan, the Bankruptcy Court, after notice and a hearing, shall determine such controversy before the Confirmation Date. If such controversy is not resolved prior to the Effective Date, the Debtor's interpretation of the Plan shall govern.

ARTICLE VII – MISCELLANEOUS.

A. Authority to Effectuate the Plan.

Upon the entry of the Confirmation Order by the Bankruptcy Court, the Plan provides that all matters provided for under the Plan will be deemed to be authorized and approved without further approval from the Bankruptcy Court. The Confirmation Order will act as an order modifying the Debtor's by-laws, if so required, such that the provisions of this Plan can be effectuated. The Reorganized Debtor or Trustee, as the case may be, shall be authorized, without further application to or order of the Bankruptcy Court, to take whatever action is necessary to achieve consummation and carry out the Plan.

B. Post-Confirmation Status Report.

Pursuant to the Plan, within 90 days of the entry of the Confirmation Order, the Trustee will file a status report with the Bankruptcy Court attaching a detailed accounting of all payments made under the Plan and explaining what progress has been made toward consummation of the confirmed Plan. The status report will be served on the United States Trustee, and those parties who have requested special notice post-confirmation. The Bankruptcy Court may schedule subsequent status conferences in its discretion.

C. Preservation, Prosecution, and Defense of Causes of Action.

Except as set forth herein, upon Confirmation, the Litigation Trust shall have, retain, reserve and be entitled to assert all such claims, Causes of Action, including all pending adversary proceedings, whether or not such causes of action have been commenced as of the Effective Date, and shall be substituted as the real party-in-interest in any such actions commenced by or against the Debtor, the Bankruptcy Estate, or the Committee. The Litigation Trust shall

prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Litigation Trust and collection; provided, however, that the Trustee shall be authorized at any point in any litigation (a) to enter into such settlements as the Litigation Trust deems to be in the best interest of creditors, subject to Bankruptcy Court approval after notice and a hearing in accordance with Bankruptcy Rule 9019; or (b) to abandon, dismiss and/or decide not to prosecute any such litigation if the Litigation Trust deems such action to be in the best interest of creditors without Bankruptcy Court or other approval.

D. Conditions to Effectiveness.

The Effective Date shall not occur until the later of the entry of the Confirmation Order by the Bankruptcy Court in form and content acceptable to the Debtor and the Plan Sponsor and after the expiration of the appeal period with respect to the Confirmation Order without the filing of a notice of appeal of such Order; ; *provided, however*, that, if an appeal of the Confirmation Order is filed but no stay is granted in connection with the appeal, the Debtor may in writing elect to permit the Effective Date to occur notwithstanding the pendency of the appeal. Provided the conditions set forth herein have been met, the Effective Date shall automatically occur without further order of the Bankruptcy Court.

E. Police Power.

Nothing in this Article VII shall be deemed to effect, impair, or restrict any federal or state governmental unit from pursuing its police or regulatory enforcement action against any person or entity, other than to recover monetary claims against the Debtor for any act, omission, or event occurring prior to the Confirmation Date to the extent such monetary claims are discharged pursuant to § 1141 of the Code. .

F. Revocation and Withdrawal of this Plan.

The Debtor reserves the right to withdraw this Plan and Disclosure Statement at any time before entry of the Confirmation Order. If (i) the Debtor revokes and withdraws this Plan, (ii) the Confirmation Order is not entered, (iii) the Effective Date does not occur, (iv) this Plan is not substantially consummated, or (v) the Confirmation Order is reversed or revoked, then this Plan shall be deemed null and void.

G. Modification of Plan.

The Debtor may seek to amend or modify the Plan in accordance with § 1127(b) of the Code to remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of this Plan.

On or before substantial consummation of the Plan, the Debtor may issue, execute, deliver, or file with the Bankruptcy Court, or record any agreements and other documents, and take any action as may be necessary or appropriate to effectuate, consummate and further evidence the terms and conditions of the Plan.

H. Retention of Jurisdiction.

After the Effective Date, the Reorganized Debtor and the Litigation Trust will be free to perform all functions assigned to it herein without approval of the Bankruptcy Court, except as specifically set forth herein. The itemization below is in no way meant to limit, restrict, or circumscribe the inherent jurisdictional authority of the Bankruptcy Court. Nothing in the Plan shall constitute a waiver by the United States of its rights to assert that the Bankruptcy Court lacks jurisdiction over any matter set forth in Article VII of the Plan. Confirmation of the Plan acts as consent of the parties to agree to the Bankruptcy Court's ability to enter binding final judgments and

rulings as the Bankruptcy Court will continue to retain jurisdiction in this Bankruptcy Case to determine or take the following actions::

1. All objections to the allowance of Claims and Interests and the compromise of Claims;
2. All applications for allowance of compensation and reimbursement of out-of-pocket expenses of professionals retained in Debtor's case by Order of the Bankruptcy Court to the extent that such compensation and out-of-pocket expenses relate to services performed before the Confirmation Date; provided, however, that fees of professionals for services rendered after the Effective Date may be paid by the Litigation Trust pursuant to Article VI, section D(2) of the Plan.
3. Any adversary proceedings or contested matters brought by the Debtor or the Liquidating Trustee (the "Causes of Action"), the proceedings then pending or thereafter brought pursuant to §§ 544, 545, 547, 548, 549, and 550 of the Code, or other proceedings calculated to generate payments to Holders of Allowed Class 3 Claims;
4. All controversies and disputes arising under or in connection with the Plan;
5. The enforcement and interpretation of the provisions of the Plan;
6. To issue such orders in aid of execution and consummation of the Plan as may be necessary and appropriate;
7. Any motion to modify the Plan in accordance with Code § 1127, or to correct any defect, cure any omission, or reconcile any inconsistency in the Plan, Disclosure Statement, or any Confirmation Order as may be necessary to carry out the purposes of the Plan;
8. All Claims arising from the rejection of any executory contract or lease;
9. Such other matters as may be provided for in the Code or the Plan;

10. To protect the Property of the Estate from adverse claims or interference inconsistent with the Plan;

11. To ensure that Distributions are accomplished as provided herein and to resolve any dispute concerning the right of any person to a Distribution hereunder, applicable law or under a contract or agreement; and

12. To hear and determine any action or controversy by or against the Liquidating Trust.

I. Headings.

Article, Section, and Paragraph headings used herein are for convenience only and shall not affect the interpretation or construction of any provision of this Plan.

J. Confirmation Without Acceptance by all Impaired Classes: "Cramdown."

The Code contains provisions that enable the Bankruptcy Court to confirm the Plan, even though the Plan has not been accepted by all Impaired Classes, provided that the Plan has been accepted by at least one Impaired Class of Claims. Section 1129(b)(1) of the Code states:

Notwithstanding section 510(a) of this title, if all of the applicable requirements of subsection (a) of this section other than paragraph (8) are met with respect to a plan, the court, on request of the proponent of the plan, shall confirm the plan notwithstanding the requirements of such paragraph if the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims or interests that is impaired under, and has not accepted, the plan.

This section makes clear that the Plan may be confirmed, notwithstanding the failure of an Impaired Class to accept the Plan, so long as the Plan does not discriminate unfairly, and it is fair and equitable with respect to each Class of Claims that is Impaired under, and has not accepted, the Plan.

**THE DEBTOR BELIEVES THAT, IF NECESSARY, IT WILL
BE ABLE TO MEET THE STATUTORY STANDARDS SET
FORTH IN THE CODE WITH RESPECT TO THE**

**NONCONSENSUAL CONFIRMATION OF THE PLAN AND
WILL SEEK SUCH RELIEF.**

K. Notices.

All notices required or permitted to be made in accordance with the Plan shall be in writing and shall be delivered personally or by facsimile transmission or mailed by United States Mail to the following:

Debtor:

Via Airlines, Inc.
111 S. Maitland Avenue
Maitland, Florida 32751
C11@flyviaair.com

Counsel for the Debtor:

Justin M. Luna, Esquire
Latham, Luna, Eden & Beaudine, LLP
111 N. Magnolia Ave., Suite 1400
Orlando, Florida 32801
jluna@lathamluna.com

The Plan Sponsor:

Wexford Capital, LP
Wexford Plaza
411 West Putnam Avenue
Greenwich, CT 06830
aamron@wexford.com

Counsel for the Plan Sponsor

Joshua W. Wolfshohl
Porter Hedges LLP
1000 Main Street, 36th Floor
Houston, Texas 77002
jwolfshohl@porterhedges.com

United States Trustee:

George C. Young Federal Building
400 West Washington Street, Suite 1100
Orlando, Florida 32801

L. Manner of Payment.

Any payment of Cash made under this Plan may be made either by check drawn on an account of the Plan Sponsor, the Debtor, the Reorganized Debtor or the Litigation Trust, by wire transfer, or by automated clearing house transfer from a domestic bank, at the option of the respective payor.

M. Compliance with Tax Requirements.

In connection with this Plan, to the extent applicable, the Liquidating Trustee in making Distributions shall comply with all tax withholding and reporting requirements imposed on it by any governmental unit, and all Distributions pursuant to this Plan shall be subject to such withholding and reporting requirements. The Liquidating Trustee may withhold the entire Distribution due to any holder of an Allowed Claim until such time as such holder provides to the Liquidating Trustee, the necessary information to comply with any withholding requirements of any governmental unit. Any property so withheld will then be paid by the Liquidating Trustee to the appropriate authority. If the Holder of an Allowed Claim fails to provide to the Liquidating Trustee the information necessary to comply with any withholding requirements of any governmental unit within six months after the date of first notification by the Liquidating Trustee to the holder of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then the Holder's Distribution shall be treated as an undeliverable distribution in accordance with the below. The payment of all taxes on all Distributions shall be the sole responsibility of the distributee.

N. Transmittal of Distributions to Parties Entitled Thereto.

All Distributions by check shall be deemed made at the time such check is duly deposited in the United States mail, postage prepaid. All Distributions by wire transfer shall be deemed made as of the date the Federal Reserve or other wire transfer is made. Except as otherwise agreed with the holder of an Allowed Claim in respect thereof or as provided in this Plan, any property to be distributed on account of an Allowed Claim shall be distributed by mail upon compliance by the Holder with the provisions of this Plan to (i) its address set forth in its proof of claim, (ii) the latest mailing address filed for the holder of an Allowed Claim entitled to a distribution, (iii) the latest mailing address filed for a holder of a filed power of attorney designated by the Holder of such Allowed Claim to receive distributions, (iv) the latest mailing address filed for the Holder's transferee as identified in a filed notice served on the Debtor pursuant to Bankruptcy Rule 3001(e), or (v) if no such mailing address has been filed, the mailing address reflected on the Schedules or in the Debtor's books and records.

O. Distribution of Unclaimed Property.

Except as otherwise provided in this Plan, any property (Cash or otherwise) to be distributed under this Plan that is unclaimed after six months following the relevant distribution date shall be forfeited, and such distribution, together with all interest earned thereon, shall become an Asset to be distributed and conveyed to Holders of Class 4 Claims in accordance with the provisions of this Plan. However, checks issued by the Liquidating Trustee with respect to Allowed Class 4 Claims will be null and void if not cashed within sixty days of the date of issuance and such unclaimed distribution shall vest with the Middle District of Florida Bankruptcy *Pro Se* Clinic. Requests for re-issuance of any such check shall be made in writing to the Liquidating Trustee by the Holder of the Claim with respect to the check originally issued.

P. Transfer Taxes.

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, distribution, transfer or exchange of any security or the making, delivery, or recording of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan or any Plan Document, or any transaction arising out of, contemplated by, or in any way related to the foregoing, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangible or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local government officials or agents shall be, and hereby are, directed to forego the collection of any such tax or governmental assessment and to accept for filing and recording any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

Q. Setoff and Recoupment Rights of the United States.

Nothing in the Plan or the Confirmation Order shall enjoin, release, impair or otherwise preclude the United States from (i) exercising any rights of setoff or recoupment; and/or (ii) pursuing any claim of the United States arising on or after the Confirmation Date.

RESPECTFULLY SUBMITTED this 2nd day of July, 2020 in Orlando, Florida.

/s/ Daniel A. Velasquez

Justin M. Luna, Esq.

Florida Bar No. 0037131

jluna@lathamluna.com

Daniel A. Velasquez, Esq.

Florida Bar No. 0098158

dvelasquez@lathamluna.com

LATHAM, LUNA, EDEN & BEAUDINE, LLP

111 N. Magnolia Ave., Suite 1400

Orlando, Florida 32801

Tel: 407-481-5800

Fax: 407-481-5801

Attorneys for the Debtor

HOMER AIRPORT TERMINAL

AIR CARRIER/TICKET COUNTER SUBLEASE

THIS SUBLEASE IS MADE this November 1, 2024 between the City of Homer, an Alaska Municipal Corporation ("Sublessor"), whose address is 491 East Pioneer Avenue, Homer, Alaska 99603, and Sterling Airways DBA Aleutian Airways, an Alaskan Corporation ("Sublessee"), whose address is 6751 South Airpark Place, Anchorage, AK 99502.

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 as amended by Supplement No. 2 dated March 30, 2023 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 premises consisting of 1,117 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 Sublesses 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 November, 1 2024, and shall end on March 30, 2028, 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 \$52,708.56 plus taxes ("Rent"). Rent shall be payable in monthly installments of \$4,392.38 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 \$7,906.28 (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. CONDITION 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

This sublease includes four parking spaces in the employee parking area. The City shall designate a parking area for employees of the tenants of the Building. City shall provide snow removal in the parking area. No overnight parking of employee vehicles is allowed. Sublessee shall pay additional rent of \$15 per month for each 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 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, grading, fill, 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 INSURANCE. (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 if 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) Reenter 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 determine 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:

Sterling Airways dba Aleutian Airways
Brian Whilden, General Manager
6751 S. Airpark Place
Anchorage, AK 99502
Telephone: (907) 600-7051
E-mail: brian.whilden@flysterling.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
Building Maintenance Division
491 East Pioneer Ave, Homer AK
Telephone: 907.235.3170
E-mail: publicworks@cityofhomer-ak.gov

Brian Whilden
6751 S. Airpark Place
Anchorage AK 99502
Telephone: 907-600-7051
E-mail: brian.whilden@flysterling.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-DISCRIMIINATION. 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 denominator 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:

CITY OF HOMER

Signature: _____
Melissa Jacobsen, City Manager

Sublessee:

STERLING AIRWAYS dba ALEUTIAN AIRWAYS

Signature: _____
(name & title) _____

ACKNOWLEDGEMENTS

STATE OF ALASKA)
)ss
THIRD JUDICIAL DISTRICT)

The foregoing instrument was acknowledged before me on _____, 20____, by _____, as 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 _____.

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. Counter Cargo make-up area #131 directly behind office and ticket area #110. Total area consisting of 1,117 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.

Counter and cargo area #131 total area consisting of 384 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, al 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.

This sublease includes 4 parking spots at the Homer Airport Terminal in the employee parking area.

The attached drawing depicts the Premises being subleased along with common areas of the Building that are used by other sub lessees and the City.