

VALDEZ PIONEER FIELD TERMINAL BUILDING

SUBLEASE

THIS SUBLEASE IS MADE this 1st day of October 2023, between the **CITY OF VALDEZ** (hereinafter referred to as "LANDLORD") a municipal corporation, whose address is P.O. Box 307, Valdez, Alaska 99686 and **CIVIL AIR PATROL** hereinafter referred to as "TENANT") whose address is P.O. Box 6014, Elmendorf AFB, Alaska 99506-6014.

LANDLORD AND TENANT AGREE AS FOLLOWS:

1. DESCRIPTION. Landlord subleases to Tenant and Tenant subleases from Landlord the Premises consisting of **1,029.6 square feet of tower office space identified**, as more fully described and/or depicted on Exhibit A attached hereto (hereinafter referred to as the "PREMISES"), located in the Valdez Pioneer Field Terminal Building (hereinafter referred to as the "BUILDING") located on the real property described and/or depicted on Exhibit B attached hereto (hereinafter referred to as the "PROPERTY"), for the term, the rent, and subject to the covenants and conditions hereinafter provided. This Sublease confers no rights either with regard to the subsurface of the land below the floor level of the Premises or with regard to airspace above the ceiling of the Premises.

2. TERM. The term of this Sublease shall commence on **January 1st, 2024, and shall end on December 31st, 2025** ("INITIAL TERM"), unless sooner terminated or extended as hereinafter provided. The term shall automatically renew on a month-to-month basis unless otherwise terminated. If Landlord 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, Landlord shall not be liable for any damage caused by failing to deliver possession, and this Sublease shall not be void or voidable. The Tenant shall not be liable for rent until Landlord delivers possession of the Premises to Tenant, but the term of this Sublease shall not be extended by the delay.

3. RENT.

(a) Tenant shall pay to Landlord base rent in the amount of **one dollar (\$1.00) per year beginning on January 1, 2024.**

(b) Tenant shall also pay to Landlord, as additional rent hereunder, the following described concession fees:

(i) A concession fee equal to 12% of the Tenant's gross sales from the Premises of alcoholic beverages;

(ii) A concession fee equal to 8% of Tenant's gross sales of goods and merchandise; and

(iii) A concession fee equal to 6% of Tenant's gross sales of food and non-alcoholic beverages.

(c) The concession fees referenced in paragraphs b(ii) and b(iii) above shall be calculated based only upon the portion of Tenant's combined gross sales of goods, merchandise, food and non-alcoholic beverages in a calendar year exceeding \$50,000, or in excess of a proportional amount for any partial calendar year at the beginning or end of the concession. The \$50,000 gross sales exclusion stated above shall not apply to alcoholic beverages.

(d) The above described concession fees shall be paid by Tenant to Landlord on a quarterly basis for the quarterly periods of January through March, April through June, July through September and October through December, during the term of this Sublease. Such concession fees shall be due on or before the 15th day of the calendar month following the end of each such quarter. On or before the 15th day of each calendar month following each quarter referenced above, Tenant shall complete and submit to Landlord an accurate Certified Activity Report in form and substance of that attached hereto as Exhibit D. Tenant shall keep and maintain such records: (1) as will substantiate Tenant's underlying gross sales figures for each of the three concession fee categories referenced in paragraph 3(b) above; and (2) as necessary to enable Landlord to perform its concession fee obligations to the State of Alaska under Section IV of the BASE LEASE referenced below. Tenant shall make such records available to Landlord upon request.

(e) Rent delinquent over 30 days will be assessed interest at the maximum legal rate of interest per year on a monthly basis.

4. USE OF PREMISES. Tenant shall use the Premises for retail, office, and storage space, and for no other use without Landlord's consent.

(a) Tenant shall comply with all covenants, provisions, conditions, and terms of that certain Lease Agreement No. ADA-72348 (hereinafter the "BASE LEASE"), between the State of Alaska, Department of Transportation ("State"), Lessor, and the City of Valdez, Lessee, to which all the terms, covenants, and conditions of this Sublease are subject. Tenant acknowledges receipt of a copy of the BASE LEASE which is incorporated herein by reference. The term of this Sublease is contingent upon the existence of an effective base lease regarding the Property between said Lessor and Lessee. Tenant 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 BASE LEASE; nor will Tenant commit any act, either by commission or omission, which would cause Landlord to be in default of any covenant, provision, term or condition of the BASE LEASE.

(b) Tenant will 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 this Sublease, or which directly or indirectly is forbidden by any federal, state or local

law, ordinance or regulation or which may be dangerous to life, limb, or property, or which will suffer or permit the Premises or any part thereof to be used in any manner or anything to be brought into or kept therein which, in the judgment of Landlord, shall in any way impair the character, reputation or appearance of the Building as a first class airport terminal building, or which will impair or interfere with or tend to impair or interfere with any of the services performed by Landlord for the Property.

(c) No additional locks or similar devices shall be attached to any door or window without Landlord's consent. No keys for any door other than those provided by Landlord shall be made. Tenant will be issued the minimum number of keys required by Tenant's staff. All keys must be returned to Landlord at the expiration or termination of this Sublease. Lost keys will require cores in all doors using that key be replaced with a new core. It will also require issuing new keys to all key-holders of that core. Lost keys or any keys not returned upon expiration or termination of this Sublease shall be assessed a charge of \$20 for each core and \$5 for each key. These charges will be multiplied by the number of cores and keys that have to be replaced throughout the building.

(d) The sidewalks, halls, passages, exits, entrances and stairways shall not be obstructed by Tenant or used for any purpose other than for ingress to and egress from the Premises. No Tenant and no employees or invitees of any Tenant shall go upon the roof of the Building.

(e) Tenant 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 offensive or objectionable to the Landlord or other occupants of the Building by reason of noise, odors, and/or vibrations, or 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 accompanying air travel passengers in transit and then only in containers designed for transport of such animals or birds.

(f) Tenant shall see that the doors and windows, if openable, of the Premises are closed and securely locked before leaving the Building and must observe strict care and caution that all water faucets or water apparatus are entirely shut off before Tenant or Tenant's employees leave the Building, and that all electricity shall likewise be carefully shut off so as to prevent waste or damage. Tenant shall be liable for all injuries and losses sustained by other tenants, occupants of the Building or Landlord as a result of the failure to abide by the foregoing obligations.

(g) Tenant may temporarily utilize conference rooms or other meeting spaces free of charge upon written request and approval from the Ports and Harbors Director.

In addition to all other liabilities for breach of any covenant of this paragraph, the Tenant shall pay to the Landlord an amount equal to any increase in insurance premiums payable by the Landlord or any other tenant in the Building, caused by such breach.

5. SECURITY DEPOSIT. The Tenant has deposited with Landlord at the time of execution of this Sublease the sum of Zero Dollars (\$0.00) as a security deposit for the performance

by Tenant of the provisions of this Sublease.

6. UTILITIES AND SERVICES. Landlord shall furnish to the Premises, at Landlord's expense, except as otherwise provided in this Sublease, reasonable quantities of electricity, heat, water, and sewer as required for Tenant's use. If Landlord is required to construct new or additional utility installations including, without limitation, wiring, plumbing, conduits and mains, resulting from Tenant's changed or increased utility requirements, Tenant shall, on demand, pay to Landlord the total cost of these items. Landlord shall not be liable for failure to furnish utilities to the Premises when the failure results from causes beyond Landlord's reasonable control, but in case of such failure Landlord will take all reasonable steps to restore the interrupted utilities. Any such interruption of utilities shall never be deemed an eviction or disturbance of Tenant's use and possession of the Premises, or any part thereof, or give Tenant any right to abatement of rent, or otherwise, or relieve Tenant from performance of any of Tenant's obligations under this Sublease. Tenant shall pay for all telephone and internet related charges, including installation.

7. CONDITION OF PREMISES. Tenant's taking possession of the Premises shall be conclusive evidence as against Tenant that the Premises were in good order and satisfactory condition when Tenant took possession, except as to latent defects. No promise of Landlord 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 Landlord to Tenant, other than as may be contained in this Sublease or in a separate written agreement. At the termination of this Sublease, the Tenant shall return the Premises clean and in as good order and condition as when the Tenant took possession, ordinary wear and tear excepted, failing which the Landlord may restore the Premises to such condition and the Tenant shall pay the cost thereof on demand.

8. MAINTENANCE AND REPAIRS. Landlord, at Landlord'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. Tenant, at Tenant'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 Tenant's personal property.

9. SNOW REMOVAL. Landlord shall provide snow removal in the parking area except Tenant shall provide snow removal in parking areas, if any, reserved to Tenant's use.

10. ALTERATIONS. Tenant shall not make any alterations to the Premises without Landlord's prior written consent. Approval of the alterations shall not constitute a building permit, nor shall a building permit constitute approval of the alterations. Any alterations shall remain on and be surrendered with the Premises on expiration or termination of this Sublease, except that Landlord can elect at any time, to require Tenant to remove any alterations that Tenant has made to the Premises. If Landlord so elects, Tenant, at Tenant's expense, shall restore the Premises to the condition designated by Landlord 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 Tenant proceeds to make any approved alterations to the Premises as provided in this paragraph, Tenant shall notify Landlord no less than five (5) days prior to the commencement of the work unless otherwise waived by Landlord.

11. MECHANICS' LIENS. Tenant shall pay all costs for construction done by it or caused to be done by it on the Premises as permitted by this Sublease. Tenant shall keep the Premises, the Building, and the Property free and clear of mechanics' liens resulting from construction done by or for Tenant. Tenant shall have the right to test the correctness or the validity of any such lien only if, immediately on demand by Landlord, Tenant 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. EXCULPATION OF LANDLORD. Landlord shall not be liable to Tenant for any damage to Tenant's property unless caused by the sole negligence or intentional conduct of Landlord. Tenant waives all claims against Landlord and the State of Alaska, Department of Transportation and Public Facilities for damage to Tenant's property arising for any reason other than from the sole negligence or intentional conduct of Landlord.

13. INDEMNITY. Tenant shall indemnify, defend and hold Landlord and the State of Alaska, Department of Transportation and Public Facilities harmless from all damages arising out of any injury to any person or damage to, or destruction of, property occurring to, in, on or about the Premises, Building or Property arising out of the activities or negligence of Tenant, its employees, contractors, suppliers, customers, invitees, guests, and representatives; except that Landlord shall indemnify and hold Tenant harmless from all damages arising out of any injury to any person or damage to, or destruction of, property (other than Tenant's) caused by the sole negligence of Landlord or its authorized representatives.

14. PUBLIC LIABILITY. Tenant, at Tenant's expense, shall maintain public liability insurance with a combined single limit of liability per occurrence of not less than ONE MILLION DOLLARS (\$1,000,000.00), and a combined single limit of liability annual aggregate of not less than TWO MILLION DOLLARS (\$2,000,000.00) insuring against all liability of Tenant, and authorized representatives, arising out of and in connection with Tenant's use or occupancy of the Premises. Premises/operations, personal and advertising injury liability, and products/completed operations liability must be included in this coverage.

All public liability insurance shall insure performance by Tenant of the indemnity provisions of paragraph 13. Landlord and the State of Alaska, Department of Transportation and Public Facilities shall be named as an additional insured, but the policy shall not contain any exclusion from coverage for Tenant's liability for damages or loss incurred by Landlord because of Landlord's status as additional insured. The policy shall further provide that it may not be canceled or amended without thirty (30) days prior written notice to Landlord as well as the State of Alaska, Department

of Transportation and Public Facilities.

15. TENANT'S FIRE INSURANCE. Tenant, at Tenant's expense, may maintain on all of its personal property, inventory, and Tenant's improvements and alterations, in, on or about the Premises, a policy of fire and extended coverage insurance, with vandalism and malicious mischief endorsements, to the extent of at least ninety percent (90%) of their actual cash value. Tenant shall use the proceeds of any such policy for the replacement of such personal property and the restoration of Tenant's improvements or alterations.

16. LANDLORD'S FIRE INSURANCE. Landlord may, at its election and at Landlord's expense, maintain on the Building a policy of commercial property insurance coverage up to the full replacement value. If Landlord elects to maintain such a policy, the policy shall be issued in the names of Landlord and Landlord's lender, as their interests may appear. The policy shall provide that any proceeds shall be made payable solely to Landlord or Landlord's lender. 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.

Tenant 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 Tenant sell, or permit to be kept, used or sold, in or about the Premises, any article, material or substance which may be prohibited by standard form fire and extended coverage insurance policies. Tenant shall, at Tenant'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. Tenant agrees to pay to Landlord as additional rent any increase in premiums on policies which may be carried by Landlord covering damage to the Building by fire and the perils normally included in extended coverage above the rate for the least hazardous type of occupancy for airport terminal use. In event of non-payment of such additional rent, Landlord shall have all the rights and remedies provided in this Sublease in case of non-payment of rent.

17. WAIVER OF SUBROGATION. Tenant waives rights of subrogation against Landlord and the State of Alaska, Department of Transportation and Public Facilities on behalf of Tenant and its insurers for any loss or damage to personal property of Tenant.

18. OTHER INSURANCE MATTERS. All insurance required to be carried by Tenant under this Sublease shall be issued by insurance companies acceptable to Landlord; shall be issued as a primary policy; shall contain an endorsement requiring thirty (30) days prior written notice from the insurance company to the Landlord before cancellation or change in the coverage, scope or amount of any policy; and each policy, or a certificate of the policy, together with evidence of payment of premiums, shall be deposited with Landlord at the commencement of the term of this Sublease, and on renewal of the policy not less than thirty (30) days before expiration of the term of the policy.

19. TAXES AND ASSESSMENTS. Landlord shall pay all general and special assessments. Tenant shall pay all real estate taxes levied on Tenant's interest in the Premises, Building or Property.

20. 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, Landlord 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, except that if such destruction resulted from Tenant's fault or negligence, Tenant 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 opinion of the Landlord the Building should be restored in such a way as to alter the Premises materially, Landlord may terminate this Sublease by notice to Tenant 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 fifteen (15) days after the giving of such notice as fully and completely as if such date were the date hereinbefore set forth for the expiration of the term of this Sublease. If this Sublease is not so terminated, Landlord shall restore the Premises and the Building within a reasonable time and this Sublease shall continue in full force and effect.

If Landlord is required or elects to restore the Premises as provided in this paragraph, Landlord shall not be required to restore alterations made by Tenant, Tenant's improvements, Tenant's trade fixtures, and Tenant'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 Tenant 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 Tenant's use of the Premises, except that if such destruction resulted from Tenant's fault or negligence, Tenant 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 and 1/3%) of the then replacement value of the Building from any risk, Landlord can elect to terminate this Sublease whether or not the Premises are destroyed.

21. CONDEMNATION. If, during the term of this Sublease, there is a taking by condemnation (including condemnation by Landlord) 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 Landlord 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 or the value of the Tenant's business and Tenant's leasehold interest, which is given the Tenant by virtue of this Sublease.

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

(a) A default in the payment of the rent and additional rents due hereunder, or any part thereof, for a period of fifteen (15) 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 Tenant to be kept, performed, or observed for a period of fifteen (15) days after service by Landlord on Tenant of a notice specifying the particular default or defaults, provided, however, that no default on the part of the Tenant 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 Tenant 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 Tenant in an involuntary case under the federal bankruptcy laws, as now or hereinafter 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 the Tenant or for any substantial part of its property, or ordering the winding-up or liquidation of its affairs.

(d) The commencement by the Tenant 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 the Tenant or for any substantial part of its property, or the making by Tenant of any assignment for the benefit of creditors, or the failure of the Tenant generally to pay its debts as such debts become due, or the taking of corporate action by the Tenant in furtherance of any of the foregoing.

(e) The taking possession of the property of Tenant by any governmental office or agency pursuant to statutory authority for the dissolution or liquidation of the Tenant.

(f) The vacation or abandonment of the Premises by Tenant.

(g) The assignment or subletting of the Premises by Tenant without the prior written consent of Landlord and the State of Alaska.

23. LANDLORD'S REMEDIES IN EVENT OF DEFAULT. In the event of any default by Tenant under this Sublease, Landlord shall have the following rights and remedies, which shall be cumulative and all in addition to any rights and remedies that Landlord 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 Tenant 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, for any sum which Landlord may deem reasonable.
- (e) Collect any and all rents due or to become due from subtenants or other occupants of the Premises.
- (f) If Tenant shall at any time fail to make any payment or perform any other act on its part to be made or performed under this Sublease, Landlord may, but shall not be obligated to, and without waiving or releasing Tenant from any obligation under this Sublease, make such payment or perform such other act to the extent Landlord may deem desirable, and in connection therewith to pay expenses and employ counsel. Tenant agrees to pay all costs and reasonable attorney's fees incurred by Landlord in instituting, prosecuting or defending any action or proceeding to enforce Landlord's rights under this Sublease or to enforce performance by Tenant of any condition, obligation or requirement hereunder. All sums so paid by Landlord and all expenses in connection therewith, together with interest thereon at the rate of eight percent (8%) 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 Landlord shall have the same rights and remedies for the non-payment thereof, or of 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 Tenant, damages provided for below constituting of items (i) and (ii), or, at Landlord's election in lieu of (ii),

item (iii): (i) reasonable attorney's fees and other expenses incurred by Landlord by reason of the breach or default by Tenant, and (ii) an amount equal the amount of all rent and additional rents reserved under this Sublease, less the net rent, if any, collected by Landlord on reletting the Premises, which shall be due and payable by Tenant to Landlord on the several days on which the rent and additional rents reserved in this Sublease would have been become due and payable; that is to say, upon each of such days Tenant shall pay to Landlord the amount of deficiency then existing. Such net rent collected on reletting by Landlord shall be computed by deducting from the gross rent collected all expenses incurred by Landlord in connection with the reletting of the Premises, or any part thereof, including broker's commission and the cost of renovating or remodeling the Premises; or (iii) an amount to be due immediately on breach, equal to the difference between the rent and 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 Landlord 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.

(i) Reentry or reletting of the Premises, or any part thereof, pursuant to this paragraph 23 shall not be deemed a termination of this Sublease, unless expressly declared to be so by Landlord. If this Sublease shall be deemed terminated, Tenant's liabilities shall survive and Tenant shall be liable for damages as provided above.

The enumeration of the default rights of Landlord 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, all of which rights Landlord shall retain.

24. SURRENDER OF POSSESSION.

(a) If upon any termination of this Sublease Tenant shall fail to surrender possession and vacate the Premises immediately and deliver possession thereof to Landlord, Tenant hereby grants to Landlord full and free license to enter into and upon the Premises in such event with or without process of law and to repossess Landlord of the Premises and to expel or remove Tenant and any others who may be occupying or within the Premises and to remove any and all property therefrom, using such force as may be necessary, without being deemed in any manner guilty of trespass, eviction or forcible entry or detainer, and without relinquishing Landlord's right to rent or any other right given to Landlord hereunder or by operation of law.

(b) Any and all property which may be removed from the Premises by Landlord pursuant to the authority of any term of this Sublease or of law, to which Tenant is or may be entitled, may be handled, removed, or stored by Landlord at the risk, cost and expense of Tenant, and Landlord shall in no event be responsible for the value, preservation or safekeeping thereof or for

any loss or damage to Tenant occasioned thereby. Tenant shall pay to Landlord, 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 Landlord's possession or under Landlord's control. Any such property of Tenant not removed from the Premises or retaken from storage by Tenant within thirty (30) days after the end of the term of this Sublease or of Tenant's right to possession of the Premises, however terminated, shall be conclusively deemed to have been forever abandoned by Tenant and either may be retained by Landlord as its property or may be disposed of in such manner as Landlord may see fit.

25. QUIET ENJOYMENT. So long as Tenant shall observe and perform the covenants and conditions contained in this Sublease, Tenant shall, at all times during the term of this Sublease, peacefully and quietly have and enjoy possession of the Premises without any disturbance or hindrance by, from or through Landlord.

26. ASSIGNMENT AND SUBLETTING.

(a) Tenant shall not voluntarily assign or encumber its interest in this Sublease or in the Premises or sublease all or any part of the Premises, or allow any other person or entity (except Tenant's authorized representatives) to occupy or use all or any part of the Premises without first obtaining Landlord's consent, which will not unreasonably be withheld, and the consent of the State of Alaska, Department of Transportation and Public Facilities. Any assignment, encumbrance or sublease without such consent shall be voidable and, at Landlord's election, shall constitute a default. No consent to any assignment, encumbrance, or sublease shall constitute a further waiver of the provisions of this paragraph. If Tenant is a corporation, any dissolution, merger, consolidation or other reorganization of Tenant, or the sale or other transfer of a controlling percentage of the capital stock of Tenant, or the sale of fifty-one percent (51%) or more of the value of the assets of Tenant, shall be deemed a voluntary assignment. The phrase "controlling percentage" means the ownership of, and the right to vote, stock possessing at least fifty-one percent (51%) of the total combined voting power of all classes of Tenant's capital stock issued, outstanding and entitled to vote for the election of directors. As to a corporation the stock of which is traded through an exchange or over the counter, a sale or other transfer of a controlling percentage of the capital stock of such a Tenant corporation will not be deemed to be a voluntary assignment.

(b) Tenant immediately and irrevocably assigns to Landlord, as security for Tenant's obligations under this Sublease, all rent from any subletting of all or a part of the Premises as permitted by this Sublease, and Landlord, as assignee and attorney-in-fact for Tenant or a receiver for Tenant appointed on Landlord's application, may collect such rent and apply it toward Tenant's obligations under this Sublease, except that, until the occurrence of an act of default by Tenant, Tenant shall have the right to collect such rent.

(c) Any proposed assignment or sublease must be submitted to the Landlord for approval in seven (7) copies, each bearing the original notarized signature of all parties. Each sublease or assignment shall be expressly subject and subordinate to this Sublease and the rights of the Landlord hereunder, and shall require the assignee or sublessee to assume the Tenant's

obligation hereunder and shall not release the Tenant from liability hereunder unless expressly provided in writing. Each sublease shall be expressly terminable by Landlord in its sole discretion at the end of the term of this Sublease. If approved by Landlord, the proposed sublease or assignment will be forwarded to the State of Alaska, Department of Transportation and Public Facilities for approval. No consent to assignment or sublease is effective until given in writing by both the Landlord and the State of Alaska, Department of Transportation and Public Facilities.

27. RIGHTS RESERVED TO LANDLORD. Landlord 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 or response to an emergency.
- (e) On reasonable prior notice to Tenant, to exhibit the Premises to prospective tenants during the last six (6) months of the term of this Sublease, and to any prospective purchaser, mortgagee, or assignee of any mortgage on the Building and to others 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 improvements 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 Landlord's interest, or as may be necessary or desirable in the operation or improvement of the Building or in order to comply with all laws, orders and requirements of governmental or other authority.
- (g) In the sole discretion of the Landlord, the Leased Premises may be used by Landlord or a third party in cases of emergency requiring use of the Leased Premises. Upon 30 days' notice from the Landlord, the Lease Premises may be used by Landlord or a third-party for special events such as the Valdez Fly-In and Airshow. Tenant shall make best efforts to remove or relocate equipment or other items stored in the Leased Premises as necessary to facilitate use under this subparagraph. In the event Tenant fails to remove or relocate equipment or other items, Landlord may remove or relocate such items.

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 Tenant fails to surrender the Premises to Landlord on expiration of the term of this Sublease as required by paragraph 24 of this Sublease, Tenant shall pay Landlord rent at the rate established in paragraph 3 of this Sublease, for the entire time Tenant thus remains in possession, and, in addition thereto, Tenant shall hold Landlord harmless from all damages resulting from Tenant's failure to surrender the Premises, including, without limitation, claims made by a succeeding tenant resulting from Tenant's failure to surrender the Premises. If Tenant remains in possession of the Premises after expiration of the term of this Sublease, or after the date in any notice given by Landlord to Tenant terminating this Sublease, Tenant will be charged in addition to the rental rate, a Surcharge of 10% of the monthly rental fee for each month that the Tenant remains in possession of the Premises without a signed Sublease. If Tenant remains in possession of the Premises after expiration of the term of this Sublease, or after the date in any notice given by Landlord to Tenant terminating this Sublease, such possession by Tenant shall be deemed to be a month-to-month tenancy terminable on thirty (30) days notice given at any time by either party, provided, however, that Landlord, at Landlord's election, expressed in a notice to Tenant, and not otherwise, may elect to treat such holding over as a renewal of this Sublease for a term of one (1) year. The provisions of this paragraph do not exclude Landlord's rights of re-entry or any other right under this Sublease.

30. SUBORDINATION OF SUBLEASE. The rights of Tenant under this Sublease shall be and are subordinate at all times to the BASE 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 made upon the security thereof, and to all renewals, modifications, consolidations, replacements, and extensions thereof. This paragraph is self-operative and no further instrument of subordination shall be required. In confirmation of such subordination, Tenant shall promptly execute such further instrument as may be requested by Landlord. Tenant hereby irrevocably appoints Landlord as attorney-in-fact for Tenant with full power and authority to execute and deliver in the name of Tenant any such instrument or instruments. Tenant, 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, certified or registered, and addressed to the other party at the address set forth for such party in the introductory paragraph of this Sublease, or at such other address as either party may notify the other in writing pursuant to this paragraph.

32. WAIVER. No failure by either Landlord or Tenant 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 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 Landlord 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 Landlord, including, without limitation, the acceptance of the keys to the Premises, shall constitute an acceptance of the surrender of the Premises by Tenant before the expiration of the term of this Sublease. Only a notice from Landlord to Tenant 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 Landlord sells or transfers the Building or the Premises, on consummation of the sale or transfer, Landlord shall be released from any liability thereafter accruing under this Sublease. If any security deposit or prepaid rent has been paid by Tenant, Landlord can transfer the security deposit or prepaid rent to Landlord's successor and on such transfer Landlord 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 hereto 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) In the event of variation or discrepancy, Landlord's original copy of this Sublease shall control.

(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 Valdez.

(h) All provisions contained in this Sublease, whether covenants or

conditions on the part of the Tenant shall be deemed to be both covenants and conditions.

35. NON-DISCRIMINATION. Tenant covenants and agrees that discrimination on the grounds of race, color, religion, national origin, ancestry, age or sex will not be permitted against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal, state or local law. The Tenant recognizes the right of the Landlord to take any action necessary to enforce this covenant, including actions required pursuant to any federal, state or local law.

36. RADIO INTERFERENCE. At the Landlord's request, Tenant 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. Tenant agrees to abide by all reasonable regulations now or hereafter established by the Landlord concerning the operation and maintenance of the Premises, Building, and the Property.

38. SPECIAL COVENANTS. Landlord will allow Tenant's short term (Less than 3 days) use of the meeting, and events spaces when not in use by the landlord at no additional charge.

39. TERMINAL CHANGES AND IMPROVEMENTS.

(a) The Tenant 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 Landlord does hereby reserve the right and option to rebuild, remodel, relocate, or otherwise effect such changes in the Premises and the Building. Tenant agrees that upon thirty (30) days advance written notice given by Landlord to relocate to a new premises within the Building as may be assigned by Landlord as deemed necessary or advisable in Landlord's sole discretion; 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 be not less than ninety percent (90%) of the area of the Premises unless Tenant shall consent to a greater reduction.

(b) Tenant shall receive no compensation or reimbursement of expenses for any such move required by Landlord. However, 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 Tenant shall not be required to pay any increased rent resulting from any such move required by Landlord, even if the new premises are larger than or have a higher rental rate than the

Premises.

(c) The Tenant agrees that temporary inconveniences, such as noise, disturbances, traffic detours, and the like, caused by or associated with the construction, remodeling, rebuilding, or relocation of the 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 except in cases of interruption of the Tenant'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 1/30th of the monthly rental per each day of interruption of the Tenant's business or activity.

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

40. RENEWAL AND RENT ADJUSTMENT. Intentionally left blank.

41. The Landlord shall notify the State of Alaska, Department of Transportation and Public Facilities should the Landlord repossess the Premises in the event of default, cancellation, or termination of this Sublease.

42. STATE DOT/PF APPROVAL. This Sublease is subject to the BASE LEASE. Pursuant to the terms of said BASE LEASE, this Sublease shall not become effective until approved in writing by the State of Alaska, Department of Transportation and Public Facilities.

IN WITNESS WHEREOF, Landlord and Tenant have signed this Sublease effective the day and year first above written.

TENANT

BY: _____

DATE: _____

TITLE: _____

FEDERAL ID #: _____

Mailing Address

City, State, Zip Code

Signature of Company Secretary or Attest

Date: _____

**CITY OF VALDEZ, ALASKA
APPROVED:**

John Douglas, City Manager

Date: _____

ATTEST:

Sheri L. Pierce, MMC, City Clerk

Date: _____

RECOMMENDED:

Jeremy Talbott, Ports and Harbors Director

Date: _____

**APPROVED AS TO FORM:
Brena, Bell & Walker, P.C.**

Jake W. Staser

Date: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____, day of _____, 20__ before me, the undersigned, a Notary Public in and for the State of Alaska, personally appeared _____, and acknowledged to me that he/she executed the foregoing instrument as the free and voluntary act for the uses and purposes therein set forth.

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

Notary Public in and for Alaska
My Commission Expires: _____

STATE OF ALASKA)
) ss.
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____, day of _____, 20__ before me, the undersigned, a Notary Public in and for the State of _____, personally appeared _____, and acknowledged to me that he/she executed the foregoing instrument as the free and voluntary act for the uses and purposes therein set forth.

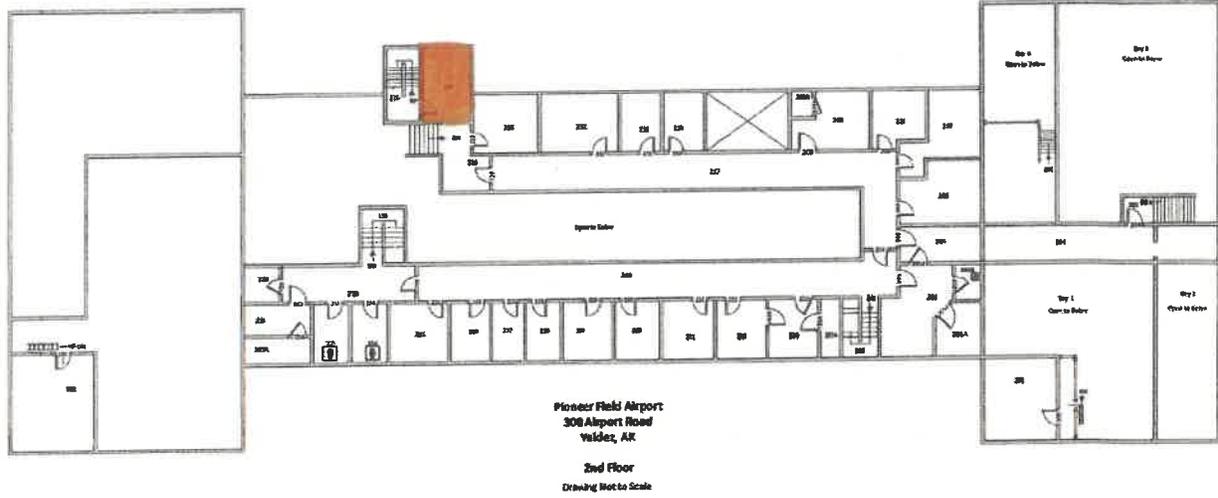
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first hereinabove written.

Notary Public in and for _____
My Commission Expires: _____

EXHIBIT A

DESCRIPTION OF LEASED PREMISES

2022



2022

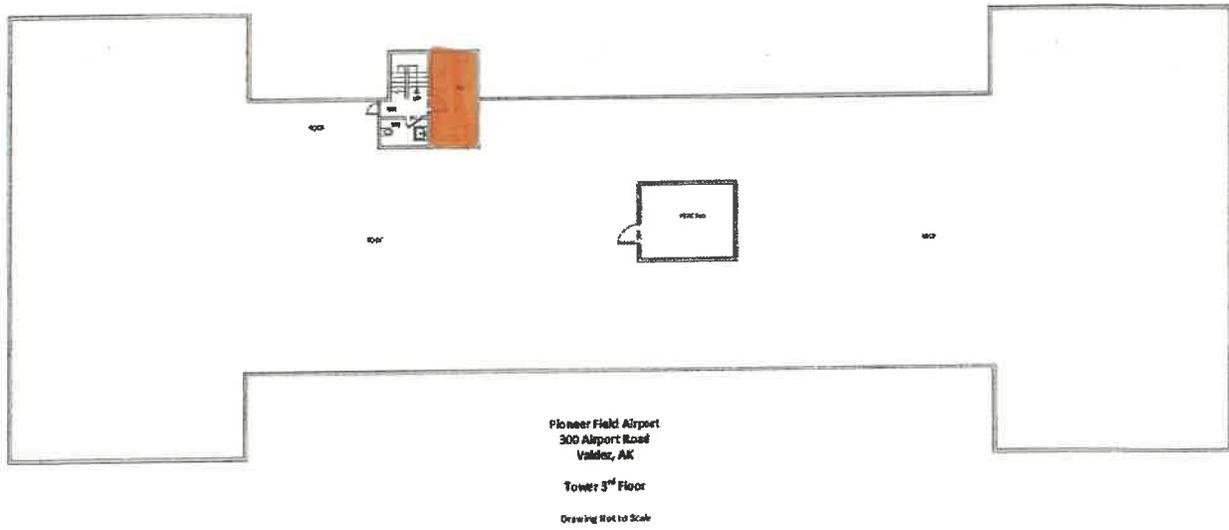


EXHIBIT B

LEGAL DESCRIPTION OF THE PROPERTY

A tract of land situated within U. S. Survey No. 3628, approved October 12, 1962, located at Valdez, Alaska, within Protracted Section 35, Township 8 South, Range 6 West, Copper River Meridian, Alaska; and being more particularly described as follows:

Commencing at the witness point on line 1-2 of aforementioned U. S. Survey No. 3628; thence South 79 degrees 13 minutes and 08 seconds West, 402.40 feet to a point on said line 1-2; thence North 10 degrees 46 minutes 52 seconds West, 60.00 feet to the True Point of Beginning of the herein described tract of land; thence South 79 degrees 13 minutes 08 seconds West 500.00 feet to the point; thence North 10 degrees 30 minutes 33 seconds West, 278.79 feet to a point; thence North 79 degrees 29 minutes 12 seconds East 1000.00 feet to a point; thence South 10 degrees 30 minutes 33 seconds East, 274.11 feet to a point; thence South 79 degrees 13 minutes 08 seconds West 500.00 feet to the True Point of Beginning, which tract is also known as Lots Two (2) and Three (3), Block Three Hundred (300), of the unrecorded plat of AIRPORT RESERVE.

EXHIBIT D

CONCESSION FEE REPORT AND REMITTANCE

Lessee Name / DBA: _____

Contact Information: _____

SALES PERIOD (CHECK ONE)	Due Date
_____ 1st Quarter, Jan-Mar	April 15th
_____ 2nd Quarter, Apr-Jun	July 15th
_____ 3rd Quarter, Jul-Sep	October 15th
_____ 4th Quarter, Oct-Dec	January 15th

ALCOHOLIC BEVERAGE SALES:

(a) Gross Sales: _____

(b) Concession Fee Rate: _____ 12%

Concession Fee (a) x (b) _____ **PLEASE REMIT THIS AMOUNT
Payable to "City of Valdez"**

OTHER SALES:

Food and Non-Alcoholic Beverages: _____

Goods and Merchandise _____

Lodging: _____

"Other Sales" are for reporting purposes only. Do not remit payment to the City of Valdez. Should your "Other Sales" surpass \$50,000, then you would need to remit 6% of sales for food and non-alcoholic beverages, 8% of sales for goods, and 5% of sales for lodging, but until that point, no payment is due.

Please return to City of Valdez, Finance Department, P.O. Box 307, Valdez, AK 99686
brusher@valdezak.gov with a copy to jtalbott@valdezak.gov.

Questions: Jeremy Talbott, Port & Harbor Director 907.834.3429 jtalbott@valdezak.gov.