STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
FAIRBANKS INTERNATIONAL AIRPORT

SPECIALTY RETAIL CONCESSION
SAMPLE AGREEMENT ADA-90878

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STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
FAIRBANKS INTERNATIONAL AIRPORT

GIFT & NEWS CONCESSION AGREEMENT ADA-90878

THIS AGREEMENT is made this 1st day of June, 2020, between the State of Alaska, Department of Transportation and Public Facilities, Fairbanks International Airport (State), whose address is 6450 Airport Way, Suite 1, Fairbanks, Alaska 99709 and @ (Specialty Retail Concessionaire) whose address is @.

In consideration of the rights and obligations contained herein, the parties agree to all conditions as follows:

INTRODUCTION

The State owns and operates the Fairbanks International Airport, located in Fairbanks, Alaska.

In connection with the Fairbanks International Airport, the State owns the Terminal.

The State has determined it is necessary in the promotion and accommodation of air commerce and air transportation that the State develop and maintain a comprehensive Specialty Retail program for the Airport that will benefit air travelers and others.

The State has determined that offering a Specialty Retail Concession Agreement through the competitive Request for Proposal (RFP) process is in the best interest of the State.

The Concessionaire desires to operate the Specialty Retail Concession in the Terminal.

The State issued an RFP for the Specialty Retail Concession, and the Concessionaire was the successful proposer.

ARTICLE I
DEFINITIONS

The following definitions apply for this Agreement:

A. Agreement: This Concession Agreement ADA-90878, together with and incorporating the exhibits, the Request for Proposals (RFP), all documents submitted by the Concessionaire in connection with the RFP, including the Concessionaire's proposal in response to the RFP, as finally accepted by the State, and all other attachments and exhibits thereto, the responses to the Specific Evaluation Criteria, all other documentation required in the RFP, and all information submitted by the Concessionaire with its proposal, plus all future amendments or supplements executed by the parties to this Agreement. The State reserves to itself under this Agreement the authority to review and approve aspects of the Concessionaire's business and operations, and the State does not, by entering into this Agreement, become bound to all aspects of the Concessionaire's proposal but retains all review and approval authority under this Agreement.

B. Agreement Year: Twelve (12) consecutive months of the Agreement beginning as follows:

Post Security Base Term

Agreement Year 1:	June 1, 2020 through May 31, 2021
Agreement Year 2:	June 1, 2021 through May 31, 2022
Agreement Year 3:	June 1, 2022 through May 31, 2023
Agreement Year 4:	June 1, 2023 through May 31, 2024
Agreement Year 5:	June 1, 2024 through May 31, 2025
Agreement Year 6:	June 1, 2025 through May 31, 2026
Agreement Year 7:	June 1, 2026 through May 31, 2027

Post Security Term Extensions (if exercised):

Agreement Year 8:	June 1, 2027 through May 31, 2028
Agreement Year 9:	June 1, 2028 through May 31, 2029
Agreement Year 10:	June 1, 2029 through May 31, 2030

Pre Security Base Term

Agreement Year 1:	June 1, 2020 through May 31, 2021
Agreement Year 2:	June 1, 2021 through May 31, 2022
Agreement Year 3:	June 1, 2022 through May 31, 2023

Pre Security Term Extensions (if exercised):

Agreement Year 4:	June 1, 2023 through May 31, 2024
Agreement Year 5:	June 1, 2024 through May 31, 2025
Agreement Year 6:	June 1, 2025 through May 31, 2026
Agreement Year 7:	June 1, 2026 through May 31, 2027
Agreement Year 8:	June 1, 2027 through May 31, 2028
Agreement Year 9:	June 1, 2028 through May 31, 2029
Agreement Year 10:	June 1, 2029 through May 31, 2030

C. Airport: The real property and facilities of the Fairbanks International Airport, Fairbanks, Alaska, as they exist on the execution date of this Agreement, together with any future changes. The real property and facilities of the Fairbanks International Airport as they existed on February 2020, are shown on Exhibit A of this Agreement.

D. Airport Manager: The State's designated manager at Fairbanks International Airport acting directly or through a duly authorized representative.

E. Annual Guarantee: The minimum amount the Concessionaire must pay to the State each year in accordance with Article VI (Rents, Fees and Payments).

F. Base Term – Post Security: The first seven (7) Agreement Years of this Agreement.

G. Base Term – Pre Security: The first three (3) Agreement years of this Agreement.

H. Certified Activity Report: A report that the Concessionaire must submit to the State to report Specialty Retail Gross Sales and other information and that is certified on behalf of the Concessionaire to be complete and accurate. A sample format is shown on Exhibit C. (Certified Activity Report).

I. Concessionaire: The successful proposer for the Request for Proposals for this Specialty Retail Concession Agreement ADA-90878, who enters into this Agreement, or any other subsequent Concessionaire as provided under Article XXIV (Assignment or Subcontract) of this Agreement.

J. Concessionaire Improvements: Collectively, all items located on and within the Premises including Concessionaire construction, furniture, fixtures and equipment. This includes items such as decorations, partitions, wiring, lighting, plumbing fixtures, HVAC, piping, finished ceilings, ventilation, ductwork, floor and wall coverings, heaters, cabinets, merchandise and product display fixtures, lockers, and any other such equipment.

K. Disadvantaged Business Enterprise (DBE). A business certified by the State of Alaska, Department of Transportation and Public Facilities as a disadvantaged business enterprise as defined in 4 CFR Part 26 or in related guidance published by the U.S. Department of Transportation or Federal Aviation Administration.

L. Facility Opening Date: The earlier of (1) the date the specialty retail unit is open for business to the public or (2) the later of (a) the Facility Opening Date indicated in Exhibit E, Proposed Turnover and Facility Opening Dates, or (b) sixty (60) days after the actual Turnover Date.

M. Gross Revenues: All revenue, income and receipts of the Concessionaire, on an accrual basis, owed to or received by the Concessionaire from sales or other business at, from or related to the Airport.

1. The term "Gross Revenues" includes the following:

    a. All Specialty Retail Concessionaire sales for either cash or credit, which is collected or should have been collected, without any exclusions except those expressly permitted under this Agreement from any business conducted in whole or in part on the Airport, including any orders placed at, or completed by delivery anywhere on the Airport, or through any delivery service under the rights granted under this Agreement.

    b. Charges for all services performed in, on, or through the business, including electronic commerce, authorized or otherwise conducted under this Agreement. This includes all other income and proceeds from or incidental to any business conducted in whole or in part in, on, or in connection with the rights granted under this Specialty Retail Agreement.

    c. Goods, work, or services furnished by any person in lieu of payment in exchange for value received from the Concessionaire in connection with business or operations at or from the Airport.

    d. Monies or the value of discounts received by the Concessionaire from vendors or suppliers in exchange for any promotions, sponsorships or displays that are directly attributed to the Specialty Retail Concession.

2. But, notwithstanding the foregoing, the term Gross Revenues excludes the following:

    a. The difference between the marked sales price and the actual sale price for discount sales.

b. The amount of any sales tax, so-called "luxury tax," consumer excise tax, gross receipts tax, or other similar tax imposed by a federal, State, municipal, or other government authority directly on any business conducted in whole or in part in, on, or in connection with the rights granted under this Agreement. The Concessionaire will properly account and record all taxes, if applicable.

c. Receipts from the sale of waste or scrap material that result from the Concessionaire's business authorized under this Agreement.

d. Receipts from the sale or trade-in value of Concessionaire owned furniture, fixtures, or equipment used on the Premises and not considered stock-in-trade.

e. The value of merchandise, supplies or equipment exchanged with or transferred to other business locations of the Concessionaire if the exchange or transfer is not made to avoid a sale by the Concessionaire under this Agreement.

f. Receipts from refunds of merchandise, supplies or equipment returned to shippers, suppliers, or manufacturers or discounts the Concessionaire receives from these entities.

g. Receipts from the sale of uniforms or clothing to the Concessionaire’s employees if sold at cost and the Concessionaire requires its employees to wear these items.

h. The sale of postage stamps and newspapers at face value.

i. The sale of any nonprofit merchandise for which the Concessionaire receives no remuneration (such as Golden Days Pins).

However, in calculating Gross Revenues, the Concessionaire shall not deduct any franchise, capital stock, income, or similar tax based on income or profits. The State will not credit or reduce the amount of the Concessionaire's Gross Revenues that result from any illegal rebate, kickback, or hidden credit given or allowed to clients.

N. Percentage Fee: The percentage of Gross Revenues the Concessionaire is required to pay to the State in accordance with Article VI (Rents, Fees and Payments) beginning with the Facility Opening Date.

O. Premises: The floor space leased to the Concessionaire for the uses authorized under this Specialty Retail Agreement and shown on Exhibit B (Specialty Retail Concession Premises), dated February, 2020, attached to and made a part of this Agreement, as shown below:

Post Security Specialty Retail Concession Space	1,619	square feet
Post Security Specialty Retail Office/Support Space	392	square feet
Post Security Total Specialty Retail Concession Area	2,011	square feet
Pre Security Specialty Retail Concession Space	481	square feet
Pre Security Storage Space	245	square feet
Pre Security Total Specialty Retail Concession Area	726	square feet

P. Specialty Retail Unit: A store or other facility on Premises designated by the State for the sale of specialty retail merchandise approved by the State. Such merchandise must be consistent with any concept specified by the State under this Agreement for that location.

Q. Request for Proposals (RFP): All documents issued by the State in connection with the Request for Proposals for Specialty Retail Concession Agreement ADA-90878, including the Notice Inviting Proposals, Terms of Request, Instructions to Proposers, Acknowledgment of Addenda, Proposer's Affidavit, Proposer's Questionnaire, Capital Investment Commitment Form, the Specific Evaluation Criteria, Affirmations, Supplemental Information, the Concession Agreement, and any addenda.

R. Term: The period of time specified under Article III (Term) of this Agreement, which includes the Base Term and may include one or more Term Extensions.

S. Term Extension:

1. Post Security: Each of three (3) Agreement Years that the State may exercise under Article III (Term) of this Agreement, after the Base Term.

2. Pre Security: Each of seven (7) Agreement Years that the State may exercise under Article III (Term) of this Agreement, after the Base Term.

T. Terminal: The Terminal building at the Airport.

U. Turnover Date: The date the Premises is turned over by the State to the Specialty Retail Concessionaire for commencement of Concessionaire Improvements.

ARTICLE II
SCOPE OF AGREEMENT

The Concessionaire must perform all obligations, conduct all activities, and comply with all promises and representations made in its entirety, including any refinement submitted in response to the State's solicitation of competitive proposals for the rights granted under this Agreement, as defined herein, as the Concessionaire's proposal is finally accepted by the State.

ARTICLE III
TERM

A. Term:

1. This Agreement is binding on the date it is signed on behalf of the State. The State grants the Concessionaire the rights listed in Article IV (Rights Granted, Reservations, and Prohibitions) beginning June 1, 2020, and ending May 31, 2027 (Post Security Base Term) and beginning June 1, 2020 and ending May 31, 2023 (Pre Security Base Term).

2. Except to any extent limited by federal restrictions relating to the participation of Disadvantaged Business Enterprises (DBEs), the post security location term may be extended for up to three (3) additional one-year periods, and the pre security location term may be extended for up to seven (7) additional one-year periods, as described below, each extension being automatic and without further notice unless the foregoing exception is determined by the State to apply or either party notifies the other party at least 180 days

before the end of the current term or term extension, that the party wishes to terminate the agreement:

a. For one (1) year beyond the end of the Post Security Base Term (Agreement Year 7), beginning June 1, 2027, and ending May 31, 2028 (the "First Post Security Term Extension").

b. For one (1) year beyond the end of the Post Security First Term Extension (Agreement Year 8), beginning on June 1, 2028, and ending on May 31, 2029, (the "Second Post Security Term Extension").

c. For one (1) year beyond the end of the Post Security Second Term Extension (Agreement Year 9), beginning on June 1, 2029, and ending on May 31, 2030, (the "Third Post Security Term Extension").

d. For one (1) year beyond the end of the Pre Security Base Term (Agreement Year 4), beginning June 1, 2023 and ending May 31, 2024 (the "First Pre Security Term Extension").

e. For one (1) year beyond the end of the First Pre Security Term Extension (Agreement Year 5), beginning June 1, 2024 and ending May 31, 2025 (the "Second Pre Security Term Extension").

f. For one (1) year beyond the end of the Second Pre Security Term Extension (Agreement Year 6), beginning June 1, 2025 and ending May 31, 2026 (the "Third Pre Security Term Extension").

g. For one (1) year beyond the end of the Third Pre Security Term Extension (Agreement Year 7), beginning June 1, 2026 and ending May 31, 2027 (the "Fourth Pre Security Term Extension").

h. For one (1) year beyond the end of the Fourth Pre Security Term Extension (Agreement Year 8), beginning June 1, 2027 and ending May 31, 2028 (the "Fifth Pre Security Term Extension").

i. For one (1) year beyond the end of the Fifth Pre Security Term Extension (Agreement Year 9), beginning June 1, 2028 and ending May 31, 2029 (the "Sixth Pre Security Term Extension").

j. For one (1) year beyond the end of the Sixth Pre Security Term Extension (Agreement Year 10), beginning June 1, 2029 and ending May 31, 2030 (the "Seventh Pre Security Term Extension").

3. In order to avoid an interruption of service to the public or revenues to the State and to give fair and orderly selection of, and transition to, any successor Concessionaire, the State may by written notice to the Concessionaire, not less than sixty (60) days before the end of the Agreement term, require the Concessionaire to continue to operate the Concession at the Airport as set forth in this Agreement beyond the end of the Agreement Term. The holdover period, which shall be determined by the State, shall not exceed one (1) year from the expiration of the Agreement Term. During a continuation period under this Section B, Concessionaire will not be responsible to pay the Monthly Guarantee Payment (i.e.,

Concessionaire will be required to pay only the Monthly Percentage Fee and any Additional Rent).

B. Holding Over:

If the Concessionaire holds over without a written renewal of this Agreement after it expires, the holding over does not operate as a renewal or extension of the rights granted under this Agreement, but only creates a month-to-month tenancy, regardless of any payment accepted by the State. The Concessionaire's obligations to perform under this Agreement will continue until the State terminates the month-to-month tenancy. The State may terminate the tenancy at any time by giving the Concessionaire at least ten (10) calendar days written notice. The monthly payment for any holdover period is the greater of the Annual Guarantee or the Percentage Fee effective for the term prior to entering holdover status as described in Article VI (Rents, Fees and Payments), Section A (Concession Fee) paragraph 2 (Percentage Fees), of this Agreement.

ARTICLE IV
RIGHTS GRANTED, RESERVATIONS, & PROHIBITIONS

Subject to the rights and obligations under this Agreement, the State grants the Concessionaire the authority to exercise the following rights subject to the obligations under this Agreement:

A. Rights Granted:

1. The Concessionaire shall have the non-exclusive right to sell approved merchandise items consistent with the specialty retail concept specified in Exhibit D.

2. The Concessionaire shall have the right and obligation to develop and maintain two comprehensive Specialty Retail programs totally integrated and coordinated with the Airport as to design, quality, and content. Under this program, the Concessionaire shall establish, operate, service and maintain two high quality, professionally designed Specialty Retail Units.

3. The Concessionaire shall have the right to occupy the Premises for purposes of conducting business under this Agreement. The Concessionaire, its officers, contractors, suppliers, service personnel, guests, patrons, and invitees shall have the right to enter, exit, and occupy the Premises to the extent authorized under and subject to the Airport's security rules and any rules or directives by the Transportation Security Agency or the Federal Security Director for the Airport.

4. The Concessionaire shall have the right to construct and install on the Premises fixtures, equipment, and other improvements necessary to operate the business authorized under this Agreement subject to compliance with the terms and conditions of an approved Airport Building Permit for each project as required under 17 AAC 42.280.

5. The Concessionaire shall have the right to subcontract or joint venture for operation of the Retail Unit, subject to prior written consent by the State. Such subcontract or joint venture Agreement must require, at a minimum, strict compliance with the provisions of this Agreement. The Concessionaire agrees that it is responsible for the performance of its subcontractors and joint venture partners under this Agreement. The Concessionaire agrees to initiate and take all corrective action should a subcontractor or joint venture

partner fail to comply with its contract with the Concessionaire or any provision of this Agreement. The failure of a subcontractor or joint venture partner to comply with the provisions of this Agreement shall constitute a default by the Concessionaire under this Agreement, entitling the State to terminate this Agreement in accordance with the provisions herein.

6. Although these rights and obligations will not diminish during the term of this Agreement, the specific areas in which the Concessionaire is authorized to exercise the rights may, in the State's sole discretion, diminish or expand as provided for in this Agreement.

B. Reservations:

1. The State reserves the right to grant to others any rights or privileges not specifically and exclusively granted the Specialty Retail Concessionaire. The rights and privileges granted to the Specialty Retail Concessionaire under this Agreement are the only rights and privileges granted to the Specialty Retail Concessionaire. The Specialty Retail Concessionaire has no easements, rights, or privileges, express or implied, other than those specifically granted under this Agreement.

2. Unless otherwise provided in this Agreement, upon the expiration, termination, or cancellation of this Agreement, Concessionaire is bound to mitigate damages, to continue to pay rent and to abide by all Agreement obligations, including maintenance obligations and provision of evidence of insurance coverage, through the date on which the Concessionaire relinquishes possession of and completely vacates the Airport as provided generally under 17 AAC 42.250, as applicable, and the locations subject to this Agreement left in a neat and clean physical condition acceptable to the State.

C. Prohibitions:

1. Unless approved in writing by the State, the rights granted in this Article do not include the right to:

   a. Sell any item from vending machines or other mechanical devices.

   b. Sell in-bond merchandise.

   c. Exchange foreign currency except as needed to make change in sales transactions.

   d. Operate any mechanical, electrical, or similar entertainment device.

   e. Operate any systems using the Airport's wireless technology, unless approved in writing by the State, or operate any system that infringes upon the Airport's wireless technology.

2. The Concessionaire may not sell any product or service that is not described in this Agreement without the advance written consent of the State. If a question or dispute arises as to the sale of any specific service or item or category of service or item, the Concessionaire may submit a written request to the State asking for a review and

decision concerning the dispute. The State will deliver a written decision to the Concessionaire and the decision of the State will be final.

3. This Agreement does not grant the Concessionaire the right to provide or perform any business or commercial activity at the Airport other than as expressly stated in this Agreement, nor does it grant the Concessionaire the right to use the trademarks, symbols, trade names or name of the State or of the Airport, either directly or indirectly, in connection with any production, promotion service or publication without the prior written discretionary consent of the State.

ARTICLE V
PREMISES

A. The State will make the Premises available to the Concessionaire on the Turnover Date. The Concessionaire accepts the Premises in its then-present condition and "as is." The Concessionaire acknowledges that the State's obligation is limited to making the Premises available to the Concessionaire for its use, and that the State makes no representation that they are suitable for the Concessionaire's requirements herein.

B. The Concessionaire may submit an application to occupy additional office or storage space in accordance with Article XII (Lease of Additional Space).

C. The Concessionaire may request permission to expand the Specialty Retail Unit permanently or seasonally via an application for an Airport Building Permit. The State agrees to negotiate in good faith with the Concessionaire to facilitate requests for expanded Specialty Retail Units, but makes no representations that such requests will be approved. The State, in writing, will either accept or reject the request, and the Concessionaire agrees to abide by such decisions.

D. If the Concession is not open for business to the public by the Facility Opening Date, the Concessionaire shall be liable for liquidated damages to the State, at the sole discretion of the State, in the amount of three hundred dollars ($300.00) per day per facility until the Specialty Retail Concessions are open for business to the public.

E. The Concessionaire will have access to all power and data connections that are present at the Premises at the Turnover Date. The Concessionaire will be responsible, at the Concessionaire's sole expense, for running any additional wiring or conduit to this location if additional capacity is desired.

F. The State has installed a Premises Wiring Distribution System (PWDS) in the Terminal, which provides a Structured Telecommunication System with a fiber optic backbone throughout the Airport. The Concessionaire is required to use the PWDS for its data and telecommunication needs wherever the PWDS exists on the Effective Date of this Agreement or is installed in the future. For new build-out, the Concessionaire will not install wiring for any function that cannot be served by the PWDS.

ARTICLE VI
RENTS, FEES, AND PAYMENTS

A. Concession Fee:

For rights and privileges granted under the Agreement, the Concessionaire will pay the State each month the greater of the prorated Annual Guarantee or a percentage of the Concessionaire's monthly gross revenues as described below:

1. Annual Guarantee:

   a. For the first year of the Agreement, the State has established a Post Security Annual Guarantee of $160,880, which prorated monthly is $13,407 per month. The established Pre Security Annual Guarantee is $21,780, which prorated monthly is $1,815 per month. The Annual Guarantee prorated monthly is calculated using the following formula:

      Post Security: $80 x 2,011 square feet per year = $160,880 divided by 12 months = $13,407.

      Pre Security: $30 x 726 square feet per year = $21,780 divided by 12 months = $1,815.

   b. On August 1 of each Agreement Year, the Annual Guarantee will be adjusted to 75% of the prior Agreement year's payments that would have been due the State under Section A.2 of this Article, as if no Annual Guarantee existed, but in no event shall the Annual Guarantee be less than eighty dollars ($80) per square foot per year times the total square feet of the Post Security Specialty Retail Unit and thirty ($30) per square foot per year times the total square feet of the Pre Security Specialty Retail Unit.

   c. The Annual Guarantee will not be adjusted to reflect a six-month or shorter lease line expansion of a Retail Unit.

2. Percentage Fees: The monthly Percentage Fees shall be calculated by multiplying the percentages listed below by the Gross Sales for each category of sales for the applicable month. If the State, in its sole discretion, grants any term extensions, the percentages listed below shall be increased by an additional one percent (1%) of the gross revenues for each of the specified categories for any Specialty Retail Units that are fully amortized:

   a. Post Security Base Term Percentage Fees: (Agreement Years 1 through 7)

      i) Alaska Theme Gifts/Retail:
      @ percent (@%) of Gross Revenue for gifts and retail items.

      ii) Books/Magazines:
      @ percent (@%) of Gross Revenue for books, magazines and newspapers.

iii) Health/Sundries:
@ percent (@%) of Gross Revenue for health & beauty aids, and sundries.

iv) Alaska Theme Food & Beverages:
@ percent (@%) of Gross Revenue for Alaska theme food & beverages.

b. Post Security Term Extension Percentage Fees: (Agreement Years 8 through10)

i) Alaska Theme Gifts/Retail:
@ percent (@%) of Gross Revenue for gifts and retail items.

ii) Books/Magazines:
@ percent (@%) of Gross Revenue for books, magazines and newspapers.

iii) Health/Sundries:
@ percent (@%) of Gross Revenue for health & beauty aids, and sundries.

iv) Alaska Theme Food & Beverages:
@ percent (@%) of Gross Revenue for Alaska theme food & beverages.

c. Pre Security Base Term Percentage Fees: (Agreement Years 1 through 3)

i) Alaska Theme Convenience Store:
@ percent (@%) of Gross Revenue for Alaska Convenience Store items.

d. Pre Security Term Extension Percentage Fees: (Agreement Years 4 through 10)

i) Alaska Theme Convenience Store:
@ percent (@%) of Gross Revenue for Alaska Convenience Store items.

B. Payments to the State

1. By the 20th day of each month during this Agreement, beginning the month following the Facility Opening Date, the Concessionaire will pay the greater of the prorated Annual Guarantee or the Percentage Fee for the for the previous month as calculated in Section A.2 of this Article above.

2. The Concessionaire will make payments in United States of America currency either in cash or by check, credit card, bank draft, money order or electronic funds transfer (EFT) payable to the State of Alaska. The Concessionaire will submit payments free from any claim, demand, setoff, or counterclaim of any kind against the State to Airport Accounting, Fairbanks International Airport, 6450 Airport Way, Suite 1, Fairbanks, Alaska, 99709, or any other address that the State may designate in writing. The State must receive payments on or before the due date.

3. If the Concessionaire's total payments during any Agreement year reach or exceed the Annual Guarantee, the Concessionaire will pay only the Percentage Fees specified in Section A.2. of this Article for the remainder of that Agreement year.

C. Certified Activity Reports (CAR)

1. On or before the twentieth (20th) day of each month during this Agreement, beginning the month following the Facility Opening Date, the Concessionaire shall deliver to Airport Accounting, Fairbanks International Airport, 6450 Airport Way, Suite 1, Fairbanks AK 99709, a Certified Activity Report from the Concessionaire.

2. The Concessionaire shall submit the Certified Activity Report in a form that is acceptable to the State which may include an electronic file in current Microsoft Excel for Windows or other electronic file acceptable to the State. The certified activity report must reflect the Concessionaire's Gross Revenues for both the previous calendar month and for the Agreement year-to-date in terms of United States of America currency.

3. Such report must separately itemize the Gross Revenues for each merchandise category. A sample format is shown on Exhibit C (Certified Activity Report).

D. Waiver of Annual Guarantee

1. The State will waive or adjust the Annual Guarantee payable under this Agreement for any month in which any of the following events occur:

   a. A twenty-five percent (25%) or greater drop in total deplaned, enplaned and in-transit passengers at the Terminal for any month during this Agreement as compared to the average for the same month of the three previous years, AND a corresponding twenty-five percent (25%) or greater drop in total Gross Sales related to the Concessionaire's activities under this Agreement for any month during this Agreement as compared to the average Gross Sales for the concession for the same month of the three previous years. This waiver applies only to any month in which a twenty-five percent (25%) or greater drop occurs in BOTH the total passengers at the Terminal AND the Gross Sales for the concession.

   b. Any event, not the fault of the Concessionaire, that so damages the Terminal such that the normal operation of the Concessionaire's business is prevented for more than thirty (30) consecutive days. If the normal operation of the Concessionaire's business is prevented for more than thirty (30) consecutive days, this waiver is in effect from the first day of the event and will continue until normal operations can resume.

   c. Complete Airport closure to the commercial air transport of passengers for more than thirty (30) consecutive days. If complete Airport closure to commercial passenger service exceeds thirty (30) consecutive days, this waiver is in effect from the first day and will continue until the Airport is reopened to the commercial air transport of passengers.

2. The Concessionaire will pay the State the Percentage Fees described in Section A.2 of this Article for any period the Annual Guarantee is waived under Section D.1. of this Article.

3. In its discretion, the State will either credit any overpayment resulting from a waiver specified in Section D.1. of this Article toward future payments due the State or refund the overpayment to the Concessionaire. The State will either apply the credit or issue a

refund within sixty (60) days after the State receives the required Gross Revenues information from the Concessionaire.

E. Late Fees: If the Concessionaire fails to submit to the State the Certified Activity Reports with payment as required by Section C (Certified Activity Reports) of this Article by the due date stated in that section, the Concessionaire shall pay, in addition to interest on all unpaid fees payable with that report, a late fee of $30.00 for the first day late and $15.00 per day thereafter for each report until the report is received. The fee will be assessed beginning the day after the report is due and will include the day it is received. If the due date falls on a weekend or a date the State's offices are closed due to a holiday, the Concessionaire shall submit the report, and payment if applicable, by the end of the first work day following the weekend or holiday

F. Fees Vest in the State: Fees payable to the State by the Concessionaire under this Agreement shall be owned by the State at the time of each customer transaction and will be held in trust by the Concessionaire while the funds are in Concessionaire's custody and control. The Concessionaire is responsible for these fees until delivered to the State. If any fees payable to the State are lost, stolen, or otherwise unlawfully removed from the custody and control of the Concessionaire, the Concessionaire remains responsible to the State for the fees.

G. Liquidated Damages:

1. Time is of the essence in meeting the requirements of all Articles of this Agreement. Without waiving any of its other legal or equitable remedies, the State shall have the right to assess, and Concessionaire must then pay to the State, liquidated damages in an amount not to exceed one hundred dollars ($100) per day per occurrence for failure timely to comply with the requirements of all Articles of this Agreement and the RFP, unless a different liquidated damages amount is indicated in writing in this Agreement related to a specific Article or Section of the Agreement. The Concessionaire and the State stipulate that any such assessment shall not be construed as a penalty; rather, the Concessionaire and the State stipulate that the damages resulting from violations of this Agreement and the RFP will be hard to ascertain and that one hundred dollars ($100) per day per occurrence is a reasonable forecast of the damages likely to occur in the event of a breach.

2. The State will notify the Concessionaire in writing of any deficiency and the State's intent to asses liquidated damages. The Concessionaire shall have seventy–two (72) hours after receipt of the notice to remedy all deficiencies identified in the notice prior to the State assessing the liquidated damages. If the Concessionaire fails to remedy any deficiency by the date indicated in the written notice, the assessment of liquidated damages will be retroactive to the date of the notice.

3. The State recognizes that there may be deficiencies that require more than seventy-two (72) hours to remedy and, as such, will be reasonable when considering requests for additional time to cure deficiencies. The Concessionaire must submit a request for additional time, in writing, prior to the deadline stated in any written notice by the State. Any permission from the State for an extended period to cure a deficiency shall be granted or denied in writing.

4. The State is not required to issue written notices related to established deadlines that the Concessionaire fails to meet, such as report due dates and payment due dates. Failure by the Concessionaire to meet specified deadlines may result in the immediate assessment of liquidated damages without written notice by the State.

5. The Concessionaire shall pay any assessment of liquidated damages by the State within ten (10) days of receipt of an invoice for such damages. The Concessionaire may protest any assessment of liquidated damages under 17 AAC 42.910.

H. Unpaid Fees: Any rent, charge, fee, liquidated damage, or other consideration due but unpaid at the expiration or cancellation of this Agreement is a charge against the Concessionaire and its property, real or personal. The State has any lien rights allowed by law. Either the State or its authorized agent may provide enforcement.

I. Interest: Beginning the day after payment is due, all fees due and unpaid accrue interest at ten and one-half percent (10.5%) per annum until paid. In its discretion, the State may increase this interest rate to the legal rate for post-judgment interest under Alaska law.

J. Badge/Fingerprint Fees: The Concessionaire will pay an Airport Badge Fee and a Fingerprinting Fee, each as established and modified from time-to-time by the State, for each badge issued during the term of this Agreement. As may be applicable, the Concessionaire will also pay any other badge-related fee duly established, including fees for replacement badges and for lost or otherwise unreturned badges.

K. Proposal Deposit: The State will, within ninety (90) days, apply the Concessionaire's proposal deposit to the fees due the State beginning with the first month fees due under this Agreement.

L. Financial Responsibility: The Concessionaire has represented to the State, and the State has relied upon the representation of the Concessionaire, that the Concessionaire has financial responsibility sufficient to perform all terms of this Agreement. The Concessionaire shall ensure that no check for payment of rents, charges, or fees owed by the Concessionaire to the State is returned for insufficient funds, that no judgment of insolvency is entered by any court against the Concessionaire, that no petition in bankruptcy is filed by or against the Concessionaire, and that no trustee or receiver is appointed for the Concessionaire's assets in a proceeding brought by or against the Concessionaire.

M. Other Fees: The State reserves the right to impose and collect charges and fees from the Concessionaire for the following:

1. The use of parking and tenant employee parking on the Airport.

2. The use of specified equipment, facilities or services when such use is requested by Concessionaire.

3. The privilege of accessing the Airport to conduct any business other than a Specialty Retail Facility.

ARTICLE VII
OPERATION OF CONCESSION SERVICES

The Concessionaire's operation under this Agreement is a service to airline passengers and other users of the Airport. The Concessionaire acknowledges that the ability of the State to effectively compete with airports outside the State of Alaska and to promote tourism to the State of Alaska depends, in part, on the performance of the Concessionaire. Accordingly, the Concessionaire will conduct its operation in a first-class, businesslike, efficient, courteous, accommodating manner, and will comply with the following:

A. General

1. The Concessionaire shall ensure that it and any joint venture partner or subcontractor shall at all times fully comply with all applicable requirements of the City, State and Federal laws, and regulations adopted by the State, Federal or any governmental legal authority and the rules and regulations promulgated by the State as same may be amended from time to time.

2. The Concessionaire shall not install or operate any coin, card, token or otherwise activated vending machines or devices of any kind or type without the prior written approval of the State.

3. The Concessionaire's business shall be conducted in a manner so as to meet the needs of the Airport's patrons and the State and in a manner that will reflect positively upon the Concessionaire and the State. The Concessionaire shall offer quality services and equipment, organize and efficiently manage the Specialty Retail Premises to provide first class service in a clean, attractive and pleasant atmosphere.

4. The Concessionaire shall not permit any defacing of walls, floors and fixtures; not permit loitering; keep all the Premises free from trash and debris; and maintain and service all equipment at a high level of efficiency, reliability and appearance.

5. The Concessionaire shall neither commit nor allow any nuisance, noise or waste on the Airport or annoy, disturb or be offensive to other Airport users.

6. The Concessionaire shall not use any space on the Airport outside the Specialty Retail Premises for sale, storage or any other undertaking, unless specifically leased from the State for that purpose, or approved otherwise in writing by the State.

7. The Concessionaire shall ensure that it provides sufficient equipment, including vehicles, as necessary for efficient operation at the Airport.

B. Business Development

1. The Concessionaire shall take all reasonable measures to maintain, develop, and increase its business at the Airport.

2. The Concessionaire shall not divert any business, or by its own action, cause or allow any diversion of sales or other business, from the Terminal or the Airport.

C. Orderly Operation: The Concessionaire shall conduct all business in an orderly and peaceful manner without interfering with other tenants, users, or occupants of the Airport.

D. Merchandise and Service Quality

1. The State desires to provide the air traveler and other Airport users with merchandise, facilities, and services of the highest quality. The Concessionaire must only offer merchandise, facilities and services of the highest quality, subject to the continuing review and approval of the State.

2. The Concessionaire shall offer the widest possible selection of merchandise and maintain sufficient inventories to accommodate customer demand. The State agrees that the brands and sizes of merchandise are at the Concessionaire's discretion subject to disapproval by the State if, in it is sole determination, the merchandise offered is inadequate or not in good taste considering the public nature of the Airport. The State agrees to meet with the Concessionaire in the case of any disapproval, but the Concessionaire acknowledges that the State's decision is final.

3. The Concessionaire shall not change the concept of the Specialty Retail Unit specified in Exhibit D, nor significantly change the product mix described in the Concessionaire's proposal, without the written consent of the State.

4. The State, at its sole discretion, reserves the right to direct the Concessionaire to add or delete items from the product lists provided on Exhibit D.

5. The Concessionaire may request approval via an Airport Building Permit to construct additional Retail Units.

E. Maintenance Requirements

1. The Concessionaire is responsible for, and must provide, ongoing day-to-day maintenance of its Specialty Retail Premises at the Airport, including janitorial services and trash collection. Trash and other refuse items are subject to the disposal requirements of the State.

2. The public nature of this program places unusual priority on the maintenance process and it is important that the Concessionaire have an effective maintenance plan and adequate maintenance staff and equipment. The Concessionaire must maintain the Premises in good repair and appearance and in a safe condition at all times. The Concessionaire shall do, or cause to be done, without delay, all those things which, in the determination of the State, are necessary or desirable in the interest of safety or to maintain the Specialty Retail Premises in good repair and appearance.

3. The Concessionaire agrees to pay any extraordinary lighting, power, or cleaning services caused by the Concessionaire which, in the determination of the State, are beyond the scope of normal services provided by the State.

4. Lighting other than standard terminal lighting will be the responsibility of the Concessionaire. The Concessionaire, at its sole cost, is responsible for replacing all bulbs, ballasts and other lighting fixtures in or on its Premises as needed.

5. In the event, upon regular inspection of the Airport facilities, due to public comment, or by other observation, Airport staff becomes aware of a service level problem relating to the Concessionaire's facilities, the Airport staff will notify the Concessionaire by email, fax or other written form regarding the deficiency. Such repair or maintenance as is necessary, shall be performed by the Concessionaire within seventy-two (72) hours of notification, except as provided in the following paragraph.

6. If a needed repair or maintenance that is the subject of a notification as described in the preceding paragraph involves a major repair or replacement, the Concessionaire will notify the State in writing as to the expected delivery/repair date and time. If possible, the Concessionaire shall remove the damaged or defective fixture or equipment and post a temporary "Under Construction" notice, which preserves the visual integrity and safety of the area. Any permission from the State for an extended repair shall be requested and granted or denied in writing.

7. If the State notifies the Concessionaire that a deficiency represents a health and/or safety risk and the Concessionaire fails to respond immediately, the State may, in its sole discretion, take action as is deemed necessary by the State to eliminate the immediate hazard or risk of liability. In such case, the Concessionaire shall reimburse the State for any costs the State incurs.

8. Damage or injury to any Airport user or the State, caused in whole or in part due to the unsafe condition or inadequate maintenance of any Concessionaire installed equipment, fixture, or system shall be paid for by the Concessionaire.

F. <u>Signage</u>

1. Other than State-approved signage at and identifying a Retail Unit by name and/or concept, this Agreement grants the Concessionaire no other signage rights. However, the State may approve additional signage that the State, in its sole discretion, determines to be in the best interest of the State. The Concessionaire shall not, without the prior written approval of the State in the form of an Airport Building Permit, construct, erect or place any signs in or on the Terminal or at the Airport. The terms "sign" and "signs" as used herein shall mean advertising or promotional materials, billboards, notices, identification symbols, posters, electronic or static displays, information racks, decals, logos, or any similar device.

2. Prior to the construction, erection or placement of any sign (including those identified in Section F-1), the Concessionaire shall submit to the State, for approval, drawings, sketches, electrical details, designs, elevations, dimensions, type, number, message and proposed location of such sign. Any restrictions, conditions or limitations with respect to any such sign as set forth in writing by the State shall become conditions of this Agreement. The State shall have the right to reject any sign proposed by the Concessionaire.

3. The Concessionaire is responsible to obtain any permits or other approvals that are required to comply with local, State, federal, municipal and Airport policies, rules and regulations.

4. No temporary hand-written signs are permitted.

G. Pricing

1. The Concessionaire will charge fair prices for merchandise authorized under this agreement. All prices are subject to continuing review and approval of the State. At the State's discretion, the State may request price comparison reports at any time during the Term of this Agreement. If reports are requested, the State has the option of specifying brands and sizes of items to be compared and specifying a date by the price comparison information must be submitted.

2. The Concessionaire may make or give reasonable, nondiscriminatory discounts, rebates, or other similar types of price reduction to the Concessionaire's employees, volume purchasers, or other categories of customers, such as airline crews or employees of the Airport. The price of merchandise must be clearly marked.

H. Hours of Operation:

1. The Concessionaire shall actively operate the concession to best serve the needs of airline passengers, airport employees, and other users of the terminals. Unless otherwise approved by the State, the Concessionaire must maintain the hours of operation specified in its proposal to the State, as finally accepted by the State. The schedule must provide service for all scheduled passenger flights operating to and from the Terminal. Any change in operating hours requested by the Concessionaire must be approved by the State in writing before the change in hours occurs.

2. The State may require a change in operating hours if, in its written determination, a change is desirable to provide better service to the traveling public or other airport users.

3. If the Concessionaire is able to demonstrate in writing that operating the Retail Unit to serve passengers of specific scheduled passenger flights is so unprofitable that, or otherwise that, it is not in the best interest of the State, the Concessionaire may request a waiver of the requirement to serve all the specified scheduled passenger flights. The State will approve or disapprove this request in writing and the Concessionaire will be bound by the State's decision.

4. Except in the event of an emergency, the Concessionaire must obtain the written approval of the State before any Retail Unit is closed during scheduled operating hours for repair, maintenance, construction or other reason.

5. The State may require the Concessionaire to pay liquidated damages in the amount of one hundred dollars ($100.00) for every hour a Specialty Retail Unit is closed when it is scheduled to be open.

6. It is the duty of the Concessionaire to stay informed and current each week regarding scheduled passenger flights operating to or from the Terminal. For the purposes of this Section, the term "scheduled passenger flights" will include the following:

   - all regularly scheduled flights involving aircraft with a seating capacity of 30 passengers or more.

- all other passenger flights with aircraft with seating capacities of 30 or more passengers for which the Concessionaire has been given at least seven (7) calendar days notice prior to arrival.

I. Customer Comments

1. The Concessionaire shall respond in writing to all written customer or public comments received by the State, and forwarded to the Concessionaire, regarding the management, operation and content of the Specialty Retail Concession. The Concessionaire shall provide such written responses within seven (7) days of receipt of a comment from the State. The Concessionaire shall provide a copy of such written responses to customers to the State contemporaneously with the delivery of such response to the customer. This section does not apply to postings on social media sites, Twitter, or to communications through other similar media.

2. The Concessionaire shall coordinate responses to major or significant complaints, such as any complaint threatening legal action or alleging a violation of law, with the State prior to responding in writing. The Concessionaire shall use its best professional judgment in assessing when the State should be notified in advance of a proposed response to a complaint, but shall provide such notice if it believes a reasonable facility manager would desire such notice.

J. Collection of Bad Checks and Debts: The Concessionaire will have full responsibility to collect bad checks, uncollectable credit card charges, disputed credit card charges, or debts from customers, suppliers, vendors, etc., the inability of the Concessionaire, or its agent, to successfully collect any bad checks, charge-backs or debts will not reduce Gross Revenues by such amount.

K. Business Solicitation: The Concessionaire shall not solicit business in the public area of the Terminal or on Airport property. Business may be conducted only on the Premises authorized under this Agreement.

L. Automated Accounting Equipment: The Concessionaire must install and use automated accounting equipment acceptable to the State to accurately and completely record all transactions.

M. Federal Regulations: The Concessionaire will comply with all federal regulations related to the operation of the concession

N. Security Program:

1. The Concessionaire shall comply with all applicable responsibilities of the Airport Security Program, the Airport Certification Manual, and the Airport Emergency Program required by 49 CFR Part 1542 and 14 CFR Part 139. The Concessionaire shall procure any identification badges required by the Federal Aviation Administration (FAA) or the Transportation Security Administration (TSA) or the Airport necessary to perform the rights and obligations under this Agreement. The Concessionaire is solely responsible if the FAA, TSA, or the State find the Concessionaire at fault for any fine that results from a Concessionaire's violation of the Airport Security Program, the Airport Cortication Manual, the Airport Emergency Program, 49 CFR Part 1542 and 14 CFR Part 139 by the

Concessionaire, its agents, officers, suppliers, guests, customers, or employees while at the Airport.

2. Any penalty imposed on the State that results from a violation of the Airport's Security Program, Certification Manual, Operational Orders, Emergency Program, or any applicable local, state or federal regulation caused by the Concessionaire or by any of the Concessionaire's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Concessionaire, will, as between the State and the Concessionaire, be the sole responsibility of the Concessionaire, and will be reimbursed to the State within thirty (30) days of written demand if the State pays the penalty.

ARTICLE VIII
PERFORMANCE BOND

A. Performance Bond: By July 1, 2020, the Concessionaire will submit a performance bond to guarantee performance of all obligations and payment of all sums due under this Agreement. The amount of the performance bond shall be ninety one thousand three hundred thirty dollars ($91,330.00), which equates to fifty percent (50%) of the first year annual guarantee. The Concessionaire will keep a performance bond in at least that amount in effect throughout the term of this Agreement.

1. The State may increase or revise the amount of the performance bond by written demand. The State will base any such increase or revision on reasonable and justifiable grounds.

2. The State will accept a bond in the form of a cash deposit, a time certificate of deposit, a performance bond, an annual renewable bond, or an irrevocable letter of credit, all subject to State approval.

3. The State will base its approval of the form of the bond on certainty of the assurance that the Concessionaire's failure to make timely payments or comply with any requirement of the Agreement will readily allow the State to attach and collect the full amount of the bond.

B. Release of Bond: The State will release the bond only by written authorization after the Concessionaire has met all Agreement obligations. Neither cancellation nor expiration of this Agreement constitutes a release or discharge of the bond.

ARTICLE IX
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PARTICIPATION

A. State Policy: It is State of Alaska policy that Airport Concession Disadvantaged Business Enterprises (ACDBEs) have the maximum opportunity to participate in the performance of Airport concession contracts.

B. Concessionaire's Obligation:

1. This Agreement is subject to the requirements of the United States Department of Transportation's regulations, 49 CFR Part 23. The Concessionaire or contractor 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 or performance of any concession agreement, management contract or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23. The Concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR part 23 that it enters and cause those businesses to similarly include the statements in further agreements.

2. The Concessionaire will comply with all applicable laws and regulations regarding the fair and equitable treatment of ACDBEs now in effect or which may subsequently take effect during the term of this Agreement. The Concessionaire will include a provision to this effect in any subcontract or other ACDBE participation arrangement the Concessionaire enters into under this Agreement.

ARTICLE X
AUDITS, REPORTS, BOOKS, AND RECORDS

A. Maintenance of Books and Records:

1. To provide a satisfactory basis to confirm the accuracy of the Concessionaire's Certified Activity Reports, the Concessionaire will establish and maintain books and records that concern the business authorized under this Agreement in accordance with Generally Accepted Accounting Principles (GAAP). The Concessionaire's books and records must, in the determination of the State, enable the Concessionaire to report accurately, and the State to check easily, payments due the State under this Agreement.

2. As used in this Agreement, "books and records" include, without limitation, general ledgers, revenue journals, register tapes, cashier reports, daily or periodic summary reports, daily and monthly reports, computer terminal tapes, computer disks or other media (including, but not limited to, unedited computer generated printed material if access to the computer tapes or disks are unavailable), bank deposit slips, bank statements, credit/debit card service statements, tax reports to federal, state and local agencies (but not including state or federal income tax reports) and contractual Agreements with third parties (including subcontractors and joint venture partners) on the Airport that contract for services with the Concessionaire.

3. The Concessionaire will preserve all books and records of business conducted under this Agreement for the longer of six months after completion of an audit by the State or five years after the end of the Agreement year to which the books and records pertain. However, if the State objects to any report or statement by the Concessionaire, the Concessionaire will preserve all books and records containing information relevant to that report or statement until resolution of the objection is confirmed in writing by the State.

4. The State, or its designee(s), shall have access to the above referenced records at all times regardless of the media in which the information is stored.

B. Audit:

1. The Concessionaire will permit the State to inspect, copy, and audit the Concessionaire's books, records, and supporting data related to this Agreement at the State's request during regular business hours. The State may either require the

Concessionaire to transport the necessary books and records to a location at the Airport for inspection, copying, or audit, or perform the audit at the location where the Concessionaire maintains the records.

2. If the Concessionaire's place of business and record keeping is outside Fairbanks, Alaska, and if the Concessionaire requests that the State (but not if the State elects to) perform the audit at that location, the Concessionaire will pay the State for the audit costs incurred. Audit costs include round-trip air and ground transportation from the auditor's duty station to the location where the Concessionaire maintains the books and records, as well as per diem at the then-current State of Alaska rate for each day of travel and on-site audit work. Audit costs do not include the salary and benefit costs of the auditors. After the audit, the State will bill the Concessionaire for the costs incurred and the State will support the billing with a copy of the travel authorization form used by the State. The Concessionaire will pay these costs within thirty (30) days of the State's billing date.

3. The Concessionaire shall provide all information requested by the auditor in a timely manner. If the auditor does not specify a deadline to submit requested information, the term "timely manner" shall mean "not more than thirty (30) days".

4. Such audits are to be limited to once per annum, unless a significant discrepancy or change occurs. These may include, but are not limited to: change of management at Concessionaire; significant drop-off in revenue from one month to the next; complaints related to billing from clients of the Concessionaire; discrepancy between posted copy and billing summary.

C. <u>Concession Underpayments</u>:

1. If any State inspection or audit of the Concessionaire's books and records discloses a Concessionaire underpayment, the Concessionaire will pay, within thirty (30) days of the billing date, any underpayment disclosed by the audit plus:

   a. interest at the rate specified in Article VI (Rents, Fees and Payments);

   b. any actual costs and attorney fees that the State incurs to collect the underpayment;

   c. if the underpayment is more than one-percent (1.0%) of gross revenues in any fiscal year, all audit costs that the State incurs, including salary and benefit costs of the auditor.

2. If the State collects the difference through litigation, the Concessionaire will pay the State the State's full costs and attorney's fees incurred to collect the underpayment. Further, the Concessionaire is liable for the full costs and attorney's fees if the State finds it necessary to take legal action either to levy the performance bond under Article VIII (Performance Bond) or take other action necessary to collect money the Concessionaire owes to the State.

D. <u>Certified Audited Statement of Gross Revenues:</u>

1. Within sixty (60) days after 1) the end of each Agreement; 2) assignment of the Agreement; 3) expiration, termination or cancellation of the Agreement, the

Concessionaire will furnish the State with a true and accurate statement that reflects the Concessionaire's Gross Revenues derived from business transacted under this Agreement during the preceding Agreement Year. An independent certified public accountant must certify and sign any special purpose statement as true and correct.

2. The Statement must follow the format of the sample Statement included in this Agreement as Exhibit F (Certified Audited Financial Statement).

3. The Statement must cover all business transacted by the Concessionaire under the Agreement for the prior Agreement Year or from the date of the last Statement submitted by the Concessionaire to the date of assignment, expiration, termination, or cancellation of the Agreement.

4. The Statement must be prepared by an independent certified public accountant in accordance with generally accepted auditing standards. The Statement must be accompanied by a document signed by the CPA that includes an opinion paragraph stating the following:

   a. Whether anything came to the CPA's attention indicating that all Gross Sales were not included; and

   b. the CPA has reviewed this Agreement, in particular Article VI (Rents, Fees and Payments), Article X (Audits, Reports, Books, and Records), and the definition of Gross Sales in Article I (Definitions), and has performed such audit procedures as deemed necessary to determine the Concessionaire's compliance with those provisions of this Agreement.

5. The Concessionaire must sign the Statement to certify that, to the best of the Concessionaire's knowledge and belief, the information and calculations of Gross Sales as reported on the Statement are true, accurate, and complete and reported in accordance with the terms and conditions of this Agreement.

6. If the CPA determines that there are reportable internal control weaknesses that relate to the accounting system and controls over Gross Sales reportable under this Agreement, the CPA will prepare a management letter to the Concessionaire. The Concessionaire must forward a copy of this letter to the State.

7. If the Statement shows an underpayment by the Concessionaire, the Concessionaire will submit payment with the Statement.

G. Period for Objection: If the State does not object to the contents of any report or statement furnished by the Concessionaire within five (5) years after the date the report or statement is furnished to the State, the State will consider the contents of the report or statement correct unless the State establishes that the report or statement was fraudulently prepared. If the State objects to any report or statement, the Concessionaire will preserve all books until the objection is resolved.

F. Additional Supporting Data:

1. The Concessionaire will furnish the State with other financial or statistical reports that the State may occasionally request regarding the Agreement. This Section does not require the Concessionaire to submit data that is either confidential business information or

trade secrets unless reasonably related to determining compliance with this Agreement, and the State provides for protection of such information from public disclosure.

2. The Concessionaire shall provide all information requested by the State in a timely manner. If the auditor does not specify a deadline to submit requested information, the term “timely manner” shall mean “not more than thirty (30) days”.

G. Public Information: All books, figures, records, reports, statements, or similar items the Concessionaire submits to the State are public records and available for public inspection, except as may be provided under the previous section.

ARTICLE XI
CONSTRUCTION, REMODELING, AND REFURBISHMENT

A. Adoption of Specialty Retail Program:

1. The Concessionaire will implement the Specialty Retail Program in accordance with its proposal, as subsequently refined or otherwise modified and accepted by the State.

2. The Concessionaire will abide by all applicable building code requirements and understands that the Specialty Retail Program is subject to further modification and refinement during the Airport Building Permit process. Approval of Airport Building Permit that entails variation from the Specialty Retail Program constitutes the State’s acceptance of the variation only if expressly so stated in the permit and then only for the project specifically approved. No general refinement or modification of the Specialty Retail Program will be deemed accepted by the State unless expressly stated in a written supplement to this Agreement, signed by both parties. An approved Airport Building Permit is required prior to the start of any construction, including any construction related to the Specialty Retail Program submitted with the Concessionaire’s proposal.

B. Capital Investment Requirement

1. Minimum Investment: The Concessionaire agrees to expend one hundred thousand dollars ($100,000) by the Facility Opening Date as a minimum Capital Investment of the Post Security Premises and twenty thousand dollars ($20,000) as a minimum Capital Investment of the Pre Security Premises. This minimum capital investment is defined as including the following items only:

- Directly contracted construction costs with a Contractor; excluding architectural and engineering fees and intra-company charges related to construction;
- Furniture, fixtures and equipment purchased specifically for use in the facility; and
- Administrative/Overhead expenditures not to exceed seven percent (7%) of the total approved cost of the unit project as defined above.

2. Statement of Expenditures: Within one hundred eighty (180) days after the State’s acceptance of this construction, the Concessionaire shall provide the State with a statement, certified by the Concessionaire’s chief financial officer, of those costs that the Concessionaire incurred to meet its minimum investment. This statement must be supported by receipted invoices evidencing payments for these costs. If these costs are less than the proposed minimum investment, the difference will be paid to the State

within thirty (30) days after submitting the certified statement. This payment will not apply toward any concession fees due under this Agreement. The certified statement is subject to review and audit by the State.

C. General Construction Requirements

1. Any Concessionaire alteration, construction, or improvement of the Premises must be neat, presentable, and compatible with the architecture of the Terminal, as determined by the State, and performed at no cost to the State.

2. Before constructing any improvement on the Premises, the Concessionaire must obtain the written approval of the State in the form of an Airport Building Permit that includes all required attachments and detailed drawings of the proposed construction. At the State's request, the Concessionaire will also submit architectural renderings of the proposed improvement with samples of materials and colors.

3. The State will review the proposed construction and provide the Concessionaire written approval or disapproval.

4. The Concessionaire will deliver detailed as-built drawings to the State within thirty (30) days after completing construction. The as-built drawings must show the location and dimensions of any structural, mechanical, electrical, or plumbing improvements the Concessionaire places or constructs on the Premises.

D. Routine Refurbishment: The Concessionaire agrees that at its own expense it will paint or replace wall coverings, worn carpeting, furnishings, fixtures, or other items as their condition may require, as reasonably necessary to maintain a professional quality appearance throughout the term of the Agreement, or at the State's request.

E. Ownership:

1. On expiration of this Agreement, title to all improvements required under the original terms of this Agreement, together with all improvements, vest in the State, except to the extent the State directs the Concessionaire to remove the improvements.

2. On cancellation of this Agreement, title to all improvements vest in the State as described under Article XXI (Cancellation by State).

ARTICLE XII
LEASE OF ADDITIONAL SPACE

If the Concessionaire requests additional space in the Terminal for administrative, storage or other purposes, and the State determines that suitable space is available, the State will lease the space subject to public notice and other requirements of law concerning the lease of Airport Terminal space under a separate Agreement. The State reserves the right to reduce or expand the Premises available to the Concessionaire for the purposes of the Specialty Retail concession without compensation or obligation to the Concessionaire by the State.

ARTICLE XIII
REDUCTION OF SPACE

If the Concessionaire determines that it is not economically feasible to continue operations in any portion of the Premises authorized under this Agreement, the Concessionaire may submit a written request to discontinue operations in that area or to reduce the area at that location and surrender this space to the State. The Concessionaire will demonstrate in writing, to the State's satisfaction, that discontinuing operations in this area is in the State's best interest. The State may require that the Concessionaire provide financial, statistical, or other data to support the request for a reduction of the Premises. Any decision to reduce space rests solely with the State and the Concessionaire will abide by the State's decision.

If the State approves the Concessionaire’s request to discontinue operations in an area of the Premises, the State may, in its sole discretion, either allow the Concessionaire to use the area for other purposes related to the business authorized under this Agreement or require the Concessionaire to vacate the space and surrender it to the State.

The State reserves the right, in its sole discretion, to reduce the area authorized under this Agreement if the State determines that it is in its best interest to do so. If the State reduces the area of Concessionaire’s Premises, the Concessionaire’s Annual Guarantee obligation will adjust consistent with the reduced square footage of Retail Unit space and the Concessionaire’s Additional Rent will adjust consistent with the reduced square footage of administrative/storage and other space, as applicable

ARTICLE XIV
STATE DIRECTED RELOCATION

The Concessionaire acknowledges that the State may require the relocation of the Premises, in whole or in part, if the State, in its sole discretion determines that relocation is necessary to meet the needs of the traveling public or is in the best interest of the Airport. The following responsibilities apply if the State requires relocation of any Premises applicable under this Article:

A. State Responsibilities: The State, at its sole expense, will provide new lease space with interior permanent improvements including floors, ceiling, carpeting, lighting, electrical, wall finishes, heating, ventilation, and permanent long-term fixtures similar to those in the space from which the State requires the Concessionaire to relocate.

B. Concessionaire Responsibilities: The Concessionaire, at its sole expense, will relocate all non-permanent fixtures, furnishings, and equipment to the new lease space; provide any additional fixtures, furnishings, and equipment that the Concessionaire finds necessary or desirable to fully use the new lease space; and vacate and surrender the former lease space to the State when the new space is completed.

C. The State and the Concessionaire will perform their respective obligations in an expeditious manner, excluding any delay beyond the control of either party. The State will attempt to provide new lease space that is equal to or better than the area the State requires the Concessionaire to vacate. However, the State is not responsible for any financial loss the Concessionaire may incur because of relocation under this Article unless the loss is the result of a breach by the State of its obligations under this Article.

ARTICLE XV
PERSONNEL

The Concessionaire will maintain adequate staff at the Airport and use the utmost skill and diligence in the operation of its business.

A. Manager

1. The Concessionaire will at all times during the term of the Agreement maintain and identify to the State a qualified, competent and experienced local supervising manager vested with full authority to accept all notices regarding the operation of the concession business authorized under this Agreement, including the quality of prices of merchandise and the appearance, conduct, and demeanor of the Concessionaire’s agents, servants, and employees.

2. The Concessionaire’s local manager will be responsible for the general day-to-day operations under this Agreement and shall serve as the primary Concessionaire point of contact for the State for the Specialty Retail Concession at the Airport.

3. The local manager must have the ability to respond to any issues at the Airport within a twenty-four (24) hour period from first notice.

4. The Concessionaire shall provide the State with written notice within ten (10) days of the Facility Opening Date indicating the name, business, home, and cellular telephone numbers, and business address of the local manager.

5. The manager will place a responsible subordinate in charge at all times during the local manager’s absence from the Terminal.

6. If the State is not satisfied with the Concessionaire’s selected supervising local manager (or replacement manager) or responsible subordinate, or at any time the State is not satisfied with the Concessionaire’s managers’ (or replacement manager’s) performance during the term of this Agreement, the State may notify the Concessionaire in writing setting forth the State’s complaints. Within twenty (20) days of the date of any such notice, the Concessionaire shall respond in writing detailing the corrective action taken to resolve the State’s concerns. If the State is still not satisfied, the State and the Concessionaire shall negotiate in good faith to achieve a mutually acceptable resolution to the issue.

7. If during the term of this Agreement, the Concessionaire desires to change managers, it may do so only after having notified the State in writing and received the State’s prior written approval of the proposed replacement local manager. The notice shall include the name, business, business address, and home, pager and cellular telephone numbers of the new manager and the effective date of the appointment.

B. Other Personnel

1. The Concessionaire shall provide an adequate number of trained employees, supervisors and managers necessary to perform the duties and meet the customer service standards required herein. It is the intent of the parties hereto that the

Concessionaire’s employees, subcontractors and joint venture partners maintain a high degree of professionalism.

2. While on duty, the Concessionaire’s sale personnel will display company badges at all times.

3. All of the Concessionaire’s employees shall be neat in appearance and courteous in manner. The Concessionaire agrees that it will be responsible for ensuring that these employees abide by all laws, rules, and regulations applicable to the Airport.

4. The Concessionaire shall be responsible for any requirements of the Federal Aviation Administration, Transportation Security Administration, the State, or other regulating agencies regarding employee background checks and badging.

C. Periodic Meetings: The Concessionaire shall attend all meetings requested by the State throughout the term of this Agreement. The State shall designate which officers and employees of Concessionaire shall attend each meeting and those officers and employees shall attend. The State recognizes the possibility that the Concessionaire’s officers and employees who are actively involved with the Specialty Retail concession at this Airport may not reside in the State and, as such, the State shall exercise reasonable discretion when mandating attendance at meetings requested by the State.

D. Deliveries: The Concessionaire shall monitor the movement of deliveries to avoid conflict with other Airport functions and shall coordinate its use of the curbside loading areas at the Terminal, if necessary, with the use by other tenants or licensees of the State, and with the State. The Concessionaire shall be responsible for the return of all pallets, storage containers and other equipment belonging to its suppliers.

ARTICLE XVI
STATE'S RIGHTS OF ACCESS AND INSPECTION

A. Inspection:

1. The State, by its officers, employees, agents, representatives, and contractors, may at all reasonable times enter and inspect the Premises or observe the Concessionaire's performance of its obligations under this Agreement, or take any action that the State is obligated to take under this Agreement.

2. The Concessionaire shall not claim nor will the State provide any fee abatement if the State exercises this right. The State will take all reasonable steps to minimize interference with the Concessionaire's activity on the Premises except for an emergency.

B. Access:

1. The Concessionaire will provide emergency telephone numbers where the State may reach the Concessionaire or the Concessionaire's agent on a twenty-four (24) hour basis.

2. The State reserves the right to enter the Premises to repair, replace, alter, install, or maintain any mechanical, electrical, plumbing, heating, cooling, ventilation, fire

protection, telecommunication, or other system necessary to the proper functioning of the terminal without liability to the Concessionaire for any damage to the Premises.

3. As a result of any entry under this Section, the State is liable for only its own negligence and for returning the Premises to their former condition using standard materials. Any State repair, replacement, alteration, installation, or maintenance will not unreasonably interfere with the Concessionaire's use of the Premises. Nothing in this Section in any way relieves the Concessionaire of any obligation to maintain its lease space and improvements.

4. At any time during the term of this Agreement, the State, by its agents and employees, whether or not accompanied by prospective concessionaires, occupiers, or users of the Premises, may enter the Premises to exhibit, view, or photograph any part of the Premises. A State official, after advance coordination with the Concessionaire, will accompany any prospective concessionaire that requests to measure or photograph the Premises.

ARTICLE XVII
STATE SERVICES

A. State Services:

1. The State will maintain the Premises electrical, public address, plumbing, and heating systems in good condition and repair. However, the State may decline to maintain any system installed by the Concessionaire and may charge the Concessionaire for any repair resulting from the Concessionaire's negligence. The Concessionaire will pay the State within thirty (30) days of the billing date for any such repair charge.

2. The State shall throughout the term of this Agreement, subject to temporary shutdown for maintenance and repair, maintain all elevators and escalators in the Terminal and shall maintain access to the Premises. However, the State may, at any time, temporarily or permanently close, consent to or request the closing of any roadway or other right-of-way for such access, ingress or egress, whether inside or outside the Premises, so long as a means of access, ingress or egress reasonably equivalent to that formerly provided, and not adverse to the Concessionaire’s continued use and enjoyment of the Premises, is substituted and is concurrently made available.

3. The Concessionaire understands and agrees that there shall be inconvenience caused by construction or renovations of the Premises and roadways, and the Concessionaire hereby releases and discharges the State from any and all claims, demands or causes of action which the Concessionaire now or at any time hereafter may have against the State arising or alleged to arise out of the closing of any right-of-way or other area used as such, whether within or without of the Premises, so long as the State makes available a means of free access, ingress or egress reasonably equivalent if available to that existing prior to each such modification, if any.

B. Hold Harmless: The Concessionaire waives any claim and holds the State harmless for damages that may arise out of or result from any failure or interruption of utility services furnished by or through the State that includes, but not limited to, stoppage in electrical energy, space heating, or the failure or interruption of any public or passenger convenience.

ARTICLE XVIII
LAWS AND TAXES

This Agreement is subject to all State of Alaska laws and regulations, including those relating to leasing facilities and granting privileges at State of Alaska Airports.

A. Laws

1. At no expense to the State, the Concessionaire will comply with all federal, State of Alaska, and local laws, ordinances, regulations, and Airport rules, that are either now, or in the future, in force that may apply to the business authorized under this Agreement, or to the use, care, operation, maintenance, and protection of the Airport, including matters of health, safety, sanitation, and pollution.

2. The State is not liable to the Concessionaire for any diminution or deprivation of the Concessionaire's rights due to the exercise of any authority, nor is the Concessionaire entitled to terminate the whole or any portion of this Agreement by reason of the State's exercise of any authority.

3. The Concessionaire will comply with any State of Alaska and federal regulation governing hazardous substances, including hazardous wastes, and with any State instructions regarding environmental concerns, regardless of whether based on specific law, regulation, or order of any governmental authority. The Concessionaire will properly handle spills of hazardous substances and assumes responsibility for any spill of oil, oil-based substance, or hazardous substance attributable to its operation under this Agreement. The Concessionaire will immediately notify the State of any spill that occurs as well as the action taken. With respect to any such occurrence, the Concessionaire will indemnify, defend, save, and hold the State and its employees harmless from any loss, claim, suit, or judgment. The Concessionaire will provide the State copies of any written spill or other reports regarding action taken as soon as the reports are available.

B. Taxes: The Concessionaire will obtain all necessary licenses and permits, pay all taxes lawfully imposed on its business, and pay any other fee or charge assessed under any applicable public statute, regulation, or ordinance.

C. Disputes: The laws of the State of Alaska, including the exclusive protest and appeal procedures of 17 AAC 42.910 and .920 will govern in any dispute between the parties. The parties will bring any appeal or lawsuit, if permitted, before the courts of the State of Alaska if any such dispute results in a lawsuit.

D. Claims: The Concessionaire will notify the State of any claim, demand, or lawsuit arising out of the Concessionaire's rights granted or the operations authorized under this Agreement. At the State's request, the Concessionaire will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit that affects the rights granted the Concessionaire under this Agreement.

ARTICLE XIX
ADDITIONAL FEES AND CHARGES

A. The Concessionaire shall pay the State, within thirty (30) days, any additional fees and charges where the State has paid any sum or sums, or has incurred any obligations or expenses for which the Concessionaire has agreed, either expressly or by implication, to pay or reimburse the State herein or if the State incurs any obligations or expenses because of the failure, neglect or refusal of the Concessionaire to perform or fulfill any of its obligations under this Agreement. Such payments may include all interest, costs, damages, and expenses reasonably related to such sums so paid or expenses so incurred.

B. The Concessionaire shall also pay to the State within ten (10) days after the last day of each month this Agreement exists, all other fees, charges and sums as a result of any utility and service charges, and any other expenses incurred by the State on account of the Concessionaire for which the State is entitled to reimbursement whether express or implied herein, and such other fees, charges, levies as are prescribed or contemplated hereunder.

C. The State shall have a lien upon all removable fixtures and other trade fixtures of the Concessionaire placed at the Airport, to the extent permitted by law, for the purpose of securing the payment of all sums of money which may be due to the State from the Concessionaire under this Agreement.

ARTICLE XX
INDEMNIFICATION AND INSURANCE

A. Indemnification

1. The Concessionaire shall indemnify, defend, and hold the State, its agents, and employees harmless from and against any and all liability, loss, suit, obligation, claim, judgment, fine, demand, damage, penalty, property damage or personal injury of whatever kind, including sums paid in settlements of claims, attorney fees, consultant fees, expert fees, or costs incurred arising directly or indirectly from or connected with this Agreement, the Concessionaire's use and occupation of the Premises, the Concessionaire's operations and employees, customers, or subleases.

2. If any mechanics' liens or other liens or orders for the payment of money shall be filed against the Premises, or any portion thereof, by reason of or arising out of any labor or material furnished or alleged to have been furnished or to be furnished to or for the Concessionaire, or for or by reason of any change, alteration or addition or the cost or expense thereof, or any contract relating thereto, or against the State as owner thereof, the Concessionaire shall within thirty (30) days cause the same to be canceled and discharged of record, by bond or otherwise at the election and expense of the Concessionaire, and shall also defend on behalf of the State, at the Concessionaire's sole cost and expenses, and vacation, suit or proceeding which may be brought thereon or for the enforcement of such lien, liens or orders.

3. Without limiting the foregoing, this indemnification obligation includes payment of all costs of any investigation of site conditions, or any cleanup, abatement, remediation, removal or restorative work required by the Agreement, or by any federal, State, or local government agency with appropriate jurisdiction because of hazardous substances or present in the soil or groundwater on or under the Premises or other affected properties.

4. Notwithstanding the other paragraphs of this Article, if a portion of the legal cause of the loss or obligation is due to the State's negligence or willful misconduct, the loss or obligation is to be apportioned between the Concessionaire and the State according to

comparative fault. The Concessionaire and the State are to seek in good faith to agree to an apportionment of the loss or obligation without or independent of litigation.

B. Insurance

1. At no expense to the State, the Concessionaire will secure and keep adequate insurance in force during this Agreement to protect the State and the Concessionaire. Where specific limits are stipulated, they are the minimum acceptable limits. If the Concessionaire's insurance policy contains higher limits, the State is entitled to coverage to the extent of the higher limits.

   a. Commercial general liability insurance with coverage limits not less than $1,000,000 combined single limit per occurrence where generally applicable, including in-terminal operations, independent contractors, products and completed operations, broad form property damage, blanket contractual, and personal injury endorsements.

   b. Worker's compensation insurance with coverage for all employees engaged in work under this Agreement as required by AS 23.30.045. The Concessionaire is responsible for worker's compensation insurance for any subcontractor who directly or indirectly provides services under this Agreement.

   c. Comprehensive automobile liability insurance covering all owned, hired, and non-owned vehicles used in connection with this Agreement, with coverage limits not less than $500,000 per person, $1,000,000 per occurrence, and $100,000 property damage.

   d. All-risk property insurance for the Concessionaire's furnishings, fixtures, improvements, and equipment equal to the full replacement cost.

2. By no later than the Turnover Date, the Concessionaire will provide the State with proof that it will have continuous insurance coverage in the form of an insurance policy or a certificate of insurance, together with proof of premium payment. All insurance required by this Article must meet the following requirements:

   a. Name the State as additional insured for commercial general liability insurance.

   b. Provide the State notification at least thirty (30) days before any termination, cancellation, or material change in insurance coverage.

   c. Include a waiver of subrogation for worker's compensation insurance, auto liability, and all-risk property insurance so that the insurer waives all rights of subrogation against the State for payments made under the policy.

3. The insurance coverage requirement does not relieve the Concessionaire of any other obligation under this Agreement. The State may revise the amount or type of required insurance by written notice. The State will base any such revision on reasonable grounds.

ARTICLE XXI
CANCELLATION BY STATE

A. Breach of Agreement: The State may cancel this Agreement and recover possession of the Premises by giving the Concessionaire thirty (30) days advance written notice if any of the following events occur, unless the breach is cured within the thirty (30) days:

1. The Concessionaire does not pay any rent, fee, penalty, or other charge when due under this Agreement.

2. A check for any payment is returned for insufficient funds.

3. The Concessionaire uses the Premises for purposes not authorized under this Agreement.

4. A petition in bankruptcy is filed by or against the Concessionaire.

5. A court enters a judgment of insolvency against the Concessionaire.

6. A trustee or receiver is appointed for the Concessionaire's assets in a proceeding brought by or against the Concessionaire.

7. A lien is filed against the Premises because of any act or omission of the Concessionaire and the lien is not removed, enjoined, or a bond of satisfaction of the lien is not posted within sixty (60) days.

8. The Concessionaire fails, without the State's advance written approval, to operate the business authorized under this Agreement on a continuous basis.

9. The cessation or deterioration of any service that, in the State's determination, materially and adversely affects the service the Concessionaire is required to perform under this Agreement.

10. The Concessionaire does not perform any provision or covenant under this Agreement.

A cancellation notice issued by the State under this Article is stayed if, within the thirty (30) day notice period, the Concessionaire begins and continues expeditious action to cure the breach in the case of a breach that is not reasonably curable within thirty (30) days. The determination of "expeditious action" and "not reasonably curable" is at the State's sole discretion.

The Concessionaire will not construe any waiver by the State of any default on the part of the Concessionaire in the performance of any provision, covenant, or condition to be performed, kept, or observed by the Concessionaire as a waiver by the State at any time thereafter of any other default or subsequent default in performance of any provision, covenant, or condition of this Agreement. After a State waiver of default in one or more instances, the State is not required to provide notice to the Concessionaire to restore or revive time as of the essence under this Agreement. The waiver of any right or obligation under this Agreement is not effective nor binding on the Concessionaire unless it is in writing and signed on behalf of the State.

B. State's Right of Reentry: As an additional remedy, on giving written notice of cancellation, the State has the right to reenter any part of the Premises on the effective date of cancellation without further notice of any kind, remove any persons, and regain and resume possession with or without the institution of summary or legal proceedings or otherwise. Any reentry, however, will not in any manner affect, alter, or diminish any obligation of the Concessionaire under this Agreement.

C. Additional Rights of the State:

1. On or after termination or cancellation of this Agreement or on reentry, the State may regain or resume possession of the Premises, may occupy the Premises, and may permit any person, firm, or corporation to enter on and use the Premises. Others may occupy any part of the Premises or the entire Premises or a part of the Premises together with other space for a period of time the same as or different from the balance of the time remaining under this Agreement, and on terms and conditions the same as or different from those set forth under this Agreement.

2. The State may also repair or make any structural or other change in the Premises that are necessary, in the State's sole determination, to maintain the suitability of the Premises for uses similar to those granted under this Agreement without affecting, altering, or diminishing the obligations of the Concessionaire under this Agreement. The State will charge the Concessionaire the cost of these repairs and the Concessionaire will pay these charges within thirty (30) days of the billing date.

D. Ownership of Equipment and Improvements: If the State cancels this Agreement, all of the Concessionaire's title and interest in furnishings, fixtures, equipment, and improvements installed in the terminal under this Agreement vest in the State. The State may dispose of these items as it sees fit. However, in the event the State directs in writing that the Concessionaire remove all or specifically identified portions of the Concessionaire's installed furnishings, fixtures, equipment, and improvements, the Concessionaire shall do so at the Concessionaire's sole expense, and title to such property removed at the State's direction will not vest in the State.

E. Survival of Concessionaire's Obligations: If the State cancels this Agreement for cause, all of the Concessionaire's annual guarantee or percentage payment obligations under this Agreement will thereby immediately be accelerated and due without reducing any and all other damages to which the State may be entitled by law for the entire balance of the term, subject only to any obligation of the State to mitigate damages. The State may issue notices of amounts due, reviewable only under the protest and appeal procedures of 17 AAC 42.910 and .920, and may maintain separate actions to recover any monies then due, or at its option and at any time, may sue to recover the full deficiency. The amount of damages for the time subsequent to cancellation is the sum of the following:

1. The cumulative total of the Concessionaire's minimum annual guarantee obligation, less the amount paid before the effective date of cancellation.

2. Title to all furnishings, fixtures, equipment, and improvements as provided in Section D of this Article.

3. The amount by which the percentage fee under this Agreement, applied to the projected Gross Revenues that it is reasonably probable that the Concessionaire would have

received during the balance of this Agreement if no cancellation had occurred, exceeds the annual guarantee obligation under paragraph 1 of this section E. However, the State will offset this amount by any fees the State receives from a succeeding Concessionaire. At the discretion of the State, the State may calculate the amount of projected Gross Revenues by dividing the Concessionaire's total Gross Revenues before cancellation by the total number of days the Concessionaire operated the business under this Agreement to determine average daily Gross Revenues. However, if the State determines that the Concessionaire has not been operating long enough in sufficient compliance with this Agreement to establish reasonable average daily Gross Revenues from compliant year-round operation, the State may use any other reasonable method to determine the same. In either case, the State will then multiply this average daily Gross Revenue amount by the number of days remaining through May 31, 2027, if the cancellation occurs during the Base Term. If the cancellation occurs during any Term Extension period, the State will multiply the average daily Gross Revenue amount by the number of days remaining through the remaining then Agreement Year.

4. The liquidated damages specified in this Agreement for any time unapproved closure before the effective date of cancellation. The Concessionaire acknowledges that the damage calculation specified in paragraph 3 of this Section does not impair the State's right to damages if cancellation occurs before the Concessionaire receives any Gross Revenues under this Agreement.

F. Waiver of Redemption and Damages: The Concessionaire waives any right of redemption granted by or under any present or future law or statute if the Concessionaire is dispossessed for any cause, or if the State obtains or retains possession of the Premises in any lawful manner. The Concessionaire acknowledges that if the manner or method employed by the State to gain possession of the Premises gives rise to a cause of action in the Concessionaire for forcible entry and detainer under the laws of the State of Alaska, the total maximum amount of damages to which the Concessionaire may be entitled is the sum of one dollar ($1). The Concessionaire also acknowledges that this provision may be filed in any action as its stipulation fixing the amount of damages to which it is entitled.

G. Surrender of Possession on Cancellation: The Concessionaire will yield possession of the Premises to the State on the cancellation date of this Agreement promptly, peaceably, quietly, and in as good order and condition as the same now or later improved by the Concessionaire or the State, reasonable use and wear-and-tear excepted. The Concessionaire will cooperate with the State and any replacement Concessionaire to facilitate an efficient transfer.

ARTICLE XXII
CANCELLATION BY CONCESSIONAIRE

A. The Concessionaire may cancel this Agreement by giving the State sixty (60) days advance written notice if any of the following events occur:

1. The permanent abandonment of the Airport by all passenger airlines or the removal of all airline passenger service from the Airport for a period of at least ninety (90) consecutive days.

2. The lawful assumption by the United States government or its authorized agent, of the operation, control, or use of the Airport, or any substantial part of the Airport, that

restricts the Concessionaire from operating its business under this Agreement for a period of at least ninety (90) consecutive days.

3. A court of competent jurisdiction issues an injunction that prevents or restrains the use of the Airport by all airlines, provided the injunction remains in force for at least ninety (90) consecutive days.

B. The Concessionaire must, within a maximum of five (5) calendar days after the end of the Concessionaire's sixty (60) day advance written notice period, remove all of its personal property, equipment, furniture, and fixtures from the Premises. The Concessionaire acknowledges that as part of the consideration for this Agreement, all property remaining on the Premises after these five (5) calendar days becomes the sole property of the State, with full title vested in the State, unless the property is contaminated with any Hazardous Substance or is rejected by the State by written notice to the Concessionaire, or the property's automatic vesting would violate any applicable law or regulation. The State may remove, modify, sell, or destroy the property as it sees fit. The Concessionaire will pay the State for any cost the State incurs in property removal and disposal within thirty (30) days of the billing date.

ARTICLE XXIII
SUBSEQUENT CONTRACT

A. Subsequent Contract Award: The Concessionaire acknowledges that on the expiration or cancellation of this Agreement, the State may award any subsequent Specialty Retail contract by any legal means then available to the State.

B. Transition Schedule

1. The Concessionaire understands that it is neither practical nor possible for the State to predict the exact transition schedule and procedure to best serve the needs of the traveling public and the State at the expiration or Concessionaire cancellation of this Agreement.

2. The State will provide the Concessionaire a written notice of the transition plan determined by the State to best serve the needs of the traveling public and the State at least sixty (60) days before turning the business over to a succeeding Concessionaire.

3. The Concessionaire will diligently execute the transition plan determined by the State, abide by its time schedule, and cooperate with the State and the succeeding Concessionaire in carrying out the transition plan. In any dispute between the Concessionaire and the succeeding Concessionaire during the transition period, the Concessionaire will abide by the decision of the State.

4. At the expiration of this Agreement, the State may, in any combination, assume title to, direct the Concessionaire to remove, or allow the Concessionaire sell to the succeeding concessionaire, all or specified of the furnishings, fixtures, and equipment located in or on the Premises.

C. At the expiration of this Agreement, all furnishings, fixtures, and equipment will vest in the State except for any furnishings, fixtures, and equipment the State directs the Concessionaire to remove or that is contaminated with a Hazardous Substance. If the

Concessionaire does not remove any furniture, fixtures and equipment within five (5) calendar days after expiration if directed to do so by the State, the State may remove, sell, modify, or destroy these items as it sees fit. The Concessionaire will, within thirty (30) days after the State bills the Concessionaire, reimburse the State for any costs the State incurs in removal and disposal.

ARTICLE XXIV
ASSIGNMENT OR SUBCONTRACT

A. Prohibition: The Concessionaire will not mortgage, hypothecate, nor otherwise encumber or assign the concession rights created under this Agreement, in whole or in part, without the advance written consent of the State under 17 AAC 42.260 -.275, as applicable. Any attempt to assign, mortgage, hypothecate, or encumber the concession rights, or in violation of this Article is void and will confer no right, title, or interest in nor to this Agreement, on any assignee, mortgagee, encumbrancer, pledgee, lienholder, subtenant, successor, or purchaser.

B. Approval by State:The Concessionaire will submit three copies of any proposed assignment or subcontract to the State for advance written approval. Each copy must bear the original notarized signature of all parties. All covenants and provisions of this Agreement extend to and bind the legal representatives, successors, and assignees of the parties.

C. Merger, Consolidation, or Reorganization: The State will not unreasonably withhold its consent to an assignment of this Agreement by the Concessionaire to a corporation that results from a merger, consolidation, or reorganization of the Concessionaire, to a corporation that purchases all or substantially all of the assets of the Concessionaire, or to any corporation that controls or is controlled by or is under common control with the Concessionaire.

D. Transfer of Interest: For purposes of this Article, any single or cumulative transfer of more than fifty percent (50%) interest in a partnership, limited liability company or corporation is an assignment of an interest subject to approval by the State under this Article.

ARTICLE XXV
GENERAL COVENANTS

A. Execution by State: This Agreement is not effective until signed by the Commissioner, Department of Transportation and Public Facilities, or a designated representative.

B. Approval by State: The State will not unreasonably withhold any approval required under this Agreement.

C. Notices: Either party will deliver any notice required under this Agreement either by hand, registered mail, certified mail, or by a reliable overnight delivery service to the appropriate party at the address on page one of this Agreement or to any other address that the parties subsequently designate in writing. All notice periods that begin by notice given by the State begin on the date the notice is mailed.

D. Modification: The Concessionaire acknowledges that the State may modify this Agreement to meet the revised requirements of federal or State grants, to operate the Airport, or to conform to the requirements of any revenue bond covenant to which the State of Alaska is a party. The State may make these modifications without formal amendment. However, a modification may not reduce the rights or privileges granted the Concessionaire under this Agreement or cause the Concessionaire financial loss.

E. Interrelationship of Provisions: All provisions of this Agreement and the associated proposal documents are essential parts of this Agreement and are intended to be cooperative, to provide for the use of the Airport, and to describe the respective rights and obligations of the parties to this Agreement.

F. Validity of Parts: The remaining parts of this Agreement continue in full force if any part is declared invalid by a court of competent jurisdiction.

G. Radio Interference: At the State's request, the Concessionaire will discontinue the use of any machine or device that interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated. The Concessionaire may not install or use wireless technology without the written consent of the State and the receipt of an approved Airport Building Permit.

H. Discrimination: The Concessionaire will not discriminate on the grounds of race, color, creed, national origin, ancestry, age, or sex against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or State law. The Concessionaire recognizes the right of the State to take any action necessary to enforce this covenant, including actions required by any federal or State law.

I. Affirmative Action: The Concessionaire will undertake any affirmative action program required by 14 CFR, Part 152, Subpart E to insure that the Concessionaire will not exclude any person from participating in any employment activity covered by 14 CFR, Part 152, Subpart E on the grounds of race, creed, color, national origin, or sex. The Concessionaire will not exclude any person on these grounds from the participation in or the receipt of the service or benefit of any program or activity covered by the subpart. The Concessionaire further understands that it will require its covered sub-organizations to provide assurances

to the State that they will also undertake affirmative action programs and require assurances from their sub-organizations, as required by 14 CFR, Part 152, Subpart E.

J. National Emergency: The State is not liable for the inability to perform any part of this Agreement that results from national emergency declared by the federal government.

K. Surrender of Possession: The Concessionaire will yield possession of the Premises to the State on the date of expiration or earlier cancellation of this Agreement promptly, peaceably, quietly, and in as good order and condition as the same now or later improved by the Concessionaire or the State, reasonable use and wear-and-tear excepted.

L. No Waiver: If the State does not insist in any one or more instances on the strict performance by the Concessionaire of any provision or Article under this Agreement, it is not a waiver or relinquishment for the future, but the provision or Article will continue in full force. The State’s failure to enforce any provision or Article in this Agreement is neither an enforceable waiver nor subject to reasonable reliance by the Concessionaire unless it is expressly stated as a waiver in writing signed on behalf of the State.

M. Disasters: If, in the determination of the State, fire, flood, earthquake or other casualty damages the Airport so extensively as to render it untenantable, either party may elect to terminate this Agreement on thirty (30) days written notice to the other party. If this Agreement is terminated because of a disaster, the State will prorate the fees payable under this Agreement up to the time the Airport becomes untenantable.

N. Condemnation: This Agreement ends on the date the Concessionaire is required to leave the Airport if any proper authority condemns the Airport. The State is entitled to all condemnation proceeds. However, the State will pay the Concessionaire the portion of proceeds attributable to the fair market value of any improvements placed on the Airport by the Concessionaire, according to the provisions of the then current Alaska Administrative Code.

O. Quiet Enjoyment: The State covenants that it has full, unencumbered title to the Airport; that it has the right and lawful authority to execute this Agreement; and that the Concessionaire will have, hold, and enjoy peaceful and uninterrupted use of the Premises subject to any and all rights reserved or granted to the State under this Agreement.

P. Proposal Documents: The Notice Inviting Proposals, Terms of Request, Instructions to Proposers, Acknowledgment of Addenda, Proposer's Affidavit, Proposer's Questionnaire, Proposer's Capital Investment Commitment Form, responses to the Specific Evaluation Criteria, Affirmation, any addenda and all other documentation required in the RFP, and all information submitted by the Proposer with their proposal are part of this Agreement and each party will fully perform all provisions of these documents.

Q. Captions: The captions of the Articles and Sections of this Agreement are for convenience only and do not necessarily define, limit, describe, or construe the contents of any Article or Section. The use of the singular or plural form of words is intended to include both the singular and plural, as appropriate.

R. Entire Agreement: This Agreement, including any amendment, and any item listed under Section P. of this Article, constitutes the entire Agreement between the parties. No modification or amendment of this Agreement is effective unless in writing and signed by both parties, except as stipulated in Section D. of this Article.

S. Time: Time is of the essence in the performance of all rights and obligations of the parties to this Agreement.

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

(If the proposer is a partnership or joint venture, all general partners or members of the joint venture must sign; if the proposer is a corporation, the signature of one authorized representative is sufficient unless the corporation requires two or more signatures.)

(Corporate Seal if
a Corporation)

	____________________________ Name of Bidder
____________________________ Signature	____________________________ Signature
____________________________ Title	____________________________ Title
____________________________ Signature	____________________________ Signature
____________________________ Title	____________________________ Title

NOTARIZE THE FOLLOWING PAGE.
(Copy and attach additional acknowledgment sheets as needed.)

ACKNOWLEDGMENT

STATE OF ____________________)
)ss.
_____________________________)
(Judicial District or County)

THIS IS TO CERTIFY that on this _______ day of _________________, 2020, personally appeared _____________________________________, known to me to be the person named in and who executed the foregoing instrument, and who acknowledged before me that the foregoing instrument was freely and voluntarily executed with full authority for the uses and purposes set forth.

____

Notary Public in and for:___________________________

My Commission Expires:___________________________

****

ACKNOWLEDGMENT

STATE OF ____________________)
)ss.
_____________________________)
(Judicial District or County)

THIS IS TO CERTIFY that on this _______ day of _________________, 2020, personally appeared _____________________________________, known to me to be the person named in and who executed the foregoing instrument, and who acknowledged before me that the foregoing instrument was freely and voluntarily executed with full authority for the uses and purposes set forth.

____

Notary Public in and for: ___________________________

My Commission Expires:___________________________

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

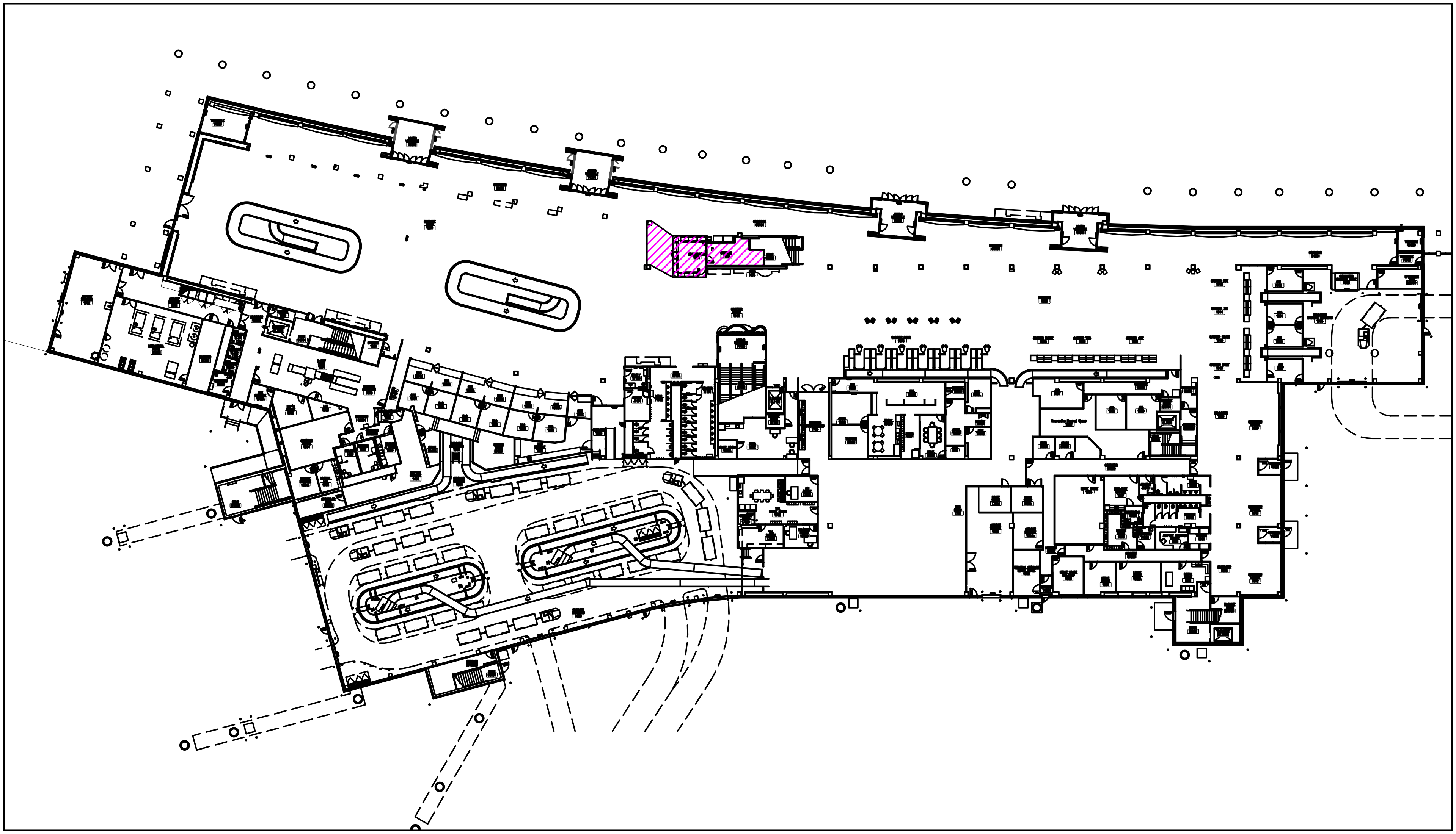
STATE OF ALASKA)
)ss. ___________________________________
Fourth Judicial District) Christel Burgess
Chief of Leasing, Fairbanks International Airport

THIS IS TO CERTIFY that on this _____ day of ____________________, 2020, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared Christel Burgess, known to me and to me known to be the Chief of Leasing, Department of Transportation and Public Facilities, and who acknowledged before me that the foregoing instrument was freely and voluntarily executed on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes set forth and with full authority the State of Alaska to do so.

____

Notary Public in and for the State of Alaska

My Commission Expires: __________________________



BY	DATE	REVISIONS

Specialty Retail Unit
ADA-90878

Exhibit A

Airport Terminal Layout – First Floor
February 2020

Fairbanks International Airport
AeroNexus®

SHEET 1 OF 4

R:\ENGINEERING\drawings\FAI LEASING\Terminal Space Exhibits\2020 Terminal Maps-Conc2 Tue, Feb/04/20 02:46pm

BY	DATE	REVISIONS

Specialty Retail Unit

ADA-90878

Exhibit A

Airport Terminal Layout – Second Floor

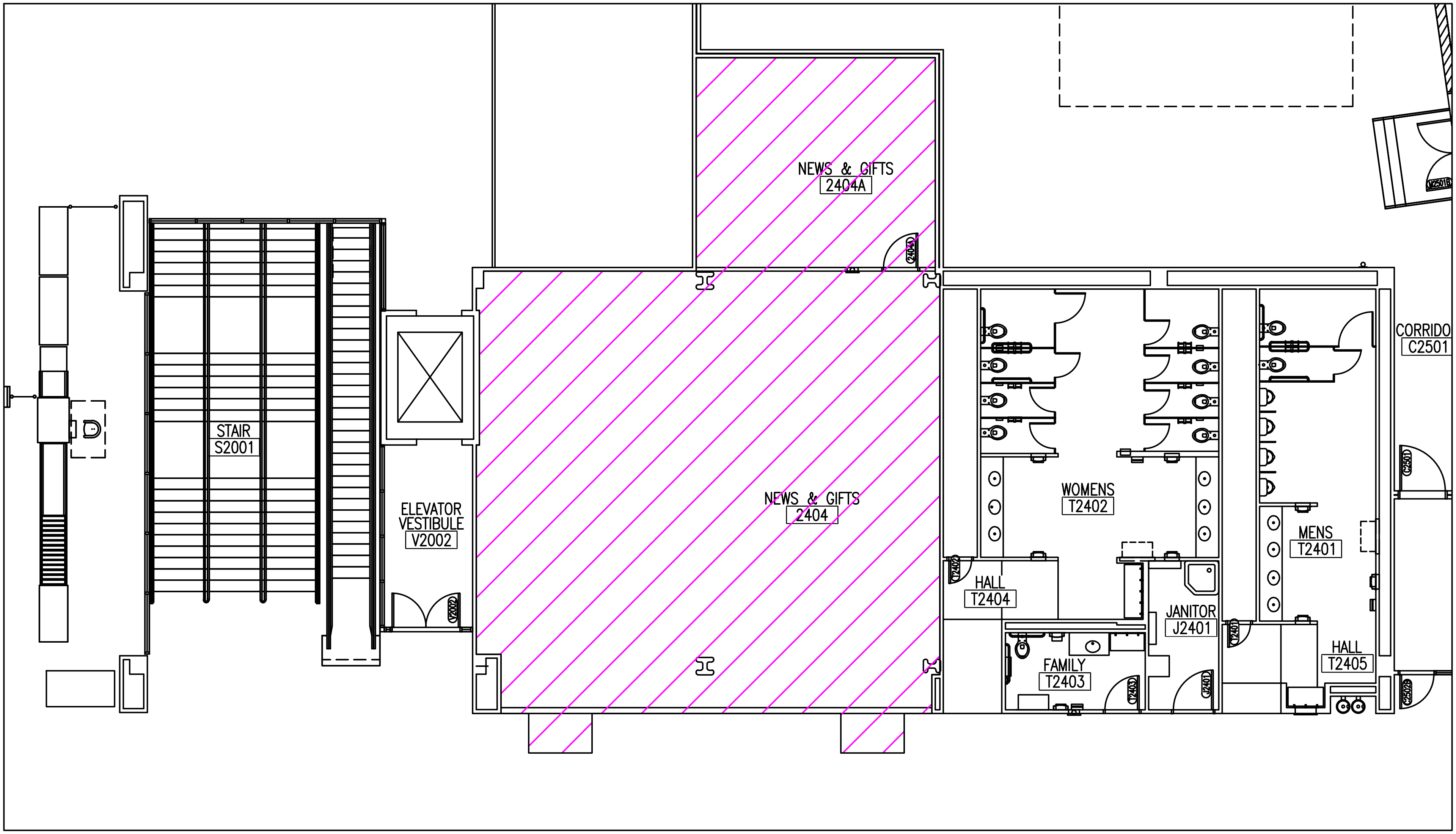
February 2020

Fairbanks International Airport

AeroNexus®

SHEET 2 OF 4

R:\ENGINEERING\drawings\FAI LEASING\Terminal Space Exhibits\2020 Terminal Maps-Conc3 Tue, Feb/04/20 02:47pm



BY	DATE	REVISIONS

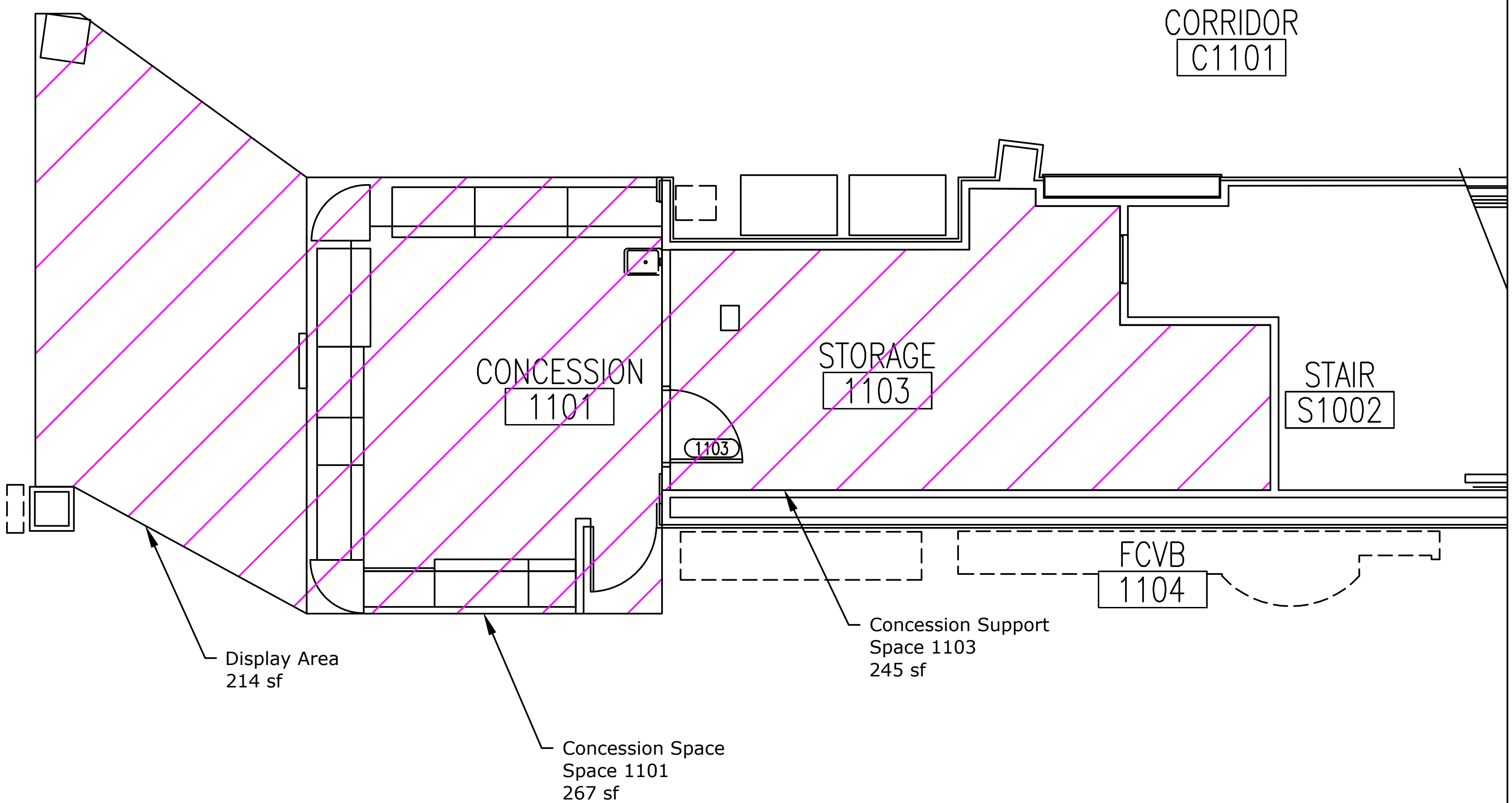
Specialty Retail Unit
ADA-90878
2,011 sf

Exhibit B
Current 2nd floor Twigs store and office
February 2020

Fairbanks International Airport
AeroNexus®

SHEET 3 OF 4

R:\ENGINEERING\drawings\FAI LEASING\Terminal Space Exhibits\2020 Terminal Maps-Conc4 Tue, Feb/04/20 02:47pm



BY	DATE	REVISIONS

Specialty Retail Unit
ADA-90878
726 sf

Exhibit B1
Current 1st floor Twigs store and storage
February 2020

Fairbanks International Airport
AeroNexus®

SHEET 4 OF 4

EXHIBIT C: CERTIFIED ACTIVITY REPORT

SPECIALTY RETAIL CONCESSIONAIRE: @

Report for the period__________________ to ________________________

The Concession Fee is comprised of two components: 1) the **Annual Guarantee**, and 2) the **Percentage Fee.** The Concessionaire will pay monthly, the greater of the prorated Annual Guarantee or a percentage of the Concessionaire's monthly gross revenues.

Annual Guarantee First Agreement Year: The Annual Guarantee for the First Agreement Year is based upon the following formula:
Total Post Security Concession square feet x $80 per square foot per year; divided by 12 equals prorated monthly amount
Total Pre Security Concession square feet x $30 per square foot per year; divided by 12 equals prorated monthly amount
2,011 Post Security Concession square feet x $80 per square foot per year equals $160,880 per year; divided by 12 equals $13,407 per month
726 Pre Security Concession square feet x $30 per square foot per year equals $21,780 per year; divided by 12 equals $1,815 per month

Adjustment of Annual Guarantee after First Agreement Year: Beginning August 1st of the Second Agreement Year and annually thereafter the Annual Guarantee will be adjusted effective August 1st to 75% of the prior year's payments, as adjusted based upon the annual Certified Audited Statement of Gross Sales, that would have been due the State if no Annual Guarantee existed, **but in no event shall the Annual Guarantee be less than $80 per square foot times the total post security square feet and $30 per square foot times the total pre security square feet of Concession space**.

Percentage Fee: The percentage fee is as established by the sucessful proposers proposal, but in no event be less than the following: **Post Security Gifts/Retail - 12%, Post Security Books/Magazines - 12%, Post Security Health/Sundries - 14%, Post Security Food & Beverages - 14%, and Pre Security Convenience (all merchandise) - 10%**.

Report of Gross Sales:

	Merchandise Category	Year-to-Date Gross Sales	Current Month's Gross Sales	% rate	Percentage Fee
1	Post Security Alaska Theme Gifts/Retail	$	$	(12%)	$
2	Post Security Books/Magazines	$	$	(12%)	$
3	Post Security Health/Sundries	$	$	(14%)	$
4	Post Security Alaska Theme Food & Beverage	$	$	(14%)	$
	Post Security Total	**$**	**$**		**$**
5	Pre Security Alaska Theme Convenience	$	$	(10%)	$
	Pre Security Total	**$**	**$**		**$**
6	Gross Sales attributed to a DBE:	$	$		

MONTHLY FEE CALCULATION:

The Concessionaire will pay monthly, a concession fee which is the greater of the prorated Annual Guarantee or a Percentage Fee of the Concessionaire's monthly gross revenues as described above. **However during any Agreement Year, if the Concessionaire's total concession fees equal the Annual Guarantee, the Concessionaire will only pay the Percentage Fee as the concession fee portion for the remainder of that Agreement Year.**

Total YTD Post Security Concession Fee from prior month: $

Total YTD Pre Security Concession Fee from prior month: $

POST SECURITY CONCESSION FEE - CHOOSE EITHER A OR B BELOW:

A	If Total YTD Post Security Concession Fee from prior month is **greater than** $160,880, enter monthly percentage fee as calculated above	$	$
	or		
B	If Total YTD Post Security Concession Fee from prior month is **less than** $160,880, enter the monthly percentage fee as calculated above **OR** $13,407, **whichever is greater**.	$	$

PRE SECURITY CONCESSION FEE - CHOOSE EITHER A OR B BELOW:

A	If Total YTD Pre Security Concession Fee from prior month is **greater than** $21,780, enter monthly percentage fee as calculated above	$	$
	or		
B	If Total YTD Pre Security Concession Fee from prior month is **less than** $21,780, enter the monthly percentage fee as calculated above **OR** $1,815, **whichever is greater**.	$	$

TOTAL FEES DUE THIS REPORTING PERIOD: $

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

Signature:______________________ Title:______________________ Date:______________________

Print Name:______________________

(This report is due by the 20th day of each month for the previous month's activity.)

CAR form update: 1/30/2020

Exhibit D

Fairbanks International Airport
Proposed Concepts/Merchandise Lists
Specialty Retail Concession Program
ADA-90878

SPECIALTY RETAIL PACKAGE OVERVIEW

To assist proposers in developing the requested merchandise concepts, a brief description of each concept is provided below. The descriptions are intended to describe the required merchandise categories and provide examples of the types of products that may be offered within those categories. The State of Alaska is committed to developing an innovative specialty retail program that incorporates the highest level of quality in a unique shopping environment. These particular products are offered as examples and are not meant to constrain or limit the creativity of Respondents within each approved merchandise category.

PROPOSED CONCEPT: ALASKA THEME

CONCEPT DESCRIPTION:

The Alaska Theme concept is intended for the sale of merchandise celebrating Alaska and/or Fairbanks. Because of the State's diversity, there are numerous merchandise categories that can be included in the concept. The store should focus on unique aspects of Alaska or Fairbanks. Regardless of product mix, merchandise must be high quality at a variety of price points. The operator should offer several merchandise concepts in separate and distinct areas of the store that can be distinguished by merchandise type, a specific name brand, or a design theme. The character of Alaska and the overall merchandise theme should be reflected in the store's design elements.

Required Post Security Merchandise:

Traveler convenience items

Nonprescription drug items

Candies, candy bars, mints, lifesavers, chewing gum, and nuts.

A variety of books and magazines with emphasis on those with an Alaska theme.

Required Pre Security Merchandise:

Over the counter medications

Sweets and snacks

Prepared food such as soup, sandwiches, hot dogs, nachos or other

Fountain drinks or canned, bottled drinks

Permitted Pre and Post Security Merchandise:

General merchandise such as regional gifts and souvenirs, curios, collectibles, hats, footwear, clothing, jewelry, regional food and snacks, regional arts and crafts, and items of interest to the traveling public that are in good taste and not prohibited or reserved under this Agreement. A list of sample regional items follows.

Regional Food and Snack Sample Merchandise:
Birch syrup and candies
Candy/cookies/nuts
Canned delicacies
Cookbooks
Gourmet cooking utensils
Herbal teas
Jams/jellies
Salmon seasoning
Sauces made from Alaska wild berries
Smoked salmon

Regional Arts and Crafts Sample Merchandise:
Alaska theme dolls
Alaskan folk music
Candles
Carvings
Fur products
Glass sculptures, bottles, vases, etc.
Hand crafted jewelry
Hand knit garments
Ivory products
Locally produced ceramics
Paintings/photographs
Posters/prints
Sculptures
Totem reproduction
Wooden crafted boxes, bowls, trays, wine racks, etc.

Regional Gifts/Souvenirs Sample Merchandise:
Bumper stickers
Button pins
Key chains
Kitchen accessories (aprons, hot pads, oven mitts, towels)
Logo apparel (caps, hats, t-shirts, sweatshirts, belt buckles)
Magnets
Mugs/glasses/teapots
Note cards
Photo frames/photo albums
Place name souvenirs
Spoons, thimbles, coasters
Paperweights/pen holders
Music boxes
License plate holders
Ornaments
Puzzles for regional attractions
Stuffed toys
Wallets, purses, coin cases

Exhibit E

Proposed Turnover and Facility Opening Dates

Post Security Location

Turnover Date: June 1, 2020

Facility Open Date: August 1, 2020

Minimum Investment Requirement:

Construction Completion Date: August 1, 2020

Concept: Alaska Theme Specialty Retail Store

Pre Security Location

Turnover Date: June 1, 2020

Facility Open Date: August 1, 2020

Minimum Investment Requirement:

Construction Completion Date: August 1, 2020

Concept: Alaska Theme Convenience Store

Specialty Retail Concession Agreement ADA-90878
EXHIBIT F
CERTIFIED AUDITED FINANCIAL STATEMENT @ Concessionaire

Agreement Year Ending ________________

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GROSS SALES AS REPORTED

	Alaska Theme Gifts/Retail (@%)		Health/Sundries (@%)		Books/Magazines (@%)		Alaskan Snacks & Beverage (@%)		Alaskan Convenience (@%)			
	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Total Sales	Total Percentage Fees
June	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
July	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
August	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
September	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
October	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
November	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
December	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
January	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
February	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
March	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
April	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
May	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
Total	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.

GROSS SALES PER AUDIT

	Alaska Theme Gifts/Retail (@%)		Health/Sundries (@%)		Books/Magazines (@%)		Alaskan Snacks & Beverage (@%)		Alaskan Convenience (@%)				
	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Retail Unit 1	Percentage Fee (@%)	Total Sales per Audit	Total Percentage Fees per Audit	Difference per Audit
June	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
July	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
August	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
September	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
October	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
November	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
December	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
January	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
February	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
March	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
April	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
May	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__	$ ______.__
Total	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.	$.

(sample report available in Mircosof Excel for Windows format upon request)

Additional amount owed FAI / (Overpaid) $ ______.