

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES
TED STEVENS ANCHORAGE INTERNATIONAL AIRPORT

SUPPLEMENT NO. 3

LAND/BUILDING LEASE ADA-31367

This Supplement No. 3 to Land/Building Lease ADA-31367 ("**Lease**") is entered into this 27 day of May, 2010, by and between the State of Alaska, Department of Transportation and Public Facilities, Ted Stevens Anchorage International Airport ("**Lessor**"), whose address is P.O. Box 196960, Anchorage, AK 99519-6960, and Anchorage RAC Center, LLC ("**Lessee**"), whose address is 425 G Street, Suite 210, Anchorage, Alaska 99501, each finding that:

WHEREAS, the Lessee manages, operates and maintains on the Premises under this Lease a consolidated rental car facility consisting of a multi-tenant rental car terminal and quick-turn-around facilities in a four-level parking garage (also referred to herein as "**Consolidated Facility**") used by the On-Airport Rental Car Concessionaires (also referred to herein as "**RACs**") as required under the at Ted Stevens Anchorage International Airport (also referred to herein as "**Airport**"); and

WHEREAS, under Amended and Restated Rental Car Concession Agreements dated June 16, 2005, all RACs are required to operate and maintain customer counters, and perform renting, returning, fueling, washing, processing and/or light servicing of rental cars in the Consolidated Facility; and

WHEREAS, ownership of the Consolidated Facility is to be vested in the Lessor, with a lease back under this Lease to the Lessee of occupancy rights for a nominal rent to carry out rights and obligations to manage, operate and maintain the Consolidated Facility for subleasing to the RACs under the terms of this Lease; and

WHEREAS, approved operation and maintenance costs of the Consolidated Facility are paid with the proceeds of a Facility Maintenance Charge (also referred to herein as "**FMC**") which the Lessor requires the RACs to collect from their customers under AS 02.15.090(i), the proceeds of which must be remitted to a trustee for such use; and

WHEREAS, the Lessee must recover from the RACs all costs of operating and maintaining the Consolidated Facility, including any Municipality of Anchorage real property possessory interest taxes ("**MOA Taxes**"), not covered by the FMC; and

WHEREAS, Article IX (Improvements), Section R (Covenants of Lessor and Lessee with Respect to CFCs, FMCs and the Indebtedness Secured by CFCs), Subsection 10, Paragraphs "e" and "f" of this Lease ("**Paragraphs IX.R.10.e and f**") as originally entered into provides for the FMC-funded Operation and Maintenance Fund to cover a

diminishing share of the incremental MOA Taxes assessed with respect to the Consolidated Facility as compared to the real property taxes previously assessed against the RACs for their occupancy in the Airport's passenger terminal; and

WHEREAS Paragraphs IX.R.10.e and f provide for payment from the Operations and Maintenance Fund for MOA Taxes imposed on the Lessee because the Lessor, Lessee and RACS all expected the Municipality to impose MOA Taxes on the Lessee, but the purpose and intent of Paragraphs IX.R.10.e and f were to moderate and phase-in the impact of incremental MOA Taxes on the RACs which would have been required to pay those taxes through assessment by the Lessee; and

WHEREAS the Municipality of Anchorage unexpectedly imposed MOA Taxes directly on the RACs rather than on the Lessee; and

WHEREAS Operation and Maintenance Funds were budgeted and collected through FMCs to moderate and phase-in the impact of incremental MOA Taxes on the RACs as intended, but nothing in Paragraphs IX.R.10.e and f, as originally entered into, provides for allocation directly to the RACs for that purpose; and

WHEREAS the parties agree that it is appropriate to reform Paragraphs IX.R.10.e and f to allow for allocation of Operation and Maintenance Funds directly to the RACs in the same amounts as originally provided for payment to the Lessee to moderate and phase-in the impact of incremental MOA Taxes on the RACs; and

NOW, THEREFORE, for the foregoing reasons and in consideration of the provisions and covenants contained herein and in the Amended and Restated On-Airport Rental Car Concession Agreement, the parties enter into this Supplement No. 3 to the Lease and agree that the Lease is hereby amended only as expressly as follows:

- I. Article IX (IMPROVEMENTS), Section R (Covenants of Lessor and Lessee with Respect to CFCs, FMCs and the Indebtedness Secured by CFCs), Subsection 10, Paragraphs "e" and "f" of the Lease are replaced in their entirety with the following:
 - e. For each tax year beginning with the first full tax year after Beneficial Occupancy through the end of the term of this Lease, real property possessory interest taxes imposed by the Municipality of Anchorage ("MOA Taxes"), whether assessed on the Lessee's leasehold interest in the Premises and the Consolidated Facility or on the RACs' subleasehold interests in that Facility to be covered as common costs of operation and maintenance of the Consolidated Facility and payable from the Operations and Maintenance Fund shall be determined as follows:

- (i) A constant quotient shall be determined as follows: The combined amount of all MOA Taxes imposed on the Lessee's leasehold interest in the Premises and the Consolidated Facility or on the RACs' subleasehold interests in that Facility in the first full tax year after Beneficial Occupancy, MINUS the aggregate amount of all MOA Taxes imposed directly on all RACs for property occupied by those RACs under Amended Concession Agreements for the 2006 tax year DIVIDED by the combined amount of all MOA Taxes imposed on the Lessee's leasehold interest in the Premises and the Consolidated Facility and on the RACs' subleasehold interests in that Facility in the first full tax year after Beneficial Occupancy;
- (ii) The combined amount of MOA Taxes imposed on the Lessee's leasehold interest in the Premises, including the Consolidated Facility, and on the RACs' subleasehold interests in that Facility, or any combination, for the respective tax year shall be MULTIPLIED by the constant quotient determined under (i), above, and that product shall be MULTIPLIED by the percentage set forth below for the applicable tax year, to determine the MOA Tax amount that may be covered as common costs of operation and maintenance of the Consolidated Facility and payable from the Operations and Maintenance Fund for that tax year:

Tax Year after Beneficial Occupancy	Percentage
First	75%
Second	70%
Third	65%
Fourth	60%
Fifth	55%
Sixth	50%
Seventh	45%
Eighth	35%
Ninth	25%
Tenth	20%
Eleventh	0%

- f. The MOA Tax amount that may be covered as common costs of operation and maintenance of the Consolidated Facility and payable from the Operations and Maintenance Fund for each tax year as determined under "e" above, shall be applied first to any MOA Tax assessed in that tax year on the Lessee's leasehold interest in the Premises, including the Consolidated Facility, and the balance thereafter shall be apportioned according to the

respective amounts of MOA Taxes assessed in that tax year on the subleasehold interests of the respective On-Airport Rental Car Concessionaires in the Consolidated Facility and each On-Airport Rental Car Concessionaire's apportioned share shall be paid from the Operation and Maintenance Fund to, or as otherwise directed in writing by, each On-Airport Rental Car Concessionaire. To any extent application of any amount payable from the Operations and Maintenance Fund under the preceding sentence to any MOA Tax assessed on the Lessee's leasehold interest in the Premises, including the Consolidated Facility, is insufficient to pay the entirety of that assessment, the Lessee will collect the deficiency from the RACs. The Lessee will collect from each RAC under its Sublease an annual or monthly assessment based upon the percentage that the RAC's Allocated Space relates to the Total Allocated Space, as provided in the Sublease, that together with the assessment on other RACs, will cover all portions of the MOA Taxes imposed on the Lessee's leasehold interest in the Premises, including the Consolidated Facility, not covered under Paragraphs "e" and "f" of this Subsection 1 from the FMC-generated Operations and Maintenance Fund.

- II. Effective Date. The amendments stated in this Supplement No. 3 are retroactively effective to December 31, 2007 and apply to the 2008 tax year.

