

Consolidated Rental Car Facility
Land/Building Lease

ADA-31367

Table of Contents for Land/Building Lease ADA-31367

ARTICLE I, DEFINITIONS.....2

ARTICLE II, SCOPE OF LEASE 10

ARTICLE III, PREMISES..... 11

 A. Prior To Beneficial Occupancy..... 11

 B. Upon And Following Beneficial Occupancy..... 12

ARTICLE IV, USES 13

 A. Authorized and Required Uses 13

 B. Prohibited Uses..... 14

 C. Reserved Rights of Lessor..... 15

 D. Lease Back Right of the Lessor 16

ARTICLE V, TERM..... 17

 A. Term..... 17

 B. Holdover..... 18

ARTICLE VI, RENTS AND FEES 18

 A. Rent 18

 B. Rent Adjustment 20

 C. Payments 20

 D. Interest..... 20

 E. Fees Vest in the Lessor 21

 F. Unpaid Fees..... 21

 G. Financial Responsibility..... 21

ARTICLE VII, DISADVANTAGED BUSINESS ENTERPRISES (DBE)
PARTICIPATION 21

ARTICLE VIII, ENVIRONMENTAL ISSUES 22

 A. Environmental Liability Baseline 22

 B. Release of Lessee 25

 C. Required Remediation 25

 D. Action Against Potentially Responsible Parties..... 25

 E. Survival of Obligations – Lessor..... 25

 F. Lessor’s Right to Perform Environmental Assessment 26

ARTICLE IX, IMPROVEMENTS 26

 A. Compliance 26

 B. Survey..... 26

 C. Required Improvements and Investment 27

 D. Performance Bond 29

 E. Construction..... 29

 F. Airport Building Permit 30

 G. Documentation of Completion of Construction or
 Remediation..... 32

H.	As-built Survey	32
I.	Restricted Areas	33
J.	Conveyed Improvements	34
K.	Conveyed Improvements Warranty	34
L.	Consolidated Facility Maintenance	35
M.	Conveyed Improvements Construction Contract.....	36
N.	Trade Fixtures	37
O.	Public Construction	37
P.	Maintenance and Lessee Access of the Tunnel.....	38
Q.	Replacement, Maintenance, and Reserve Funds	38
R.	Covenants of Lessor with Respect to CFCs, FMCs and the The Indebtedness Secured by CFCs	39
ARTICLE X, OPERATIONS		45
A.	Lessor Operational Orders	45
B.	Violations	45
C.	Airport Operations	46
D.	Lessee's Control and Responsibility	46
E.	Radio Interference	47
F.	Fuel/Hazardous Substance	47
G.	Discrimination	50
H.	Affirmative Action	50
I.	Birds and Wildlife	51
J.	Parking, Drainage, and Snow Storage	51
K.	Neat and Presentable	51
L.	Utilities, Maintenance, and Snow Cleaning	51
M.	Heavy Trucks	52
N.	Road Obstructions	52
O.	Right of Lessor to Perform	52
P.	Modification of Certain Obligations	53
ARTICLE XI, CANCELLATION, EXPIRATION, OR OTHER TERMINATION		53
A.	Lessee Default	53
B.	Waiver.....	55
C.	Vacation and Continuation of Lessee Obligations.....	55
D.	Disposition of Permanent Improvements and Personal Property	56
E.	Abandoned Property	58
F.	Natural Disasters	58
G.	National Emergency.....	58
H.	Survival of Lessee Obligations.....	58
ARTICLE XII, INSURANCE AND INDEMNIFICATION.....		59
A.	Insurance	59
B.	Indemnification.....	62
ARTICLE XIII, LAWS AND TAXES		63

ARTICLE XIV, ASSIGNMENT	64
A. Assignment	64
B. Merger, Consolidation, or Reorganization; Required Transfer.....	65
C. Transfer of Interest.....	65
D. Assignment for Security Purposes	65
ARTICLE XV, SUBLEASE.....	65
A. RAC Subleasing Program	65
B. Allocation and Assignment of Space.....	67
C. Allocation and Assignment of Surplus Space.....	68
D. Sublease Terms.....	69
E. General Provisions Concerning Subleasing.....	72
ARTICLE XVI, GENERAL PROVISIONS	73
A. Liens	73
B. Condemnation of Leasehold or Improvements	73
C. Approval by Lessor	74
D. Notices	74
E. Modification.....	74
F. Validity of Parts	75
G. Interrelationship of Provisions	75
H. Integration and Merger.....	75
I. Execution by the Parties	75
J. Captions.....	75
K. Additional Information	75
L. Quiet Enjoyment	75
M. Damages, Costs, and Fees Incurred to Enforce Lease	76
N. Reserved.....	76
O. Prompt Payment	76
P. Reports	76
Q. Triple Net Lease.....	77
R. Third Party Beneficiary.....	77
Signature Page.....	78
Exhibits	79
A. Overall Airport Drawing	
B. Pre-Construction Premises Drawing and Appurtenant Road Easement – Page 1 Surface Parking Lot Drawing – Page 2 Beneficial Occupancy Premises Drawing – Long Term Premises – Page 3	
C. Leasehold Improvements Deed Form	
D. Development Agreement	
E. Maintenance Cost Estimate Schematic	

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

LAND/BUILDING LEASE ADA-31367

This 1st day of September, 2005, 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, enter into this Land/Building Lease ("**Lease**"), including exhibit(s) and signature page(s), and each find that:

WHEREAS, the Lessee was formed by and is wholly owned by its sole member and affiliate, Venture Development Holding, LLC, which in turn was formed by and is wholly owned by its sole member and affiliate Venture Development Group, LLC ("**VDG**"); and

WHEREAS, the Lessee has been designated by VDG to undertake, and the Lessee has therefore assumed, certain obligations with respect to the design and construction of 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**") to be used by the On-Airport Rental Car Concessionaires (also referred to herein as "**RACs**") at Ted Stevens Anchorage International Airport (also referred to herein as "**Airport**") during the term of this Lease, pursuant to, that certain Memorandum of Understanding among VDG, the **RACs** that are currently serving the Airport, and the Lessor, and signed by the Alaska Industrial Development and Export Authority as the anticipated bond issuer, dated March 1, 2005 ("**MOU**"); and

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

WHEREAS, as contemplated under the MOU, the Lessee has agreed with the Lessor that upon Beneficial Occupancy, ownership of the Consolidated Facility shall be vested in the Lessor, with a lease back 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, development of the Consolidated Facility for State ownership depends on the collection by the RACs of a Customer Facility Charge (also referred to herein as "**CFC**") imposed under AS 02.15.090(h) from customers of the RACs, the proceeds of which must be remitted to a trustee appointed and bound to use such proceeds for the principal, interest, reserves, and any other applicable requirements of the documentation of indebtedness incurred to acquire, construct, equip, install or improve the Consolidated Facility; and

WHEREAS, under a May 24, 2005, State of Alaska Department of Transportation and Public Facilities Commissioner's Order Imposing Obligation to Collect and Remit Customer Facility Charges, all of the RACs are obligated to collect the CFC from their customers and to remit the proceeds of the CFC to the Trustee for the purposes stated in AS 02.15.090(h); and

WHEREAS, under a proposed Approval of Indebtedness to Be Secured under Commissioner's Order Imposing Obligation to Collect and Remit Customer Facility Charges, the Commissioner intends to approve the indebtedness created by the sale of Alaska Industrial Development and Export Authority (**AIDEA**) Revenue Bonds, Series 2005A (Rental Car Facility Project at Ted Stevens Anchorage International Airport) and Series 2005B (Rental Car Facility Project at Ted Stevens Anchorage International Airport) (Bonds) under terms to be documented under a Trust Indenture between AIDEA and The Bank of New York Trust Company, N.A. (Trustee) as the indebtedness authorized to be secured by the CFC; and

WHEREAS, the VDG submitted an application to lease land on which to construct and operate the Consolidated Facility, that application was approved by the Lessor's Lease Application Review Committee, the Lessee has by assignment and assumption succeeded to the rights and obligations of VDG relating to the application, and the various conditions and approvals by the RACs, the Lessor and the Lessee, for development of the Consolidated Facility have been satisfied, together with arrangements for bond financing secured by the CFC;

NOW, THEREFORE, in consideration of the premises and the agreements, provisions and covenants contained herein, the parties enter into this Lease and agree as follows:

ARTICLE I DEFINITIONS

For the purposes of this Lease the following terms are defined:

1. Affected Property - Any property that contains Contamination in, on, or under the surface that was caused or Materially Contributed To by the Lessee or for which the Lessee assumed responsibility by reason of assignment.
2. Airport - As applicable, "Airport" refers either or both to the Ted Stevens Anchorage International Airport as an operating entity, including its administrative management and operational employees, and to its land area and personal property, including the Premises as hereinafter defined. As to the Airport's land area, "Airport" includes the real property and facilities of the Ted Stevens Anchorage International Airport, Anchorage, Alaska, as they exist on the execution date of this Lease, together with any future changes. The real

property and facilities of the Ted Stevens Anchorage International Airport as they exist on August 25, 2005, are shown on **Exhibit "A"** of this Lease.

3. Airport Building Permit – The permit required under 17 AAC 42.280 prior to any construction on the Airport and to be issued by the State. Such permit is in addition to any necessary municipal building permit.
4. Allocated Space – Space in the Surface Parking Lot or the Consolidated Facility, as applicable, allocated to a RAC from time to time as its Exclusive Use Area in accordance with the terms of a Sublease, and measured in square feet. With respect to the Consolidated Facility, Allocated Space shall include, as defined under the Sublease, the Counter Space, Car Wash(es), Fueling Station(s), Ready/Return Space, Overflow Parking and such other space as may be assigned to, and accepted by a RAC for its exclusive use. Allocated Space may include a Car Wash and/or portions of a Fueling Station even if assigned to two RACs for their shared exclusive use.
5. Allocation Year – The twelve calendar month period ended on each October 31 that occurs after the effective date of the Amended Concession Agreements and during the term of those Amended Concession Agreements and any successor concession agreement during the term of this Lease.
6. Amended Concession Agreements – The Amended and Restated On-Airport Rental Car Concession Agreements with all RACs together with and incorporating all other components of those agreements including all future amendments or supplements executed by the parties to those agreements or expressly contemplated therein without such execution. For purposes of this Lease, the term "Amended Concession Agreements" includes any successor agreements between the Lessor and RACs after the expiration of the initial Amended Concession Agreements.
7. Appurtenant Road Easement – A surface easement of approximately thirteen thousand, three hundred eighty (13,380) square feet for purposes of an access road to the Premises, substantially as shown on **Exhibit "B,"** attached to and made a part of this Lease.
8. Beneficial Occupancy – The earlier of sixty (60) days after the Lessee notifies all RACs that the Consolidated Facility is sufficiently complete so that RACs can occupy and utilize it for its intended use or the date that the last RAC has vacated the Airport's public parking garage; provided that as a condition precedent to Beneficial Occupancy, the Lessor has received all certificates of occupancy and other permits, approvals, licenses and other documents from governmental authorities having jurisdiction over the Consolidated Facility necessary for the beneficial occupancy thereof.

9. Bond Insurer – Financial Guaranty Insurance Company, or any successor or other issuer of bond insurance insuring the payment of obligations to holders of CFC Bonds under the Trust Indenture.
10. Bond Year – means the annual period provided for computation of excess earnings (as described in the Trust Indenture) under Section 148(f) of the Internal Revenue Code of 1986, as amended from time to time, beginning on the day after the expiration of the preceding Bond Year. The first Bond Year with respect to the Bonds begins on the date of original delivery of the bonds and ends on March 1, 2006.
11. Budget – means the Lessee's budget for the expense of operations and maintenance of the Consolidated Facility for each Bond Year or partial Bond Year following Beneficial Occupancy, approved by a Majority in Interest in accordance with the procedure set forth in the Sublease and approved by the Lessor in accordance with this Lease. The Budget shall be itemized to indicate the fund source for each item, and distinguishing between those items to be paid for (a) from the Renewal and Replacement Fund established under the Trust Indenture and funded with CFCs, (b) from the Operations and Maintenance Fund established under the Trust Indenture and funded with FMCs, (c) from assessment to the RACs under the Subleases, and (d) from any other source.
12. CFC Bonds – Conduit bonds issued by the Alaska Industrial Development and Export Authority and secured by Customer Facility Charges to be collected by the RACs and remitted to the Trustee under the Commissioner's Order, the Amended Concession Agreement, the Subleases and AS 02.15.090(h) to provide the funding for Lessee's development of the Consolidated Facility.
13. Car Wash/Fueling Areas – All of the car wash and fueling areas located in or adjacent to the Consolidated Facility assigned or to be assigned to one or more individual RACs, and with respect to any particular RAC, those of such areas at any time assigned to that RAC.
14. Commercial Fueling Service – The selling or offering for sale of fuel, fuel storage, fuel delivery, or fuel dispensing, and excludes self-fueling.
15. Commissioner – The Commissioner of the Department of Transportation and Public Facilities of the State of Alaska.
16. Commissioner's Order – the May 24, 2005, State of Alaska Department of Transportation and Public Facilities Commissioner's Order Imposing Obligation to Collect and Remit Customer Facility Charges, and each subsequent order by the Commissioner or delegate imposing or modifying an obligation of the RACs to collect, or the amount of, a CFC or FMC, and more particularly at any point in time, each such order then in effect.

17. Compact Block – A series of adjacent parking spaces assigned to a RAC and leaving no intervening spaces between that series and spaces assigned to another RAC.
18. Consolidated Facility – A four-level parking garage, associated car rental terminal, car wash and fueling facilities, access roads, pathways, and other appurtenances built for the required use of all RACs, and with infrastructure for terminal services to be provided at Lessor's option by the Lessor or its contractors.
19. Contamination – The unpermitted presence of any Released Hazardous Substance.
20. Conveyed Improvements – All structures, fixtures and other improvements, including the Consolidated Facility, that are at any time both constructed by or on behalf of Lessee on Lot 5, Block 2, or to provide vehicular or passenger access to or exit from the Consolidated Facility, all of which must, unless expressly declined, be conveyed to the Lessor, including all repairs and replacements to such structures, fixtures and other improvements. A copy of the form of Leasehold Improvements Deed transferring the Conveyed Improvements from Lessee to Lessor (the "Deed") is attached hereto as **Exhibit "C."** The term "Conveyed Improvements" shall specifically exclude any trade fixture or other property of any sublessee that has not become permanently affixed to the Premises or to the Conveyed Improvements or otherwise remains the property of the sublessee under a Sublease approved by the Lessor, except that the Lessor shall have the option pursuant to ARTICLE IX, (IMPROVEMENTS), Section N of this Lease to accept and add as part of the Conveyed Improvements any interest in such fixtures or other property that may inure to the Lessee under any Sublease of any portion of the Premises.
21. Customer Facility Charge or "CFC" – The per-Transaction-Day customer facility charge imposed by the Commissioner pursuant to AS 02.15.090(h) and AS 37.15.430(c) with respect to all rental car Transactions.
22. Development Agreement – The agreement between VDG, the Lessee and certain of the RACs, attached to and made part of this Lease as **Exhibit "D,"** pursuant to which the Lessee will be obligated to develop the Consolidated Facility through a separate construction contract for a stipulated fixed price and within a guaranteed maximum time period (the "Part 2 Agreement").
23. Disadvantaged Business Enterprise or "DBE" – A business certified by the State of Alaska, Department of Transportation and Public Facilities as a disadvantaged business enterprise as defined in 49 CFR Part 23.
24. Effective Date – The contract is effective on the date it is signed by the Lessor.

25. Environmental Assessment – An assessment of property, prepared in a manner consistent with generally accepted professional practices, that is supported by reports and tests that determine the environmental condition of property and the presence, type, concentration, and extent of any Contamination in, on, and under the surface of the property.
26. Environmental Law – Any federal, state, or local statute, law, regulation, ordinance, code, permit, order, decision, or judgment from a governmental entity relating to environmental matters, including littering and dumping. It includes, as applicable, 42 U.S.C. 7401-7671 (Clean Air Act); 33 U.S.C. 1251-1387 (Federal Water Pollution Control Act); 42 U.S.C. 6901-6992 (Resource Conservation and Recovery Act); 42 U.S.C. 9601-9657 (Comprehensive Environmental Response, Compensation, and Liability Act); 49 U.S.C. 5101-5127 (Hazardous Materials Transportation Act); 15 U.S.C. 2601-2692 (Toxic Substances Control Act); AS 46 (Alaska Water, Air, Energy, and Environmental Conservation Acts); and the provisions of 18 AAC (Environmental Conservation) implementing AS 46.
27. Environmental Liability Baseline – A description, accepted by the Lessor and documented by one or more Environmental Assessments and any other relevant documents, of the existence, location, level, and extent of Contamination in, on, or under the surface of the Premises that was neither caused nor Materially Contributed To by the Lessee, nor assumed by the Lessee by reason of assignment.
28. Exclusive Use Area – An area within the Consolidated Facility allocated to a RAC for the exclusive use of the RAC. An area allocated to more than one specifically designated RAC for shared use, but not made available to other RACs for common use is also considered an “Exclusive Use Area” under this Lease.
29. Facility Maintenance Charge or “FMC” – The per-Transaction-Day customer facility maintenance charge imposed by the Commissioner pursuant to AS 02.15.090(i) and AS 37.15.430(c) with respect to all rental car Transactions.
30. FAA – Federal Aviation Administration.
31. Gallon – One United States gallon volume measure of fuel, temperature corrected to 60 degrees Fahrenheit, according to American Petroleum Institute standards.
32. Hazardous Substance – Any substance that is defined under an Environmental Law as hazardous waste, hazardous substance, hazardous material, toxic, pollutant, contaminant, petroleum, petroleum product, or oil.
33. Independent Rate Consultant – A nationally recognized firm with no contractual or other relationships with the Lessee or the RACs, person or corporation having

a widely known and favorable reputation for special skill, knowledge and expertise in methods of development, operation, financing and management of rental car facilities at airports of approximately the same size as the Airport.

34. Long-Term Premises – As described in ARTICLE III (PREMISES), Section B, subsection 1, (Long-Term Premises), that portion of the Project Area that the Lessee continues to lease from the Lessor under this Lease following Beneficial Occupancy and through the remainder of the Lease term.
35. Majority in Interest – Shall mean RACs having at least sixty percent (60%) of the total Market Share among the RACs and at least two-thirds (2/3) in number of the RACs (provided that any RAC in material breach of its Sublease or any Lessor-approved participation agreement among the RACs that has failed to cure such default within twenty (20) days after receiving notice thereof from the Lessee with respect to the Sublease, or as provided in the participation agreement with respect to the participation agreement, shall not be entitled to a vote and such RAC shall not be counted in calculating total Market Share or number of RACs for purposes of this subsection). So long as any Lessor-approved participation agreement among the RACs is in effect, only those RACs party to that Lessor-approved participation agreement, and only their Market Shares, shall be considered for Majority in Interest determination.
36. Market Share – For any RAC, that RAC's gross revenues under its On-Airport Rental Car Concession Agreement or Amended Concession Agreement, as then applicable, for the preceding Allocation Year, divided by the gross revenues (under the Concession Agreement) of all RACs for the preceding Allocation Year; provided that for any RAC who was not party to that Concession Agreement for the full Allocation Year in question, the amount of gross revenues that would generate a percentage fee equal to that RAC's annual guarantee under the applicable Concession Agreement shall be attributed to that RAC for purposes of Market Share calculation.
37. Materially Contribute To - To cause the Release or migration of a Hazardous Substance in a reportable quantity as defined under an applicable Environmental Law.
38. Mobile Fuel Tank - A truck or trailer with a mounted container designed or used for holding, transporting, or dispensing fuel.
39. On-Airport Rental Car Concession(aire) – The right to operate a car rental business from on-airport facilities at the Airport (an individual or entity to which the Lessor has granted that right in effect at the relevant time).
40. Parking Operator – The operator of the Airport parking facilities, including the public parking garage at the Airport and the public and employee surface lots at the Airport.

41. Permanent Fuel Storage Tank - A container designed and constructed for storing fuel and either installed under ground or installed above ground and fixed to a concrete or piling foundation anchored in the ground.
42. Project Area - The land at the Airport directly across from the Airport's South Terminal building where the Consolidated Facility is to be located, including area to be used only during construction of the Consolidated Facility, and as more specifically described in ARTICLE III (PREMISES), Section A (PRIOR TO BENEFICIAL OCCUPANCY), subsection 1 (Project Area).
43. RAC – An On-Airport Rental Car Concessionaire; "RACs" refers to multiple or all On-Airport Rental Car Concessionaires as indicated by the context.
44. Rate Report – A written report and recommendation of the Independent Rate Consultant, which shall include the following information:
 - (a) the recommended CFC and FMC for the ensuing Bond Year (or other stated period);
 - (b) pro forma Transaction Days and CFC and FMC collection and remittance data for the ensuing Bond Year (or other stated period) on a monthly basis, together with calculations showing 90% and 80% of such monthly amounts.
 - (c) the estimated administrative cost requirement for the ensuing Bond Year (or other stated period); and
 - (d) any additional documentation to support the recommended CFC and FMC rates and reflecting the anticipated disposition of the CFC and FMC revenues among the funds established and maintained under the Trust Indenture.
45. Release - means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including the abandonment or discarding of barrels, containers, and other closed receptacles containing any hazardous substance, but excluding
 - (a) any release that results in exposure to persons solely within a workplace, with respect to a claim that those persons may assert against the persons' employer; and
 - (b) emissions from the engine exhaust of a motor vehicle or rolling stock.

46. Rent Commencement Date – The date payment of rent begins as set forth in ARTICLE VI (RENTS AND FEES), Section A (RENT), subsection 1.
47. Significant Change – Any change (or related series of changes) to the design of the Consolidated Facility prior to Beneficial Occupancy that (a) results in an increase in costs in excess of \$25,000; (b) materially impacts the overall design of the Consolidated Facility; (c) otherwise impacts the type of space available to the RACs in the Consolidated Facility; or (d) extends the completion date of the Consolidated Facility by more than thirty (30) days.
48. Site Development or Site Development Work – Activities to prepare land for construction of a building or other structure or to provide a firm surface on which to operate a vehicle. Site Development Work includes efforts used in clearing, mucking, grubbing, and filling some or all of a site.
49. Site Development Materials - Materials used for Site Development. Site Development Materials includes geotextile, fill, gravel, paving, and pavement reinforcement materials.
50. Sublease – The agreement between a RAC and the Lessee by consent of the Lessor pursuant to which the RAC subleases space in the Consolidated Facility and must collect a CFC and an FMC and remit the proceeds thereof to the Trustee and pay certain allocated costs.
51. Terminals – The North and South Terminal buildings at the Airport.
52. Termination Date – The date this Lease terminates, along with all Subleases (to the extent then in effect), which (except for an earlier termination for cause) shall be the later of: (i) August 31, 2035, or (ii) ninety (90) days following the payment in full of the CFC Bonds and all other obligations under the Trust Indenture.
53. Total Allocated Space - The aggregate combined area of all Allocated Space actually allocated to RACs, and excluding any space that is not allocated to any RAC.
54. Transaction – A distinct act of business between a RAC and a customer under which the RAC generates Gross Revenue (as defined in the Amended Concession Agreement) by rental of a Rental Car (as defined in the Amended Concession Agreement) as authorized under its Amended Concession Agreement. Each taking of possession of a rental car from a RAC under an ongoing contract for multiple rentals is deemed a distinct act of business for purposes of this definition.
55. Transaction Day – With respect to a Transaction, each twenty-four (24) hour period (plus any grace period of up to fifty-nine (59) minutes routinely provided by the applicable RAC) or portion thereof commencing at the time of rental of a

Rental Car (as defined in the Amended Concession Agreement) to a customer by any RAC and ending when the period of rental ends.

56. Trust Indenture – The agreement dated September 1, 2005, between the Alaska Industrial Development and Export Authority and the Trustee establishing and documenting the terms of indebtedness to holders of CFC Bonds.
57. Trustee – The trustee to whom the proceeds of the CFC and FMC are to be paid pursuant to the Amended Concession Agreements, the Subleases, the Trust Indenture and one or more Commissioner's Order.
58. Tunnel – The finished tunnel structure, compliant with the Americans for Disabilities Act and other applicable law, extending from the existing Airport South Terminal to the Premises that is to be designed and constructed by the Lessee substantially in accordance with the Development Agreement and the Part 2 Agreement described therein.
59. Valet Parking Service – A service in which a customer-owned vehicle is parked at a location provided by the RAC and the RAC transports the customer to or from a Terminal or the RAC arranges for pickup or re-delivery of the customer's vehicle to a Terminal.

ARTICLE II **SCOPE OF LEASE**

- A. The Lessee must perform all obligations and conduct all activities in compliance with this Lease, and comply with all promises and representations made in its application, which is by this reference incorporated herein in its entirety, as accepted by the Lessor. This obligation to comply includes compliance with all documents generated under the Development Agreement and the Part 1 Agreement and Part 2 Agreement described therein, loan documents, and all Subleases.
- B. Pursuant to the MOU, the parties established the central terms for development and occupancy of a Consolidated Facility under this Lease and for imposition of CFCs and FMCs to pay debt service on debt incurred to finance its development and some or all of its maintenance and operating costs, respectively. The MOU contemplated that those central terms, fleshed-out in greater detail as appropriate, be established under the Amended Concession Agreement, the Commissioner's Order, the Development Agreement, this Lease and the Subleases. This Lease refines and establishes those portions of the MOU that relate primarily to the occupancy of Airport land and development of the Consolidated Facility. To the extent of any inconsistencies between this Lease and the MOU, this Lease governs. All provisions of the MOU relating to matters

not addressed in this Lease or in the Amended Concession Agreements survive until the MOU terminates by its terms.

- C. The Lessee agrees that the design and construction of the Consolidated Facility will provide for access to enable independent use of the top floor of the Consolidated Facility for public parking and the Lessor's use as described in ARTICLE IV (USES), Section D (LEASE BACK RIGHT OF LESSOR) of this Lease.
- D. This Lease is denominated a Land/Building Lease in recognition that it commences as a lease only of land, but upon the Lessee's transfer of the Conveyed Improvements to the Lessor, converts to predominately a lease of the Consolidated Facility as a Lessor-owned building along with the lease lot which it occupies. Lessee and Lessor agree that this Lease is not a land lease for purposes of AS 02.15.090(c).

ARTICLE III PREMISES

The Lessor leases to the Lessee and the Lessee leases from the Lessor the following described property located on the Airport, (hereinafter called the "Premises") in an "as-is" condition. The Lessor makes no specific warranties, express or implied, concerning the title, condition, or use of the Premises, including survey, soils, wetlands, access, or suitability for any use, including those uses authorized by this Lease, unless otherwise specified in this Lease:

A. PRIOR TO BENEFICIAL OCCUPANCY

- 1. Project Area: Beginning with the date of first occupancy by the Lessee, and continuing for the period of development of the Consolidated Facility through the completion of all such development work, the Premises consist of the Project Area, more specifically described as follows:

Lot 5, Block 2, consisting of approximately three hundred thirty-five thousand, four hundred forty (335,440) square feet of land, an Appurtenant Road Easement of approximately thirteen thousand, three hundred eighty (13,380) square feet for an access road and, subject to additional highway right-of-way and encroachment permitting as may be required by the Central Region of the Department of Transportation & Public Facilities, a temporary construction easement for construction of the Tunnel from the foregoing area to the South Terminal, and improvements consisting of and associated with

access and exit roads, all on the Ted Stevens Anchorage International Airport, as shown on **Exhibit "B"** dated September 1, 2005, attached to and made a part of this Lease. The lot designation and square footage will be amended by supplement to reflect deletion of public parking spaces and other changes to conform with the Airport approved Building Permit, and upon receipt of final as-built survey of the Consolidated Facility.

2. Surface Parking Lot: During development of the Consolidated Facility and continuing through Beneficial Occupancy, the Lessee shall also have use of approximately eighty-six thousand, five hundred (86,500) square feet of surface area in the long-term parking area of the Airport, as shown on **Exhibit "B," ("Surface Parking Lot")** to allocate to and among the RACs according to the provisions of the Amended Concession Agreements and this Lease. Allocation of Surface Parking Lot space shall be established among all RACs by the Lessee according to Market Share and in accordance with the following terms, which the Lessee shall incorporate into each Sublease:
 - a. Each RAC, at its sole cost, is responsible for installing and removing parking space signs for its designated area in the Surface Parking Lot.
 - b. Each RAC shall cooperate with all other RACs to facilitate and complete the move required by any annual reallocation not more than sixty (60) days after the end of the preceding Allocation Year or not more than fourteen (14) days after the Lessee provides each RAC with the annual reallocation information in writing, whichever is later.
 - c. In the event, after diligent effort, the Lessee and the RACs are unable to arrive at a mutually acceptable allocation, the Lessee shall present the issue to the Lessor for resolution, which resolution shall be final and not subject to appeal.

B. UPON AND FOLLOWING BENEFICIAL OCCUPANCY

1. Long-Term Premises: Beginning with the date the Conveyed Improvements have been conveyed by the Lessee to the Lessor, which date shall be not later than ninety (90) days after Beneficial Occupancy, and continuing for the remainder of this Lease, the Long-Term Premises consist of the Consolidated Facility, the Appurtenant Road Easement, and the land areas occupied by and required for maintenance and operation of the Consolidated Facility and identified on an exhibit to which the Lessee

and Lessor mutually agree to add to this Lease by supplement in conjunction with transfer of the Conveyed Improvements to the Lessor.

2. No Lessor Warranty for Conveyed Improvements: Without limiting the above disclaimer of warranty in this ARTICLE III (PREMISES), the Lessor and the Lessee expressly agree that the Lessor neither warrants nor bears any responsibility whatsoever, and expressly disclaims and is released from, any and every warranty and responsibility whatsoever, express or implied, related to the Conveyed Improvements.
3. Deletion of Surface Parking Lot: After Beneficial Occupancy, the Lessee shall accomplish restoration of the Surface Parking Lot under ARTICLE IX (IMPROVEMENTS), Section C (REQUIRED IMPROVEMENTS AND INVESTMENT). Upon completion of this restoration and acceptance by the Lessor, the Surface Parking Lot shall cease to be included within the Premises.

ARTICLE IV USES

A. AUTHORIZED AND REQUIRED USES

1. This Lease is issued for the use of the Premises for the following authorized uses:
 - a. Construction, operation and maintenance of the Consolidated Facility, including car wash facilities, fuel facilities and basic vehicle cleaning facilities, access and exit roads and associated signage, the Tunnel, not more than ninety (90) and not less than seventy-nine (79) standard public parking spaces to be returned to the Lessor, modifications to and restoration of the Surface Parking Lot; and operation and maintenance of the Consolidated Facility, access and exit roads; and
 - b. Exercise of the right and obligation to sublease space in the Consolidated Facility to, and to only, each RAC that is party to an Amended Concession Agreement then in effect and not in default for use in compliance with that Amended Concession Agreement and with the consent of the Lessor under a Lessor-approved Sublease as further described under ARTICLE XV (SUBLEASE) of this Lease; and
 - c. Installation, operation and maintenance of fuel tanks and associated facilities and equipment according to all applicable safety codes, and provision of automobile fuel to Lessee's

subtenants only. Fuel sales to the public, except through a RAC Transaction, is prohibited under Section B (PROHIBITED USES) of this Article; and

- d. Construction, operation and maintenance, as part of the Consolidated Facility, of a shuttle pick-up curb with a heated and protected shelter, located in close proximity to the customer lobby to provide at all hours of every day an enclosed, heated, and secure area with seating adequate to accommodate customers of the Lessor's vehicle rental business permit holders while awaiting shuttle pick up, and providing visibility to see arriving shuttles; and
 - e. Keep the customer rental lobby and shuttle passenger lobby clean, attractively maintained, well-lighted, safe and open to the public twenty-four (24) hours each day and three hundred sixty-five (365) days per year; and
 - f. The right to allow the installation of antennae incidental to RAC operations on the Premises, subject to coordination with the Lessor so as not to interfere with Lessor's wireless activities, or other activities described in ARTICLE X (OPERATIONS), Section E (RADIO INTERFERENCE).
2. The Lessee's use of the Premises is strictly limited to the above-stated use(s). The uses stated in 1.a, 1.b, 1.d and 1.e of this Section, as well as those operations and activities related to and required to support and operate the authorized facility unless prohibited in Section B (PROHIBITED USES) of this Article, are required to be conducted as obligations under this Lease. The use stated in 1.c of this Section is not required to be conducted as an obligation under this Lease, but is subject to agreement between the Lessee and the sublessees. Use of the Premises for any other purpose without the prior written approval of the Lessor is prohibited.

B. PROHIBITED USES

The Lessee shall neither use nor allow the use of all or any part of the Premises for any of the following, nor otherwise, except as specifically authorized in another lease or permit, engage in any of the following on the Airport:

1. The outside storage of junk, salvage vehicle parts, non-operational equipment, unused or damaged equipment or material, or solid waste or debris; except to the extent directly related to and in support of an authorized use and on a portion of the Premises visually screened from adjacent properties.

2. Stripping, wasting, or removing any soil, gravel, or other state-owned material unless the Lessor approves in writing; except that material may be relocated within the Premises as provided under an Airport Building Permit.
3. Pushing snow off the Premises to outside the Premises' boundaries without the written authorization of the Lessor.
4. Placing, spilling, or dumping garbage, trash, sewage, refuse, or other waste material except in a waste receptacle the Lessor has approved for that purpose or in a waste receptacle designed and provided for that purpose by the Lessee on the Lessee's Premises.
5. Operating an incinerator or burning trash, brush, or other material without the written approval of the Lessor.
6. Installing a drinking water well where local water utility service is available.
7. The establishment or maintenance of any kind of temporary or permanent living quarters.
8. Selling or dispensing fuel, or otherwise operating a Commercial Fueling Service, on or off the Premises, except as expressly authorized under A.1.c of this Section or under a separate agreement with the Lessor.
9. Operating a Valet Parking Service.
10. Maintenance and repair of vehicles, including fluid changes and belt replacement, on the Premises; however, washing, vacuuming, topping-off of fluids, changing light bulbs, fuses, wiper blades, changing or repairing leaking or flat tires and similarly minor activities are allowed.

C. RESERVED RIGHTS OF LESSOR

1. The Lessor reserves the right to grant to others any right or privilege on the Airport that the Lessor has not specifically and exclusively granted to the Lessee, to expressly include the right to conduct in the Consolidated Facility retail sale of food, beverage or goods or services to the public at a location and in a manner that does not interfere with sublessee use. The rights and privileges expressly granted to the Lessee in this Lease are the only rights and privileges granted to the Lessee under this Lease. The Lessee has no easements, rights, or privileges, express or implied, in or relating to Airport property other than those specifically granted under this Lease and any other written agreements between the parties. Notwithstanding the above, Lessor agrees that such rights shall not include the right to construct another on-airport car rental facility for such

period of time as the CFC Bonds, or any other obligations under the Trust Indenture, remain outstanding.

2. The Lessor reserves the right to grant to third parties or to reserve to the Lessor easements or rights-of-way through, on, above, or under the Premises, so long as the easement or right-of-way does not unreasonably interfere with the Lessee's authorized use of the Premises.
3. The Lessor reserves the right of ingress to and egress from the Premises, including buildings, and the right to enter any part of the Premises for the purpose of inspection at any reasonable time, subject only to the Lessor's best efforts, except in the case of an emergency, to coordinate its inspection with the Lessee to minimize interference with the Lessee's and sublessees' operations and activities on the Premises.
4. Although Lessee shall have the right to pursue all remedies against a sublessee in default, Lessor reserves the concurrent right to proceed directly against the defaulting RAC.

D. LEASE BACK RIGHT OF LESSOR

1. Lessee agrees that the Lessor may, at the Lessor's option, at any time after October 31, 2017, and upon not less than six (6) months written notice, lease back the top floor (which consists of parking spaces) of the Consolidated Facility for a single period of up to three years for public parking or other public use. The Lessor may lease back additional space in the Consolidated Facility or may lease back the top floor for an additional period if a Majority in Interest approves such lease back.
2. The rent to be credited by the Lessor to the Lessee with respect to a lease back under the preceding subsection shall be the amount determined to be no greater than the lesser of the fair market rental value of the space so leased back or the amount of rent payable under this Lease for the corresponding period, but shall in no event exceed the rent payable under this Lease for the corresponding period. Such amount shall be credited against rent payable to the Lessor under this Lease.
3. If the Lessor exercises its option to lease back the top floor of the Consolidated Facility, the Lessor shall be responsible to maintain the surface, including snow removal, walls, doors and windows, if any, of the top floor for the duration of the lease back period. The Lessee shall provide any other maintenance and utilities, which shall be covered under the rent under subsection 2 of this Section.

ARTICLE V
TERM

A. TERM

1. This Lease is effective on the date it is signed by the Lessor. However, the term of this Lease, unless otherwise agreed by the Lessee and the Lessor, is **thirty (30) years from September 1, 2005, through the later of August 31, 2035, or ninety (90) days following payment in full of the CFC Bonds** and all other obligations under the Trust Indenture, subject to ARTICLE IX (IMPROVEMENTS), Section C (REQUIRED IMPROVEMENTS AND INVESTMENT).
2. If and so long as any indebtedness secured with the approval of the Commissioner, by CFCs remains outstanding at the expiration of or earlier termination of this Lease for a reason listed under ARTICLE XI (CANCELLATION, EXPIRATION, OR OTHER TERMINATION), the Lessor agrees to manage, operate and maintain the Consolidated Facility or a replacement facility for RAC operations, and to continue to require all RACs to operate from the Consolidated Facility or a replacement facility for RAC operation under a subsequent agreement under terms substantially similar to the Subleases, but adapted to direct management by Lessor, and to collect and remit CFCs and FMCs until all such indebtedness is repaid in full. Such continued requirement for RAC operation from the Consolidated Facility shall be subject to the terms of ARTICLE XV (SUBLEASE), Section E (GENERAL PROVISIONS CONCERNING SUBLEASING), subsection 6.
3. In the event the Lessee is in breach of the terms of this Lease: (a) prior to Beneficial Occupancy or (b) if the Consolidated Facility is damaged thereafter so as to be substantially unusable, the Lessor agrees that it will terminate this Lease and use good faith efforts to complete construction or repair of the Consolidated Facility, or so much of it, or a replacement facility for RAC operations, as is feasible and capable of supporting occupancy by the RACs, using funds available under the Trust Indenture or proceeds of the payment and performance bonds or insurance, as the case may be. In the event of such termination, the Lessor will consult with the RACs with respect to any material modifications in the design or construction of the Consolidated Facility that the Lessor deems reasonably necessary due to any shortfall of funds under the Trust Indenture. Each Sublease under this Lease shall provide that the RAC acknowledges that in such case the Lessor shall have no obligation to use funds other than CFC Bond proceeds, or the fruit of such proceeds (including proceeds of payment and performance bond and insurance proceeds) and, for so long as its Amended Concession Agreement is in effect, the RAC shall occupy the facility constructed with such funds as

they may be available, and shall continue to collect CFCs even though such facility, or replacement facility for RAC operations, may have significantly less functional utility than was designed or contemplated when the CFC Bonds or any completion bonds were originally issued.

B. HOLDOVER

If the Lessee holds over and remains in possession of the Premises after the expiration, cancellation, or termination of this Lease, the holding over will not operate as an extension of the term of this Lease, but, with the consent of the Lessor, creates only a month-to-month tenancy, regardless of any rent payments that the Lessor accepts. To the extent the Lessor consents, the Lessee's obligations for performance under this Lease will continue during the month-to-month tenancy, and either party may terminate the month-to-month tenancy at any time by giving the other party at least thirty (30) days' prior written notice.

ARTICLE VI
RENTS AND FEES

A. RENT

The annual rent for the Premises shall be calculated separately for the land interest and for the occupancy of the Consolidated Facility and shall be established, subject to ARTICLE VI (RENTS AND FEES), Section B (RENT ADJUSTMENT), as follows:

1. Land Interest prior to Beneficial Occupancy: The Rent Commencement Date shall be that date identified in a notice from the Lessee to the Lessor that the Project Area is needed for any purpose related to construction of the Consolidated Facility and which requires the RACs to relocate into the Lessor's public parking garage or Surface Parking Lot as provided under the RACs' Amended Concession Agreement. Relocation of utilities, currently anticipated for the Fall of 2005, shall not be considered activity that triggers the Rent Commencement Date. During the period of time from the Rent Commencement Date until Beneficial Occupancy, the monthly rent for the land area of the Premises is twenty-one thousand, six hundred sixty-three dollars and eighty-three cents (**\$21,663.83**), calculated at the rate of seventy-seven and one-half cents (\$0.775) per square foot per year ($\$0.775 \times 335,440 \text{ square feet} = \$259,966/12 = \mathbf{\$21,663.83}$) payable monthly in advance of the first day of each month for the term of this Lease as specified in ARTICLE V (TERM). The rent shall be prorated for any fractional month in the term. However, the rent for the first year of the term of this Lease is fifty-nine thousand, nine hundred, sixty-six dollars (\$59,966.00) payable upon execution of the Lease by the Lessee. The Lessor is applying a one-time credit of two hundred

thousand dollars (\$200,000.00), which reflects the Lessor's avoided cost of counter space refurbishment, against rent in the first year of this Lease. After land rent begins, no additional payment is required for use and occupancy of the Surface Parking Lot. However, if the Surface Parking Lot is needed for activities related to construction of the Consolidated Facility (other than the installation of signage for and other preparations of the Surface Parking Lot for interim use by the RACs) prior to land rent beginning, the Lessee is required to obtain a separate agreement with the Lessor, or an amendment to this Lease, to allow for payment for early use of that land by the Lessee, VDG or the sublessees. In addition, if at any time, other land or area not part of the Project Area is needed for activities related to construction of the Consolidated Facility, the Lessee is required to obtain a separate agreement with the Lessor, or an amendment to this Lease, to allow for early use and payment for use of that land by the Lessee, VDG or the sublessees. Rent will be established for that additional land or area during the negotiations for the new agreement or amendment to this Lease.

2. Land Interest at and after Beneficial Occupancy: Beginning on Beneficial Occupancy, the monthly rent for the land area of Premises, to be paid as described in the preceding subsection, will be calculated at the rate of seventy-seven and one-half cents (\$0.775) per square foot per year multiplied times the square footage of the land area included in the Long Term Premises and is due and payable monthly in advance by the fifth (5th) day of each month for the term of this Lease as specified in ARTICLE V (TERM); and
3. Occupancy of the Consolidated Facility: In consideration of the construction of the Conveyed Improvements by the Lessee, the conveyance of the same by Lessee to the Lessor, and the continued retention by the Lessee and all RACs through their respective Subleases of all responsibility for the Consolidated Facility under this Lease during the term of this Lease, all at no cost to the Lessor, the Lessee's monthly rent for occupancy of the Consolidated Facility shall be as follows:
 - a. From the Effective Date of this Lease through the Termination Date, the Lessee's monthly rent shall be \$1.00 per month, plus (i) any out-of-pocket costs incurred by the Lessor in respect to the Conveyed Improvements (excluding maintenance cost of the Tunnel) in performing duties allocated to Lessee under this Lease; (ii) any out-of-pocket costs reasonably incurred by Lessor within the first six (6) months after Beneficial Occupancy attributable to the integration of the Consolidated Facility with airport services, that were not identified as being within the Part 2 Agreement as described under the attached Development Agreement; or (iii) any out-of-pocket costs reasonably identified by Lessor within the first

six (6) months after Beneficial Occupancy attributable to the integration of the Consolidated Facility with airport services, but which were not identified as being within the Part 2 Agreement, and which cannot be reasonably commenced or completed within such six month period. Such out-of-pocket costs are limited to those costs that are necessary to complete design features of the Consolidated Facility earlier requested by Lessor as part of the design, the expense of which was not clearly allocated to either the Lessor or the Design Builder during the design process. Such costs shall be due and payable within thirty (30) days of invoicing to the Lessee.

- b. From and after the Termination Date, any holdover rent shall be the fair market rental value of all of the Premises, to include both the land and the Consolidated Facility, as determined by a qualified and certified real estate appraiser selected by the Lessor who is certified under AS 08.87 and who is a Member of the Appraisal Institute, which determination shall be made within six (6) months prior to the Termination Date.

B. RENT ADJUSTMENT

The land interest rent will adjust on a per-square-foot basis for this Lease as set forth herein. The annual rental rate will be increased on September 1, 2007 by twelve (12%) percent (to eighty-six and eight-tenths cents (\$.868) per square foot per year) and the annual rate increased again every five years thereafter by twelve (12%) percent of the rate amount immediately preceding each increase. The Lessor may, but is not obligated, to notify the Lessee of the rent increase thirty (30) days prior to the effective date of any rent increase.

C. PAYMENTS

The Lessee shall make all payments required under this Lease in cash or by check, credit card, bank draft, or postal money order for rents, charges, fees, or other consideration payable to the State of Alaska and deliver them to the Ted Stevens Anchorage International Airport, P.O. Box 196960, Anchorage, Alaska, 99519-6960, or any other address that the Lessor may designate in writing. The Lessee will make all payments required under this Lease in United States currency. The Lessee shall make its payments free from any claim, demand, setoff, or counterclaim of any kind against the Lessor.

D. INTEREST

Beginning the day after payment is due, interest at the rate provided in AS 45.45.010 will be assessed on any rent or fee that is not paid on time.

E. FEES VEST IN THE LESSOR

Whether for cash or credit, the fees due to the Lessor for the services the Lessee is authorized to provide under this Lease immediately vest in and become the property of the Lessor. The Lessee is responsible for those fees until delivered to the Lessor.

F. UNPAID FEES

Any rent, charge, fee, or other consideration that is due and unpaid at the expiration, termination, or cancellation of this Lease is secured by a possessory lien in favor of the Lessor against the Lessee's property, real or personal, on the Airport, which property is deemed to be in the possession of the Lessor for this purpose.

G. FINANCIAL RESPONSIBILITY

The Lessee has represented to the Lessor, and the Lessor has relied upon the representation of the Lessee, that the Lessee has financial responsibility sufficient to perform all terms of this Lease. The Lessee shall ensure that no check for payment of rents, charges, or fees owed by the Lessee to the Lessor is returned for insufficient funds, that no judgment of insolvency is entered by any court against the Lessee, that no petition in bankruptcy is filed by or against the Lessee, and that no trustee or receiver is appointed for the Lessee's assets in a proceeding brought by or against the Lessee. Independent of the foregoing, the Lessee shall require that the Lessor be named a co-obligee of the payment and performance bond of the design-build construction contractor as required under ARTICLE IX (IMPROVEMENTS), Section D (PERFORMANCE BOND). Notwithstanding any breach by Lessee of any of its responsibilities, each Sublease then in effect shall remain in full force and effect until the Termination Date or such earlier date that the Sublease terminates by its terms.

ARTICLE VII

DISADVANTAGED BUSINESS ENTERPRISES (DBE) PARTICIPATION

This Article is subject to review and amendment based upon 49 CFR Part 23. The Lessor is required by 49 CFR Part 23 to carry out a program providing opportunities to Disadvantaged Business Enterprises in its airport rental car concessions and for certain of its management agreements and must submit an Airport Concessions DBE Program ("ACDBE Program") to the Federal Aviation Administration for approval by January 1, 2006. Because the precise means by which the new Lessor ACDBE Program may comply with the requirements of the newly promulgated 49 CFR Part 23 are unknown at the time this Lease is executed, the Lessor reserves the right, after consultation with the RACs and (if the ACDBE Program affects this Lease) the Lessee, to add any necessary DBE provisions relating to subleasing or any other matter by a self-effective supplement

for periods after October 31, 2007, to any extent the Lessor deems reasonably necessary to be compliant with 23 CFR Part 23, preserving the Lessee's rights to the maximum extent reasonably possible consistent with such compliance.

ARTICLE VIII
ENVIRONMENTAL ISSUES

A. ENVIRONMENTAL LIABILITY BASELINE

1. Responsibility for Ascertaining Environmental Condition of Premises: The Lessee has the sole responsibility under this Lease to ascertain the environmental condition and presence of Contamination in, on, and under the surface of the Premises, and is presumed to have caused or to have Materially Contributed To any Contamination of, or originating on, the Premises except as identified in an Environmental Liability Baseline.
2. Financial Responsibility for Contamination on the Premises and on Any Affected Property: The Lessee assumes financial responsibility to the Lessor for any Contamination in, on, and under the Premises and any Affected Property, except for Contamination that is identified in an Environmental Liability Baseline. This is without prejudice to the Lessee's right to seek contribution or indemnity from either prior lessees of the Premises and Affected Property, or other potentially responsible parties except for the Lessor.
3. Establishing an Environmental Liability Baseline
 - a. If the Lessee wants to establish an Environmental Liability Baseline for all or any portion of the Premises, the Lessee shall provide the Lessor with an Environmental Assessment for that portion of the Premises.
 - b. If the Lessee discovers Contamination in, on, or under the surface of the Premises, then for any portion of the Contamination to be considered for inclusion in the Environmental Liability Baseline, the Lessee must demonstrate by clear and convincing evidence to the satisfaction of the Lessor that the Contamination proposed for inclusion was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities nor assumed by the Lessee by reason of assignment. In light of the Lessee's responsibility under ARTICLE X (OPERATIONS), Section D (LESSEE'S CONTROL AND RESPONSIBILITY) of this Lease for the acts of its sublessees, contractors, and guests on the Premises, Contamination caused or Materially Contributed To by activities of the Lessee's sublessees, contractors, and guests on

the Premises are deemed to be Materially Contributed To by the Lessee. Lessor acknowledges that as of the Effective Date, the Lessee has not previously undertaken any activities on the Premises that could cause or Materially Contribute to Contamination.

- c. Only that portion of Contamination not caused or Materially Contributed to by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment, shall be included in the Environmental Liability Baseline.

4. Adding to an Existing Environmental Liability Baseline

- a. If, after an Environmental Liability Baseline is established for any portion of the Premises, the Lessee discovers Contamination in, on, or under the surface of that portion of the Premises having an Environmental Liability Baseline, which Contamination the Lessee or the Lessee's operations or activities did not cause or Materially Contribute To, and which the Lessee did not assume by reason of assignment, the Lessee may, at its own cost, submit an additional Environmental Assessment reflecting that information to the Lessor for the Lessor's consideration to add to the Environmental Liability Baseline. The Lessee's additional Environmental Assessment must demonstrate by clear and convincing evidence to the satisfaction of the Lessor which portion of the additional Contamination on the Premises was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities nor assumed by the Lessee by reason of assignment.
- b. Only that portion of Contamination not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment, may be added to the existing Environmental Liability Baseline.

5. Lessor's Acceptance or Rejection of Lessee's Environmental Assessment:
When the Lessor receives the Lessee's Environmental Assessment to establish an Environmental Liability Baseline or to add to an existing Environment Liability Baseline, the Lessor, in its sole reasonable discretion, will do one of the following:

- a. Accept the findings of the Lessee's Environmental Assessment and any other relevant documents to establish an Environmental Liability Baseline for that portion of the Premises being assessed or to add to the existing Environmental Liability Baseline.

- b. Reject the findings of the Lessee's Environmental Assessment for that portion of the Premises being assessed and offer the Lessee the opportunity to perform additional environmental testings if the Lessor determines in writing that the findings of the Environmental Assessment are inadequate to establish an Environmental Liability Baseline or to add to an existing Environmental Liability Baseline. The Lessor's written rejection of the Lessee's Environmental Assessment will be based on failure of the Lessee's Environmental Assessment to either:
 - (1) follow generally accepted professional practices in determining the environmental condition of the Premises and the presence of Contamination in, on, or under the surface of the Premises; or
 - (2) demonstrate the portion of the Contamination that was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment.
- c. Perform additional environmental testing at the Lessor's expense to verify the environmental condition of that portion of the Premises being assessed. If the results of the Lessor's tests conflict with the Lessee's Environmental Assessment, the Lessor and the Lessee will negotiate in good faith an Environmental Liability Baseline or an addition to the existing Environmental Liability Baseline for that portion of the Premises being assessed.

6. Amending the Environmental Liability Baseline to Delete Contamination Caused, Materially Contributed To, or Assumed by Lessee

- a. If, after the Environmental Liability Baseline for any portion of the Premises is established, it is discovered that the presence of Contamination identified in the Environmental Liability Baseline was caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, or assumed by the Lessee by reason of assignment, the Environmental Liability Baseline may be amended to delete that portion of the Contamination that was caused or Materially Contributed To by the Lessee or the Lessee's operations or activities or assumed by the Lessee by reason of assignment.
- b. The Lessor will have the burden of proof in establishing that the Lessee or the Lessee's operations or activities caused or Materially Contributed To this Contamination or that the Contamination was assumed by the Lessee by reason of assignment.

- c. If it is discovered that Contamination identified in the Environmental Liability Baseline was caused or Materially Contributed To by the Lessee or the Lessee's operations or activities or assumed by the Lessee by reason of assignment, the parties will agree upon an amendment to the Environmental Liability Baseline within a reasonable time.

B. RELEASE OF LESSEE

The Lessor releases the Lessee from liability to the Lessor for Contamination identified by the Environmental Liability Baseline that was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities nor assumed by the Lessee by reason of assignment.

C. REQUIRED REMEDIATION

The Lessor is under no obligation to remediate Contamination identified in an Environmental Assessment, except the Lessor shall remediate, have responsible parties remediate, or pay the actual increased cost to have the Design Builder remediate, the Contamination identified in the Environmental Liability Baseline if an agency with such authority requires the Lessee or Lessor to remediate or if such remediation is required in order to construct the Consolidated Facility. In the event of such required remediation, the Lessor will make a reasonable effort to coordinate the remediation with the Lessee and the RACs to minimize disruption of the Lessee's and the RACs operations or activities and damage to the Lessee's and the RACs improvements and property. Except as set forth above, the Lessee releases and holds the Lessor harmless for all costs associated with any damage to, and relocation, removal, and repair of Lessee's improvements and property that result from remediation performed in compliance with this Section with respect to Contamination that existed before construction of affected improvements.

D. ACTION AGAINST POTENTIALLY RESPONSIBLE PARTIES

This Article does not restrict either the Lessor or the Lessee from seeking and obtaining cleanup efforts, costs, or damages from other potentially responsible parties for Contamination identified in the Environmental Liability Baseline.

E. SURVIVAL OF OBLIGATIONS - LESSOR

The Lessor's release of the Lessee discussed in Section B (RELEASE OF LESSEE) of this Article and the Lessor's covenant to remediate as discussed in Section C (REQUIRED REMEDIATION) of this Article survive the cancellation, termination, or expiration of this Lease.

F. LESSOR'S RIGHT TO PERFORM ENVIRONMENTAL ASSESSMENT

Upon the cancellation, termination, or expiration of this Lease, or any time the Lessor has cause to believe the Premises may have been contaminated, or that Contamination of other property on the Airport may have originated on the Premises, the Lessor may perform an Environmental Assessment on the Premises or on potentially Affected Property to establish the presence and source of any Contamination and describe the environmental condition of the Premises or potentially Affected Property. If the Lessor performs such assessment before cancellation, termination, or expiration of this Lease, the Lessor shall minimize interference with the Lessee's operations while performing the assessment. The Lessor will assume the cost of the assessment if Contamination is not found on the Premises and no Contamination that originated on the Premises or caused by the Lessee or the Lessee's operations or activities is found on potentially Affected Property. If such Contamination is found on either the Premises or potentially Affected Property, the Lessee shall pay the costs of assessment and cleanup of any Contamination not included in an Environmental Liability Baseline.

ARTICLE IX
IMPROVEMENTS

A. COMPLIANCE

Any improvement, remediation, construction, alteration, import of material, export of material, or any other alteration or addition to the Premises as described in this Article shall be completed in accordance with the provisions of this Lease and other applicable federal, state, and local laws and ordinances in effect at the time of permitting.

B. SURVEY

1. The Lessee shall provide to the Lessor a boundary survey plat of each Airport lot or other land area described in this Lease as part of the Premises, incorporating any boundary changes approved by the Lessor, if
 - a. a boundary survey is required in conjunction with the filing of a building permit; or
 - b. the Lessor approves a Lessee-requested change in the Premises boundary.
2. A Professional Land Surveyor registered in the State of Alaska using generally accepted professional survey standards must conduct all surveying required under this Lease. All surveys must be performed at no

cost to the Lessor. The Lessee shall obtain and comply with survey instructions from the Lessor.

3. Unless otherwise specified in writing by the Lessor, a plat of survey required under this Lease must provide survey ties to the Airport's local coordinate system and must establish the corners and boundaries of the Premises as shown on **Exhibit "B"** to this Lease. A current Survey Control Sheet must be obtained from the Airport's Engineering Department. For new leases, all lot corners or witness corners to the lot corners shall be set. Any missing or destroyed corners shall be reset and noted on the plat of survey. Corners set shall be, at a minimum, rebar and aluminum caps. All lot corners set shall have Lot and Block designation, date, and Surveyor registration number stamped onto the monument cap. In addition, a written legal description shall be furnished to the Lessor.

C. REQUIRED IMPROVEMENTS AND INVESTMENT

1. At no cost to the Lessor, the Lessee shall substantially complete the Lessee's proposed improvements to the Premises, substantially as shown in the Development Agreement, including drawings, attached as **Exhibit "D"** to this Lease, by no later than **September 1, 2007**, subject to any extension granted under 17 ACC 42.240(d). When completed, the dollar amount of the investment to, on, or at the Premises must be the amount set forth in Part 2 Agreement as described under the attached Development Agreement and may include, as applicable and excluding financing costs, the following:
 - a. Premises, boundary, and as-built surveys;
 - b. Site Development Work and Site Development Materials;
 - c. construction of permanent improvements, including the cost of design, labor, materials, shipping, permits, equipment, soil testing, and Environmental Assessments directly related to the construction on the Premises or, if constructed for immediate Lessor ownership, including restoration of the Surface Parking Lot under subsection 3 of this Section C (REQUIRED IMPROVEMENTS AND INVESTMENT), off the Premises;
 - d. remediation of Contamination on or that migrated from the Premises and that was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities nor assumed by the Lessee by reason of assignment; and
 - e. costs related to utility infrastructure development or connection.

2. If the Lessee fails to complete the construction or remediation or to submit documentation that the construction or remediation has been completed, the Lessor shall
 - a. execute the forfeiture of the performance bond, deposit, personal guarantee, or other security posted by the Lessee; or
 - b. cancel this Lease.
3. Also at no cost to the Lessor, the Lessee shall completely restore the Surface Parking Lot by no later than September 1, 2007 subject to any extension granted under 17 ACC 42.240(d). Restoration shall return the Surface Parking Lot, configured, constructed and equipped for long term parking substantially as it was configured before conversion by the Lessee for RAC interim use under this Lease and in a condition as good or better than its condition prior to its use under this Lease. To the extent the Lessor requests and agrees to pay timely any associated increase in restoration cost as agreed between the Lessor and the Lessee, the Lessee's restoration will include changes or betterments from the configuration, construction or equipment before conversion by the Lessee for RAC use.
4. The Lessee agrees that, once CFC Bonds are sold, the Lessee must complete construction of the Consolidated Facility and restoration of the Surface Parking Lot regardless of any increase in cost, except that to the extent any such increase in cost is attributable to risk expressly disclaimed, with the consent of the Lessor, by the Lessee, the Developer, and the Design Builder under the Development Agreement. In the case of a cost increase for such a disclaimed risk, the Lessee's completion obligation shall be subject to the Lessor's consent to the issuance of completion bonds secured by the CFC.
5. In the event the Lessee fails to complete the Consolidated Facility for any reason, other than as a result of a material breach of this Lease by the Lessor, the Lessee shall, upon demand and at no additional cost or charge to the Lessor, deliver to the Lessor all deliverables that were paid for or for which the RACs, VDG or the Lessee were reimbursed from the Bridge Loan (as defined in the MOU) or otherwise from proceeds of the CFC. Without diminishing any contractual obligations of the Design Builder under any other document, such deliverables shall be "as-is" and accompanied by such licenses as the Lessee, VDG, or the RACs possess for the use of the deliverables, but such deliverables shall be without warranty as to sufficiency, completeness or usability. Any privileged materials need not be provided to the Lessor as deliverables, and any draft or final legal documents that are delivered to the Lessor may also be

used by the RACs, the Lessee, or the Underwriter (as defined in the MOU). The delivery to the Lessor of deliverables under this subsection will not satisfy, cure or release a default, if any, of the Lessee or of the Design Builder under this Lease or any other document in which the Lessor has an interest, relating to the failure to complete the Consolidated Facility once the CFC Bonds have been sold.

D. PERFORMANCE BOND

The Lessee shall require its design-build construction contractor to secure payment and performance bonds in the amount of one hundred percent (100%) of the Stipulated Sum established in the Part 2 Agreement as defined in the Development Agreement and naming the Lessor and the Trustee as an additional obligee. Documentation of this bonding must be provided to the Lessor no later than October 1, 2005. The Lessee shall also name the Lessor as third-party beneficiary of its design-build construction contract for development of the Consolidated Facility and all associated improvements to be included in the Conveyed Improvements. The Lessee may be required to submit a letter of credit, performance bond, deposit, personal guarantee, or other security as a cost of operation reimbursable with FMCs if the Lessor reasonably determines security is reasonably necessary or prudent to ensure performance of all other obligations under this Lease, including, remediation, if any, relating to operation of fuel storage and dispensing at the Consolidated Facility. The Lessor shall determine the form and amount of the security considering the nature and scope of the construction or remediation and the financial responsibility of the Lessee. In lieu of other security for pollution, the Lessor may accept pollution insurance naming the Lessor as an additional insured.

E. CONSTRUCTION

1. The Lessee may not clear, excavate, core, or fill land or construct, install, remodel, remove, or demolish temporary or permanent improvements on the Premises, or anywhere else on the Airport, without first obtaining an Airport Building Permit, as stated in Section F (AIRPORT BUILDING PERMIT) of this Article.
2. All construction on the Premises or performed by the Lessee on the Airport must be neat, presentable, and compatible with its use and surroundings, including compliance with the Lessor's terminal area design standards.
3. At no cost to the Lessor, all structures on the Premises must be painted, finished, or covered with a permanent exterior surface and be attractively maintained by the Lessee.

4. All portions of the Premises not directly used for buildings, operations, or parking must be landscaped, seeded, and maintained by the Lessee to provide an attractive appearance and in a manner that does not attract birds and animals.
5. No building or other permanent structure may be constructed or placed within twenty (20) feet of a boundary line of the Premises, unless it is a common boundary line between contiguous parcels of land leased by the Lessee or the Lessor otherwise approves a lesser distance. This restriction does not prohibit the placement of fencing or environmental monitoring wells within twenty (20) feet of any boundary line of the Premises provided the Lessor approves the installation in writing.

F. AIRPORT BUILDING PERMIT

1. To obtain an Airport Building Permit, the Lessee must submit the following to the Lessor:
 - a. An application for an Airport Building Permit on an Airport form.
 - b. At least two sets of plans and specifications for the proposed project in sufficient detail for the Lessor to understand and evaluate the project and its scope, including, as applicable,
 - (1) a site plan showing, with horizontal dimensions and elevations, proposed improvements to be performed on the Premises, as well as any off-Premises improvements the Lessee proposes to perform on the Airport, including the location of all proposed utility lines and connections and the Appurtenant Road Easement, drainage, snow storage, vehicle parking, landscaping, paths, drainage, roads and easements;
 - (2) comprehensive architectural drawings showing front and side elevation views, floor plans for each floor of the Consolidated Facility and dimensions of any proposed structure and the materials, including colors and exterior finishes to be used, finished floor elevation data for each level and maximum elevation (height) of the Consolidated Facility; and
 - (3) any additional data reasonably requested by the Lessor.
 - c. For work to be performed on the Premises, a boundary survey of the Premises, incorporating any boundary changes previously approved by the Lessor, unless such a survey is already on file with

the Lessor on the date the Lessee files the Airport Building Permit application.

2. The Lessee has provided or shall provide interim construction plans of the Consolidated Facility to the Lessor at ten percent (10%) and thirty-five percent (35%) of complete drawings to allow for comments by the Lessor before the Lessor issues an Airport Building Permit to the Lessee, and thereafter for approval of any proposed Significant Change. The thirty-five percent (35%) drawings must include the items described in Subsection 1 of this Section.
3. The Lessor agrees to review all plans and comment within fourteen (14) days of the delivery so long as the Lessee provides at least ten (10) days notice to the Lessor prior to delivery for review.
4. When the Lessor requests, the Lessee shall also submit with an application for an Airport Building Permit documentation showing that the plans and specifications have received any approval required by other government agencies having jurisdiction over the proposed project.
5. The approval by the Lessor of any construction design or any other provision does not waive the Lessee's legal responsibility or liability to comply with all Environmental Laws and other applicable federal, state, and local laws and regulations, including those concerning the construction, design, or operation of the Lessee's facilities or the maintenance and restoration of the Premises.
6. If the Lessee does not obtain an Airport Building Permit required in Subsection 1 of Section E (CONSTRUCTION) of this Article before beginning an activity, the Lessor shall, when it is in the interest of safe, effective, or efficient operation of the Airport to do so, require the Lessee to cease or suspend the activity and to submit the application required under this Section. After review of the application, the Lessor shall approve or deny the application. If the Lessor grants a permit, the Lessee shall, at no cost to the Lessor, comply with any requirement that the Lessor includes in the approval as necessary to bring the construction into compliance with the permitting standards of this Section. If the Lessor denies a permit, the Lessee shall, at no cost to the Lessor, remove all unauthorized improvements and restore the Premises.
7. The Lessee agrees to construct the Consolidated Facility in compliance with Little Davis Bacon and Miller Act requirements, and to adhere to the Lessor's Airport Building Permit process.

G. DOCUMENTATION OF COMPLETION OF CONSTRUCTION OR REMEDIATION

1. The Lessee shall within thirty (30) days after completion of construction or remediation or after the date specified in Section C (REQUIRED IMPROVEMENTS AND INVESTMENT), subsection 1 of this Article, whichever comes first, submit to the Lessor written documentation that the construction or remediation has been completed as required.
2. The Lessee shall within ninety (90) days after completion of construction or remediation or after the date specified in Section C (REQUIRED IMPROVEMENTS AND INVESTMENT), subsection 1 of this Article, whichever comes first, submit to the Lessor written documentation of the cost of construction or remediation in one of the following forms:
 - a. a statement of project costs signed by the contractor who performed the work;
 - b. a statement of project costs signed by a certified public accountant;
 - c. a copy of a contractor payment schedule specific to the project;
 - d. a notarized affidavit signed by the Lessee attesting to the project costs, with an itemized listing of site costs and copies of invoices reflecting payment of those costs; or
 - e. if the information described at paragraphs a through d of this subsection is not available as evidence of the cost, the Lessee may present an estimate of project costs prepared and signed by a contractor or an architect or engineer registered under AS 08.48 or a general real estate appraiser certified under AS 08.87. This estimate must reflect costs as of the date of construction completion and must include cost data to support the estimate.

H. AS-BUILT SURVEY

1. If, as approved in an Airport Building Permit, the Lessee constructs or installs permanent improvements on the Premises or improvements off-Premises, the Lessee shall provide to the Lessor, within ninety (90) days after construction or installation of those improvements, an as-built survey. If the Lessee constructs underground improvements, the Lessee shall appropriately mark the surface of the land with adequate surface markers. The type, quantity, and distance between the markers are subject to the approval of the Lessor.

2. An as-built survey required under this Lease must establish the location and dimensions of all improvements constructed or installed and must provide bearings and distances to an established survey point in a form consistent with generally accepted professional standards and any special survey instructions issued by the Lessor.

I. RESTRICTED AREAS

1. The Lessee is responsible to ensure that the Lessee's agents and personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, and any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, comply at all times with the Airport's Security Program. If the Lessee's Premises are within or adjacent to an area where the Lessor has limited or controlled access for security or safety purposes ("restricted area") the Lessee shall ensure that only authorized persons enter or remain in the restricted area. If applicable, the Lessee shall erect a security fence according to standards approved by the Lessor and the Transportation Security Administration (TSA) around the Premises necessary to provide a security separation between structures as required by any federal or state entity having jurisdiction to require such a fence. If applicable, the fence must be tied into the Lessor's Airport security fence so as to create a continuous barrier to access. The fence around the Premises must be constructed at the sole expense of the Lessee and must be maintained by the Lessee in an attractive condition.
2. Access to any restricted area by any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or by any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, shall be subject to the terms of the Airport's Security Program. The Lessee assumes responsibility as the sponsor of any required Airport identification badge, including any visitor badge issued for Lessee's benefit to any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or to any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, and for escort of any individual not entitled to unescorted access to a restricted area, but given access by any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or by any of the Lessee's contractors or sublessees.
3. If any security access control card readers are required on the Premises to comply with the Airport's Security Program, the Lessee shall be responsible for the cost of the card reader, locking device, door/gate controller, and communications link to the access control computer. The

Lessor will be responsible for the card reader's installation and integration into the Airport's security system. The Lessee shall be responsible for access control during periods the card reader(s) are inoperative and shall notify the Lessor accordingly.

4. If Lessor requires, or the Lessee otherwise elects to install, surveillance cameras in the Consolidated Facility, the Lessee shall install such cameras at its sole expense, coordinating such installation with the Lessor and providing connection to the Lessor's closed circuit surveillance network.

J. CONVEYED IMPROVEMENTS

Except as otherwise stated in this Section J, the Conveyed Improvements constructed, placed or installed under this ARTICLE IX (IMPROVEMENTS) are, and shall be the exclusive property of the Lessor upon acceptance of Lessor, title free from all liens and encumbrances except to the extent, if any, expressly authorized in writing by Lessor, such title being warranted by Lessee to Lessor, and the Consolidated Facility shall upon conveyance from Lessee to Lessor contemporaneous with this Lease, become a part of the Premises and subject to Lessee's leasehold interest for the applicable term of this Lease, and, as applicable, to the sub-leasehold interest of any sub-tenant in that portion of the Premises for the applicable term of such Sublease. Further, unless expressly rejected by Lessor, any additional permanent improvements placed or constructed on the Premises after the Effective Date of this Lease, other than any trade fixture or other property of any sublessee that has not become permanently affixed to the Premises or to the Conveyed Improvements or otherwise remains the property of the sublessee shall, upon completion and acceptance by Lessor become part of the Conveyed Improvements.

K. CONVEYED IMPROVEMENTS WARRANTY

The Lessee expressly agrees that as between the Lessee and Lessor, the Lessee is solely responsible for and warrants to the Lessor the Conveyed Improvements as of the date conveyed, reasonable ordinary wear and tear excepted, as to their safety, habitability, clean and sound condition, structural, environmental and otherwise, their freedom from both patent and latent defects, their complete compliance with applicable building and structural codes, and their suitability in every respect and for every purpose to which Lessee or its sublessees may put them in compliance with the Lease. The Lessee expressly waives any knowledge or notice the Lessor may or should reasonably have with respect to any limitation of or defect in the Conveyed Improvements. The Lessor shall not be deemed to have accepted any such limitation or defect notwithstanding any inspection, knowledge or actual or constructive notice, which shall in no way prejudice or impair the Lessor's rights under Lessee's above warranty or otherwise under this Lease. Lessee's warranty as to the condition of

the Premises as set forth herein shall not be construed to extend or enlarge the warranty provided under the Part 2 Agreement as described under the attached Development Agreement. Lessee covenants that it will enforce such warranty against the Design Builder, or failing to do so, such rights are assigned to Lessor. Notwithstanding the foregoing limitation of warranty, to any extent the Design Builder's warranty fails to cover Additional Services as the same are defined under §3.3 of the Part 2 Agreement, the Lessee hereby extends to the Lessor an equivalent warranty that does cover such Additional Services.

L. CONSOLIDATED FACILITY MAINTENANCE

The Lessee will, at no cost to the Lessor, and without relief from any payment obligation under this Lease, for the benefit of both the Lessee's leasehold interest and Lessor's ownership interest, keep and maintain, or cause to be kept and maintained, the Consolidated Facility and Appurtenant Road Easements in good condition, working order, repair, and code compliance, will not commit or suffer any waste thereon, will require its subtenants to repair and maintain all improvements constructed by or on behalf of the subject subtenant(s) in accordance with the terms of the applicable Sublease(s), will, in accordance with the terms of this Lease, carry out any repair and maintenance of subtenant improvements that is not required of the respective subtenant under the applicable Sublease, and will, after consultation with Lessor and approved through an Airport Building Permit as required under this Lease or 17 AAC 42.280, make or cause to be made all repairs and replacements thereto, whether minor or material, structural or otherwise that may be reasonably required or appropriate in connection therewith. The Lessee shall fulfill the requirements of this Section L, including any and all repainting, replacement of roof membrane, concrete joint and crack care, asphalt seal and slurry coating and repaving, replacement of HVAC or other mechanical equipment and plumbing fixtures so as to ensure that on the Termination Date, the Conveyed Improvements will have remaining a reasonably expected functional life of not less than fifteen (15) years or more; provided that Lessee shall not be responsible for the repair or replacement of capital elements of the Consolidated Facility to the extent there are insufficient funds available for such purpose in the Renewal and Replacement Fund under the Trust Indenture. The Lessor and Lessee agree that, except as made necessary due to negligence or breach by the Lessee, the functions to be funded by the Renewal and Replacement Fund are those identified in the Maintenance Cost Estimate Schematic, attached as **Exhibit "E,"** hereto, as well as other matters eligible for treatment as capital improvements or repairs in accordance with generally accepted accounting principles. Ordinary-course maintenance and other expenses of the Lessee for the discharge of its duties and obligations under this Lease will be funded through the Operations and Maintenance Fund to the extent approved by the Lessor under Section R (COVENANTS OF LESSOR AND LESSEE WITH RESPECT TO CFCS, FMCS AND THE INDEBTEDNESS SECURED BY CFCS) of this Article to be covered by the FMC, or through assessments pursuant to the Subleases. Except for the

obligations of Lessor expressly stated in this Lease, the Lessee expressly waives, without prejudice to any subtenant right against the Lessee under the applicable Sublease, any right the Lessee might otherwise enjoy under any law or statute to make repairs to the Conveyed Improvements at the expense of the Lessor or to hold the Lessor responsible for any condition of the Conveyed Improvements. Specifically,

1. Lessor shall have no duty to repair or maintain the Premises or any improvements placed at or constituting any portion of the Premises; Lessor will not be liable for any damage or injury, fatal or nonfatal, resulting from any damage, defect or disrepair of any improvements placed at or constituting any portion of the Premises; Lessor shall not have any duty to make any replacement of any such improvements;
2. all improvements currently existing or placed at the Premises and constituting any part of the Premises (including building, parking lot, driveway, drive-through or sidewalk improvements, if any, as well as any other improvements constructed by or on behalf of Lessee) will be repaired and all maintenance thereon will be performed and replacements and renewals thereof will be made by Lessee under the Budget in such a manner as to maintain the same in good condition and repair without significant deferred maintenance; substandard conditions of maintenance and repair may be considered an event of default; and
3. subject to the terms of any Subleases or other agreements approved by Lessor and the provisions of this Lease, Lessor will have a right to enter the Conveyed Improvements at any reasonable time upon at least twenty-four (24) hours prior notice (and at any time in case of an emergency, irrespective of whether Lessor shall have requested or obtained Lessee's prior consent) to inspect the condition thereof and for other lawful purposes; provided, however, such right shall not be exercised in a manner that would unreasonably interfere with the conduct of Lessee's or its subtenants' business at the Premises.
4. Lessor shall reasonably approve the CFC and FMC rates as recommended by the Independent Rate Consultant to fund the Budget necessary to fund Lessee's duty to discharge these obligations.

M. CONVEYED IMPROVEMENTS CONSTRUCTION CONTRACT

Without reducing or negating any obligation of the Lessee or limitation of obligation of the Lessor under this Lease, the Lessee hereby assigns to the Lessor a concurrent, non-exclusive right to enforce the terms of any construction contract and/or warranty right of Lessee relating to the Conveyed Improvements (provided, such assignment shall not be applicable to any contract and/or warranty which would, as a result of such assignment, constitute a violation of, or

void, the warranty provisions of any such contract or warranty). The Lessor, following the Lessor's written notice to the Lessee and the Lessee's failure to reasonably cure a default relating to any matter described in this ARTICLE IX (IMPROVEMENTS), shall have the right, but not the obligation, to act on the Lessee's behalf pursuant to any construction contract and/or warranty relating to the Conveyed Improvements. To the extent the Lessor rightfully exercises a right under this Section, the Lessee hereby assigns to the Lessor any applicable right of the Lessee to payment or reimbursement from CFC Bond proceeds under the Trust Indenture or Use of Proceeds Agreement. Similarly, if the Lessee fails to enforce the use and repair and maintenance provisions of its Sublease(s), then, in accordance with ARTICLE X (OPERATIONS), Section O (RIGHT OF LESSOR TO PERFORM) of this Lease, the Lessor shall have the right, but not the obligation, to do so in the Lessee's name and stead. In accordance with ARTICLE X (OPERATIONS), Section O (RIGHT OF LESSOR TO PERFORM), the Lessee shall pay to the Lessor any cost the Lessor incurs to take an action under this Section, which action shall not cure any default of the Lessee unless the Lessor expressly so states in writing to the Lessee.

N. TRADE FIXTURES

Except as specifically authorized in Subleases approved by Lessor between Lessee and RACs, or as specifically authorized in any other Lessor-approved Sublease with respect to trade fixtures the removal of which would not affect the structural integrity or usability of the Conveyed Improvements, the Lessee shall ensure that all additions, alterations, and modifications to the Conveyed Improvements, except for trade fixtures and additions, shall remain with the Conveyed Improvements, and shall, at the option of the Lessor, be considered a part of the Conveyed Improvements transferred to the Lessor at no cost to the Lessor. The Lessee shall ensure that all Subleases and other agreements entered into after the date hereof that contemplate or allow additions, alterations, or modifications to the Conveyed Improvements incorporate terms that effectuate this Section and ensure that the removal of additions, alterations and modifications is effected without impairing the structural integrity or usability of the Conveyed Improvements. As with any other violation of a Lease requirement, a violation of this Section by a sublessee constitutes a violation of the Lease.

O. PUBLIC CONSTRUCTION

The Lessee shall ensure that any and all construction, repair work, and other work relating to the Conveyed Improvements or otherwise on the Premises, and subject to consideration as public construction or public work under Alaska or federal law and precedent, as applicable, is carried out in accordance with legal requirements applicable to such work.

P. MAINTENANCE AND LESSEE ACCESS OF THE TUNNEL

The Lessor shall, at its own expense, maintain, repair and operate, the Tunnel and all other easements (except the Appurtenant Road Easement) and rights of way provided by the Lessor for the Lessee to access the Premises and to access the Appurtenant Road Easement, and allow Lessee and its employees, contractors, sublessees, customers, and invitees to use the same on a non-exclusive basis, without charge. This access and non-exclusive right to use shall not include a right to free parking off the Premises. Lessee agrees to maintain and repair the elevator(s), escalators, and the Conveyed Improvements as described in ARTICLE IX (IMPROVEMENTS). The Lessee shall be required to attach the Tunnel utilities to the Lessor's South Terminal Building. All other utilities in the Consolidated Facility shall be metered separately from others at the Airport and shall be paid for by the Lessee (or the RACs as provided in the Subleases).

Q. REPLACEMENT, MAINTENANCE AND RESERVE FUNDS

The Lessee shall ensure that, under the Trust Indenture, there shall be established a fund for operation and maintenance, insurance and utility expenses, including reserve funds for such purposes ("Operations and Maintenance Fund"), as well as a "Renewal and Replacement Fund" to maintain the life of the Consolidated Facility. The Operations and Maintenance Fund shall be established and funded so as to maintain a minimum balance of two hundred thousand dollars (\$200,000) from and after the end of the initial Bond Year. The required level of the Renewal and Replacement Fund required under this Section shall be established and funded to maintain a minimum balance of five hundred thousand dollars (\$500,000), and such Fund shall be used and maintained to provide for the renewal and replacement of capital elements of the Consolidated Facility according to life-cycle cost principles as recommended in the Maintenance Cost Estimate Schematic obtained by the Lessee and attached hereto as **Exhibit "E"**. In 2017, and again in 2027, the Lessee shall again obtain a report from a qualified independent construction and maintenance cost estimation professional, selected after consultation with the RACs and the Lessor, to review the balance of the Renewal and Replacement Fund and the condition of the Consolidated Facility and to make recommendation for changes in required balances and rates of expenditure of the Renewal and Replacement Fund. The Lessee will provide copies of such future reports to the RACs, the Trustee and the Lessor upon receipt. Upon the Lessor's acceptance of each such report, the Lessor shall notify the Lessee, the RACs and the Trustee as to such acceptance and, based on such report, any new minimum balance to be required in the Renewal and Replacement Fund, with such report thereby replacing **Exhibit "E,"** hereto, from that time forward. At the expiration or termination of this Lease, all funds remaining in such Operations and Maintenance Fund and Repair and Replacement Fund shall be turned over to the Lessor for future application to the Consolidated Facility.

R. COVENANTS OF LESSOR AND LESSEE WITH RESPECT TO CFCS, FMCS AND THE INDEBTEDNESS SECURED BY CFCS

1. The Lessor shall at all times comply with all provisions of, and satisfy all of its obligations under, AS 02.15.090, AS 37.15.430(c), the Lessor's commitments under the Commissioner's Order and all other applicable provisions of law and of contracts to which the Lessor is a party relating to the requiring of the collection of CFCs and FMCs and the remittance thereof to the Trustee. The Lessor shall work in good faith with the issuer of any indebtedness secured with the approval of the Commissioner by CFCs and with the Trustee to provide such assurances as may be necessary to confirm the Trustee's interest in the proceeds of the CFC and the FMC.
2. The Lessor shall cause the CFC to be imposed as provided in the Commissioner's Order so long as any CFC Bonds remain outstanding and so long as there are any obligations due under the Trust Indenture, and the CFC shall be established initially and reviewed and adjusted (if necessary) annually, or as required below, based upon the Rate Reports from the Independent Rate Consultant, at rates estimated to generate CFC revenues, sufficient to satisfy all requirements under the Trust Indenture as they become required or due. The Lessor will not otherwise adjust the CFC without prior consultation with the Lessee and the RACs and consent by the Trustee.
3. The Lessor shall require all entities conducting activities that are, or would have been on the Effective Date of this Lease, subject to a permit fee under 17 AAC 42.100 to pick up customers at the Consolidated Facility.
4. So long as any indebtedness secured by CFCs remains outstanding, neither the Lessor, nor the Lessee, nor any RAC will create or permit the creation of any liens or encumbrances on the CFCs, or use or permit the use of the CFCs, other than in accordance with and as permitted by the documentation of indebtedness secured by CFCs.
5. So long as any indebtedness secured by CFCs remains outstanding, the Lessor covenants not to build either on the Airport or off the Airport, nor allow to be built on the Airport, any facility that would compete with the Consolidated Facility.
6. The Lessee shall neither seek nor allow VDG to seek any unearned progress payment from the Trustee for work not accomplished to develop the Consolidated Facility. In addition, the Lessee shall reduce, and shall require VDG to reduce, each progress payment request by an itemized five percent (5%) as retainage, except to the extent both a Majority in

Interest and the Lessor have agreed in writing to release a portion of retainage, and shall, so long as any indebtedness secured by CFCs remains outstanding, abide by all provisions of the Trust Indenture and Use of Proceeds Agreement.

7. So long as the obligation to collect CFCs or FMCs remains in effect, the Lessee agrees to use diligence to cause CFCs and FMCs to be collected by all RACs in accordance with the terms of the Amended Concession Agreements and the Subleases and remitted to the Trustee directly by the RACs. In the event any RAC falls into default of its obligation to collect or remit CFCs or FMCs, the Lessee shall promptly take action to enforce the applicable Sublease requirement and, on behalf of the Trustee, to take reasonable measures to collect from such RAC all CFCs and FMCs the RAC has failed to remit.
8. As set forth in subsection 10 below, the Lessee will each year secure from the Independent Rate Consultant a Rate Report stating the amounts required to be generated by the CFC and the FMC in the following Bond Year, pursuant to the terms of the Trust Indenture, and recommending any appropriate adjustment in the level of the CFC and the FMC in order to generate the required amounts. In making such Rate Report, the Independent Rate Consultant shall consider, among other factors: (i) the historical and projected origin and destination air passenger traffic at the Airport; (ii) historical and projected rental car Transaction Days based upon the Transaction Day and other rental information required to be provided by the RACs pursuant to the Amended Concession Agreements; (iii) the Bond requirements; (iv) for the first full Bond Year, an FMC requirement to fund a reserve in the Operations and Maintenance Fund of two hundred thousand (\$200,000), and thereafter the Budget for the operation and maintenance of the Consolidated Facility; (v) the amounts necessary to satisfy any deficiency or projected deficiency in each fund or reserve account under the Trust Indenture during the next Bond Year; and (vi) such other factors deemed relevant by the Independent Rate Consultant. The Lessee shall cause the Rate Reports to be prepared and to be filed with the Lessor and the Trustee, with a copy to a designated RAC representative, no later than sixty (60) days prior to the end of each Bond Year. The Lessor, acting through the Commissioner, shall set any new CFC and FMC rates for the following Bond Year by order and provide written notice to the RACs of any new CFC and FMC rates, no later than 30 days prior to the end of the Bond Year. In the event that the Lessee fails to obtain a Rate Report when and as required in this subsection or any interim Rate Report when and as required under this Section, the Lessee shall be in default. The Lessor shall have no duty to obtain a Rate Report not obtained by the Lessee, but shall cooperate with and provide available information requested by the Trustee for that purpose. Any default of the Lessee with respect to obtaining a Rate Report will not be

cured if the Trustee, or the Lessor without duty to do so, obtains the same.

9. If at any time during each ensuing Bond Year
 - a. the cumulative remittances of CFCs or FMCs as of any month end from the beginning of such Bond Year are less than ninety percent (90%) of the cumulative respective collections projected for the corresponding period in the applicable Rate Report filed with the Lessor, the Lessee and the Trustee, then the Commissioner or delegee shall promptly increase the CFC or FMC, as applicable, by the percentage that the respective remittances for such period fall short of pro forma collections or by such other amount recommended in the Rate Report or in any interim Rate Report obtained by the Lessee, without waiting for the next annual review;
 - b. for each of four (4) consecutive months, the monthly remittances of CFCs or FMCs are less than eighty percent (80%) of the respective projected monthly collections for each corresponding monthly period as shown in the applicable Rate Report filed with the Lessor, the Lessee and the Trustee, then the Lessee or the Trustee shall promptly direct the Independent Rate Consultant to review the Transaction Day and CFC or FMC remittance history, as applicable, and to issue an interim Rate Report recommending appropriate action with respect to the CFC rate or the FMC rate, as applicable, (and which may include recommending the use of amounts in the Coverage Fund) which Rate Report recommendation shall be implemented by the Commissioner or a delegee, to the extent applicable, as promptly as practicable; or
 - c. in the event the balance in any fund established under the Trust Indenture falls below the base funding level established in the Trust Indenture;

provided, that if an interim Rate Report is to be issued within the final four (4) months of a Bond Year, such Report may also include recommendations for the ensuing Bond Year, in which case no additional Rate Report for such ensuing Bond Year will be required, except as may be required by this subsection 9.

10. Procedures for Independent Rate Consultant review and standards for approval for use of the Renewal and Replacement and Operations and Maintenance Funds established under the Trust Indenture:
 - a. No later than November 1 of each year of the term of this Lease, beginning with the year immediately prior to the expected year of

Beneficial Occupancy, the Lessee, in consultation with the RACs, shall prepare and submit to the Lessor a proposed Budget for the next Bond Year or partial Bond Year. The Budget shall indicate the next Bond Year's projected expenditures from the Operations and Maintenance Fund and the Renewal and Replacement Fund described under Section Q (REPLACEMENT, MAINTENANCE AND RESERVE FUNDS) of this Article and established under the Trust Indenture, together with any amount necessary to satisfy any funding requirements for such funds. The Lessee shall instruct to the Independent Rate Consultant to obtain additional information required under subsection 8 of this Section R directly from the RACs or the Trustee, as applicable.

- b. The Lessor shall review the proposed Budget submitted by the Lessee under the preceding paragraph and shall either approve the Budget or notify the Lessee not later than November 15 of that year as to any difference between the funding source designations in the proposed Budget and the respective costs the Lessor deems to be properly payable from the Renewal and Replacement Fund established under the Trust Indenture based on the principles described in Section Q above, costs the Lessor deems to be common costs of operation and maintenance of the Consolidated Facility payable from the Operations and Maintenance Fund established under the Trust Indenture pursuant to paragraph c below, and costs the Lessor reasonably deems operating and maintenance costs of RAC operations that should be paid by the RACs as an allocated expense under the Subleases. A failure by the Lessor to timely comment and object to any such aspect of the proposed Budget shall be deemed an approval of the Budget.
- c. Not later than December 1, the Lessee shall provide the Budget approved by the Lessor, categorized as to approved funding source, to the Independent Rate Consultant for preparation of a Rate Report. The Lessee shall instruct the Independent Rate Consultant to include a recommendation of a FMC rate for the ensuing Bond Year projected by the Independent Rate Consultant to produce annual collections of FMCs during such Bond Year sufficient to satisfy the portions of the approved Budget to be funded from and to satisfy the funding requirement under the Trust Indenture for the Operations and Maintenance Fund throughout the Bond Year and a CFC rate for the ensuing Bond Year projected by the Independent Rate Consultant to produce annual collections of CFCs during such Bond Year sufficient to satisfy the portions of the approved Budget to be funded from and to satisfy the funding requirement for the Renewal and Replacement Fund, as well as to

satisfy all other requirements for the applicable Bond Year under Trust Indenture as indicated by the Trustee.

- d. Costs the Lessor initially deems to be common costs of operation and maintenance of the Consolidated Facility payable from the Operations and Maintenance Fund shall include utilities not directly allocable to exclusive-use operations (and specifically shall *not* include utilities for car wash and dry, fueling and other RAC operational functions), insurance required to be procured by the Lessee under this Lease, minor repairs, common janitorial, snow removal, reasonable management fees, the costs of the Lessee providing any bond or security required by the Lessor, and a portion of real property taxes, as described below, to the extent permitted by law.
- 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 taxes imposed on the Lessee with respect to this Lease and the Consolidated 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 amount of all real property taxes imposed on the Lessee with respect to the Lease and the Consolidated Facility in the first full tax year after Beneficial Occupancy, MINUS the aggregate amount of all real property taxes imposed directly on all RACs for property occupied by those RACs under Amended Concession Agreements for the 2006 tax year DIVIDED by the amount of all real property taxes imposed on the Lessee with respect to this Lease and the Consolidated Facility in the first full tax year after Beneficial Occupancy;
 - (ii) The amount of real property taxes imposed on the Lessee with respect to the Lease and the Consolidated Facility 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 real property 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 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 real property taxes imposed on the Lessee with respect to this Lease and the Consolidated Facility not covered by the FMC.
 - g. The FMC will not be set to cover any portion of Municipality of Anchorage real property taxes imposed on the Lessee with respect to this Lease or the Consolidated Facility prior to the first full tax year of Beneficial Occupancy, all of which taxes will be considered a cost of development of the Consolidated Facility.
 - h. Costs in the Budget either not proposed for, or not approved by the Lessor for, funding from either the Renewal and Replacement or Operations and Maintenance Funds established under the Trust Indenture shall be collected by assessment on the RACs by the Lessee, or the associated functions shall be undertaken directly by the RACs; provided that neither the Lessee nor any RAC shall be responsible for the renewal or replacement of capital elements of the Consolidated Facility to the extent there are insufficient funds available for such purpose in the Renewal and Replacement Fund under the Trust Indenture.
11. The level of the CFC will automatically be reduced upon the initial effectiveness of the FMC by up to the amount of the FMC, so long as the resulting CFC does not fall below that amount required to satisfy obligations under documentation of any indebtedness secured by the CFCs.
 12. The Lessor will provide to the RACs notice of a Commissioner's Order imposing or adjusting the amount of the CFC or the FMC not less than

thirty (30) days before the date the implementation or adjustment becomes effective.

13. The Lessor will continue to impose the CFC for so long as the Trustee has not advised the State in writing that any and all obligations secured by pledge of the CFCs have been fully satisfied. Unless otherwise agreed by the Lessor, a Majority in Interest and the Lessee, the Lessor will continue to impose the FMC at least so long as this Lease remains in effect, and thereafter until the Lessee has completed and has been reimbursed for all Lessee obligations that the Lessor has approved for reimbursement from the Operations and Maintenance Fund established under the Trust Indenture.
14. Any CFCs remaining after satisfaction of all obligations secured by CFCs under the Trust Indenture shall, to the extent permitted by law, be held by the Trustee or transferred by it to the Lessor for use by the Lessor, with the agreement of a Majority in Interest, for purposes related to the maintenance or improvement of rental car facilities at the Airport, including but not limited to the Consolidated Facility, and to any extent the foregoing is not permitted by law, be transferred to the Lessor.

ARTICLE X OPERATIONS

A. LESSOR OPERATIONAL ORDERS

The Lessee shall coordinate the Lessee's operations and activities on the Airport with the Lessor and, to the extent the same may have an impact on public or employee parking facilities or operations, with the Lessor's Parking Operator, and shall abide by the Lessor's decisions and operational orders regarding snow removal, maintenance, and general use of the Airport. The Lessee shall ensure that the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, and the Lessee's contractors, sublessees, and guests, including any vendor or customer, on the Premises abide by such orders.

B. VIOLATIONS

1. The Lessee shall coordinate any Airport security matter with the Lessor and shall follow all applicable requirements of the Lessor's Airport Security Program, Airport Certification Manual, and Airport Emergency Program, including all provisions that are regulated under 49 CFR part 1540 (civil aviation security), 49 CFR Part 1542 (airport security) and 14 CFR Part 139 (airport certification and operation) and any other applicable federal regulation.

2. Any fine that results from a violation of the Lessor's Airport Security Program, Airport Certification Manual, Airport Emergency Program, or any applicable federal regulation caused by the Lessee or by any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or by any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, whether on or off the Premises, will, as between the Lessor and the Lessee, be the sole responsibility of the Lessee. The Lessor may, with or without notice to the Lessee and without diminishing the Lessee's responsibility, pay fines to the FAA or the TSA on the Lessee's behalf to meet FAA or TSA deadlines. Within thirty (30) days after receipt of written notice from the Lessor, the Lessee shall reimburse the Lessor for any such fines paid by the Lessor.

C. AIRPORT OPERATIONS

The Lessee shall ensure that the Lessee and the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, and any of the Lessee's contractors, sublessees, and vendors on the Premises, perform all construction, repairs, maintenance, remediation, and operations and activities authorized under this Lease in a manner that ensures the safety of people and the Airport, the protection of public health and the environment, and the safety and integrity of the Airport. The Lessee shall employ qualified personnel and maintain equipment sufficient for the purposes of this provision. The Lessee shall immediately notify the Lessor of any condition, problem, malfunction or other occurrence that threatens the safety of people or the Airport, harm to public health or the environment, or the safety or integrity of the Premises.

D. LESSEE'S CONTROL AND RESPONSIBILITY

1. The Lessee shall assume full control and sole responsibility for the operations and activities of the Lessee and the activities of the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee anywhere on the Airport, and the Lessee's contractors, sublessees, and guests, including any vendor or customer, on the Premises.
2. The Lessee shall ensure that the Lessee and the Lessee's agents and personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, and any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, on the Premises comply with 17 AAC 42 and all other applicable law, operational orders that the Lessor issues under state or federal law, and instructions, requirements, and restrictions that the

Lessor has posted or indicated by sign, signal, or other control device, unless otherwise directed by an Airport police officer or other authorized person directing aircraft, vehicle, or pedestrian traffic.

E. RADIO INTERFERENCE

The Lessee shall 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.

F. FUEL/HAZARDOUS SUBSTANCE

1. The Lessee shall ensure that the Lessee and the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee, conduct any fueling operations and fuel storage on the Airport consistent with fire codes and other applicable law, and that any of the Lessee's contractors, sublessees, and guests, including any vendor or customer, conduct any fueling operations and fuel storage on the Premises consistent with fire codes and other applicable law.
2. If the Lessee or any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, conducts self-fueling operations on the Premises, the Lessee shall maintain spill prevention and response capability readily accessible to the site where the fuel is dispensed or stored.
3. The Lessee shall ensure that all personnel who engage in fuel dispensing or fuel storage operations on the Premises are trained in safe fuel handling practices, fire safety, and spill response.
4. If fuel is stored on the Premises, the fuel must be stored in a Permanent Fuel Storage Tank unless the Lessor authorizes the Lessee in writing to use a Mobile Fuel Tank that complies with 17 AAC 42.055(h).
5. Release of a Hazardous Substance
 - a. If the Lessee or any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee Releases a Hazardous Substance on the Airport, or if any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, Releases a Hazardous Substance on the Premises, the Lessee shall, at no cost to the Lessor, immediately report the Release to the Lessor

and immediately contain and clean up the Release and remediate contaminated Airport property to an environmentally acceptable condition to the satisfaction of the Lessor and any regulatory agency having jurisdiction over the Release. The Lessee shall use methods that ensure Contamination does not enter or spread on or in Airport land or water or in an Airport storm water drainage system. Submission of a report to the Lessor under this paragraph does not satisfy any other applicable requirement for reporting a Release of a Hazardous Substance to any other regulatory agency that has jurisdiction over the Release.

- b. If the Lessee does not take immediate action to report, contain, and clean up a Release of a Hazardous Substance caused or Materially Contributed to by the Lessee or any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, or by any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, on the Premises, and remediate resulting contaminated Airport property to an environmentally acceptable condition to the satisfaction of the Lessor and any regulatory agency having jurisdiction over the Release, the Lessor, with notice to the Lessee, shall report, contain, and clean up the Contamination and remediate the contaminated Airport property as the Lessor determines appropriate. The Lessee shall reimburse the Lessor for the Lessor's costs to assess, report, contain, and clean up any such Release and remediate resulting contaminated Airport property, including administrative costs, as applicable.
 - c. The Lessee shall ensure that the Lessee and the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport, and any of the Lessee's contractors, sublessees, and guests, including any vendor or customer, on the Premises do not unreasonably interfere with Airport operation or development while remediating contaminated Airport property unless the Lessor first expressly consents.
6. The Lessee shall ensure that all Hazardous Substances generated in construction, operation, maintenance, and removal of improvements and restoration of the Premises on the Premises or elsewhere on the Airport by or on behalf of the Lessee are removed and disposed of in accordance with all Environmental Laws and in a manner acceptable to the Alaska Department of Environmental Conservation, the U.S. Environmental Protection Agency, and any other agency that may have authority over

Hazardous Substances and in compliance with the provisions of this Lease.

7. Documentation: In addition to any other notices required under this Lease, the Lessee shall immediately provide written notice to the Lessor as follows:
- a. If requested by the Lessor, the Lessee shall provide to the Lessor within ten (10) days of the Lessor's request copies of all material safety data sheets and reports that are required to be filed with any federal, state, or local agency under all Environmental Laws, the Superfund Amendment Reauthorization Act, Title III, Tier 2 reports, the Emergency Preparedness Community Right-to-Know Act, and any other requirements by any federal, state, or local agency for reporting amounts and types of Hazardous Substance being stored or used on the Premises.
 - b. The Lessee shall provide to the Lessor within ten (10) days of receipt a copy of any notice of violation or other notice, report, document, claim, or citation alleging a violation or a potential violation of an Environmental Law affecting Airport property that a regulatory agency issues to or files against the Lessee and of any complaint filed in a court that alleges violation by the Lessee of an Environmental Law affecting Airport property.
 - c. The Lessee shall provide to the Lessor within ten (10) days of receipt a copy of any permit from an environmental regulatory agency in connection with any use of the Airport by the Lessee or any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or use of the Premises by any of the Lessee's contractors, sublessees, or guests, including any vendor or customer.
 - d. The Lessee shall provide to the Lessor a copy of any report made by the Lessee or any of the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or by any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, to any environmental agency arising out of or in connection with any Hazardous Substance in, on, under, or removed from the Premises or Affected Property, including any complaint, notice, warning or asserted violation.

G. DISCRIMINATION

The Lessee shall ensure that the Lessee and the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee on the Airport and any of the Lessee's contractors, sublessees, and guests, including any vendor or customer, on the Premises do not discriminate on the grounds of race, creed, color, national origin, age, sex, disability, marital status, change in marital status, pregnancy, or parenthood against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. The Lessee recognizes the right of the Lessor to take any action necessary to enforce this provision, including actions required pursuant to any federal or state law.

H. AFFIRMATIVE ACTION

1. The Lessee shall undertake an affirmative action program as required by 14 CFR part 152 and subpart E, and the American Disabilities Act of 1990 to ensure that no person shall, on the grounds of race, creed, color, national origin, age, sex, disability, marital status, change in marital status, pregnancy, or parenthood be excluded from participating in any employment, contracting, or leasing activities covered by 14 CFR part 152, subpart E and the American Disabilities Act of 1990. The Lessee assures that no person shall be excluded, on these grounds, from participating in or receiving the services or benefits of any program or activity covered by said subpart or act. The Lessee assures that it will require its covered organizations provide assurances to the Lessor that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations as required by 14 CFR part 152, subpart E or the American Disabilities Act of 1990, to the same effect.
2. The Lessee shall comply with any affirmative action plan or steps for equal employment opportunity required by 14 CFR part 152 and subpart E, and the American Disabilities Act of 1990, a part of the affirmative action program, and by any federal, state, or local agency or court, including those resulting from a conciliation agreement, consent decree, court order, or similar mechanism. The Lessee shall use state or local affirmative action plans in lieu of any affirmative action plan or steps required by 14 CFR part 152, and subpart E, only when they fully meet the standards set forth in 14 CFR 152.409. The Lessee shall obtain a similar assurance from its covered organizations, and to cause them to require a similar assurance of their covered suborganizations, as required by 14 CFR part 152, and subpart E. Copies of 14 CFR part 152, and subpart E, and the American Disabilities Act of 1990 are available from the Lessor.

I. BIRDS AND WILDLIFE

The Lessee acknowledges that a concentration of birds, moose, and other wildlife in the immediate vicinity of an Airport may constitute a significant hazard to aircraft operations. The Lessee shall keep the Premises clean of fish slime, fish waste, or any other material that might attract birds and animals. The Lessee accepts full responsibility to maintain the Premises, control operations and activities, and take all prudent measures to prevent birds from gathering on the Premises and prevent moose and other animals from gaining access to the Premises.

J. PARKING, DRAINAGE, AND SNOW STORAGE

The Lessee shall provide vehicle, equipment, and parking spaces, snow storage and disposal, and drainage on the Premises adequate for the operations and activities of the Lessee and the activities of the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee, and any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, on the Premises. Such provision for parking, snow storage and disposal, and drainage must be located, improved, maintained, and managed at no cost to the Lessor and in accordance with all applicable federal, state, and local laws, and must be limited to the Premises and to other areas on the Airport designated in writing by the Lessor.

K. NEAT AND PRESENTABLE

The Lessee shall keep the Premises and all improvements on the Premises neat and presentable at the Lessee's sole expense. Except as otherwise authorized in writing by the Lessor, the Lessee shall not, and shall ensure that the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee, and any of the Lessee's contractors, sublessees, and guests, including any vendor or customer, do not dispose of refuse or other waste material generated on the Premises in an Airport-provided waste receptacle. The Lessee must provide a waste receptacle as required for disposal of any waste material or Hazardous Substances generated on the Premises.

L. UTILITIES, MAINTENANCE, AND SNOW CLEARING

At no cost to the Lessor, the Lessee shall provide for all utilities, maintenance, and services on and to the Premises necessary for the use of the Premises by the Lessee and the Lessee's agents and personnel, including any officer or employee, and anyone else acting by, on behalf of, or under the authority of the Lessee, and by any of the Lessee's contractors, sublessees, or guests, including any vendor or customer. The Lessee shall be responsible for any necessary

clearing of snow from the Premises and for providing, in accordance with Section J (PARKING, DRAINAGE, AND SNOW STORAGE) of this Article, any necessary snow storage or disposal area. Notwithstanding the foregoing, the Lessor shall provide snow removal and annual sweeping from the driving lanes, but not between the parking spaces, within the Surface Parking Lot prior to Beneficial Occupancy. The Lessor will, throughout the period on and after Beneficial Occupancy, maintain and repair the tunnel, including any moving sidewalk(s) in the tunnel, leading to the Consolidated Facility and maintain access to the Consolidated Facility, provided that the Lessor's repair obligation under this Section with respect to any portion of tunnel and any moving sidewalk constructed by the Lessee shall begin only upon expiration of any applicable construction warranty period.

M. HEAVY TRUCKS

If the Lessee, or the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, use heavy trucks or equipment on or transiting to or from the Premises during construction or operation of facilities on the Premises, the Lessee shall ensure that the trucks or equipment use only those Airport access routes designated by the Lessor and that all trucks and equipment used comply with all applicable weight, width, and length restrictions established by law or otherwise by operational orders issued by the Lessor.

N. ROAD OBSTRUCTIONS

If, during the Lessee's development of the Premises or during the operations or activities of the Lessee or of the Lessee's agents or personnel, including any officer or employee, or by anyone else acting by, on behalf of, or under the authority of the Lessee, or any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, relating to the Premises, it becomes necessary to obstruct any road or other area provided for vehicular traffic, the Lessee shall, at least seventy-two (72) hours before the placement of an obstruction, obtain the approval of the Lessor and ensure compliance with all related decisions and directions of the Lessor regarding the use of the Airport by the Lessee and the Lessee's agents or personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, and use of the Premises by the Lessee's contractors, sublessees, or guests, including any vendor or customer.

O. RIGHT OF LESSOR TO PERFORM

If after thirty (30) days following notice, or less if an emergency exists, the Lessee has failed or refused to perform any action required under this Lease or failed or refused to secure any required performance by the Lessee's agents or

personnel, including any officer or employee, or anyone else acting by, on behalf of, or under the authority of the Lessee, or any of the Lessee's contractors, sublessees, or guests, including any vendor or customer, for which the Lessee is responsible under this Lease, the Lessor will have the right, but not the obligation, to perform any or all such actions required under this Lease at the sole expense of the Lessee. The Lessor will not take action if the Lessee has begun and continues expeditious action to perform any action required under this Lease that cannot reasonably be completed within thirty (30) days. The Lessor will, at its sole discretion, determine what constitutes expeditious action and if an action cannot reasonably be performed in thirty (30) days.

P. MODIFICATION OF CERTAIN OBLIGATIONS

Notwithstanding anything herein to the contrary, if and only if a court of competent jurisdiction determines that the holders of the Lessor's General Airport Revenue Bonds have a lien on the proceeds of the FMC, then such proceeds shall be treated as a revenue of the Lessor, the RACs shall continue to be obligated to collect and remit the FMC (which shall not be increased other than consistent with the consumer price index or as otherwise approved by the Lessor and a Majority in Interest, and which shall in no event be set at an amount greater than that necessary to pay the actual costs of the operation and maintenance, management, utility and insurance expenses payable therefrom), the Trustee shall promptly pay such portion of the proceeds to the Lessor as it is collected from the RACs, and the Lessor shall be solely responsible for the costs of operation and maintenance for which the Lessee would otherwise be paid or reimbursed under this Lease with FMCs. In the foregoing circumstance only, neither the RACs nor the Lessee shall have any responsibility for such operation and maintenance or expenses.

ARTICLE XI
CANCELLATION, EXPIRATION, OR OTHER TERMINATION

A. LESSEE DEFAULT

1. If the Lessee violates a term of this Lease and the Lessor considers that term to be a material obligation of this Lease, or the violation to be a material deviation from the requirements of this Lease, the Lessor will mail or deliver to the Lessee a written notice of the violation, with a copy to a designated representative of the RACs. The notice must allow the Lessee not less than thirty (30) days to correct the violation, unless the violation constitutes an imminent threat to public health or safety.

2. If the Lessee does not correct the violation by the time allowed in the notice, the Lessor shall:
 - a. grant an extension of time to correct the violation if the Lessee shows good cause;
 - b. take enforcement action as provided under this Lease or as available by law; or
 - c. cancel this Lease.
3. If the Lessor determines that a violation creates an imminent threat to public health or safety, the Lessor shall:
 - a. direct the Lessee to stop the activity immediately;
 - b. provide the Lessee less time than otherwise specified in this Lease to correct the violation; or
 - c. correct the violation.
4. If the Lessor acts to correct a violation that constitutes an imminent threat to public health or safety as provided under subsection 3 of this Section, the Lessee shall reimburse the Lessor for any cost, including legal fees and administrative costs reasonably incurred by the Lessor in acting to correct the violation.
5. A notice of cancellation issued by the Lessor to the Lessee under this Article is stayed if, within the thirty-day (30-day) notice period, the Lessee begins and continues expeditious action to cure the breach in the case of a breach that cannot reasonably be cured within thirty (30) days. The Lessor, at its sole reasonable discretion, will determine if a breach cannot reasonably be cured within thirty (30) days and what constitutes expeditious action.
6. Without limitation, the following shall be deemed either violations of material obligations of this Lease or material deviations from the requirements of this Lease:
 - a. The Lessee fails to pay when due any rent, charge, or fee specified in this Lease, including any increase made under this Lease.
 - b. The Lessee's check for payment of any rent, charge, or fee owed to the Lessor by the Lessee is returned for insufficient funds.

- c. The Lessee uses the Premises for any purpose not authorized by this Lease.
 - d. The Lessee files a petition of bankruptcy, or one is filed against the Lessee.
 - e. A court enters a judgment of insolvency against the Lessee.
 - f. A trustee or receiver is appointed for the Lessee's assets in a proceeding brought by or against the Lessee.
 - g. The Lessee fails to perform or comply with any provision of this Lease.
 - h. The Lessee is in violation of a provision of AS 02 or 17 AAC 42.
7. The Lessee may protest the Lessor's decision to enforce or cancel this Lease in accordance with 17 AAC 42.910.

B. WAIVER

1. A waiver by the Lessor of any default by the Lessee of any provision of this Lease will not operate as a waiver of any subsequent default. If the Lessor waives a default, the Lessor is not required to provide notice to the Lessee to restore or revive any provision under this Lease. The waiver by the Lessor of any provision in this Lease cannot be enforced or relied upon unless the waiver is in writing and signed on behalf of the Lessor.
2. The Lessor's failure to insist upon the strict performance by the Lessee of any provision in this Lease is not a waiver or relinquishment for the future, and the provision will continue in full force.
3. Notwithstanding any other provision of this Section, no obligation of the Lessee with respect to CFCs, and no default of any such obligation, is subject to waiver without the written consent of the Bond Insurer.

C. VACATION AND CONTINUATION OF LESSEE OBLIGATIONS

1. At the expiration, cancellation, or other termination of this Lease, the Lessee shall peaceably and quietly vacate the Premises and return possession to the Lessor.
2. The Lessee shall, after the expiration, cancellation, or other termination of this Lease and subject to any duty the Lessor may have to mitigate damages, continue to pay rent to the Lessor and to abide by all other lease obligations, including maintenance of the Premises and provision of

evidence of insurance coverage required under this Lease, through the date on which the Lessee relinquishes possession of and completely vacates the Premises, having, at the Lessee's expense and without cost to the Lessor,

- a. remediated, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed by reason of assignment and restored the Premises to a clean and neat physical condition acceptable to the Lessor; and
 - b. either removed or sold to a succeeding lessee all of the Lessee's permanent improvements and personal property on the Premises, or title to the Lessee's permanent improvements and personal property that remain on the Premises has vested in the Lessor.
3. The relinquishment and vacation of the Premises does not relieve the Lessee from damages for default or termination prior to expiration of this Lease.
 4. The FMC, as established under ARTICLE IX (IMPROVEMENTS) Section R (COVENANTS OF LESSOR AND LESSEE WITH RESPECT TO CFCS, FMCS AND THE INDEBTEDNESS SECURED BY CFCS) in an amount sufficient to pay such obligations as are payable from the Operations and Maintenance Fund as described in that section, shall continue for such period of time until Lessee's obligations are fully satisfied.

D. DISPOSITION OF PERMANENT IMPROVEMENTS AND PERSONAL PROPERTY

1. Title to the Consolidated Facility becomes the property of the Lessor upon completion and will not be subject to removal by the Lessee. Title to all other permanent improvements constructed on the Premises with Lessor approval become the property of the Lessor upon completion, except to the extent the Lessor notifies the Lessee prior to issuance of the Airport Building Permit that the Lessor will not accept such improvement, in which case the Lessor reserves the right to direct the Lessee to remove the same at expiration or termination of this Lease. Title to all permanent improvements constructed on the Premises without Lessor approval become the property of the Lessor upon completion, except to the extent the Lessor notifies the Lessee at any time that the Lessor will not accept such improvement, in which case the Lessee shall remove the same at expiration or termination of this Lease. Notwithstanding the foregoing, although certain trade fixtures and equipment, including car wash, dry and vacuuming equipment, are considered to be permanent improvements, the Lessor reserves the right to direct the Lessee to remove the same at

expiration or termination of this Lease or such other time as that fixture or equipment is no longer in use or in reasonable condition for use, provided that funding from the Operations and Maintenance Fund established under the Trust Indenture shall be made available for that purpose.

2. The Lessor may, by written notice, direct the Lessee to remediate, consistent with applicable law, any Contamination that the Lessee caused, Materially Contributed To, or assumed by reason of assignment, and to restore the Premises to a clean and neat physical condition acceptable to the Lessor.
3. The Lessee shall comply with any direction by the Lessor issued under this Section D (DISPOSITION OF PERMANENT IMPROVEMENTS AND PERSONAL PROPERTY) within sixty (60) days after issuance of the direction and at no cost to the Lessor. If the Lessee shows good cause to the Lessor and if it is not inconsistent with the best interest of the Lessor, the Lessor shall allow in writing a longer period that is sufficient to allow the Lessee to comply with the Lessor's direction. If the Lessee fails to comply with a direction issued by the Lessor under this Section D (DISPOSITION OF PERMANENT IMPROVEMENTS AND PERSONAL PROPERTY), the Lessee shall, within thirty (30) days of being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal fees and administrative costs, to enforce the Lessor's direction or to remediate, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed by reason of assignment.
4. All personal property of the Lessee left on the Premises at the Lease Termination Date will be considered permanently abandoned. The Lessor may sell, lease, demolish, dispose of, remove, or retain the abandoned property for Airport use as the Lessor determines is in the best interest of the Lessor. The Lessor shall deposit any proceeds from the disposition of abandoned property under this subsection into the revenue fund established under AS 37.15.430. Abandonment of property under this provision does not release or absolve the Lessee of any outstanding Lease obligation. The Lessee shall, within thirty (30) days after being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal fees and administrative costs, to demolish, remove, dispose of, clear title to, or sell the abandoned property and to remediate, consistent with applicable law, any Contamination the Lessee caused, Materially Contributed To, or assumed by reason of assignment, and restore the Premises.

E. ABANDONED PROPERTY

Title to property abandoned by the Lessee on the Premises automatically vests in the Lessor unless the property is contaminated with any Hazardous Substance or is rejected by the Lessor by a written notice to the Lessee or the property's automatic vesting would violate a statute or regulation.

F. NATURAL DISASTERS

Subject to ARTICLE XII (INSURANCE AND INDEMNIFICATION), if the parties agree in writing that the Premises are unusable, not due to the fault or negligence of either party, to the extent that performance of this Lease is impossible, this Lease may be terminated, but such termination shall not affect the Lessor's obligation to impose or the RACs' obligation to collect and remit CFCs while any CFC Bonds are outstanding. If the Lessee elects to continue to operate, the Lessor is under no obligation to continue to perform. Causes for termination under this provision include, but are not restricted to, acts of God, fires, floods, epidemics, quarantine restrictions, earthquakes, landslides, mudslides, avalanches, tsunamis, or volcanic activity.

G. NATIONAL EMERGENCY

If the federal government declares a national emergency, neither party may hold the other liable for any inability to perform any part of this Lease as a result of the national emergency.

H. SURVIVAL OF LESSEE OBLIGATIONS

The Lessee's obligations under the following provisions of this Lease shall survive and remain binding on the Lessee after the expiration, cancellation, or other termination of this Lease:

1. ARTICLE VI (RENTS AND FEES), Section D (INTEREST);
2. ARTICLE VI (RENTS AND FEES), Section F (UNPAID FEES);
3. ARTICLE VIII (ENVIRONMENTAL ISSUES), Section A (ENVIRONMENTAL LIABILITY BASELINE) subsection 2 (Financial Responsibility For Contamination on the Premises and on Any Affected Property);
4. ARTICLE IX (IMPROVEMENTS), Section I (RESTRICTED AREAS) subsection 2 relating to any Lessee-sponsored Airport identification badges not returned to the Airport;

5. ARTICLE X (OPERATIONS), Section B (VIOLATIONS) relating to responsibility for fines for violations of the Lessor's Airport Security Program, Airport Certification Manual, Airport Emergency Program under 49 CFR part 1540 (civil aviation security), 49 CFR Part 1542 (airport security) and 14 CFR Part 139 (airport certification and operation) and any other applicable federal regulation;
6. ARTICLE X (OPERATIONS), Section F (FUEL/HAZARDOUS SUBSTANCE) subsection 7 (Documentation), paragraphs b and d, relating to documentation of notices of violation and reports submitted to environmental agencies relating to the Premises;
7. ARTICLE XI (CANCELLATION, EXPIRATION, OR OTHER TERMINATION), Section C (VACATION AND CONTINUATION OF LESSEE OBLIGATIONS);
8. ARTICLE XI (CANCELLATION, EXPIRATION, OR OTHER TERMINATION), Section D (DISPOSITION OF PERMANENT IMPROVEMENTS AND PERSONAL PROPERTY);
9. ARTICLE XII (INSURANCE AND INDEMNIFICATION), Section B (INDEMNIFICATION); and
10. any other provision that imposes on-going responsibility or liability on the Lessee for an obligation undertaken under this Lease.

ARTICLE XII
INSURANCE AND INDEMNIFICATION

A. INSURANCE

1. The Lessee shall, at the Lessee's own expense, obtain, maintain, and keep in force throughout the term of this Lease adequate and appropriate liability insurance coverage protecting both the Lessor and the Lessee on one or more occurrence policy forms covering all operations and activities by or on behalf of the Lessee for the risks posed by the Lessee's use of the Premises and operations and activities at the Airport, as follows:
 - a. Commercial General Liability, including Premises, all operations and activities, property damage, products (if applicable), and personal injury and death, broad-form contractual, with a per-occurrence limit of not less than five million dollars (\$5,000,000), combined single limit. This policy must not include a pollution exclusion, or if it does, then Lessee shall provide a separate spill release insurance policy that affirmatively covers the release of and

contamination by petroleum products, including gasoline, and must name the Lessor as an additional insured.

- b. Commercial Automobile Liability with a per-occurrence limit of not less than one million dollars (\$1,000,000) combined single limit. This insurance must cover all owned, hired, and non-owned motor vehicles. This policy must contain a waiver of subrogation clause precluding the insurance carrier(s) from seeking compensation from the Lessor.
 - c. All Risk Property (including earthquake and flood, unless the Lessor and the RACs jointly agree that such coverage is not commercially available) on property of every kind and description forming part of the Premises in an amount and with such deductibles, that are reasonable and consistent with industry practice, to be not less than the cost of restoration or replacement on a maximum probable loss basis. So long as obligations remain outstanding under the Trust Indenture, the Trustee shall be named as a loss payee on any property loss settlement, and thereafter the Lessor shall be named loss payee. The Lessee shall be obligated to pay all applicable deductibles, however, such expense is reimbursable from Operations and Maintenance Fund established under the Trust Indenture. The policy shall contain a waiver of subrogation clause in favor of both the Trustee and the Lessor.
2. The Lessee shall deposit with the Lessor a copy or copies of such insurance policy or a certificate of such insurance coverage, together with appropriate evidence that the premiums have been paid. All such Lessee's insurance shall provide that the insurer must notify the Lessor at least thirty (30) days before any termination, cancellation, or material change in such insurance coverage. If specific limits and coverages are shown, those limits and coverages are the minimum acceptable under this Article and may not limit the Lessee's responsibility to indemnify the Lessor.
3. The Lessee agrees that if the Lessee's insurance coverage for the Premises or the Lessee's operations and activities lapses or is cancelled, the Lessor has the right to halt the Lessee's operations and activities immediately upon written notice. The Lessee's operations and activities must remain halted until the Lessor receives evidence that the Lessee has obtained current insurance coverage meeting the requirements of this Lease. The Lessor's halting of the Lessee's operations and activities is not a waiver or relinquishment of any provision of this Lease.
4. The Lessor may revise the terms of these insurance requirements on written notice to the Lessee. Any revision must be based on an

assessment of the risks relative to the Lessee's operations and activities and prevailing commercial insurance standards.

5. The requirement for insurance coverage does not relieve the Lessee of the Lessee's other obligations under this Lease.
6. If the Lessee desires to demonstrate proof of any portion of the insurance required by this Article through a subtenant's insurance, the Lessee shall demonstrate to the satisfaction of the Lessor that the insurance is adequate to also provide protection for both the Lessor and the Lessee. Upon Lessor's written acknowledgment of receipt without objection of commercial automobile liability insurance procured by one or more subtenants naming both the Lessor and the Lessee as insureds, and covering all operations on the Premises posing liability covered under those respective policy forms, the Lessee shall not be required to purchase and maintain such coverage.
7. The proceeds of all property insurance coverage shall be payable under such arrangements as may be approved by the Lessor and the Lessee to ensure that, to the extent feasible with such proceeds, such proceeds are used to repair, replace or otherwise restore the Conveyed Improvements to a condition or state of repair at least functionally equivalent to the condition or state of repair of the Conveyed Improvements prior to the occurrence with respect to which such proceeds were payable. So long as CFC Bonds remain outstanding, any property insurance proceeds shall be payable to the Trustee to be used as stated above at the direction of the Lessor, and to the extent not used to repair, replace or otherwise restore the Conveyed Improvements shall be used to redeem or otherwise defease CFC Bonds.
8. The Lessee shall pursue enforcement of any warranty or other agreement owned or held by the Lessee relating to the operation and performance of the Conveyed Improvements. Any amounts recoverable under any warranty or other agreement shall be applied to the repair and replacement of the affected portion of the Conveyed Improvements. If with respect to any such warranty or other agreement, a judgment is obtained or other recovery is received from any person or entity that performed any work on the Premises, the proceeds thereof shall, as applicable, either (a) be paid to the Lessee, to the extent the Lessee paid for such work, (b) be deposited into any Renewal and Replacement Fund established under the Trust Indenture, to the extent a withdrawal therefrom was made to pay for all or part of such work or (c), be remitted to the Lessor to the extent the Lessor paid for such work.

B. INDEMNIFICATION

1. As to any amount paid to others for personal injury or property damage arising directly or indirectly from the Lessee's use or occupancy of the Premises, exercise of the privileges granted in this Lease, or operations and activity on the Airport and with respect to which an act or omission of the Lessor is a legal cause, the Lessor and the Lessee shall reimburse each other according to the principles of comparative fault.
2. As to any and all liabilities, losses, suits, administrative actions, claims, awards, judgments, fines, demands, damages, injunctive relief, penalties, or other obligations of any nature or kind arising directly or indirectly from the Lessee's use or occupancy of the Premises, exercise of the privileges granted in this Lease, or operations and activity on the Airport other than as described in subsection 1 of this Section,
 - a. the Lessee will indemnify, save harmless, and defend the Lessor, its officers, agents, and employees from and against, to the full extent of the loss or obligation, property damage, personal injury, death, violation of any regulation or grant agreement, or any other injury or harm, including attorney fees, consultant fees, expert fees, or other costs and expenses directly or indirectly arising from, connected to, or on account of this Lease as it relates to the Lessee, the Lessee's activities at or relating to the Airport, or any act or omission by the Lessee, or by any of its officers, employees, agents, contractors, or sublessees;
 - b. however, notwithstanding paragraph (a) of this subsection 2, if more than sixty percent (60%) of the legal cause of the loss or obligation is due to the Lessor's negligence or willful misconduct, the loss or obligation is to be apportioned between the Lessor and the Lessee according to comparative fault;
 - c. also without limiting the foregoing, this obligation to indemnify, defend and hold harmless fully encompasses any and all matters of any nature whatsoever to which the Lessor may be subject or exposed by reason of the Lessor's ownership, or Lessee's, sublessee's, agent's, invitee's and guest's occupation or use, of the Conveyed Improvements.
3. As to any liability to a third party or other loss or obligation that is subject to apportionment according to comparative fault under this Section, the Lessor and the Lessee shall seek in good faith to achieve agreement to an apportionment of fault as between themselves without or independent of litigation. This apportionment of liability or loss between the Lessor and

the Lessee shall not be construed to affect the rights of any person who is not a party to this Lease.

4. The Lessee shall give the Lessor prompt notice of any suit, claim, action, or other matter affecting the Lessor to which any portion of this Section may apply, together with a copy of any letter by an attorney on behalf of a complainant, any complaint filed in court, and any notice or complaint by any regulatory agency. The Lessee shall also use counsel acceptable to the Lessor and the Alaska Department of Law in carrying out its defense obligations under paragraph 2(a) of this Section. The Lessor shall also have the right, at its option, to participate cooperatively in the defense of and settlement negotiations regarding any such matter without relieving the Lessee of any of its obligations under this provision. These indemnity obligations are in addition to, and not limited by, the Lessee's obligation to provide insurance, and shall survive the expiration or earlier termination of this Lease.

ARTICLE XIII **LAWS AND TAXES**

- A. This Lease is issued subject to all applicable requirements of state statutes and regulations in effect during the term of this Lease, including those relating to the leasing of lands and facilities and the granting of privileges at state airports. Each reference in this Lease to a statute or regulation shall be deemed to refer to the form of the respective statute or regulation, as amended, that is most current or to any successor statute or regulation applicable to the subject matter at any applicable time.
- B. The Lessee shall comply with applicable requirements imposed on the Airport by federal laws to ensure that eligibility for federal money or for participation in a federal aviation program by the Airport is not jeopardized, and with all applicable orders issued by the Lessor.
- C. At no expense to the Lessor, the Lessee shall conduct all operations and activities or business authorized under this Lease in compliance with all federal, state, and local laws, ordinances, rules, and regulations now or hereafter in force that apply to the operations and activities or business authorized in this Lease or to the use, care, operation, maintenance, and protection of the Airport, including matters of health, safety, sanitation, and pollution. The Lessee shall obtain all necessary licenses and permits, pay all taxes and special assessments lawfully imposed upon the Premises, and pay other fees and charges assessed under applicable public statutes or ordinances. Nothing in this Lease shall prevent the Lessee from challenging any taxes or special assessments to the appropriate authority under applicable procedures.

- D. In any dispute between the parties, the laws of the State of Alaska will govern. If a dispute continues after exhaustion of administrative remedies, any lawsuit must be brought in the courts of the State of Alaska, Third Judicial District at Anchorage.
- E. During the term of this Lease, at the Lessor's request, the Lessee will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit to the extent that such claim, demand, or lawsuit affects the Premises.

ARTICLE XIV
ASSIGNMENT

All provisions in this Lease extend to and bind the legal representatives, successors, and assigns of the parties.

A. **ASSIGNMENT**

- 1. The Lessee may not assign all or a portion of this Lease, including improvements, without the prior written consent of the Lessor and a Majority in Interest. An assignment made contrary to the requirements of this Section is void.
- 2. A request for consent to an assignment must be submitted in writing to the Lessor for approval and must include the following;
 - a. The name, address, and telephone contact number for the proposed assignee;
 - b. a description of the Premises to be assigned;
 - c. a signed statement by the proposed assignee acknowledging the obligatory use and limitations on use of the Premises under this Lease;
 - d. financial and other information about the proposed assignee establishing the proposed assignee's ability to carry out the financial and other obligations under this Lease; and
 - e. three (3) originals of the executed assignment documents with notarized signatures of the assignor and proposed assignee.
- 3. An assignment must include a provision stating that the assignee accepts responsibility for all of the assignor's obligations under this Lease, including environmental liability and responsibility.

4. An assignee may not occupy the Premises before the Lessor consents to the assignment in writing.
5. The Lessor may not assign all or any part of this Lease except in connection with assignment and assumption of all rights and responsibilities relating to the Airport to and by, respectively, another governmental entity established by the State of Alaska, and possessing all property, rights, power and authority of the Lessor with respect to the Airport.

B. MERGER, CONSOLIDATION, OR REORGANIZATION; REQUIRED TRANSFER

The Lessor will not unreasonably withhold its consent to an assignment of this Lease by the Lessee to a corporation or other business entity designated by a Majority in Interest pursuant to the Subleases, to a corporation that results from a merger, consolidation, or reorganization of the Lessee, to a corporation that purchases all or substantially all of the assets of the Lessee, or to any corporation that controls or is controlled by or is under common control with the Lessee.

C. 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 of the Lessor under this Article.

D. ASSIGNMENT FOR SECURITY PURPOSES

The Lessee may not assign for security purposes all or a portion of or any interest in this Lease, including improvements. Any assignment of this Lease for security purposes is void.

**ARTICLE XV
SUBLEASE**

A. RAC SUBLEASING PROGRAM

1. As required under ARTICLE IV (USES), the Lessee must sublease the Consolidated Facility, by allocated exclusive-use area and common area, as provided in this Article, to each and every RAC not in default of its Amended Concession Agreement. The Lessee may not refuse to sublease to any On-Airport Car Rental Concessionaire in good standing. Each such Sublease is subject to prior consent of the Lessor, which consent will not be withheld with respect to a Sublease form that the

Lessor has approved consistent with this Lease and any RAC not in default of its Amended Concession Agreement. A request for consent to a Sublease must be submitted in writing to the Lessor for approval. No subleasing other than to a RAC not in default of its Amended Concession Agreement is permitted except by approval of a Majority in Interest and consent by the Lessor.

2. The Sublease with each RAC will be identical to the Sublease with each other RAC, except as to the space identified as allocated to the RAC thereunder; however, the provisions of each Sublease concerning the mechanisms for allocating space shall be identical. Each Sublease for a RAC that results in more than eight RAC Subleases shall impose on the added RAC no facility infrastructure expense. Any required additional infrastructure shall be installed by the Lessee and reimbursed from the Renewal and Replacement Fund established under the Trust Indenture.
3. Each Sublease shall terminate on the date that the signatory RAC's Amended Concession Agreement expires, terminates or is canceled. The Lessee shall take action to evict any RAC that fails to vacate promptly after its Sublease expires, terminates or is canceled.
4. The Lessee shall require through each RAC's Sublease that such RAC shall cooperate with all other RACs to facilitate and complete the move entailed in relocation of operations to the Consolidated Facility, at no cost to the Lessor, on or before Beneficial Occupancy or such other deadline established in the Lessee's written notice to the RACs of the projected date of Beneficial Occupancy. The Lessee acknowledges, and will require each RAC through its Sublease to acknowledge that the Lessor has no obligation to any RAC with respect to the Consolidated Facility other than to require the Lessee at Beneficial Occupancy to make available to each RAC for its use under a Sublease space in the Consolidated Facility under the terms of this Lease, and that neither the Lessee nor the RAC rely to any extent whatsoever on any representation or warranty by the Lessor with respect to any aspect of the Consolidated Facility.
5. The Lessee shall act (or refrain from acting) with respect to maintenance and management and repair of the Consolidated Facility, and discretionary acts not otherwise made mandatory under this Lease, in consultation with the RACs and by instruction from or approval of a Majority in Interest, except that
 - a. the Lessee shall, without the need for obtaining Majority in Interest approval, terminate the Sublease of and use of the Consolidated Rental Car Facility by any RAC that (i) is not collecting or remitting its CFCs and/or FMCs as required by its Amended Concession

Agreement or Sublease as the Lessee is notified by the Trustee, (ii) otherwise fails to make a payment under its Sublease within the grace period set forth therein, (iii) causes the imposition of a lien on the Consolidated Facility in violation of the Sublease or (iv) the Amended Concession Agreement of which has terminated; provided that the procedures set forth in subsection 9 of Section D of this Article must be followed; and

- b. the Lessee shall follow the instructions of the Lessor with respect to the exercise of remedies with respect to a default by a RAC under its Sublease other than a payment default.
6. The Subleases may require approval of maintenance and operation standards and the Budget and other matters by a Majority in Interest, provided that the Subleases shall forbid the RACs, acting through a Majority in Interest, from taking or instructing VDG or the Lessee to take any action--under this subsection, under any other provision of this Lease or regarding any other matter--that creates a restraint on pricing, output, or quality of service, or that may tend unreasonably to restrain competition. The Subleases shall further require that any time a Majority in Interest decides to take or direct action over the opposition or objection of one or more RACs, the Majority in Interest shall notify the Lessor what the Majority in Interest has decided and the nature of the opposition or objection. In the event Lessee is uncertain of whether any action violates this prohibition, then it may tender the question to Lessor for direction, which shall be binding on the Lessee and the RACs.
 7. Should the Trustee notify the Lessee that a RAC has failed to collect or remit its CFCs and/or FMCs, the Lessee shall take immediate action under the Sublease to enforce the obligation to collect and remit the CFC and FMC and to terminate the RAC's Sublease and the Lessor shall also take immediate action to terminate the RAC's rights under its Amended Concession Agreement.

B. ALLOCATION AND ASSIGNMENT OF SPACE

The Lessee will assign space in the Consolidated Facility as follows:

1. Counter Space and Car Wash/Fueling Areas. The Lessee will allocate Counter space and Car Wash/Fueling Areas in the Consolidated Facility upon Beneficial Occupancy based on Market Share for the most recent Allocation Year as described in greater detail in the Sublease. Counter space and Car Wash/Fueling Areas will not be reallocated for the term of the Amended Concession Agreements set to expire April 30, 2018, except as a result of material changes in Market Share or as a result of entry of

one or more additional On-Airport Rental Car Concessionaires in 2010 or 2015.

2. Ready/Return and Other Parking Space. The Lessee will allocate ready/return and other parking space in the Consolidated Facility upon Beneficial Occupancy based on Market Share for the most recent Allocation Year as described in greater detail in the Sublease. Ready/return and other parking space in the Consolidated Facility will be reallocated annually.
3. The reallocation of counter space, parking space and return rows prior to Beneficial Occupancy shall occur as scheduled in the Amended Concession Agreement. The reallocations shall be based on the combined market share of the consolidating companies for the preceding three-year period to determine the order of selection. The consolidated company shall be assigned one counter space and the appropriate number of parking spaces and return rows, as applicable, based on the consolidated company being one entity.
4. In the event, after diligent effort, the Lessee and the RACs are unable to arrive at a mutually acceptable allocation, the Lessee shall present the issue to the Lessor for resolution, which resolution shall be final and not subject to appeal.
5. Any additional details of the timing and method for allocations and reallocations in the Consolidated Facility, including reallocations of counter spaces and Car Wash/Fueling Areas as a result of material changes in Market Share or as a result of entry of one or more additional On-Airport Rental Car Concessionaires in 2010 or 2015, shall be set forth in the Subleases.

C. ALLOCATION AND ASSIGNMENT OF SURPLUS SPACE

Pending the filling of all On-Airport Rental Car Concession vacancies if there are fewer than eight (8) RACs, the Lessee is authorized under this Lease to assign counter space, Car Wash/Fueling Areas, and ready/return and other parking space that is surplus due to occupancy of the Consolidated Facility by fewer than eight (8) RACs. If the Lessee assigns surplus counter space, Car Wash/Fueling Areas, or ready/return and other parking space, as applicable, then:

1. The opportunity to occupy the entire surplus space shall be offered to each RAC as provided in the Sublease in the order (highest to lowest) of each RAC's Market Share for the previous Allocation Year. To exercise the option to occupy the surplus space without relinquishing the space assigned to that RAC before its exercise, that RAC must occupy the entire space that is vacant at the same Annual Guarantee (in addition to such

RAC's previously existing Annual Guarantee under the Amended Concession Agreement) and other rent that had been paid by the RAC that most recently occupied the space; and

2. Any occupant of the surplus space that occupies such space in addition to its previously assigned space must vacate either the previously-assigned or the surplus space, at no cost to the Lessee or Lessor, within thirty (30) days after written notice by the Lessor that the space is required due to the award of a new On-Airport Rental Car Concession.
3. Notwithstanding anything in the Amended Concession Agreement to the contrary, in the event that no RAC elects to occupy the entire surplus space previously occupied by another RAC, the Lessor and the Lessee may make portions of such space available to individual RACs in any reasonable manner the Lessor and the Lessee deem prudent to promote the overall efficient use of the Consolidated Facility.

D. SUBLEASE TERMS

The Lessee shall stipulate and require in each Sublease that

1. the subtenant RAC is responsible, at no cost to the Lessee or Lessor, for installing and removing signs, booths, furniture and equipment for that RAC's designated space in the Consolidated Facility after each reallocation of such space;
2. the subtenant RAC shall cooperate with all other RACs to facilitate and complete, at no cost to the Lessee or Lessor, the move required by each annual reallocation not more than one-hundred twenty (120) days after the end of the preceding Allocation Year or not more than ninety (90) days after the Lessee provides the RACs with the reallocation information in writing, whichever is later;
3. if any RAC merges, consolidates or reorganizes with another RAC, all space in the Consolidated Facility will be reallocated generally in accordance with the procedures outlined in ARTICLE XXIV (ASSIGNMENT OR SUBCONTRACT), Section D (TRANSFER OF INTEREST) of the Amended Concession Agreement;
4. for all periods following Beneficial Occupancy and so long as the RAC's Sublease remains in effect, the subtenant RAC shall pay its pro rata share—based on the RAC's Allocated Space as a percentage of Total Allocated Space—of the rent payable under this Lease and of operation and maintenance, utilities and insurance expenses of the Consolidated Facility to the extent such costs are not payable from the Operations and Maintenance Fund or the Renewal and Replacement Fund established under the Trust Indenture or other available funds, or if such funds are not

sufficient to pay such expenses of the Lessee in operating the Consolidated Facility; specifically, each RAC shall be required under its Sublease to pay to the Lessee its pro rata share of real property taxes imposed by the Municipality of Anchorage with respect to this Lease and occupancy rights in the Consolidated Facility and not covered by the FMC as described under ARTICLE VI (FEES AND PAYMENTS), Section J (CFCs AND FMCs), subsection 4 of the Amended Concession Agreement;

5. on or prior to Beneficial Occupancy (or for any entity that becomes a RAC after Beneficial Occupancy, its initial date of occupancy in the Consolidated Facility), the Lessee will require each RAC to deposit with the Lessee a deposit ("**Deposit**") to be held by the Lessee to be used to pay in the event of a default by such RAC the respective obligation under its Sublease as stated in the preceding subsection. The deposit shall be in an amount equal to three months' of the RAC's expected obligations under the preceding subsection;
6. if a RAC defaults in its obligation to pay its share of rent under this Lease or operation and maintenance expenses, taxes, utilities or insurance and the Deposit made by the defaulting RAC as described in the preceding subsection is insufficient to pay such obligations, then each non-defaulting RAC shall pay a pro rata share—based on its Allocated Space as a percentage of Total Allocated Space in the Consolidated Facility—of the defaulted amount. However, no RAC shall otherwise be responsible for paying any amount owed by another RAC under its Sublease, except as may be provided in the sections of the Sublease relating to assignment and subcontracting; and
7. the obligations of the RACs under their respective Subleases will be to abide by, and carry out all provisions of their respective Amended Concession Agreements, to perform all of their respective operations and activities in the Consolidated Facility in conformance with the operational terms and conditions of this Lease, to collect CFCs and FMCs and remit them to the Trustee as required under the Order and as further required under and described in the Amended Concession Agreements, to pay their pro rata shares of rent under this Lease to the Lessee, not to cause the imposition of any lien on the Consolidated Facility and to provide for all other aspects of the operation and maintenance of the Consolidated Facility to the extent provided in their respective Subleases. A breach of these provisions may result in termination of the applicable RAC's Sublease and a request from the Lessee to the Lessor to terminate such RAC's Amended Concession Agreement;
8. the Lessee as to each RAC and each RAC as to each other RAC are third-party beneficiaries of the provisions of each RAC's Sublease relating

to the collection and remittance of the CFC and the FMC and the payment of its pro rata share of rent and operation and maintenance expenses as described in subsection 4 of this Section;

9. the Lessee may terminate a RAC's Sublease while the RAC's Amended Concession Agreement remains in effect only with the prior written consent of the Lessor, which consent shall be given, in absence of cure of the default prior to consent, within fifteen (15) business days of receipt of documentation showing to the reasonable satisfaction of the Lessor:
 - a. The basis for the proposed termination and evidence that such termination is permitted under such Sublease;
 - b. that the RAC subject to termination has first been provided not less than thirty (30) days (or fifteen (15) days in the case of a failure to collect or remit CFCs or FMCs) notice of the basis for the proposed termination and an opportunity to cure or rebut that basis; and
 - c. that the RAC has failed to cure or rebut the basis for the proposed termination within such notice period;
10. each RAC shall, at its own direct expense, perform all operation, maintenance, repair, renewal, and replacement functions with respect to its allocated counter space, car wash, drying, vacuum and fueling facilities and equipment;
11. the RAC must coordinate with the Lessor prior to installing any antenna for wireless communication.
12. the Amended Concession Agreements, ARTICLE XXI (CANCELLATION BY STATE), Section E (TERMINATION OF SUBLEASE) shall be interpreted to require the State to cancel a RAC's Amended Concession Agreement if the RAC's Sublease is terminated by its terms only if such termination is due to a default by the RAC. Termination of the Subleases due to termination of this Lease by Lessor for default of the Lessee will not be grounds for termination of the Amended Concession Agreements. In the event of a default of the Lessee as sublessor under the Sublease, the remedies of a RAC as sublessee may include any or all of
 - a. replacement of the Lessee/sublessor by a Majority in Interest and consent of the Lessor; or
 - b. recovery of damages, specific performance or other equitable remedies from the Lessee/sublessor; but

- c. shall expressly exclude termination of the Sublease absent the consent of the Lessor and contractual provisions binding on the RAC that obligates the RAC to collect and remit CFCs and FMCs to the Trustee as if the Sublease remained in good standing without default by the Lessee/sublessor.

E. GENERAL PROVISIONS CONCERNING SUBLEASING

1. A Sublease must include a provision that all rights and duties imposed under the Sublease are subject to the terms of this Lease, that the Sublease shall be interpreted to be in all ways consistent with this Lease, that the Lease shall control in the event of a conflict between the terms of the Sublease and the Lease. The sublessee shall be required, at its sole expense, promptly to comply in all material respects with all applicable current and future legal requirements regulating the use of or otherwise applicable to the Premises or to the sublessee's use of its Allocated Space and common areas of the Consolidated Facility. The Lessor reserves the right and authority to enforce the following obligations of ARTICLE VI (RENTS AND FEES) of this Lease with respects to the sublessee's operations against either the Lessee or the sublessee directly:

Section C PAYMENTS
Section D INTEREST
Section E FEES VEST IN THE LESSOR
Section F UNPAID FEES

2. A sublessee may not occupy the Premises before the Lessor consents to the Sublease in writing.
3. A Sublease may not and does not relieve the Lessee of responsibility for providing the Lessor with evidence of insurance that meets the requirements of this Lease, including coverage of the sublessee's operations on the Premises.
4. Consent to a Sublease by the Lessor does not relieve or otherwise alter the obligations of the Lessee under this Lease.
5. A RAC may not assign all or a portion of a Sublease, unless its corresponding rights and obligations under the Amended Concession Agreement are assigned, with notice to the Lessee and written consent of the Lessor, at the same time.
6. The Lessee shall not modify or amend a Sublease without the consent of the Lessor; consent of the Bond Insurer shall be required to the extent provided below:

- a. The Lessee shall not modify nor amend sections 6.1, 6.2, 6.3, 6.4, 6.5, 10.1(a), 11.8, and 11.9 of the Sublease(s) without prior written approval by the Bond Insurer.
- b. The Lessee shall give notice to the Bond Insurer of all other Sublease amendments within ten (10) business days after execution.
- c. In the event this Lease is terminated for Lessee's default, Lessor covenants that so long as obligations under the Trust Indenture remain outstanding, Lessor will require that any direct lease with a Sublessee shall require Bond Insurer consent under the same terms as set forth in paragraph (a) of this subsection and shall provide notice as set forth in paragraph (b) of this subsection. Further, Lessor covenants that these requirements for consent and notice will be required in any subsequent lease or sublease used for RAC use and occupancy of the Consolidated Facility, and that any substitute or successor Lessee will be subject to the same requirements.

ARTICLE XVI

GENERAL PROVISIONS

A. LIENS

The Lessee shall keep the Premises and improvements placed on the Premises free of all liens, other than by assignment for security purposes as approved in writing by the Lessor to pay any cost for labor and materials arising out of any construction or improvements by the Lessee on the Premises.

B. CONDEMNATION OF LEASEHOLD OR IMPROVEMENTS

If the entire Premises are condemned by any proper authority, the term of this Lease will end on the date the Lessee is required to surrender possession of the Premises. The Lessor is entitled to all the condemnation proceeds, except the Lessee will be paid any portion of the proceeds attributable to the fair market value of Lessee's remaining rights as a sublessor under any Lessor-approved Subleases of the Premises, net of all sublessee rights and Lessee obligations, and the fair market value of any improvements placed on the Premises by and owned by the Lessee, which shall expressly exclude the Conveyed Improvements. To the extent condemnation renders the Consolidated Facility incapable of accommodating RACs while CFC Bonds remain outstanding, the Lessor shall use condemnation proceeds received by Lessor to provide alternate accommodations for RACs in order to continue CFC collections and remittances

or, in consultation with the RACs, to redeem CFC Bonds to the extent the same is in the best interest of the Lessor.

C. APPROVAL BY LESSOR

The Lessor will not unreasonably withhold any approval required under this Lease.

D. NOTICES

1. Any notice required under this Lease must be hand-delivered or sent in such a way as to confirm receipt to the appropriate party at the address set out on page one of this Lease or to any other address that the parties subsequently designate in writing by first class or higher priority service via the United States Postal Service, by a comparable level of delivery service via a nationally recognized private carrier of correspondence and other communications, or by electronic transmission.
2. Unless otherwise agreed to in writing, the Lessee shall supply the Lessor as promptly as possible, and in any event within fifteen (15) business days after the Lessee first receives or sends the same, a copy of any claim, report, complaint, notice, lien, warning, or asserted violation relating in any way to the Premises or the Lessee's use of the Airport.

E. MODIFICATION

The Lessor may modify this Lease to meet the revised requirements of federal or state grants or to conform to the requirements of any revenue bond covenant that the State of Alaska is a party to, provided that a modification protects to the extent reasonably possible the rights and privileges granted to the Lessee under this Lease, to the RACs under the Subleases, as generally protected under the Alaska and United States constitutions, and poses no reasonable risk of impairing the obligations or commitments of the Lessor with respect to CFC collections or remittances. The Trustee, the Bond Insurer, the RACs and the Lessee shall be notified of any such modification. In the event the Lessor believes that the Lessor needs to modify this Lease, but the modification poses a reasonable risk of impairing the obligations or commitments of the Lessor with respect to CFC collections or remittances, the Lessor shall make no such modification except by the written consent of the Trustee and the Bond Insurer. Any such modifications shall be subject to the same consent requirements and procedures set forth in ARTICLE XV (SUBLEASE), Section E (GENERAL PROVISIONS CONCERNING SUBLEASING), subsection 6.

F. VALIDITY OF PARTS

If any provision of this Lease is declared to be invalid by a court of competent jurisdiction, the remaining provisions will continue in full force.

G. INTERRELATIONSHIP OF PROVISIONS

All provisions of this Lease, drawings attached as exhibits, supplements, and any addenda are essential parts of this Lease and are intended to be cooperative, provide for the use of the Premises, describe the respective rights and obligations of the parties to this Lease, and are incorporated into this Lease. In case of a discrepancy, computed dimensions govern over scaled dimensions unless obviously incorrect.

H. INTEGRATION AND MERGER

This Lease sets out all the terms, conditions, and agreements of the parties and supersedes any previous understandings or agreements regarding the Premises whether oral or written. Unless specifically authorized within a provision, no modification or amendment of this Lease is effective unless in writing and signed by both of the parties.

I. EXECUTION BY THE PARTIES

This Lease is of no effect until it has been signed by the Commissioner of the Department of Transportation and Public Facilities or a designated representative of the Commissioner and by the Lessee or a duly authorized employee, officer, or agent of the Lessee.

J. CAPTIONS

The captions of the provisions of this Lease are for convenience only and do not necessarily define, limit, describe, or construe the contents of any provision.

K. ADDITIONAL INFORMATION

The Lessor may, from time to time, require the Lessee to provide such documentation as the Lessor may reasonably require to establish the Lessee's continuing qualification for this Lease.

L. QUIET ENJOYMENT

During the term of this Lease the Lessee will have quiet enjoyment of the Premises subject to the terms and conditions stated in this Lease.

M. DAMAGES, COSTS, AND FEES INCURRED TO ENFORCE LEASE

1. The Lessee shall pay, within thirty (30) days of the Lessor's billing date, any cost or damage, including legal fees and administrative costs, that the Lessor incurs due to a failure of the Lessee to comply with a provision of this Lease, or otherwise to enforce this Lease. Such costs and damages shall include any expense incurred by the Lessor under ARTICLE X (OPERATIONS), Section O (RIGHT OF LESSOR TO PERFORM) to perform any action required of the Lessee or under ARTICLE XI (CANCELLATION, EXPIRATION, OR OTHER TERMINATION), Section A (LESSEE DEFAULT), subsection 3, to correct a violation of a term of this Lease, as well as all reasonable actual expenses, costs, and attorney fees the Lessor may incur, with or without formal action, to enforce, defend, or protect this Lease or the Lessor's rights under this Lease, including any expense incurred with respect to environmental compliance or bankruptcy.
2. Any amount payable under this Section will constitute additional rent, will be subject to ARTICLE VI (RENTS AND FEES) and will be subject to default for nonpayment under ARTICLE XI (CANCELLATION, EXPIRATION, OR OTHER TERMINATION), Section A (LESSEE DEFAULT) subsection 6. All remedies of the Lessor under this Lease are cumulative and in addition to any and all other remedies available at law or equity. The protest and appeal procedures of 17 AAC 42.910 and 42.920 constitute the sole procedures for review of a decision by or action of the Lessor with respect to this Lease.

N. RESERVED

O. PROMPT PAYMENT

The Lessee shall promptly pay all sums due and shall promptly perform all other things by it to be performed under the terms of the Trust Indenture and the Development Agreement described therein as the same may be amended, and this Lease.

P. REPORTS

Whenever the Trust Indenture or the Development Agreement requires the submittal of a report, notice, summary, or other information by the Lessee to any person, the Lessee shall simultaneously submit a copy of the same to the Lessor. All reports that either the Lessee or the Lessor is required to provide to the Trustee, shall be provided also to the Bond Insurer.

Q. TRIPLE NET LEASE

It is agreed by the parties hereto that this Lease constitutes a triple net lease of the Conveyed Improvements and, notwithstanding any language herein to the contrary, it is intended and the Lessee expressly covenants and agrees that all rental payments herein required to be paid by the Lessee to the Lessor shall be absolutely net payments to the Lessor, meaning that during the term of this Lease the Lessor is not and shall not be required to expend any money or do any acts or take any steps affecting or with respect to the operation, maintenance, preservation, repair, restoration, or protection of this Lease, the Premises, or any part thereof, except as otherwise expressly provided in this Lease.

R. THIRD-PARTY BENEFICIARY

The Trustee and the Bond Insurer are intended third-party beneficiaries of all provisions of this Lease directly relating to CFCs and FMCs or to the operation and maintenance of the Consolidated Facility and are entitled to enforce each such provision against the Lessee and the RACs, providing notice to the Lessor and to each other third-party beneficiary of any such enforcement effort. In addition each RAC is a third-party beneficiary of all provisions of this Lease directly relating to the Lessee's obligations regarding the Consolidated Facility (including the Lessee's obligations upon default by the Lessee under this Lease, or a termination of this Lease) and the Lessor's obligations with respect to use of CFC or FMC proceeds, and is entitled to enforce each such provision.

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

(corporate seal)

Lessee: *[Signature]*

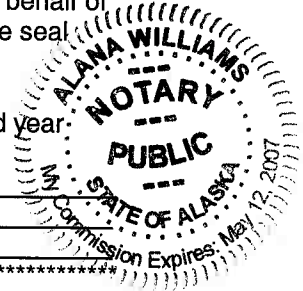
By: *MARK PEPPER* Howard H. Levine
Title: *AUTHORIZED AGENT*

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

THIS IS TO CERTIFY that on this *14th* day of *September*, 200*5*, before me, the undersigned, a Notary Public in and for the State of *Alaska*, duly commissioned and sworn, personally appeared *Mark Pepper - Howard H. Levine*, known to me to be an officer of the above named corporation, and who executed the same for and on behalf of said corporation, and who is fully authorized by said corporation to do so; and that the corporate seal affixed to said instrument is the corporate seal of said corporation.

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

A. Williams
Notary Public in and for: *Alaska*
My Commission Expires: *5-12-07*



STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

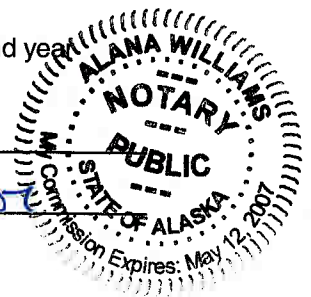
John Bandal

STATE OF ALASKA)
THIRD JUDICIAL DISTRICT)ss

THIS IS TO CERTIFY that on this *14th* day of *September*, 200*5*, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared *John Barsalou*, known to me to be the *Chief of Leasing & Property Mgmt*, Ted Stevens Anchorage International Airport, Department of Transportation and Public Facilities, State of Alaska, and who acknowledged to me that the foregoing instrument was executed freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and who is authorized by said State of Alaska to do so.

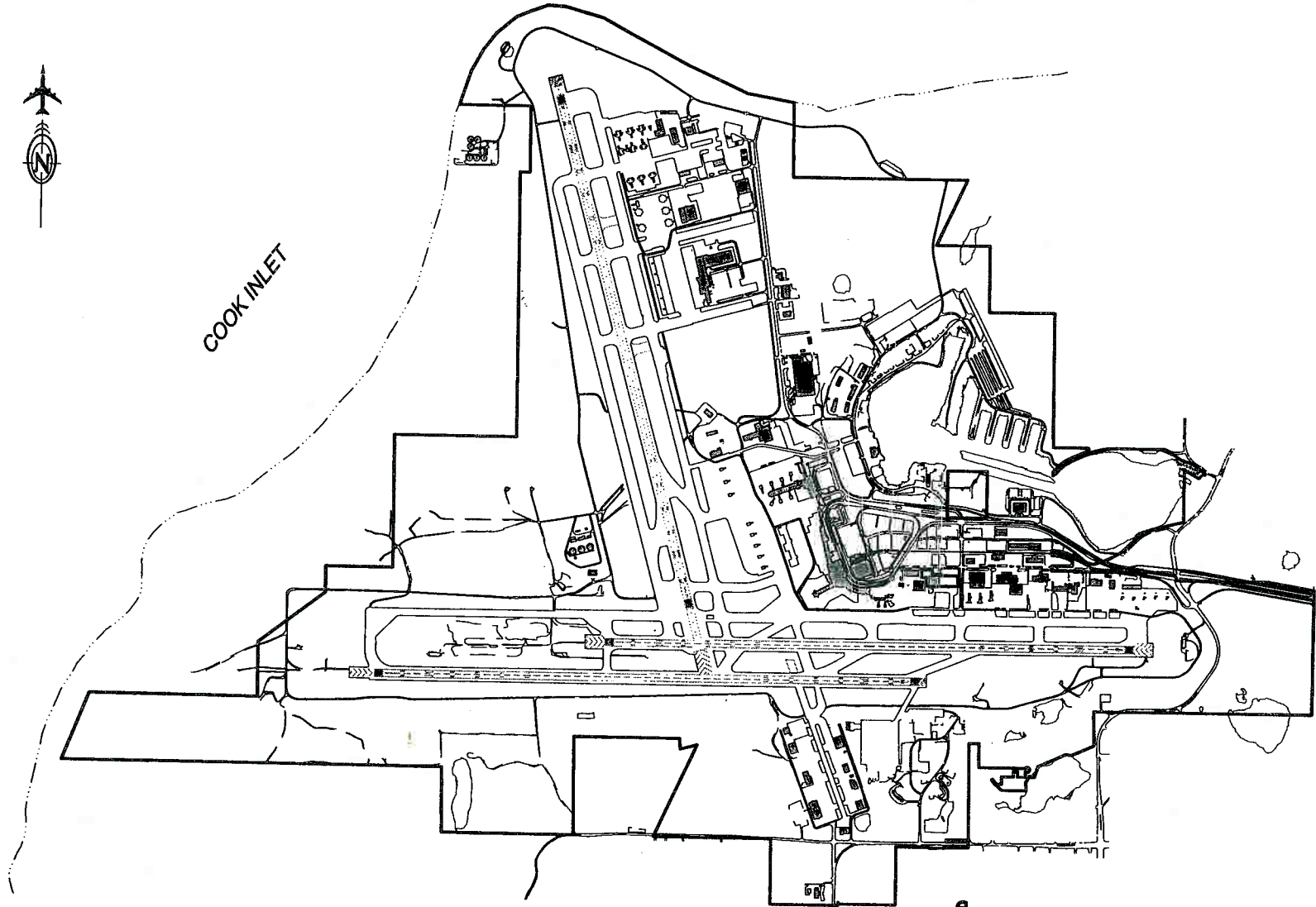
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year written above.

A. Williams
Notary Public in and for Alaska
My Commission Expires: *5-12-07*





COOK INLET



14: EXHIBIT A\ANCH\ADA\31367\Ex A.dwg SEP 02 2005



AIRPORT LEASING

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

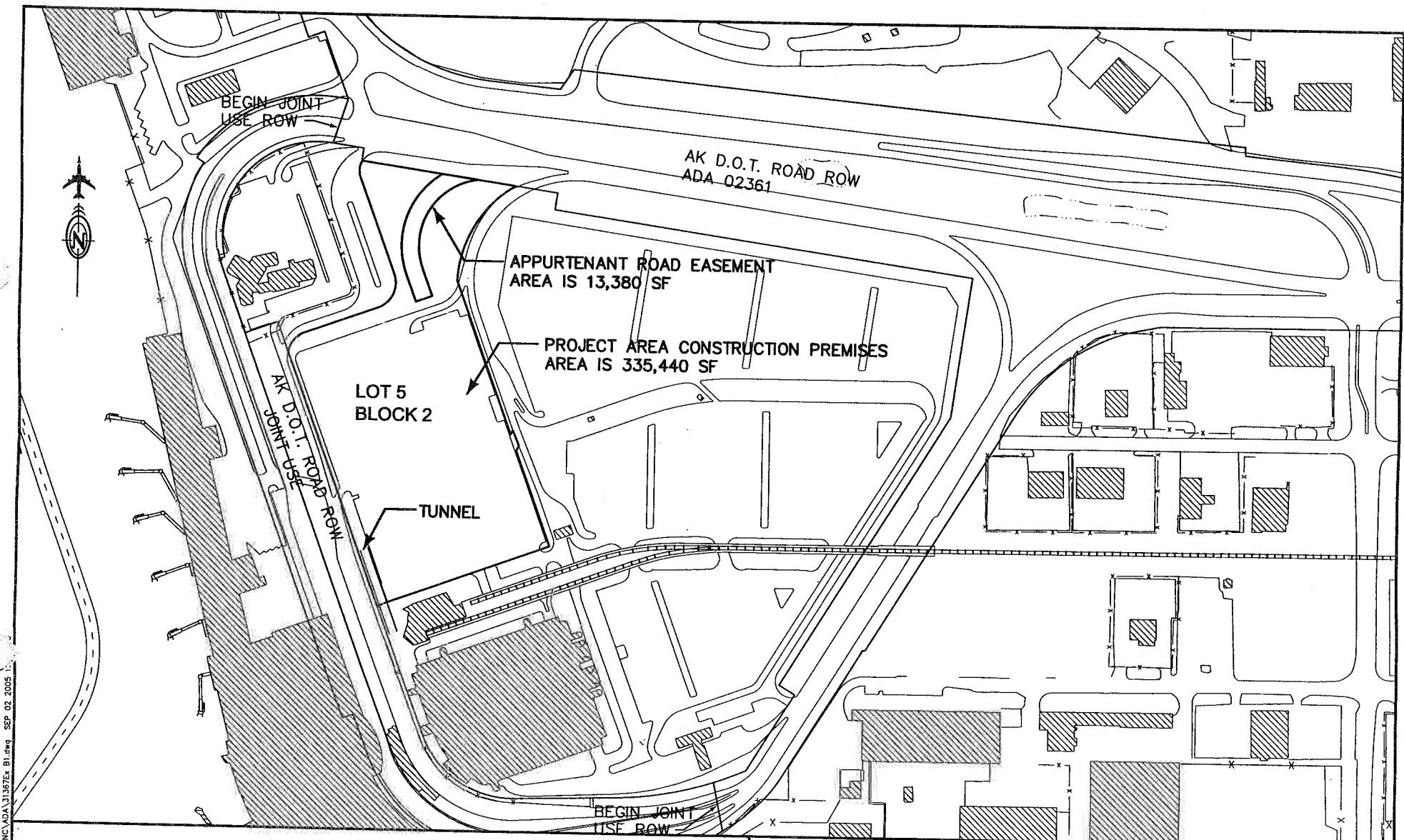


Ted Stevens
Anchorage
International Airport

EXHIBIT A
ADA NO: 31367
EXHIBIT DATE: 8-25-2005

DRAFTED: CHECKED: APPROVED:

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of
1



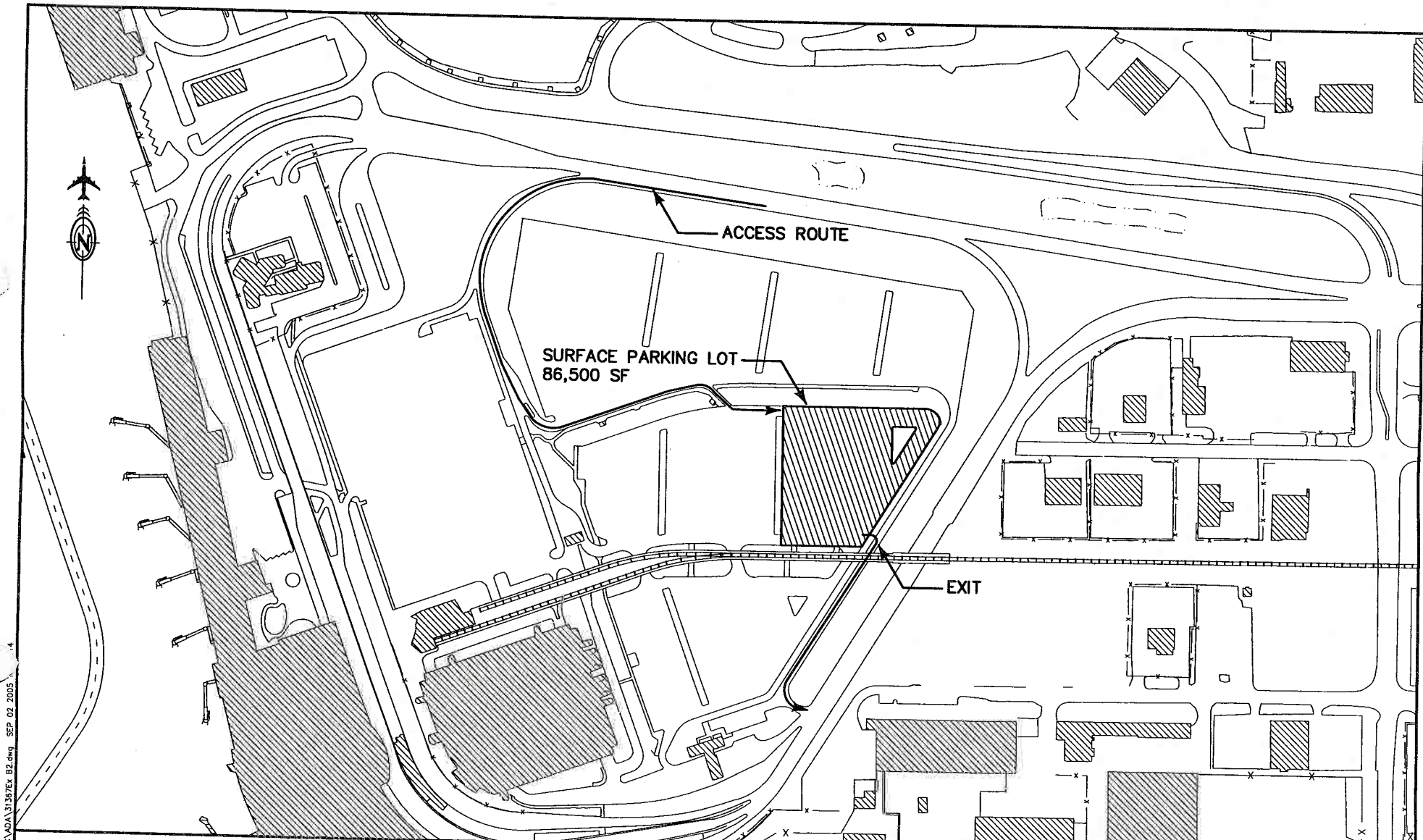
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SCALE IN FEET
Exhibit Date 9-1-2005
AIRPORT LEASING

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
 Ted Stevens
Anchorage
International Airport

EXHIBIT B
ADA NO. 31367
PRECONSTRUCTION PREMISES AND
APPURTENANT ROAD EASEMENT

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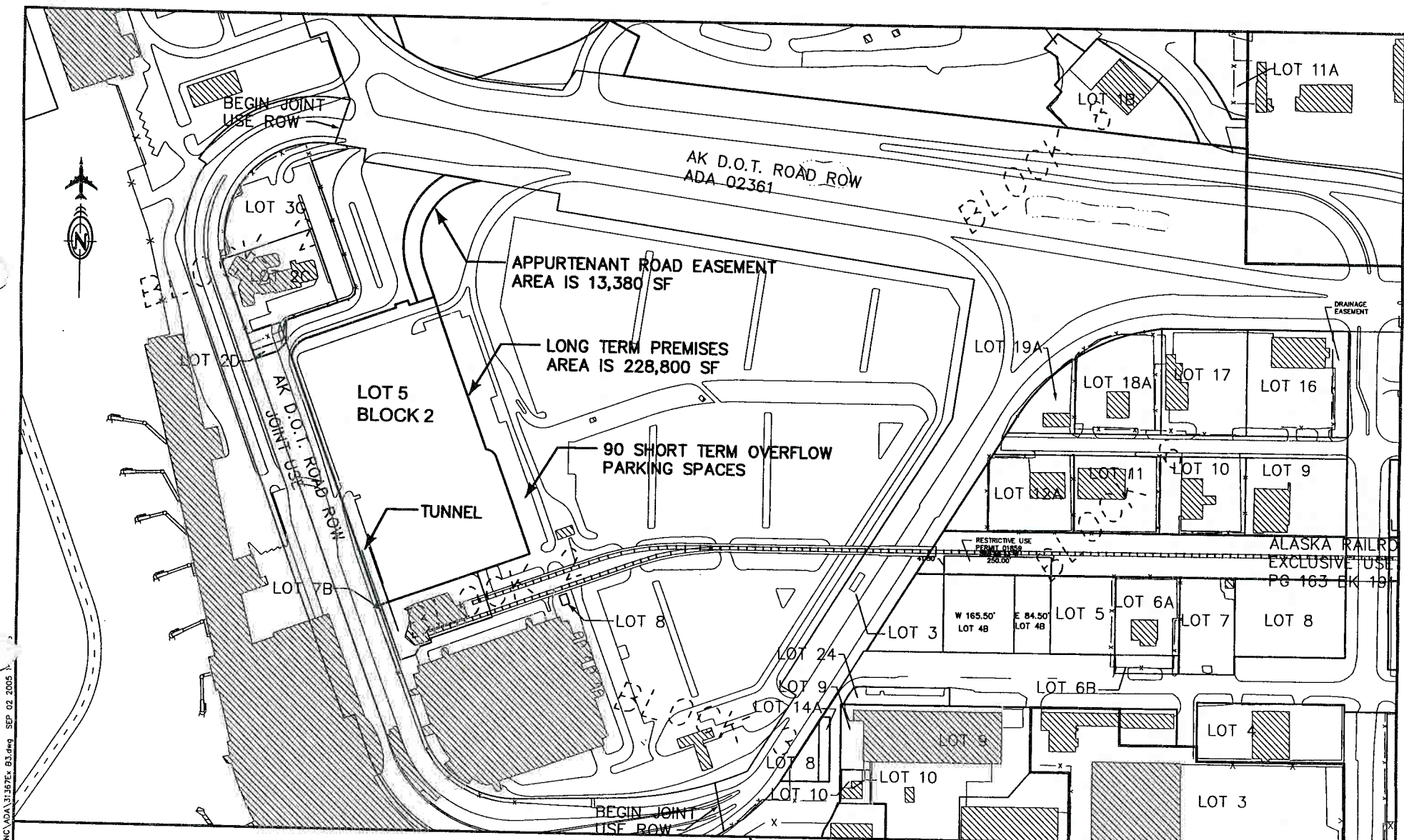
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Exhibit Date 9-1-2005
AIRPORT LEASING

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
 **Ted Stevens**
International Airport

EXHIBIT B
ADA NO. 31387
SURFACE PARKING LOT (TEMP)

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SCALE IN FEET
Exhibit Date 9-1-2005
AIRPORT LEASING

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES
 Ted Stevens
Anchorage
International Airport

EXHIBIT B
ADA NO. 31367
BENEFICIAL OCCUPANCY PREMISES

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of
3

RESTRICTIVE USE PERMIT 01587
250.00'
ALASKA RAILROAD
EXCLUSIVE USE
PG 163 EK 191

EXHIBIT C: LEASEHOLD IMPROVEMENTS DEED FORM

**SPECIAL WARRANTY DEED
IMPROVEMENTS**

THIS DEED is granted this _____ day of _____, 200__ by and between Anchorage RAC Center, LLC, an Alaska limited liability company ("**Grantor**"), whose address is 425 G. Street, Suite 210, Anchorage, Alaska 99501 and the State of Alaska, Department of Transportation and Public Facilities, Ted Stevens Anchorage International Airport ("**Grantee**"), whose address is P.O. Box 196960, Anchorage, AK 99519-6960.

WITNESSETH:

That Grantor, for and in consideration of the sum of Ten and no/100 DOLLARS (\$10.00), lawful money of the United States of America, and other valuable consideration to it paid or exchanged by the Grantee, the receipt of which is hereby acknowledged, has granted, bargained, sold, conveyed and confirmed, and by these presents does hereby GRANT, CONVEY, and WARRANT to Grantee and to its successors and assigns, all Improvements as located on:

Lot 5, Block 2, Ted Stevens Anchorage International Airport, in the Anchorage Recording District, Third Judicial District, State of Alaska.

Such Improvements shall include all tenements, hereditaments, and appurtenances thereto belonging, or in anyway appertaining, and the reversion and reversions, remainder and remainders, rents, issues, and profits thereof; and also all the estate, right, title, interest and possession, claim and demand whatsoever, as well in law as in equity, of the Grantor, in or to the said Improvements and every part thereof.

TO HAVE AND TO HOLD said Improvements, all and singular, together with the privileges thereto incident unto the Grantee, its heirs and assigns, FOREVER; and the Grantor covenants and agrees that it is the legal owner of said Improvements, and that it has the legal right to convey the same, and does hereby WARRANT and will FOREVER DEFEND the Grantee, its heirs and assigns, against any and all persons having, or claiming, any right, title, or interest therein adverse to the Grantee's interest in the quiet and peaceable possession thereof.

RESERVING, however, to Grantor, those rights to occupy the Improvements under the terms of the Land /Building Lease ADA 31367 dated September 1, 2005 by and between the State of Alaska, Department of Transportation and Public Facilities, Ted Stevens Anchorage International Airport ("**Lessor**") and Anchorage RAC Center, LLC ("**Lessee**"), subject to and defined by the rights of Lessor and Lessee under the Lease.

IN WITNESS WHEREOF, Grantor has signed this Deed on the day and year first above written.

STATE OF ALASKA

THIRD JUDICIAL DISTRICT

)
) ss:
)

THIS IS TO CERTIFY that on the _____ day of _____, _____, before me, the undersigned Notary Public, in and for the State of Alaska, personally appeared, known to me to be the person named in and who executed the foregoing instrument, and acknowledged to me that she signed the same freely and voluntarily for the uses and purposes therein mentioned.

WITNESS my hand and official seal the day and year in this certificate first above written.

Notary Public in and for Alaska
My Commission expires: _____

EXHIBIT D: DEVELOPMENT AGREEMENT