

**STATE OF ALASKA
DEPARTMENT OF
TRANSPORTATION AND PUBLIC
FACILITIES**

**Parking Operations Agreement
ADA-00000**

This Parking Operations Agreement made this first (1st) day of _____ 2014, by and between the State of Alaska, Department of Transportation and Public Facilities and _____ (Joint Operator). Joint Operator will provide parking services as described herein for the Ted Stevens Anchorage International Airport and for the Fairbanks International Airport.

INTRODUCTION

- A. The State (Alaska International Airport System, AIAS) owns and operates the Ted Stevens Anchorage International Airport (ANC), located in Anchorage, Alaska and the Fairbanks International Airport (FAI) located in Fairbanks, Alaska.
- B. The State owns the passenger terminal buildings, a public parking garage at ANC, and the surface parking lots used by employees and the general public, and also used for rental car parking.
- C. The State has determined it is necessary in the promotion and accommodation of air commerce and air transportation that adequate, economical, courteous, safe, clean, and efficiently operated automobile parking facilities and services be available for the benefit of air travelers and others.
- D. Parking services will be provided at both airports by a single qualified professional Joint Operator based on the terms and conditions contained herein.

**ARTICLE I
DEFINITIONS**

The following definitions apply for this Agreement:

- A. Airport Parking Service: The activity of providing vehicle parking for airport users or visitors does not exist as a part of this Agreement.

B. Agreement: This Parking Operations Agreement and all addenda, the Joint Operator's proposal in response to the Request for Proposals and all other attachments and exhibits thereto, and all future amendments or supplements which may be executed by the parties to this Agreement.

C. Agreement Term: [final dates may change depending on RFP timing]

	Agreement Year	Time Period
Base Term:	1	07/01/2014 - 06/30/2015
	2	07/01/2015 - 06/30/2016
	3	07/01/2016 - 06/30/2017
	4	07/01/2017 - 06/30/2018
	5	07/01/2018 - 06/30/2019
Extended Term:	6	07/01/2019 - 06/30/2020
	7	07/01/2020 - 06/30/2021
	8	07/01/2021 - 06/30/2022
	9	07/01/2022 - 06/30/2023
	10	07/01/2023 - 06/30/2024

D. Airport: The real property of Ted Stevens Anchorage International Airport (ANC), Anchorage, Alaska and Fairbanks International Airport, (FAI), Fairbanks, Alaska, as they exist on the day of execution of this Agreement, together with any future additions thereto or expansions thereof. The real property and facilities of ANC and FAI are as they existed on September 1, 2013.

E. Automobile: A wheeled, self-propelled vehicle by which any person or property may be propelled, moved, or drawn upon a road or highway.

F. Base Term: Agreement Years 1-5 indicated above, beginning on _____, 2014, and ending _____, 2019.

G. Disadvantaged Business Enterprise (DBE): A business certified by the State of Alaska, Department of Transportation and Public Facilities as a disadvantaged business enterprise as defined in 49 CFR, Part 23.

H. Effective Date: The term Effective Date refers to the date the initial term of the Agreement begins.

I. Extended Term: Agreement years 6-10 indicated above.

J. Fiscal Year: The State's fiscal year begins on July 1st and ends June 30th.

K. Garage/garage: Four story parking garage located at ANC and depicted on Exhibit _____ at 3 of 5.

L. Gross Revenues:

1. The term "Gross Revenues" includes the following:
 - a. All Joint Operator sales for either cash or credit, which is collected or should have been collected, except those exclusions stated under this Agreement from any business conducted in whole or in part on both Airports, or under the rights granted in this Agreement.
 - b. Charges for all services performed in, on, or through the business, including electronic commerce, vehicle impounds or sales of vehicles, conducted under this Agreement. This includes all other income and proceeds from or incidental to any business conducted in whole or in part in, on, or in connection with the rights granted under this Agreement.
 - c. Goods, work, or services furnished by any person in lieu of payment in exchange for value received.
2. The term "Gross Revenues" excludes the following:
 - a. The amount of any sales tax, so-called "luxury tax," consumer excise tax, gross receipts tax, or other similar tax imposed by a federal, state, municipal, or other government authority directly on any business conducted in whole or in part in, on, or in connection with the rights granted under this Agreement. The Joint Operator will properly account, pay and record all taxes.
 - b. Receipts from the sale of waste and/or scrap material resulting from the Joint Operator's business as authorized under this Agreement.
 - c. Receipts from the sale or trade-in value of Joint Operator owned furniture, fixtures, or equipment used on the Premises and not considered stock-in-trade.
 - d. The value of supplies or equipment exchanged with or transferred to other business locations of the Joint Operator if the exchange or transfer is not made to avoid a sale by the Joint Operator under this Agreement.
 - e. Receipts from refunds of supplies or equipment returned to shippers, suppliers, manufacturers or discounts the Joint Operator receives from these entities.
 - f. Receipts from the sale of uniforms or clothing to the Joint Operator's employees.

3. The Joint Operator will not deduct from Gross Revenues any franchise, capital stock, income, or similar tax based on income or profits. The State will not reduce the amount of the Joint Operator's Gross Revenues that results from any illegal rebate, kickback, or hidden credit given or allowed to clients.

M. Office: Space the State provides the Joint Operator at ANC only for use in support of the management of the Parking Facilities and Shuttle Bus Service.

N. Operations Manual: Written instructions, rules, and conditions detailing operation and management of the Parking Facilities required under Article XI (PARKING MANAGEMENT & OPERATIONS).

O. Parking Facilities: Those areas for ANC depicted in Exhibit(s) _____ and generally consisting of Public Short Term parking (South Terminal - Garage, South Terminal -- Surface Lot), Public Long Term parking (South Terminal -- Surface Lot, North Terminal - Surface Lot), Employee parking (South Terminal -- Surface Lot, North Terminal -- Surface Lot, Projects Office -- Surface Lot), and for FAI depicted in Exhibit(s) _____ and generally consisting of Lots A-D, Long Term/Overflow and Short Term, as well as Public Parking Lots 1 and 2. The term "Parking Facilities" also encompasses any diminutions or expansions thereof as may be designated by the State for automobile parking to meet the demands of air travelers and others; together with tollhouses, treadles, counters, bumpers, guards, signs, and any improvements related to or connected with the operation and management of the public parking surfaces and/or related facilities.

P. Parking Office Building: The ANC "Office" above.

Q. Performance Incentive Bonus Program: A quarterly bonus program based on contract, i.e. management-related, performance and evaluated by the ANC Landside Operations Manager, to ensure maximum contract compliance, the highest level of customer service, while controlling operating costs. A sample Performance Incentive Program is available upon request by the Joint Operator. Such a program would be applicable only in ANC.

R. Premises: This term includes all areas covered by this Agreement, including the office and public parking facilities and employee lots and other areas designated by the State during the Agreement Term as shown on Exhibit _____ for ANC and Exhibits _____, Pages 1-3, for FAI.

S. Shuttle Bus Service: The operation and service of providing free airport shuttle buses to transport passengers and employees to and from locations at ANC including the passenger terminal buildings, the parking facilities, and other locations as may be described by the State at ANC.

T. Shuttle Bus Service Plan: Written instructions, rules, and conditions detailing operation and management of the Shuttle Bus Service required under Article XII (SHUTTLE BUS MANAGEMENT AND OPERATIONS).

U. Valet Parking Service: This service is not available at ANC or FAI. However, when/if implemented, it will be the activity of providing vehicle parking for airport users or visitors and in which the parking service parks or otherwise drives or offers to drive a customer's vehicle; or arranges for transportation of an airport user or visitor between the parking location and a location on the airport, as approved by the State.

ARTICLE II SCOPE OF AGREEMENT

The Joint Operator must perform all obligations, conduct all activities, and comply with all promises and representations made in its proposal, including any refinement submitted in response to the State's solicitation of competitive proposals for the rights granted under this Agreement, as finally accepted by the State. This includes all documents generated in the solicitation, competition and award of this Agreement, including but not limited to the terms of the Request for Proposals, submissions made thereto such as the Operations Manual, Transition and Start Up Plan, Shuttle Bus Service Plan, and other responses to the Specific Evaluation Criteria, and all other documentation required in this Agreement, along with any supporting documentation.

ARTICLE III TERM

A. This Agreement is effective on the date it is signed on behalf of the State. The State grants the Joint Operator the rights listed in Article IV (Rights Granted and Obligations Undertaken) beginning _____, 2014 and ending _____, 2019 (Base Term).

B. Within thirty (30) days before January 1, _____, the Joint Operator may request an extension of this Agreement term until August 31, _____. The State may grant or deny the request in its sole discretion, and subject to review or concurrence by the FAA under 49 CFR 23.75.

ARTICLE IV RIGHTS GRANTED AND OBLIGATIONS UNDERTAKEN

The State grants the Joint Operator the authority to exercise the following rights subject to the obligations under this Agreement:

A. Joint Operator Rights: The right and obligation, subject to direction by the State, to manage and operate the parking facilities in an efficient manner to ensure quality service and effective control, and to use Office space in connection with the management and operation of the Parking Facilities, and provide, manage, operate and maintain a Shuttle Bus Service, if any. These rights and obligations are to be performed in an efficient and professional manner to ensure quality service and effective revenue control.

B. General Rights:

1. The right of ingress and egress, and to occupy the Premises by the Joint Operator, its officers, contractors, suppliers, service personnel, guests, patrons, and invitees for the specific purposes set forth herein.

2. The Joint Operator, with prior approval from the State, has the right to construct and install new and/or additional fixtures, equipment, and other improvements necessary to manage the Parking Facilities as authorized and required under this Agreement.

3. The right to subcontract or joint venture subject to prior written consent of the State. Such subcontract or joint venture Agreement must require, at a minimum, strict compliance with the provisions of this Agreement. The Joint Operator agrees that it is responsible for the performance of its subcontractors and joint venture partners under this Agreement. The Joint Operator agrees to initiate and take all corrective action should a subcontractor or joint venture partner fail to comply with its contract with the Joint Operator or any provision of this Agreement, particularly in regards to Parking and Revenue Control Systems (PARCS) equipment in use or to be installed. The failure of a subcontractor or joint venture partner to comply with the provisions of this Agreement shall constitute default by the Joint Operator under this Agreement entitling the State to terminate in accordance with the provisions herein.

C. Reservations and Prohibitions:

1. The State reserves the right to grant others rights and privileges not exclusively granted to the Joint Operator. The rights and privileges granted to the Joint Operator under this Agreement are the only rights and privileges granted to the Joint Operator. The Joint Operator has no easements other than those specifically granted under this Agreement, if any.

2. The Joint Operator will not sell any parking, shopping and dining service or product not described in this Agreement other than loyalty or promotional programs, if any, approved by the State. Unless otherwise expressly agreed in writing by the State, all sales relating to the Airport by or through the Joint Operator or any subcontractor shall be deemed as Gross Revenues. Questions and/or disputes that arise regarding the sale of any service or product, the Joint Operator may submit a written request to the State asking for a review and decision concerning such questions and/or disputes. The State will deliver a written decision to the Joint Operator and the decision of the State is final.
3. This Agreement does not grant the Joint Operator the right to provide or perform any other business or commercial activity; nor does it grant the Joint Operator the right to use the trademarks, symbols, trade names or name of ANC/FAI, either directly or indirectly, in connection with any other production, promotion service or publication without the prior written consent of the State.
4. Joint Operator is not entitled to collect any revenues related to parking areas on the Premises designated for State employee parking or to create or develop new parking areas or facilities without written approval from the State.
5. The State may, in its discretion, require the Joint Operator to provide parking validators to airport approved concessionaires. The airport approved concessionaires would be authorized to validate parking for patrons who fulfill certain financial conditions.
6. Although these obligations will not diminish during the Agreement term, the specific areas to which they apply, at the State's sole discretion, may diminish or expand as provided for in this Agreement.
7. If deemed by the State to be necessary, the Joint Operator will operate future public Parking Facilities on ANC and/or FAI only as directed by the State by written amendment(s) to this Agreement.
8. Joint Operator shall not clear, excavate, core, or fill land or construct, install, remodel, remove, or demolish temporary or permanent improvements without first obtaining an airport building permit under 17 AAC 42.280.
9. Performance Incentive Bonus Program: At its discretion, the State may implement a Performance Incentive Bonus Program with the Joint Operator as negotiated with the Joint Operator.

D. Procurement Processes In Carrying Out Joint Operator Duties:

The State may elect to have the Joint Operator conduct purchases on behalf of the State at either ANC or FAI for capital improvements or equipment subject to prior agreement with the State, including terms of finance or reimbursement, related to PARCS, revenue control devices, and related communications systems (Article XI(B)), premises alterations (Article XV), and various equipment (Article XVI) associated with the parking and shuttle bus duties described herein.

At ANC, the Joint Operator may purchase at competitive market rates goods and services that cost less than \$5,000 if the purchase is within the scope of the existing monthly and annual budget.

At ANC, the Joint Operator will use a competitive process to procure goods and services costing more than \$5,000. The competitive process must include soliciting bids from at least three vendors. Purchases of goods and services that cost more than \$5,000 must have prior written approval of the State.

ARTICLE V
PREMISES

A. The State will deliver the Premises, as defined above, to the Joint Operator on _____, 2014. The operator accepts the Premises in their present condition "as is" with all defects, if any, and with no warranties express or implied of any kind. The Joint Operator acknowledges that the State's obligation is limited to making the Premises available to the Joint Operator for its use, and that the State makes no representation that they are suitable for the Joint Operator's requirements

B. If any new parking garages or parking areas are constructed within the Airport boundaries during the Agreement Term, the new garages or parking areas, or any portion of the garages or parking areas designated for public parking, may be added to the Premises, either in part or in their entirety, at the State's sole discretion. In such case, all of the responsibilities of the Joint Operator as described in this Agreement will apply for the remainder of the Agreement Term to those portions of any new parking garage or parking areas added to the Premises.

C. Without limiting the scope of the State's reserved right to decide whether to add any portion of a new parking garage or parking areas to the Premises, the State may decide, in its sole discretion, not to add the new garages or parking areas as part of the Premises or part of this Agreement. In such event, the Joint Operator will not have the responsibility for maintaining, managing and operating the new garage or parking areas and would not be entitled to any additional compensation as a result of the additional gross revenues or obligated to pay additional concession fees, as applicable.

ARTICLE VI
FAILURE TO BEGIN CONTINUOUS OPERATIONS

The Joint Operator agrees to operate the Parking Facilities authorized under this Agreement on a continuous basis, uninterrupted by any period of unauthorized closure.

If the Joint Operator fails to begin continuous operation of the parking facilities at 12:01 A.M. on _____, or if the Joint Operator fails to submit the required performance bond before beginning continuous operations, the \$100,000 proposal deposit submitted to the State with the Joint Operator's proposal for this Agreement will be forfeited to the State as liquidated damages. The forfeiture of the proposal deposit does not relieve the Joint Operator from the obligation to provide a performance bond.

ARTICLE VII
PERFORMANCE BOND & LIQUIDATED DAMAGES

A. Performance Bond: By _____ 2014, the Joint Operator will submit a performance bond to guarantee performance of all obligations and payment of all sums due under this Agreement. The amount of the performance bond shall be in an amount of one million dollars (\$1,000,000.00). The Joint Operator will keep a performance bond in at least that amount throughout the term of this Agreement.

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

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

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

B. Release of Bond: The State will release the bond only by written authorization after the Joint Operator has met all Agreement obligations. Cancellation or expiration of this Agreement does not constitute release or discharge of the bond.

C. Liquidated Damages: Except in cases where a different amount is specified, the Joint Operator will pay liquidated damages as assessed by the State for any material violation of this Agreement without reimbursement from the State. The Joint Operator and the State stipulate that any such assessment shall not be construed as a penalty; rather the Joint Operator and the State stipulate that the damages resulting from any such violation will be difficult to measure and ascertain.

1. Lost Tickets: Lost tickets will result in Joint Operator being assessed liquidated damages in the amount of \$11.00 for each unaccounted-for ticket over 0.1 percent (.001 times the total number of tickets issued) of the total tickets issued each month. Unaccounted-for tickets are defined as the difference between the actual automobile count taken, plus the tickets issued, minus the tickets collected, and the actual following day's automobile count.

2. Closure Damages: The State may assess the Joint Operator a daily fee for every unauthorized 24-hour period of closure at either or both ANC or FAI. The fee will be calculated by dividing the Gross Revenue (at either or both airports as applicable) received by the Parking Facilities during the prior calendar year by 365 days. These damages will be in addition to normal fees due the State under this Agreement.

3. Penalties for Violation of Article XII (Shuttle Bus Management and Operations), Article XIV (Books, Records, Accounting and Audit) and Article XVII (Personnel):

The State will assess liquidated damages in an amount not to exceed thirty-five dollars (\$35.00) per day per occurrence for failure to comply with the requirements of:

- a. Article XII (SHUTTLE BUS MANAGEMENT AND OPERATIONS) Section A. (General), Section B. (Shuttle Bus Service Plan), Section D. (Maintenance and Repair), Section E. (Performance Standards),
- b. Article XIV (BOOKS, RECORDS, ACCOUNTING AND AUDIT) (except for lost tickets as noted above); and
- c. Article XVII (PERSONNEL).

At ANC, the State will withhold liquidated damages from the Joint Operator's expense reimbursement under Article VIII (ANC Management Fee); at FAI, the Joint Operator will pay FAI such liquidated damages in addition to the FAI Concession Fees identified in Article IX.

Before assessing liquidated damages under this Agreement, the State shall provide the Joint Operator with a written notice of the failure to comply with this Agreement that is subject to the assessment of liquidated damages. For purposes of this Section, the required written notice may be hand delivered or sent by email or facsimile to the Joint Operator's on-site manager in ANC or in FAI, depending on the location of the problem or compliance issue. If the failure to comply does not pose a safety or liability risk to the State, the Airport, the public, or employees at the Airport, the Joint Operator will have twenty-four (24) hours to remedy the noted violation. If the violation is not remedied to the State's satisfaction within the twenty-four (24) hour period, or in all cases, if the violation poses a safety or liability risk to the State, the Airport, the public, or employees at the Airport, the Joint Operator shall pay to the State liquidated damages from the time the violation began through the time the violation is cured. If the Joint Operator can demonstrate that a violation does not pose a safety or liability risk as described above and cannot be remedied within the twenty-four (24) hour period, the Joint Operator may submit a schedule to remedy the violation, with a written request for an extension of time. The written request must be received by the State by facsimile or hand-delivery prior to the deadline. The State will review the request, and in its sole discretion, decide whether to reduce or waive liquidated damages during an extended period for cure.

ARTICLE VIII
ANC MANAGEMENT FEE

Fee provisions associated with the ANC parking operations will consist of two primary components: (1) a management fee paid to Joint Operator and (2) expense reimbursement. This arrangement, and associated specific accounting requirements, are more fully described below.

A. Management Fee: The State will pay the Joint Operator a monthly management fee for its operations at ANC. The management fee will be _____ percent (___%) of the monthly Gross Revenues generated by the Parking Facilities. However, the management fee will be reduced by any charge or liquidated damages stipulated in this Agreement and assessed by the State. The State will pay the net fee on or before the fifteenth (15th) day after the State receives the Joint Operator's monthly activity report.

B. Monthly Certified Activity Report: Joint Operator will submit a monthly certified activity report of all Gross Revenues collected during the preceding calendar month. Each report must reflect the total revenue generated by the Parking Facilities by rate class, ticket count and payment type, as well as to specify revenue generated by each pay-for-parking location (e.g., for example, short-term parking garage, long-term, pre-pay, North Terminal lot and the Park, Ride & Fly lot). This report will include a summary of operating expenses for the Parking Facilities and Shuttle Bus Services and an invoice for the amount to be reimbursed. The summary report will be accompanied by evidence

of disbursements, as well as invoices including receipts for petty cash. The certified activity report will include credit for employee benefits collected from the State but not paid to the employee if the employee was terminated prior to eligibility of benefits. The certified activity report must also reflect free parking validations and discounted parking rates, if any.

C. Operating Expense Reimbursement: The Joint Operator will pay all costs and expenses connected with the Parking Facilities when due. The Joint Operator will submit a written report to the State by the tenth (10th) day of each month, listing all expenses previously authorized in accordance with Sections C and D of this Article that were incurred and paid in the operation of the Parking Facilities and Shuttle Bus Service for the preceding month. The State will process reimbursements and pay approved costs on or before the fifteenth (15th) day after the State receives the Joint Operator's monthly activity report.

D. Annual Budgets: The Joint Operator will prepare a detailed annual budget, broken out by month, covering the anticipated Parking Facilities and Shuttle Bus Service operating expenses for the period of _____, _____ through June 30, 2014, _____ months, for the first year, July 1, 2014 through June 30, 2015 for the second year, and each succeeding July 1 through June 1 according to the State's fiscal year.

1. The budget for the first year shall not exceed \$_____dollars and for the second year shall not exceed \$_____dollars and must be submitted in its final form, to the State no later than _____, 2014. The final budget must reflect the Proforma submitted during the Request for Proposal process.
2. The Joint Operator may request incremental inflationary increases in the annual budget, starting year three (3), July 1, _____. The increase must be identified and justified in the annual budget for review and approval by the State.
3. The annual budget for year three (3) and each succeeding year must be submitted to the State for review and approval, no later than October 15 of the previous year. The budget for year three (3) starting July 1, _____ through June 30, _____ is due no later than October 15, _____.
4. The annual budget, broken out by month, will include all expenses the Joint Operator anticipates in the normal operation of the Parking Facilities and Shuttle Bus Service, and will be based on staffing levels approved by the State. The Joint Operator will submit a staffing plan for State approval with each annual budget.

5. The annual budget will include the following elements: cashiering, management, security, utilities, supplies, routine maintenance, structural maintenance, snow removal, elevator/PARCS maintenance, and other expenses. The State may add or remove particular elements in its discretion, or as mutually agreed.

6. The annual budget will exclude the following items that the Joint Operator will provide at its own expense:

- a. All licenses, permits, fees, and business taxes necessary to conduct business.
- b. Headquarters (Joint Operator home office) costs and expenses of legal, administrative, bookkeeping, executive personnel and company officials.
- c. The cost of insurance (including Worker's Compensation) and bond coverage required by this Agreement, including insurance deductibles.
- d. Cost of repairs for damages caused by negligence or omissions of the Joint Operator.
- e. Travel accommodations and professional membership for the Joint Operator.
- f. Funds needed for a cashier's change bank.
- g. Charitable or political contributions.
- h. Amounts due to the State because of cashier shortages, lost, stolen or unaccounted-for funds.
- i. NSF checks and/or IOU amounts resulting from failure to use proper procedures.
- j. Any liquidated damages allowed to the State under this Agreement.

7. The Joint Operator will include in the Annual Budget an amount sufficient to cover impound charges for each year of the Agreement Term.

E. Reports:

1. Daily: On the 1st business day following the day of deposit, the Joint Operator must submit to the State a reconciliation of gross receipts report. Required information and format will be approved by the State.

2. Monthly: The Joint Operator must submit to the State the following monthly reports by the 20th day of each month:

a. A summary of parking and shuttle bus activities for the preceding month. The parking activity report will include monthly validations and total amount, lost tickets and total amount, and number of automobiles exiting each lot by the following categories: free, hourly, daily, other, and total. The shuttle bus activity will include number of passengers carried for the month, summarized by each day of the month.

b. A report of new hires and/or terminations during the preceding month. This report will include employee's name, hire date, termination date, rate of pay, monthly and year-to-date earnings; and for terminated employees, an indication that the employee was or was not eligible for benefits.

c. The Joint Operator will prepare and submit monthly budgets to the State no later than the twenty-fifth (25th) day of each calendar month for the upcoming month. The budget will compare actual costs to estimated costs by month, and on a year to date basis.

3. Annually: Within sixty (60) days after the end of each fiscal year, the Joint Operator will submit an annual report reflecting all of the Joint Operator's business in connection with the operation of the Parking Facilities and Shuttle Bus Services. The format of the annual report is subject to the State's approval.

All budgets, invoices, activity reports, etc., will be delivered or mailed to:
Ted Stevens Anchorage International Airport (c/o Airport Operations),
P.O. Box 196960, Anchorage, Alaska 99519-6960.

F. Overtime Reimbursement: No employee overtime payment in excess of any amount approved in advance by the State will be reimbursed by the State unless and until the Joint Operator submits a satisfactory written justification of actual overtime payments and the State approves the employee overtime.

G. Benefit Reimbursement: The Joint Operator will reimburse the State for accrued employee benefits (i.e. holiday, vacation, health insurance, etc.) not paid to employees if termination was prior to the employee being eligible for the benefit.

H. Reimbursement Limitations: Cumulative monthly reimbursements of expenses for equipment, supplies, and services will not exceed the State-approved annual budget for each category of equipment, supplies, and services unless prior written approval is received from the State.

I. Subsidies and Grants: Any subsidy or monetary grant the Joint Operator receives from a government agency for participating in a government-sponsored program for persons employed by the Joint Operator will be deducted from the annual and monthly budget. The State will not make double payments to the Joint Operator.

J. Supporting Documentation: The State has the right to request data from the Joint Operator to support any budget item(s) and to require modifications to the budget. Upon written approval from the State, a budget will be considered adopted.

K. Gross Revenues are Public Funds. Gross Revenues from the operation of the Parking Facilities and any other services offered in conjunction with this Agreement are public funds of the State's International Airport Revenue Fund. Such funds will be held in trust by the Joint Operator and, segregated from the Joint Operator's non-trust funds while the funds are in the Joint Operator's custody and control.

If any Gross Revenue is lost, stolen, or otherwise unlawfully removed from the custody and control of the Joint Operator, the Joint Operator remains responsible for the revenue, and will deposit a like sum of monies in a bank designated by the State within forty-eight (48) hours after discovery of such loss, theft or unlawful removal. If the loss, theft or unlawful removal is insured or otherwise secured by the Joint Operator, any payment made to the State by the insurance company, bonding company, or other, will be reimbursed to the Joint Operator.

L. Collection and Deposit of Revenue: The Joint Operator will collect, hold in trust for the State, account for, and deposit all Gross Revenues derived from the operation of the Parking Facilities under this Agreement. Deposits will be made daily to the bank account designated in writing by the State. Arrangements for deposits, including the use of armored transport, will be subject to the approval of the State. All deposits will be credited to the State of Alaska, Alaska International Airport Revenue Fund. The Joint Operator will submit payments and deposits free from any claim, demand, setoff, or counterclaim of any kind against the State.

M. Taxes: As a reimbursable expense under this Agreement, the Joint Operator will pay all taxes of which lawfully may be levied or charged upon the Airports, upon the right of the Joint Operator to perform operational services, and upon the Joint Operator's equipment, fixtures or other property, all with reference to services and operations related to this Agreement. In the event the tax assessor of the Municipality of Anchorage seeks to levy any ad valorem (possessory interest) tax against the Joint Operator or upon improvements, facilities, or other property owned or used by it, the Joint Operator, forthwith upon receipt of bill or other notification of such action, will notify the State. The Joint Operator expressly undertakes and agrees to comply with any written direction by the State with respect to such ad valorem taxes, including, but not limited to, protesting same, petitioning for equalization, and litigating the amount of legal validity of any such taxes, and to nominate the Attorney General as its attorney and legal representative with respect to such direction and said ad valorem taxes, and to pay the same under protest, if so directed. In such cases, all of the Joint Operator's actual expenses

associated with or related to payment of ad valorem taxes will be reimbursable by the State. However, if any such levy is assessed based only on the Joint Operator's management fee income, or if the State otherwise elects not to direct the Joint Operator with respect to such ad valorem taxes, the Joint Operator may, after notice to and consent of the State, take whatever lawful action the Joint Operator chooses, holding harmless the State from any liability therefore.

N. Cash Overages and Shortages: If the Joint Operator charges any patron a price in excess of the established rate, the amount by which the actual charge exceeds the established rate will constitute a cash overage which will be returned to the patron, where possible. If it is not possible to return overages to the patron, upon realization of such, and subsequent to a demonstration of a good faith effort to perform such, any overage will be included within the next scheduled deposit and identified as an un-returnable overage.

If the Joint Operator charges any patron a price which is less than the established schedule of rates, the amount by which the actual charge is less than the established rate schedule will constitute a cash shortage. Any shortage will be identified as a shortage on the cashier's report form.

Each day, the Joint Operator will account for and report the total overages and/or shortages for the last 24-hour period. At the end of each calendar month, the Joint Operator will calculate the month's net cash overages and shortages. The daily net figures for overages and shortages may offset each other; however, if there is a net monthly difference of shortages, the Joint Operator will deposit the difference in the State's account on the first day of the following calendar month. If, in the State's sole discretion there are unreasonable shortages on a daily basis, the State may make the Joint Operator responsible for the shortages. If the State decides the Joint Operator is responsible for the amount of any shortage, the shortage will not be reimbursed to the Joint Operator.

Further, overages and shortages will not offset each other at any time except on the aforementioned daily basis and then on a monthly basis; the monthly figures will not be netted annually.

O. Electronic Reporting. Daily cash reporting, monthly CAR reporting, annual budgets, and monthly budget submissions must be in electronic format as prescribed by the State.

ARTICLE IX
FAI CONCESSION FEES

A. At FAI, the Joint Operator will pay the State, on a monthly basis, a Minimum Monthly Guarantee (MMG) or the Percentage Fee, whichever is the greater amount, of \$_____ per month or ____% per month of Gross Revenues during the Five-Year Base Term. At the start of Base Term Agreement Year 2, the percentage amounts (but not the MMG) will increase automatically and without notification by one percent (1%), and the same one percent (1%) increase will occur at the start of Base Term Agreement Years 3, 4, and 5 for a total of a four percent (4%) increase during the Base Term.

B. Payments:

1. On or before the 20th day of each month, beginning _____, the Joint Operator will pay the State the appropriate fee for the previous month.
2. Each payment specified in B.1., above, must be submitted along with a Certified Activity Report containing the information and in the format as specified in Exhibit _____.
3. The payment and Certified Activity Report must be submitted to Airport Accounting, Fairbanks International Airport, 6450 Airport Way, Suite 1, Fairbanks, Alaska 99709.
4. Each Certified Activity Report must list the following:
 - a. For the Paid Public Parking Lot and Lots 1 and 2, separately itemize Gross Revenue, number of vehicles, number of tour busses, number of validations, and any other sources of income.
 - b. For Lots A, B, C, and D, separately itemize the number of vehicles with State of Alaska or employee parking permits.
 - c. Itemize all other sources of Gross Revenue for the Parking Facilities and any services connected with it.
 - d. Based upon the Agreement Year as specified in Article I, both the monthly and year-to-date totals for each itemized category.
 - e. Free parking validations, if any.
5. An administrative fee will be assessed in accordance with the fee schedule set forth pursuant to 17 AAC 42.125 for each day the Certified Activity Report is late. The fee will be assessed beginning the day after the Certified Activity Report is due and will include the day it is received. If the 20th falls on a weekend or holiday, the Joint Operator will provide the State with a Certified Activity Report by the end of the first work day following the weekend or holiday.

6. The Joint Operator will make its payments free from any claim, demand, setoff, or counterclaim of any kind against the State, and will make its payments in cash or by check, money order, electronic funds transfer, or bank draft from a financial institution doing business in the United States of America payable to the State of Alaska. The Joint Operator will make all payments in United States of America currency.

C. Waiver of Minimum Monthly Guarantee: The State will waive the Minimum Monthly Guarantee payable under this Agreement if any of the following events occur:

1. Any event, not the fault of the Joint Operator, that damages the Airport and prevents the normal operation of the Joint Operator's business for more than 30 consecutive days. If the normal operation of the Joint Operator's business is prevented for a period exceeding 30 consecutive days, the waiver will be effective from the first day following the 30-consecutive-day period and will continue until normal operations can resume.

2. Complete closure of the Airport to the commercial air transport of passengers for a period that exceeds 30 consecutive days. If complete closure of the Airport exceeds 30 consecutive days, the waiver will be effective from the first day following the 30-consecutive-day period and will continue until the Airport is reopened to the commercial air transport of passengers.

For any period of time the Minimum Monthly Guarantee is waived under this Section, the Joint Operator will pay the State the Percentage Fee described in Section A of this Article for the period the waiver is in effect.

At its discretion, the State will either credit any overpayment resulting from any Minimum Monthly Guarantee waiver toward future payments due the State or refund the overpayment to the Joint Operator within 60 days after the State receives the required final Certified Activity Report for the period during which the waiver of the Minimum Monthly Guarantee event occurred.

D. Fees Vest in the State: Whether for cash or credit, the fees due to the State for services the Joint Operator is authorized to provide under this Agreement immediately vest in and become the property of the State. The Joint Operator is responsible for those fees until payment is made to the State in accordance with this Article.

E. Unpaid Fees: Any rent, charge, fee, or other consideration due but unpaid at the expiration or voluntary or involuntary termination or cancellation of this Agreement is a charge against the Joint Operator and its property, real or personal, and the State has any lien rights allowed by law.

F. Concession Underpayments. If any State inspection or audit of the Joint Operator's books and records discloses an underpayment by the Joint Operator, the Joint Operator will pay the difference within 30 days of the date of billing of the underpayment. If the State collects the difference through litigation, the Joint Operator will pay the State the State's full costs including attorney fees incurred to collect the

underpayment. Further, the Joint Operator is liable for the full costs and attorney fees if the State finds it necessary to take legal action either to levy the performance bond, cash deposit, time certificate of deposit, or irrevocable letter of credit as specified in Article VIII below or take any other action necessary to collect money the Joint Operator owes the State.

G. Interest: Beginning the day after payment is due, all fees due and unpaid accrue interest at 10.5 percent per annum until paid. At its discretion, the State may increase or decrease this interest rate to the legal rate for post-judgment interest under Alaska law. The interest rate may be adjusted without formal amendment to this Agreement.

ARTICLE X **PARKING RATES & HOURS**

A. Rate Policy: The Joint Operator will charge users of the public Parking Facilities only the rates established in writing by the State, and will permit complimentary use of parking spaces only as may be established in writing by the Commissioner of the Department of Transportation and Public Facilities, or designee. The Commissioner may revise the parking rates at any time during the term or any extensions of the term of this Agreement and will give written notice to the Joint Operator of any such change along with the effective date of the change.

B. Parking Rates: The rates and maximum allowable length of stay for vehicles parked will be as follows, i.e. unless changed in accordance with Section A of this article:

1. Parking Rates at ANC:

South Terminal Short Term (Parking Garage):

First 30 minutes - No charge
31 minutes to 1 hour - \$3.00
1 to 2 hours - \$6.00
2 to 3 hours - \$9.50
3 to 4 hours - \$12.00
4 to 5 hours - \$13.00
5 to 24 hours - \$15.00
Maximum per week - \$90.00
30-day maximum stay

South Terminal Long Term Lot:

First 30 minutes – No charge
31 minutes to 1 hour - \$2.00
1 to 2 hours - \$5.00
2 to 3 hours - \$8.00
3 to 4 hours - \$10.00
4 to 24 hours - \$12.00
Maximum per week - \$72.00
90-day maximum stay

North (International) Terminal Lot:

First 30 minutes - No charge
31 minutes to 1 hour - \$2.50
1 to 2 hours - \$5.00
2 to 3 hours - \$7.50
3 to 4 hours - \$10.00
4 to 24 hours - \$12.00
Maximum per week - \$74.00
10-day maximum stay

Park, Ride & Fly Lot:

Daily \$8.00
Weekly \$35.00
Monthly \$80/00
90-day maximum stay

2. Parking Rates FAI:

Short Term Public Parking (Main Terminal):

First 30 minutes – No charge
31 minutes to 1 hour - \$3.00
1 to 2 hours - \$6.00
2 to 3 hours - \$9.50
3 to 4 hours - \$12.00
4 to 5 hours - \$13.00
5 to 24 hours - \$15.00
Maximum per week - \$90.00
30-day maximum stay

Long Term Public Parking Lot:

First 30 minutes – No charge
31 minutes to 1 hour - \$2.00
1 to 2 hours - \$5.00
2 to 3 hours - \$8.00
3 to 4 hours - \$10.00
4 to 24 hours - \$12.00
Maximum per week - \$72.00
90-day maximum stay

Public Parking (East Ramp), Lot-1 & Lot -2

Daily rate - \$3.00
24 hours maximum stay

Employee Parking (Lots A, B, C, D.)

Monthly rate - \$25.00
3-months rate - \$70.00

C. Hours of Operation:

1. At ANC, maintain the Parking Facilities operations, open for service twenty-four (24) hours per day, seven (7) days per week.
2. At FAI, the Joint Operator will have adequate personnel on duty each day of the year to cover the departures and arrivals of the scheduled passenger flights, and to have on-call response available during unscheduled hours.
 - a. For the purposes of this Article, the term "scheduled passenger flights" includes the following:
 - (1) All regularly scheduled flights involving aircraft with a seating capacity of 9 or more.
 - (2) All other passenger flights of aircraft with seating capacities of 30 or more passengers for which the Joint Operator has been given at least seven calendar days' notice before arrival.
 - b. By _____, the Joint Operator will prepare a schedule of operating hours and submit it to the Airport Manager for approval.
 - c. Any revision of the schedule of operating hours is subject to prior approval of the Airport Manager whose approval or disapproval will be based on serving the needs of the traveling public.

d. If the Joint Operator is able to demonstrate with supporting data that operating the Parking Facilities to serve all scheduled passenger flights is not profitable or economically feasible and is not in the best interest of the State, the Joint Operator may request a waiver of the requirement to meet all scheduled flights. The Joint Operator will adhere to the schedule of operating hours approved by the Airport Manager.

ARTICLE XI PARKING MANAGEMENT AND OPERATIONS

A. Quality of Service:

In the performance of its service at the Airport, the Joint Operator will maintain a high standard of professionalism. In particular, the Joint Operator will comply strictly with the following conditions and requirements:

1. Operate the Parking Facilities in accordance with the highest standards and practices of the automobile parking trade;
2. Conduct its operations in an orderly and courteous manner, so as not to offend customers, patrons, employees and/or tenants of the Airport;
3. As necessary or required to meet specified ANC or FAI duties below, provide and maintain sufficient materials, supplies, merchandise, and equipment to ensure a high standard of parking service;
4. Participate in a loyalty or promotional program in partnership with the State and the participating airlines/concessions companies.

B. General Joint Operator Duties Applicable to ANC and FAI:

1. Duty to Maintain Clean, Safe, and Sanitary Premises: The Premises will be maintained in a clean, safe and sanitary manner. The Premises will be free from any accumulation of rubbish, litter, debris and/or garbage. Rubbish will be disposed of by placing it in approved collection containers. The Joint Operator will have use of the existing trash receptacles and will provide a sufficient quantity of additional replacement trash receptacles for the Parking Facilities managed under this Agreement. The Airport Field Maintenance will assist the Joint Operator in disposal of all trash.
2. Special Events/Public Functions Support: In the event of special events or public functions, the Joint Operator agrees to provide trained attendants to direct traffic and to assist the public if necessary.

3. Safeguarding of State Provided Equipment: The Joint Operator will safeguard all equipment furnished by the State and return it to the State in good working condition upon termination of this Agreement, reasonable use and wear excepted. If damage or destruction to equipment is caused by the Joint Operator's negligence, and is not covered by insurance, the Joint Operator will bear all costs of repair or replacement. Such costs incurred by the Joint Operator are not reimbursable under this Agreement.

4. The Joint Operator will cooperate with the State to ensure continuous operation of all public parking entry/exit equipment. The Joint Operator will maintain personnel levels to ensure sufficient service to customers. The details of the personnel requirements will be as described in the Operations Manual.

5. Automobile Impoundment, Towing and Booting:

The Joint Operator will perform the following:

a. Initiate the appropriate action, as described in the Operations Manual, leading to the towing, booting, or impoundment of an automobile. The Operations Manual must, at a minimum, address proposed actions if the automobile exceeds the maximum length of stay, leaks fluids and/or other hazmat, or is in any condition deemed unsafe (i.e. broken windows, etc.). Joint Operator will coordinate any responsible actions (e.g. spill cleanup, towing of vehicle, etc.) to be taken in conjunction with the towing, booting, or impoundment of the vehicle with Airport/Landside Operations at ANC, and with the Airport Manager at FAI.

b. Follow all applicable statutes, laws, and ordinances regarding the towing, impoundment or booting of automobiles. The Joint Operator will be fair, reasonable, and nondiscriminatory when dealing with the impoundment, towing and booting of automobiles and assessment of associated charges. All such procedures and fees must be outlined in the Operations Manual and are subject to the review of the respective FAI and ANC Airport Managers to highlight operational or procedural differences, if any, in the methods or charges applied or used.

c. The Joint Operator is authorized to collect parking charges at the then-current parking rates for the entire period the vehicle is in the Parking Facilities. The Joint Operator will be held liable for its negligence, if any, in regard to the impoundment or booting of vehicles.

d. The Joint Operator will advise the applicable airport manager of all vehicles that appear to be abandoned.

6. Emergencies:

In responding to an emergency situation, the Joint Operator will exercise the judgment of a prudent and professional parking facility operator, having in mind the best interest of the State and the public. Subsequent to the exercise of judgment in an emergency situation, the Joint Operator will notify the Airport Manager (ANC and/or FAI) in writing within twenty-four (24) hours describing the emergency and action or actions taken. Subsequent to the notice, the Joint Operator will endeavor to work with the State to create Standard Operating Procedures (SOP) for future similar and/or other-like instances. The Airport may elect, in one or more instances, to specify procedures for particular types of emergency situations.

7. Tickets and Receipts and Payment:

- a. Each automobile entering the Parking Facilities will be issued a ticket and will be charged for parking space use.
- b. A receipt must be offered to each customer for each transaction.
- c. The Joint Operator may accept personal checks from customers for fees charged. The Joint Operator may limit the checks to those drawn on a local financial institution. The Joint Operator may apply other restrictions as it finds necessary. The Joint Operator will accept credit cards or bill customers for fees due if it so desires.

8. Use of Parking and Revenue Control System:

- a. The Joint Operator at ANC will purchase and use only the PARCS, revenue control devices, and related communications systems which have been agreed to by the State. At FAI, the State will purchase the PARCS, revenue control devices, and related communications systems. If there is a breakdown or other emergency, the Joint Operator will notify the Airport/Landside Operations Manager immediately, and will have the breakdown or emergency condition corrected as quickly and as reasonably possible.
- b. The State may elect to use a new PARCS system during the term of this Agreement. In such event, the Joint Operator would purchase the system for ANC. Payment for this system may be amortized, with scheduled monthly payments through the duration of the Agreement Term as agreed upon by the Joint Operator and State. At FAI, the State would pay for the associated costs of the PARCS system upgrade.

C. Joint Operator Responsibility and Maintenance at ANC:

1. Exterior Property Maintenance & Repair:

a. The Joint Operator will monitor the condition of, and maintain, the necessary cashier booths, entrance and exit gate equipment, ticket spitters, cash registers, signs (illuminated or otherwise), office equipment, and any other equipment determined by the State. Electrical maintenance or repairs to the above equipment may be performed by the State with assistance from the Operator.

b. The Joint Operator will be responsible to sweep all garage stairwells and clean all associated handrails not less than three (3) times per week.

c. The Joint Operator will replace any burned out light bulbs in their assigned surface lots, parking garage, office space and tollbooths. The State will replace all light bulbs that are above ten (10) feet in the surface lots. The Joint Operator will notify the State of any damaged light poles, fixtures and burned out ballasts in the assigned areas. The disposal of light bulbs will be coordinated with the Airport Airfield Maintenance and/or Facilities Sections.

d. The Joint Operator will maintain and replace as necessary, an intercom system to enable communications between the tollbooths and the Parking Office Building. If the Joint Operator determines that it is cost prohibitive to provide an intercom system for certain tollbooths, the Joint Operator will use an alternative communication source (e.g. telephone, mobile radio, etc.) to ensure all tollbooths occupied with an attendant are capable of communicating with the on-duty supervisor and/or manager at all times.

e. The Joint Operator shall immediately report to the State any structural damages found in the parking garage, Parking Office Building, and/or tollbooths.

f. The Joint Operator shall provide and pay for a telephone system for the Parking Office Building and other communication systems necessary to perform the obligations of this Agreement. The telephone service shall include any connections required to perform the tasks identified in this Agreement, such as credit/debit card processing, operation of the revenue control system and other computer services used by the Joint Operator. The Joint Operator shall pay all associated billing in a timely manner to ensure no disruption in service. ANC will reimburse the Joint Operator for all such payments in association/accordance with the Agreement.

2. Administrative Area Responsibilities for the Office, Tollbooths and Shuttle Bus Shacks:
 - a. The Joint Operator is responsible for providing janitorial, cleaning and snow removal for the assigned Parking Office Building and tollbooths. Areas will be cleaned daily and commensurate with traffic and assigned functions. Snow that is piled by the Joint Operator will be removed by the State. The Joint Operator is responsible for coordinating with Airport Field Maintenance and/or Airport Facilities for the snow removal assistance.
 - b. The Joint Operator is responsible for maintaining the interior surface coating and paint for the Parking Garage, and Parking Office Building. The Joint Operator will paint the interior of the Parking Office Building not less than once every two (2) years. Paint color changes require State approval.
 - c. The Joint Operator is responsible for maintaining and repairing the carpet in the Parking Office Building, and if deemed necessary by the State, will replace this carpet and pad with a commercial-grade carpet of equal or better quality than the current carpet was when new.
 - d. The Joint Operator is responsible for maintaining the floor covering in the tollbooths and, if deemed necessary by the State, will replace them with like or better quality floor covering than the current floor covering was when new.
 - e. Throughout each year, the Joint Operator is responsible for washing windows in the Parking Office Building, shuttle bus shacks and tollbooths, both inside and outside as needed, and/or as deemed necessary by the State.
 - f. The Joint Operator is responsible for the maintenance, repair and replacement of all windows for the Parking Office Building and tollbooths. Windows with broken glass will be reported to Airport Facilities for replacement within forty-eight (48) hours or sooner if necessary because of safety or security issues.
 - g. The Joint Operator is responsible for to report to Airport Facilities the need for maintenance, repair, or replacement of light bulbs, ballasts, fixtures and lamps in the Parking Office Building, tollbooths, and shuttle bus shacks. Electrical systems therein are the State's responsibility.

- h. The Joint Operator is responsible for maintaining, repairing and replacing the intercom system used for communications between the Parking Office Building, tollbooths, and ticket dispenser lanes.
- i. The Joint Operator is responsible for maintaining, repairing and replacing, as needed, kitchen and break-room area appliances (e.g. microwaves, refrigerators, stoves, etc.) in the Parking Office Building.
- j. The Joint Operator is responsible to report to Airport Facilities the need for maintenance, repair, or, if necessary, replacement, of doors and door hardware on the Parking Office Building, tollbooths, and shuttle bus shacks.
- k. The Joint Operator is responsible for repair and replacement of locks for the Parking Office Building and tollbooths as needed, and shall comply with the State's lock system specifications which will be provided by the State.
- l. The Joint Operator is responsible to report to Airport Facilities the need for maintenance, repair and replacement of fire extinguishers and smoke detectors in the Parking Office Building and tollbooths.
- m. The Joint Operator is responsible for maintaining, repairing and replacing all furniture in the Parking Office Building and tollbooths as needed.
- n. The Joint Operator will immediately report any problems or potential problems with the HVAC, plumbing or electrical systems to Airport Facilities.
- o. The Joint Operator is responsible to report to Airport Facilities the need for maintenance and repair of the heating systems in the shuttle bus shacks.
- p. The Joint Operator shall obtain prior written approval of the State prior to purchasing and/or replacing furniture, appliances, windows, floor coverings, paint, doors, or other hardware. The Joint Operator shall obtain an approved Airport Building Permit following the procedures in 17 AAC 42.280 and any associated Airport rules, regulations or policies.

D. Joint Operator Responsibility and Maintenance at FAI:

FAI operations consist primarily of the Parking Areas and two (2) tollbooths. The tollbooth is provided by FAI, and belongs to FAI.

1. The State is primarily responsible for maintenance of the toll booth and Parking Facilities. The Joint Operator will immediately inform the Airport Manager in writing of any needed maintenance repairs required for the Parking Facilities or tollbooth, to include windows, locks, doors, and so on, or of any conditions creating a health or safety hazard per Section G below.
2. Routine maintenance and monitoring. The Joint Operator is responsible for routine cleaning of the tollbooths and for monitoring the Parking Facilities for any problems or issues. If the Joint Operator becomes aware of any problems such as maintenance required for head bolt outlets or light fixtures, the Joint Operator shall notify the Airport Manager.
3. The Joint Operator will monitor the condition of the tollbooths, maintain entrance and exit gate equipment, ticket spitters, cash registers, signs (illuminated or otherwise), and any other equipment determined by the State. Joint Operator shall provide and be solely responsible for maintaining a telephone at the tollbooths and, if necessary, provide at its cost other communications systems or capabilities necessary to comply with this Agreement such as credit/debit card processing, operation of the revenue control system, and other computer services used by the Joint Operator.
4. Snow and Ice Removal. The Joint Operator will clear snow, ice and debris from the steps, handicap ramps, headbolt-heater islands, and around the entrance and exit areas daily or as needed within the perimeter of the parking lots in those areas shown on Terminal Parking Lot Maintenance Areas Exhibit _____. The Joint Operator will be responsible to ensure public safety at all times, and will apply sand to or chemically treat sidewalks, stairs, and islands, as necessary or appropriate. The use of any chemical requires prior approval by the Chief of Airport Maintenance.

Generally, the State will provide snow and ice removal from and apply sand to the parking lots. If the State is unable to provide snow and ice removal, the Chief of Airport Maintenance will coordinate the snow plowing with the Joint Operator. The Chief of Airport Maintenance may direct the Joint Operator to vacate parking rows progressively so that the Chief of Airport Maintenance may plow snow. The Chief of Airport Maintenance will provide signs and cones as necessary.

From time-to-time based on operational need, the Chief of Airport Maintenance may direct the Joint Operator to remove snow from the parking lots by implementing the following procedure:

- a. The Chief of Airport Maintenance will notify the Joint Operator each time the Joint Operator is to provide snow removal;
- b. The Chief of Airport Maintenance will specify which areas will be plowed;

c. If the Chief of Airport Maintenance directs the Joint Operator to proceed with snow removal, the Joint Operator will begin snow removal within two hours.

d. The Joint Operator will provide the Chief of Airport Maintenance with the invoice for having the snow removed, and the State will reimburse the Joint Operator within 30 days of receiving the invoice.

E. The Joint Operator must obtain written approval from the State prior to applying for any government monies related to ANC management operations of the Parking Facilities.

F. Operations Manual: By _____, the Joint Operator will submit an Operations Manual regarding the revenue control system and the day-to-day operations for State approval. The Operations Manual must contain separate divisions specific to FAI procedures and to ANC procedures.

The Operations Manual submitted under this section will be based on the Operations Manual submitted by the Joint Operator with its Proposal. The State reserves the right to change the Operations Manual as it sees fit throughout the Agreement Term. The State has the right to select, approve, reject, or modify any Operations Manual to be used in connection with the revenue control system or the day-to-day operations for the Parking Facilities. It is intended to be a dynamic document, reviewed and revised regularly to reflect changing situations. The Joint Operator will operate the Parking Facilities according to this Agreement and the Operations Manual approved by the State.

If the Airport Managers (ANC or FAI) or their designees determine there are any inconsistencies between the Operations Manual and this Agreement, the provisions of this Agreement governs.

G. Health and Safety: The Joint Operator is responsible to report all health and safety issues to the State immediately.

H. Parking Lot Inspection and Monitoring:

1. Parking Lot Inspection and Monitoring (ANC only): The Joint Operator shall submit a Parking Lot Inspection and Monitoring Plan to the State. If contracted by the Joint Operator, any security subcontracts are subject to review and approval by the Airport Security Manager and/or Chief of Airport Police prior to any professional security guards performing any services at the Airport.

2. Parking Lot Patrols: The Joint Operator is responsible to report any known or suspected potential for vandalism and theft. At ANC, the Joint Operator shall provide random patrols in all public parking they are responsible for on the Premises, but such patrols will not be required at FAI.

At either FAI or ANC, if suspicious activity, criminal activity, an accident, or unsafe conditions are observed, the Joint Operator shall immediately notify and brief Airport Police personnel, and adhere to instructions from them. Under no circumstance shall the Joint Operator attempt to arrest, or detain individuals.

3. Professional Security Service: At the start of this Agreement, the State does not require the Joint Operator to hire a professional security service. The Airport Police will serve as sufficient security until/unless otherwise directed by the Airport Managers (ANC/FAI).

I. ANC Daily Inventory: The Joint Operator will physically inventory all automobiles in the ANC public Parking Facilities each night, beginning after midnight. The State may assess and, if assessed, the Operator will pay a penalty of one hundred dollars (\$100) per day for each day such inventories are incomplete or not taken, unless the inventory requirement is waived in advance by the State. Any waiver will not be construed as a waiver of any subsequent incomplete inventory or failure to inventory. The inventory will be by State, license number, and location of the automobile; and will be used for processing lost ticket transactions, assist in locating lost automobiles and establishing the day's "beginning inventory count."

J. Rental Car Parking Area: The State has the sole responsibility for collection of all fees, payments and other charges related to the rental car parking areas within the AIAS.

K. Complaints, Questions, or Concerns: The State will forward to the Joint Operator for response any complaints, questions, or concerns regarding the Joint Operator's operations. The State reserves the right to address and resolve any problems arising out of the Joint Operator's operations.

ARTICLE XII
SHUTTLE BUS MANAGEMENT AND OPERATIONS
(ANC ONLY)

A. General:

1. The State of Alaska has a fleet of five shuttle buses, each of which can seat no more than fourteen (14) passengers, including two wheelchair stations. At least three shuttle buses will be made available to the Joint Operator for day-to-day operations, with the remaining two as backup depending on operational demands. The technical specifications for these shuttle buses are attached hereto as Exhibit _____. The State reserves the right at its sole discretion to replace or refurbish each shuttle bus with new shuttle buses during either the Base Term or Extended Term.

2. The Joint Operator shall manage and operate the Airport Shuttle Bus Service, 365 days per year, twenty-four (24) hours per day beginning on _____, 2014. The Shuttle Bus Service shall provide the transport of customers, employees, patrons and the general public between designated parking areas and the terminals as directed by the State. The initial pick-up points and minimum shuttle bus route requirements are identified in Section E. (Performance Standards) of this Article. These pick-up points and minimum shuttle bus route requirements are subject to change as determined by the State at its sole discretion. The Joint Operator shall operate a temporary fleet minimum of three (3) buses owned and maintained by the State. All operational costs/expenses incurred by the Joint Operator for the shuttle bus operations are to be considered as reimbursable by the State.

3. The Joint Operator shall maintain a log showing daily passenger counts in ten (10) minute increments (each route trip). The number of passengers for each lot shall be recorded separately, e.g. employee, long-term, short-term, and North Terminal. A hard copy of a monthly report showing each day's passenger count and monthly totals and an electronic copy (e-mail or fax) shall be available upon request by the State. This report should be submitted in a spreadsheet format such as Excel. The Joint Operator may be required to change the reporting format during the Agreement Term, or to provide additional reports that the State determines are necessary.

4. The State, by its officers, employees, agents, representatives, and contractors, has the right of access to the Shuttle Bus Services at all times for the purpose of inspecting the buses and ensuring the Shuttle Bus Services are being performed accordance with this Plan.

B. Shuttle Bus Service Plan:

1. By _____, 2014, the Joint Operator will submit a Shuttle Bus Service Plan (Plan) regarding the Shuttle Bus Service day-to-day operations for State approval. The Plan submitted under this Section will be based on the Plan submitted by the Joint Operator with its Proposal. The Plan shall include specific details about the Joint Operator's Shuttle Bus Service, including, without limitation, routes, frequency of runs, peak (including holidays and employee shift changes) and off-peak requirements, loading and unloading curb requirements, personnel and their qualifications, training, and any other relevant information.

2. The State, in its sole discretion, shall have the right to approve or require modifications to the Plan. The Joint Operator agrees to comply with any modifications to its Plan, as may be modified by the State, in its operation and management of the Shuttle Bus Services at the Airport.

3. Prior to any operational changes throughout the Agreement Term, the Joint Operator may request modifications to the Plan by submitting the proposed modifications to the State in writing. The State shall have the same rights as set forth prior to any subsequent modifications. Throughout the Agreement Term, the State may require reasonable changes to the Joint Operator's management and operation of the Shuttle Bus Services at the Airport and the Joint Operator agrees to abide by such required changes and add them to its Plan.

D. Maintenance and Repair:

1. The State will maintain the shuttle buses. The Joint Operator will notify the Airport of known maintenance problems, and will cooperate with the State in making the vehicles available for scheduled repairs.

2. The Joint Operator will be responsible to perform day-to-day routine maintenance and safety pre-inspections to include: (1) check oil and fluid levels, wheelchair lifts, lights, tire pressure, camcorder, interior sweeping/trash removal, and mirrors before beginning operations.

3. The Joint Operator shall maintain the exterior of the buses. During the non-freezing season, the Joint Operator shall wash the exterior of the shuttle buses not less than once per week. At all other times, the buses shall be washed not less than twice per month. The Joint Operator will wash the shuttle buses at any other time, as conducive to outside weather conditions, and as requested by the State.

4. The Joint Operator shall maintain the interior of the buses. The buses shall be swept at the end of each shift and cleaned (seats and luggage racks wiped and windows cleaned) daily.

5. The State will provide storage area(s) for shuttle buses not in service. The Joint Operator shall be responsible for providing parking area for the shuttle buses in service.

6. The buses shall not contain any advertising on the interior or exterior, other than approved signage indicating its status (e.g. North Terminal), unless for the State's benefit, approved in writing by the State, and subject to the State's sole discretion.

E. Performance Standards:

1. No more than fifteen (15) minutes shall expire from the time a customer either appears at a pick-up point or places a phone call (depending on whether the stop point is a standard pick-up point or a call on-demand pick-up point) to the time a bus picks up that customer except under circumstances where disruption of service cannot reasonably be sustained by the Joint Operator, and/or as determined in the sole discretion of the State.
2. The initial pick-up points for this Agreement are as follows:
 - a. Stop at the two (2) shuttle bus shacks in the South Terminal Employee Parking Lot-D.
 - b. Stops at the North Terminal will be on-demand when summoned via phone call.
 - c. Two stops on the commercial curbside (north/south end each) of the South Terminal.
 - d. Stops at the Alaska Aviation Heritage Museum are on-demand during normal business hours only, and/or as required by the State.
 - e. Stops at the Park, Ride & Fly Parking lot will be on-demand when summoned via phone call.
3. The State will provide written notification to the Joint Operator's local manager of any additional stops that may be required during the Agreement Term.
4. If the State, in its sole discretion, determines that the Joint Operator is not meeting the demands of the shuttle bus passengers as required under this Agreement, the State may require the Joint Operator to operate more than three shuttle buses. Any additional expenses required by the State of the Joint Operator to expand the Shuttle Bus Services must be approved in the Joint Operator's budget or in writing by amendment/supplement.
5. The Joint Operator agrees to allow the State at any time to inspect the buses and drivers to ensure acceptable appearance, competency, and ADA compliance.

F. Shuttle Bus Drivers:

1. The Joint Operator shall employ a person as a driver or allow the person to drive in performance of this Agreement only if the person:

- a. Possesses a valid Alaska driver's license (ADL), with medical card.
 - b. Has not more than two (2) moving traffic violations in any State (including bond forfeitures for failure to appear in court for the violations) during any period of thirty-six (36) months.
 - c. Has never been convicted of driving under the Influence of (DUI) or a felony in any State.
2. The Joint Operator must promptly report any shuttle bus driver's arrest for DUI while occurring on or off-duty during the Agreement Term and shall immediately suspend the driver from operating on Airport premises. Should the driver be found guilty of or pleads guilty (i.e. "no contest") to the DUI charge, the Joint Operator shall not reinstate the driver or otherwise permit him/her to drive for the remainder of this Agreement Term (i.e. Base or Extended). Note: The Joint Operator is responsible to ensure these stipulations are made known to and are a part of the employees "conditions of employment."
3. Drivers shall be customer-oriented and shall assist customers in loading and off-loading and shall assist with their baggage.
4. Drivers shall have thorough training in the use of the handicap access equipment and shall be able to properly and safely assist individuals who require the use of this equipment. The State may require the driver to demonstrate how to cycle the ADA equipment in an effort to ensure compliance with ADA guidelines.
5. The Joint Operator shall train all drivers to perform their duties in a professional manner and issue them uniforms with appropriate identification badges to wear, while reflecting positively on the State and the Joint Operator.

ARTICLE XIII
DISADVANTAGED BUSINESS ENTERPRISE (DBE) PROGRAM

- A. State Policy: It is State of Alaska policy that Disadvantaged Business Enterprises (DBE) have the maximum opportunity to participate in the performance of Airport contracts.
- B. Joint Operator's Obligation: This Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 C.F.R. Part 23, and to comply with such requirements the Airport has established an Airport Concession Disadvantaged Business Enterprise (ACDBE) Program, approved by the FAA, in accordance with 49 CFR Part 23. To comply with the ACDBE Program, Joint Operator agrees as follows:

1. that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in the connection with the award or performance of any concession agreement, management contractor, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR Part 23;
2. that it shall assist the Airport in reaching its overall DBE participation goal by subleasing, whenever possible, a portion of its concession locations to Small Business Enterprises, Woman Business Enterprises, and Certified DBE's; and;
3. that it shall include the following statements in any subleases or contracts covered by 49 CFR Part 23, that it enters into and shall cause those businesses to similarly include the statements in further agreements:
 - a. "This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR part 23. The concessionaire or contractor agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement, management contract, or subcontract, purchase or lease agreement, or other agreement covered by 49 CFR part 23."
 - b. "The concessionaire or contractor agrees to include the above statements in any subsequent concession agreement or contract covered by 49 CFR part 23, that it enters and cause those businesses to similarly include the statements in further agreements."

ARTICLE XIV
BOOKS, RECORDS, ACCOUNTING AND AUDIT

A. Maintenance of Books and Records: The Joint Operator will keep full and accurate books and records which show all Gross Revenues and, at ANC, all costs of operation of the Parking Facilities and Shuttle Bus Services. All books and records will be kept in accordance with generally accepted accounting principles, acceptable to the State, and in accordance with the Operations Manual and Shuttle Bus Service Plan approved by the State. The Joint Operator's books and records must, in the determination of the State, enable the Joint Operator to accurately report, and the State to easily check, payments due the State under this Agreement.

As used in this Agreement, "books and records" include, without limitation, general ledgers, revenue journals, register tapes, cashier reports, ticket stock, daily or periodic summary reports, daily and monthly reports, computer terminal tapes, computer disks or other media (including, but not limited to, unedited computer generated printed material if access to the computer tapes or disks are unavailable), bank deposit slips, bank statements, credit/debit card service statements, tax reports to federal, State and local agencies (but not including State or federal income tax reports) and contractual Agreements with third parties (including subcontractors and joint venture partners at ANC and FAI that contract for services with the Joint Operator). The State, or its designee(s), shall have access to the above referenced records at all times regardless of the media in which the information is stored.

The Joint Operator will keep and maintain records in a separate set of books devoted exclusively to the Joint Operator's operations. One set of records will be kept for ANC, and a separate set of records will be kept for FAI. Such books, ledgers, journals, accounts, and records will contain all entries reflecting the Joint Operator's business transacted under this Agreement. All such books, ledgers, journals, accounts and records, will be and remain, the property of the State and are subject to public review.

The State is the owner of all completed or used parking tickets, tapes, and other records used in the operation of the traffic and revenue control devices. The tickets, tapes, and records will be delivered to the State upon the State's request to the Joint Operator in writing. The Joint Operator will store tickets, tapes, and records at ANC, and at FAI shall store the records so that they are available to FAI staff for the State's examination, audit, and copying at any time during normal business hours in the Fairbanks area.

The Joint Operator will maintain parking-related source documents, including but not limited to, used/voided parking tickets, cash register tapes, cashier and daily reports, deposit slips, and automobile inventories at Airport locations, as determined by the State.

The Joint Operator will submit all records and reports required by this Article in terms of United States of America (USA) currency.

B. Additional Information: In addition to the reports and records specifically required by this Article, the Joint Operator will supply to the State any other financial or statistical reports that the State may require during the time this Agreement is in effect or during applicable extension periods.

C. Audit: The Joint Operator's books and records must enable the Joint Operator to accurately report, and the State to easily verify revenues earned and/or expenses incurred. All books, ledgers, journals, accounts, and records will be open for examination, audit, and copying upon request by the State, during normal business hours. Unless specifically authorized by the State, the Joint Operator will keep all such

revenue and expense books, records, and supporting data at ANC for ANC operations, and at or in the Fairbanks area for FAI operations. If the Joint Operator has approval to keep certain records at a location outside the State of Alaska, the State will have the option of either having the necessary books and records transported to a location on the Airport for examination, audit, or copying, or have the audit performed at a location where the Joint Operator maintains the records. If the Joint Operator's place of business and record keeping is outside of Alaska, and if the State elects to perform the examination or audit at a location outside Alaska, the Joint Operator will pay the State for audit costs incurred. The audit costs will include round-trip air and ground transportation from the auditor's duty station to the location at which the books and records are maintained, as well as per diem at the current out-of-State rate for each day of travel and on-site audit work. Audit costs do not include the salary and benefit costs of the auditors. After the audit, the State will bill the Joint Operator for the costs incurred; the billing will be supported by a copy of the travel authorization document currently in use by the State. The Joint Operator will pay these costs within thirty (30) days of the State's billing date. The State will provide a storage area off the Premises, at no cost to the Joint Operator, to store tickets and other on-site records. The storage is limited to on-site records as related to the respective Airport. The costs incurred by the Joint Operator for having these records and/or related materials transported from outside Alaska to the respective Airport for auditing purposes will not be reimbursed to the Joint Operator.

D. Operational Analysis: The State or its authorized representative may undertake an analysis for purposes of ensuring maximization of income and minimization of theft, fraud and financial evasion. The goals of such an operational analysis are to identify revenue leaks, evaluate the effectiveness of existing revenue control procedures, assess audit coverage to determine risk exposure, and evaluate operations in general to include rates/expenses, fee collection practices, cashiering, parking equipment, hours of operation, staff levels, and internal controls.

E. Preservation of Records: The Joint Operator will preserve all books and records for a minimum of three years, or until the State earlier releases the Joint Operator of preserving said books and records. However, if the State objects to any report or statement, the Joint Operator will preserve all books and records until the objection is resolved.

ARTICLE XV PREMISES ALTERATIONS

A. Alterations by State:

1. The State reserves the right to construct additional parking areas/structures to accommodate parking requirements at the ANC and FAI. The State has the right to reconfigure public parking areas to be managed and operated by the Joint Operator. Such rights may be exercised by the State at any time during the term of this Agreement and upon written notice by the State to the Joint Operator.

2. The State, by its designated staff representatives and/or contractors, has the right of access to the Parking Facilities for the purpose of revising parking spaces, rearranging entrances/exits temporarily or permanently, and making any such improvements/repairs to the Parking Facilities, including service roads necessary for the operation of the public pay-for-parking areas.

B. Alterations by Joint Operator: The Joint Operator will not make improvements or alterations to the Premises without the prior written approval of the State. The State may require the Joint Operator to submit plans and specifications for the State's review and approval prior to any improvements or alterations being started.

ARTICLE XVI **STATE'S DUTIES**

The State will do the following:

A. Provide cashier's booths, necessary entrance and exit gate equipment, ticket dispensers, gates, automobile detection and counting equipment (ANC only), cash registers, and indicators in all parking lots and structures. Maintenance for the items listed in this paragraph will be shared by the State and Joint Operator as determined by the State and described in the Operations Manual.

B. Provide and maintain in good order and condition all drainage and lighting fixtures, and furnish electricity for lighting of parking lots and parking structures.

C. Maintain the parking lot surfaces (including painting and striping), the parking structures, perimeter fencing, chains and bollards, landscaping, and other fixed facilities necessary to the parking operations.

D. Maintain the surface area pedestrian walkways and curbs within the Premises and bordering the perimeter of the Premises except for the walkway immediately surrounding the administration building and exit booths.

E. Maintain and sweep the ANC parking garage, between and around parked cars.

F. Sweep the surface lots.

G. Remove and dispose of grease, oil drippings, stains, spills, and other foreign deposits.

H. Clean the interior floor, walls and ceiling of the ANC parking garage.

I. Cleaning and maintaining the drainage areas.

- J. Provide and repair the signage in the parking areas, including signage relating to the pricing.
- K. Crack sealing and patching the parking areas, and maintaining and repair of curbs, sidewalks, asphalt and concrete in the parking areas.
- L. Remove snow, drifting snow, slush, and ice from the Premise unless the Joint Operator is required to do so in Article XI (Parking Management and Operations) sections C and D or by the terms of the Operations Manual.
- M. Provide Parking Building Office space for use by the Joint Operator, as well as to provide suitable storage at ANC for supplies, tickets, tapes, and records the State requires the Joint Operator to maintain.
- N. Approve all parking tickets in the Parking Facilities to be used by the Joint Operator.
- O. The State will provide necessary parking-related equipment, i.e., hand-held units, computers, software and printers necessary for the parking operation's revenue control system and automobile audits.

ARTICLE XVII **PERSONNEL**

The Joint Operator will employ and provide sufficient personnel to maintain the quality of service required by this Agreement. The respective Airport Manager and/or Airport Operations Manager or designees have the sole authority to determine whether sufficient personnel are provided.

Specific employee requirements and general personnel rules are discussed below.

A. General Managers: The Joint Operator shall at all times during the Agreement Term retain two qualified, competent and experienced full-time General Managers (hereinafter referred to as "managers") of its parking operations, one based at ANC and one based in FAI. The General Manager at ANC shall maintain an office in the Parking Office Building and shall be on-site at the airport during regular business hours excluding holidays, vacations and sickness. The General Manager at FAI must maintain an active on-airport presence, and space is available in a tollbooth at FAI. The General Managers at both airports must reside within fifteen (15) miles of the airport. The Joint Operator shall provide the State with written notice within ten (10) days of the Effective Date indicating the name, business, home, pager and cellular telephone numbers, and business address for both the ANC and FAI managers. The managers will have no other duties beyond management of the Airport's Parking Facilities and Shuttle Bus Services. A qualified shift-supervisor will be in charge and available on the Premises during the manager's absence(s).

1. The State considers the General Manager positions to be a vital component successful implementation of this Agreement; the highest level of stability is expected in this position. The State desires that the managers designated in the Joint Operator's proposal shall be a manager for a minimum of one (1) year from the Effective Date of the Agreement. In addition, the State requires that any new General Manager be interviewed by the respective Airport Manager and/or Airport Operations Manager.

2. If the State is not satisfied with the selected manager's performance or a replacement manager's performance, the State shall notify the Joint Operator in writing of such. Within twenty (20) days of receipt of any such notice, the Joint Operator shall respond in writing, detailing the corrective action taken to resolve the State's concerns. Afterwards, if the State is still not satisfied, the State shall have the right to notify the Joint Operator in writing, requiring that the manager (or a replacement manager) be removed from performance under this Agreement. The Joint Operator shall comply by securing the services of a replacement manager, approved in writing and in advance, by the State. In no event shall more than sixty (60) days elapse from the time the Joint Operator receives notice from the State and complies hereafter under this Agreement.

3. If during the Agreement Term, the Joint Operator desires to change a manager, it may do so only after notice to and with prior written approval by the State. The notice shall include all point of contact information for that manager and the effective date of the appointment.

B. The Joint Operator will control the conduct, demeanor, and appearance of its employees, training them to render courteous and efficient services to all parking patrons at the Airport.

C. The Joint Operator will require its employees to be dressed neat and clean while wearing designated uniforms issued to them when on duty at the Airport.

D. The Joint Operator will not knowingly employ any person who has been convicted of theft or otherwise misappropriating funds. The Joint Operator will require background investigations on any potential employee, and for ANC based employees will be reimbursed for the expense by the State. Results of the investigations will be kept in the employee's personnel file and available to the State upon request.

E. The Joint Operator will not knowingly divert or cause to be diverted any business from the Parking Facilities and Shuttle Bus Service. The State reserves the right to require the Joint Operator to remove employees from service who have been determined to have displayed inappropriate behavior that justifies the dismissal/removal.

F. The Joint Operator shall not give employees approval or permission to drive any automobile which has been placed on the parking premises by a parking patron.

ARTICLE XVIII
INDEMNIFICATION AND INSURANCE

A. Indemnification:

1. Joint Operator shall defend, hold harmless, and indemnify the State and its agents and employees against any and all losses or obligations that arise from Joint Operator's operations or activities on the Airport (or elsewhere, if such operations or activities are undertaken in Joint Operator's performance of services under this Agreement). This obligation extends to fines levied against the State by the Transportation Security Administration or the Federal Aviation Administration because of the Joint Operator's conduct.

2. Joint Operator shall give the State prompt notice of any suit, claim, action, or other matter affecting the State 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, or any notice or complaint by any regulatory agency. In the event Joint Operator undertakes legal action to defend, hold harmless, and indemnify the State and its agents and employees in accordance with Paragraph 1. above, Joint Operator shall secure counsel acceptable to the State and to Joint Operator's insurance and the Alaska Department of Law to carry out Joint Operator's defense, indemnity, and hold harmless obligations. The State shall have the right, at its option and own cost to secure additional counsel to participate in the Joint Operator's defense of the State, including in settlement negotiations. However such participation shall not relieve Joint Operator of any of its defense, hold harmless, and indemnity obligations. Joint Operator's defense, hold harmless, and indemnity, obligations are in addition to, and not limited by, Joint Operator's obligation to provide insurance, described below. Moreover Joint Operator's defense, hold harmless, and indemnity, obligations shall survive the expiration or termination of this Agreement to the extent that claims for loss or obligation are asserted subsequent to the Agreement's expiration or termination.

B. Insurance and Fidelity Bonds: The following insurance and bond coverage will be provided solely by the Joint Operator; the State will not reimburse the Joint Operator for any expenses connected with the required insurance coverage. Any and all insurance and fidelity bonds will be with a company or companies which have and maintain a "B" Plus or better insurance industry rating.

1. Commercial General Liability Insurance:

a. Throughout the Agreement Term, the Joint Operator must maintain an insurance policy or policies affording liability insurance covering all operations, including, but not limited to, products and properties, personal and bodily injury, and automobiles.

b. The Joint Operator will provide the State with proof of insurance coverage in the form of an insurance policy or a certificate of insurance coverage, together with proof that the premiums have been paid. All insurance of the Joint Operator must:

i. name the State as an additional assured; and

ii. ensure that the State be notified at least thirty (30) days prior to any termination, cancellation, or material change in the insurance coverage.

c. The policy or policies will cover liability for loss of or damages for bodily injury, personal injury, death, or property damage for a single limit of not less than one million dollars (\$1,000,000.00) applying to bodily injuries, personal injuries, and property damage, or a combination of said injuries and damages in any one occurrence.

d. Joint Operator agrees that the aforementioned minimum coverage and the insurance requirements may be increased or revised upon the written demand of the State. Any increase or revision will be based on reasonable and justifiable grounds.

e. The certified original or duplicate copy of the policy or policies will be delivered to the State before the Joint Operator begins operations on the Premises. On any renewal anniversary of said policy or policies, the State will accept certificates of insurance from the original issuing company or companies to the effect that the policy or policies have been renewed without change.

2. Garage Keeper's Liability Insurance: At ANC, as of the start of the Agreement Term, the State does not require the Joint Operator to maintain a standard form of Garage Keeper's General Liability Insurance Policy because the Premises of the State are self-insured. The State at its sole discretion may elect to require the Joint Operator to maintain the aforementioned insurance policy at a later time giving the Joint Operator thirty (30) days prior written notice. At FAI, the Joint Operator is required to provide coverage limits of not less than \$500,000.00 to cover damage to vehicles parked on or in the assigned Parking Facilities or while in the Joint Operator's possession or control, by fire, explosion, theft, riot, civil commotion, vandalism, or malicious mischief.

3. Burglary and Robbery Insurance: Joint Operator must obtain and maintain throughout the Agreement Term, an insurance policy or policies covering risks of loss by burglary and robbery. The limit of liability will be not less than ten thousand dollars (\$10,000.00) covering gross receipts from operations of Joint Operator's business on the Premises and will name the State as additional assured. A duplicate of the original policy or policies of such insurance will be

delivered to the State upon commencement of operations of the Parking Facilities and Shuttle Bus Service and will contain thirty (30) days prior written notice to the State of cancellation or material change.

4. Fidelity Bonds: Joint Operator will obtain and maintain throughout the Agreement Term fidelity bonds covering all of Joint Operator's employees and agents, in sufficient amounts as to adequately protect the Joint Operator and the State, but in an amount not less than twenty-five thousand dollars (\$25,000.00) per employee. Such bonds will, in addition to the Joint Operator, name the State as co-principal. A duplicate of the original policy or policies of such insurance will be delivered to the State upon commencement of operations of the Parking Facilities and Shuttle Bus Service and will contain thirty (30) days prior written notice to the State of cancellation or material change.

5. Comprehensive Automobile Liability: Joint Operator will obtain and maintain throughout the Agreement Term comprehensive automobile liability insurance covering all owned, hired, and non-owned vehicles with coverage limits not less than one million dollars (\$1,000,000) per occurrence.

C. Worker's Compensation Insurance: The Joint Operator must, throughout the Agreement Term, provide and maintain Worker's Compensation Insurance in the amounts and form required by the Workmen's Compensation Act and insurance laws of the State of Alaska. A certified duplicate of the original policy or policies of such insurance will be delivered to the State upon commencement of operations of the Parking Facilities and Shuttle Bus Service and will contain thirty (30) days prior written notice to the State of cancellation of material change, and will include a waiver of subrogation by which the insurer waives all rights of subrogation against the State for payments made under the policy. Worker's Compensation Insurance costs will be reimbursed by the State.

ARTICLE XIX **TERMINATION**

A. Termination:

1. The State has the right to cancel this Agreement in its entirety and recover possession of the Premises, upon written notice to the Joint Operator, if any of the following events occur:

a. The occurrence of any act or omission on the part of Joint Operator which deprives it of the rights, powers, licenses, permits and authorizations necessary for the lawful and proper conduct and operation of the services and activities authorized under this Agreement;

b. The filing by or against the Joint Operator or any petition in bankruptcy, either voluntary or involuntary, or the making by the Joint Operator of any assignment for the benefit of creditors, either of which actions will terminate this Agreement and bar the passing theretofore of any benefits to creditors, assignees, or transferees of the Joint Operator; provided, however, that the Joint Operator will have sixty (60) days to dismiss any petition filed against it;

c. The abandonment, discontinuance or assignment by the Joint Operator, without written consent of the State, of any or all of the operations and services permitted or required by this Agreement, except as provided in this Agreement;

d. Failure of the Joint Operator to account for and pay to the State any of the gross revenues the Joint Operator owes to the State;

e. Failure of the Joint Operator to pay any shortage when required by the State to do so;

f. Failure of the Joint Operator to comply with the State approved operations manual or to perform any obligation of this Agreement;

g. Deterioration of services for a period, which in the determination of the State, materially and adversely affects the operation of the public service required to be performed by Joint Operator under this Agreement; provided, however, that the State will notify the Joint Operator in writing of the services or operations requiring remedy and give ten (10) days in which to correct the problem.

2. Upon termination by the State, all rights, powers, privileges and authority granted to the Joint Operator under this Agreement will cease immediately and the Joint Operator agrees to vacate the Premises used or occupied by it in connection with its operation under this Agreement.

3. The exercise by the State of the remedies and rights provided in this Agreement will not be exclusive but will be cumulative and will not affect any other right or remedy available to the State.

B. State's Right of Re-entry: As an additional remedy, upon giving written notice of cancellation or termination, the State has the right to re-enter any part of the Premises on the effective date of cancellation or termination without further notice of any kind, remove all persons, and regain and resume possession either with or without the institution of summary or legal proceedings or otherwise. Any re-entry or regaining or resumption of possession, however, will not in any manner, affect, alter, or diminish any of the obligations of the Joint Operator under this Agreement.

C. Termination by Joint Operator:

1. Joint Operator may terminate this Agreement and all of its obligations under this Agreement at any time if one of the following events occurs, provided that only the entire Agreement may be terminated:

a. The refusal of any governmental agency having jurisdiction over the flight operations at the Airport, to grant or permit all carriers operating from the Airport the right to regularly operate into and from the Airport, for a period exceeding ninety (90) days because of the condition, maintenance, or inadequacy of the Airport; or

b. The breach by the State of, or its failure to perform, any of the covenants or agreements contained in this Agreement, and the failure of the State to begin to remedy the breach for a period of thirty (30) days after receipt from the Joint Operator of a written notice of the breach.

D. Vacation of Premises by Joint Operator: The Joint Operator will yield and peaceably deliver possession of the Premises to the State on the date of the cessation of this Agreement, whether the cessation be by termination, expiration, or otherwise. The Premises will be delivered promptly and in a condition similar to that which existed at the commencement of the term of this Agreement except for reasonable wear and tear arising from use of the Premises to the extent permitted elsewhere in this Agreement and any damage resulting from causes over which that the Joint Operator has no control.

E. Transition at Termination, Cancellation, or Expiration:

1. The State and the Joint Operator mutually agree that on the termination, cancellation, or expiration of this Agreement, the State has the right to award any subsequent Agreement to the most favorable bidder by any legal means available to the State.

2. The Joint Operator agrees that it is not practical or possible to predict exactly what the transition schedule or procedures should be to best serve the needs of the traveling public and the State when this Agreement terminates, is cancelled, or expires; and agrees that the State has the right to determine what the transition schedule and procedures will be.

3. The Joint Operator agrees to diligently support and execute the transition plan as determined by the State; and to wholeheartedly cooperate with the State and the succeeding Joint Operator in carrying out the transition plan.

ARTICLE XX
ASSIGNMENT OR SUB-CONTRACT

A. The Joint Operator will not mortgage, hypothecate, or otherwise encumber or assign the rights granted under this Agreement, nor will the Joint Operator subcontract, in whole or in part, without the prior written consent of the State. Any attempted assignment, mortgage, hypothecation, subcontract, or encumbrance of the rights, or other violations of the provisions of this Article, will be null and void and confer no right, title, or interest in or to this Agreement nor right of occupancy of the whole or any part of the Premises.

B. Any proposed assignment or subcontract must be submitted to the State following the procedures in 17 AAC 42.260. All covenants and provisions in this Agreement extend to and bind the legal representatives, successors, and assigns of the parties.

C. The State will not unreasonably withhold its consent to an assignment of this contract by the Joint Operator to a corporation resulting from a merger or consolidation with or reorganization of the Joint Operator, to a corporation purchasing all or substantially all of the assets of the Joint Operator, or to any corporation which controls or is controlled by or is under common control with Joint Operator.

Note: For purposes of this subsection, "control" of any corporation will be deemed to be vested in the person or persons owning more than fifty percent (50%) of the voting power for the election of the board of directors of the corporation.

D. Protests of assignment or subcontractor request denials under 17 AAC 42 can be filed and pursued solely by Joint Operator, and not by a disappointed assignee or proposed subcontractor.

ARTICLE XXI
OPERATION TAKEOVER

The Joint Operator acknowledges that the needs of the traveling public using the Airport are best served by an efficient transition between the incumbent Operators and the Joint Operator. To accomplish an efficient transition, the Joint Operator will do the following:

A. Transition Plan: Throughout the transition period leading up to _____, 2014 the Joint Operator will meet with the incumbent Operators and the State to insure a smooth transition. The Joint Operator and incumbent Operators will submit a written transition plan to the State by _____, 2014 that details the steps planned to insure a smooth transition on _____, 2014. The plan must permit the Joint Operator to begin substantial operation on the Premises by _____, 2014. The plan must also provide that the incumbent Operators will completely vacate the Premises by no later

than the end of the day on _____, 2014. Once the State approves the plan, the Joint Operator will diligently execute the transition plan and cooperate with the State and the incumbent Operators to carry out the plan.

The incumbent Operators may remove their furniture, fixtures and equipment from the Premises or sell them to the succeeding Joint Operator. If the incumbent Operators do not sell or remove their furnishings, fixtures, and/or equipment by the close of business on _____, 2014, the State may remove, sell, modify, or destroy the property.

B. Dispute Resolution: Disputes, if any, relating to the transition plan must be submitted to the Airport Manager. If the Joint Operator disagrees with the decision, appeal may be made to the Commissioner of the Alaska Department of Transportation and Public Facilities within 10 work days of the decision. The Joint Operator will abide by the Commissioner's decision without the right to a further court or administrative appeal.

ARTICLE XXII COMMUNICATIONS PROTOCOL

The Joint Operator will direct communications under this Agreement to either the ANC or FAI Airport Manager where Airport Manager involvement is called for. The appropriate Airport Manager to contact will depend on whether the issue most directly pertains to ANC or to FAI.

Day to day operations questions may be directed at FAI to:

Theresa Harvey
Chief of Leasing
6450 Airport Way, Suite 1
Fairbanks, AK 99709
(907) 474-2521

Day to day operations questions may be directed at ANC to:

Cary Webb
Landside Operations Manager
4600 Postmark Drive
Anchorage, AK 99502
907-266-2633

ARTICLE XXIII
LAWS AND TAXES

A. This Agreement is issued subject to all applicable requirements of State statutes and regulations in effect during the term of this Agreement. Each reference in this Agreement 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 Joint Operator shall comply with applicable requirements imposed on the State 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 State. Compliance with the Airport Sponsors Grant Assurances is an explicit requirement of this Agreement. Failure to take corrective action in response to any formal or informal findings of noncompliance by the Federal Aviation Administration is a material breach of this Agreement.

C. At no additional cost to the State, the Joint Operator shall conduct all operations and activities or business authorized under this Agreement 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 Agreement or to the use, care, operation, maintenance, and protection of the State, including matters of health, safety, sanitation, and pollution. The Joint Operator shall obtain all necessary licenses and permits.

D. Nothing in this Agreement shall prevent the Joint Operator from challenging any property of ad valorem taxes or special assessments to the appropriate authority under applicable procedures.

E. In any dispute between the parties, the laws of the State of Alaska will govern. Disputes related to airport manager decisions on topics such as the conduct, interpretation or administration of this Agreement must be presented to the AIAS under the provisions of 17 AAC 42.910 (Protest). If a dispute continues after exhaustion of administrative remedies, any lawsuit must be brought in the courts of the State of Alaska.

F. During the term of this Agreement, at the State's request, the Joint Operator 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 ANC, FAI or the Premises.

ARTICLE XXIV
GENERAL COVENANTS

- A. Affirmative Action: The Joint Operator will undertake any affirmative action program required by 14 CFR, Part 152 Subpart E to insure that the Joint Operator will not exclude any person from participating in any employment activity covered by 14 CFR, Part 152 Subpart E on the grounds of race, creed, color, national origin, or sex, or from participation in or the receipt of the service or benefit of any program or activity covered by the subpart. The Joint Operator will require its covered sub-organizations to provide assurances to the State that they will also undertake affirmative action programs and require assurances from their sub-organizations, as required by 14 CFR, Part 152 Subpart E.
- B. Captions: The captions of the Articles and sections of this Agreement are for convenience only and do not necessarily define, limit, describe, or construe the contents of any Article or section. The use of the singular or plural form of words is intended to include the singular and plural, as appropriate.
- C. Condemnation: If the Premises are condemned by any proper authority, the term of this Agreement will end on the date the Joint Operator is required to surrender possession of the Premises. The State is entitled to all the condemnation proceeds.
- D. Conflicts: If there is a conflict between the Joint Operator and any other tenant, lessee, or operator at ANC or FAI as to services to be provided by respective tenants, Joint Operators, or lessees, the State will decide which services may be provided by each tenant, Joint Operator, or lessee. The Joint Operator agrees to be bound by the decision of the State.
- E. Disasters: If, in the determination of the State, fire, flood, earthquake or other casualty damages are so extensive that the Airport has to render it untenable, either party may elect to terminate this Agreement on thirty (30) days written notice to the other party. If this Agreement is terminated because of a disaster, the State will prorate the fees due the Joint Operator up to the time the Airport becomes untenable.
- F. Discrimination: The Joint Operator covenants and agrees that discrimination on the grounds of race, color, religion, national origin, ancestry, age, or sex will not be permitted against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. The Joint Operator recognizes the right of the State to take any action necessary to enforce this covenant, including actions required pursuant to any federal or state law.
- G. Compliance with Environmental Laws. Joint Operator shall comply and shall require its sublessees and contractors, if any, to comply and act in accordance with all environmental laws affecting Joint Operator's operations on the Premises or on State property, or relating to any hazardous toxic substance, material or waste, which is or becomes regulated by any local, state, or federal governmental agency.

H. Holding Over: The Joint Operator has no right to holdover after this Agreement expires. If, with the express or implied consent of the State, the Joint Operator does hold over after this Agreement expires, the holding over does not operate as a renewal or extension of the rights granted under this Agreement. It only creates a month-to-month tenancy, regardless of any payment accepted by the State. The Joint Operator's obligations to perform under this Agreement will continue until the State terminates the month-to-month tenancy. The State may terminate the tenancy at any time by giving the Joint Operator at least ten (10) calendar days written notice. Unless otherwise mutually agreed by both parties, payments of the Management Fee shall remain at the same percentage of the Gross Revenues as described in Article VIII and the minimum monthly guarantee and percentage rates for FAI.

I. Integration and Merger: This Agreement sets forth the terms, conditions, and agreement of the parties and supersedes any previous understandings or agreements regarding the Premises whether oral or written. Modifications or amendments of this Agreement are ineffective unless in writing and signed by both the parties.

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

K. Modification: The Joint Operator acknowledges that the State may modify this Agreement to meet the revised requirements of federal and State grants, to operate the Airport, or to conform to the requirements of any revenue bond covenant to which the State of Alaska is a party. The State may make these modifications without formal amendment. However, a modification may not reduce the rights or privileges granted the Joint Operator under this Agreement or cause the Joint Operator financial loss. The parties may also jointly elect to modify this Agreement upon written mutual agreement.

L. National Emergency: The Joint Operator will not hold the State liable for the inability to perform any part of this Agreement that results from national emergency declared by the federal government.

M. No-Fault Loss or Damage: The Joint Operator expressly waives any and all claims for compensation for any loss or damage sustained by reason of any defect, deficiency, or impairment of the electric and other utility systems furnished for the Parking Facilities and Shuttle Bus Service covered by this Agreement which may occur from time to time from any cause, or loss resulting from water, earthquake, or civil disturbance(s).

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

O. Notices: Unless provided otherwise in this Agreement, either party will deliver any notice required under this Agreement by hand, registered mail, certified mail, or by a reliable overnight delivery service to the appropriate party at the address given in this Agreement or to any other address that the parties subsequently designate in writing. All notice periods begin on the date mailed out.

P. Radio Interference: At the State's request, the Joint Operator will discontinue the use of any machine or device which interferes with any government-operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

Q. Restrictions and Regulations:

1. All of the Joint Operator's operations and activities under this Agreement will be subject to:

a. Any order, direction, or condition issued, given, or imposed by the State with respect to use of Airport roadways, driveways, curbs, sidewalks or parking areas, and public areas adjacent to Parking Facilities; and

b. Any applicable ordinance, statute, rule, regulation, or operational orders, instructions, requirements or restrictions issued at ANC or FAI, or order of any governmental authority lawfully exercising authority over the Airport or Joint Operator's business activities under this Agreement.

c. The Joint Operator will adhere to all applicable responsibilities of the federal airport security program set out in 49 CFR Part 1542 and the respective Airport Master Security Programs. The Joint Operator will coordinate any Airport security matter with the State. The Joint Operator will procure any required identification badges necessary for the Joint Operator's operations authorized under this Agreement.

2. The State will not be liable to the Joint Operator for any diminishing or deprivation of its rights under this Agreement due to the exercise of any such authority as provided above; nor will the Joint Operator be entitled to terminate any portion of this Agreement by reason thereof unless the exercise of such authority will so interfere with the Joint Operator's operation of the Parking Facilities and Shuttle Bus Service under this Agreement, so as to constitute a termination of this Agreement by operation in accordance with the laws of the State of Alaska.

R. State's Right of Access and Inspection:

1. The State, by its officers, employees, agents, representatives, and contractors, has the right to enter upon the Premises at any reasonable time to inspect them, to observe the Joint Operator's performance of its obligations or otherwise under this Agreement.

2. The State, by its officers, employees, agents, representatives, and contractors has the right, for the benefit of the Joint Operator or others at the Airport, to maintain and operate existing and future utility systems at the Parking Facilities and to enter upon said Parking Facilities at any time to make repairs, alterations, and replacements deemed as necessary by the State.

S. Surrender of Possession: The Joint Operator will yield possession of the Premises to the State on the date of expiration of this Agreement promptly in good order and condition, reasonable use and wear-and-tear excepted.

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

U. Validity of Parts: If any provision or covenant of this Agreement is declared to be invalid by a court of competent jurisdiction, the remaining covenants and provisions will continue in full force.

V. Interpretation. This Agreement shall not be construed for or against either Party.

W. General Subordination Clause. This Agreement is subject and subordinate to the provisions of any existing or future agreements between ANC or FAI and the United States, the execution of which is or has been required as a condition precedent to the transfer of federal rights or property to airports for airport purposes, or to the expenditure of federal funds or passenger facility charges for ANC or FAI improvements, maintenance, or development. Joint Operator shall abide by requirements of agreements entered into between ANC or FAI and the United States, and shall consent to amendments and modifications of this Agreement if required by such agreements or is required as a condition of ANC or FAI's entry into such agreements.

X. Disability Laws and Accessibility Compliance. Joint Operator shall comply and shall require its sublessees and contractors to comply and act in accordance with provision of the Americans with Disabilities Act of 1990 (the "ADA"), and federal regulations promulgated thereunder. With respect to any improvements Joint Operator construct on the Premises, Joint Operator agrees to meet all the requirements of the ADA which are imposed directly on Joint Operator or which would be imposed on ANC or FAI as a public entity. Joint Operator agrees to be responsible for knowing all applicable rules and requirement of the ADA and to defend, indemnify, and hold harmless ANC and FAI, its officials, agents and employees from and against any and all claims, actions, suits or proceedings of any kind brought against ANC or FAI as a result of any acts or omissions of Joint Operator or its contractors or agents in violation of the ADA.