
REQUEST FOR PROPOSALS

AIRPORT TERMINAL CAR RENTAL CONCESSION

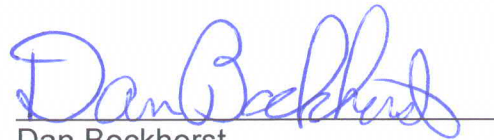
THIS IS NOT AN OFFER

RELEASE DATE: April 21, 2010

The Ketchikan Gateway Borough (Borough) is soliciting sealed proposals from qualified individuals or firms to provide Car Rental Concession services for the Ketchikan Gateway Borough Airport Terminal.

To receive the Request for Proposals (RFP) contact: 907-228-6637, Office of the Borough Manager, Ketchikan Gateway Borough, 1900 First Avenue, Suite 210, Ketchikan, Alaska 99901. Requests for the RFP may be faxed to 907-228-6684 or emailed to debbyo@kgbak.us. The RFP will also be posted on the Borough's website, www.kgbak.us. Even though the RFP documents are provided online, each company must register with the Borough by sending an email to: debbyo@kgbak.us. **Proposals from unregistered respondents will not be accepted.** The required email must include the: company name, address, telephone number, and fax number. No faxed or oral proposals will be allowed.

Proposal Submission Deadline: To be considered, a complete sealed proposal package in the format requested **must be received at the Office of the Borough Clerk, 1900 First Avenue, Suite 115, Ketchikan, Alaska 99901 by 3 p.m. local time, May 6, 2010.**



Dan Bockhorst
Borough Manager

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AIRPORT TERMINAL CAR RENTAL CONCESSION

SECTION 1. GENERAL INFORMATION

- 1.1 Objective.** The objective of this RFP is to select the most qualified, experienced firm, hereinafter “Proposer” or “Sublessee” for the purpose of operating an airport terminal car rental concession at Ketchikan International Airport in conformance with federal, state, and Ketchikan Gateway Borough (KGB) rules and regulations. The KGB will select the firm which is most responsible, responsive and qualified. The terms of the Contract will be based on a square footage rate. This car rental firm will provide a year round car rental concession in a businesslike manner to serve those passengers traveling into and out of the Ketchikan International Airport and the general public.
- 1.2 Introduction.** The Ketchikan International Airport is owned by the State of Alaska and operated by the KGB. It is located at 1000 Airport Terminal Building, Ketchikan, Alaska 99901.
- 1.3 Airport Terminal Car Rental Concession Contract**
- 1.3.1** A draft of the Concession Agreement for Airport Terminal Car Rental Concession is attached for Proposer’s review and consideration.
- 1.3.2** Each Proposer is instructed to carefully examine the terms of the Contract. The failure of any Proposer to make such an examination will not constitute grounds for declaration by Proposer that it did not understand the Contract. If any Proposer has a concern about the contents of the Contract, it should so state the concern and the rationale therefore in the Proposal Documentation “Exception Summary”. Unless otherwise stated in the proposal, it will be assumed by the KGB that the proposer has accepted, without reservation or amendment, the whole of the contract documents. At the proposer’s discretion, a proposal may be conditioned upon such qualification of, or amendments to the contract documents, as do not materially change the requirements contained therein. Such qualifications or amendments shall be fully described. The KGB reserves the right to accept or reject any such qualifications or amendments.
- 1.3.3** After the determination of award, the KGB will enter into negotiations with the successful proposer. The result of negotiations will be reflected as the Concession Agreement for Airport Terminal Car Rental Concession which will be completed by the KGB and forwarded to the selected Proposer for execution. When fully executed by the selected Proposer and the KGB, the Contract will be forwarded to the State of Alaska for their concurrence regarding the contract. Once State signatures are obtained, this will constitute the complete contract between the Proposer/Sublessee and the KGB with respect to the subject matter.
- 1.3.4** Worksite
- Worksite for the Contract is the assigned area in the terminal of the Ketchikan International Airport, 1000 Airport Terminal, Ketchikan, Alaska

99901.

1.3.5 Contract Period

The term of this sublease shall be five (5) years, expiring at on June 30, 2015 and shall hereinafter be referred to as the Lease Term. SUBLESSEE has the first option to renew this lease upon or before its final expiration.

1.3.6 Compensation

The contract will be at the base square footage rate of \$1.51 per square foot through the initial contract period. KGB reserves the right to adjust the square footage rate at the end of each contract period. (See lease agreement Section 6 for details).

SECTION 2. DEFINITIONS

2.1 “Contract,” as used herein, shall mean the signed and binding Concession Agreement for Airport Terminal Car Rental Concession. The Contract contemplates and includes the Airport locations (hereinafter, “Ketchikan International Airport,” “airport,” or “terminal,”) and permission for “Lessee,” (as defined in Contract), to use such Airport locations for the conduct of airport terminal car rental concession within said Airport locations under the terms and conditions expressly set forth herein.

2.2 “Airport Terminal” and **“Terminal”** shall mean the passenger terminal building and any future addition or expansion or replacement of the existing terminal facility at the Airport in use as of the date of the execution of the Contract.

2.3 “Airport” shall include such public officials and public bodies as may, by operation of law, succeed to any or all of the rights, powers, or duties which lawfully reside in the Ketchikan International Airport.

2.4 “Administrator” shall mean the Airport Manager or Acting Airport Manager of the Airport as appointed by the Borough Manager.

2.5 “KGB” shall mean the political subdivision known as Ketchikan Gateway Borough.

2.6 “Ketchikan International Airport” shall include all areas encompassed within the boundaries and as designated within the Contract, Appendices and Attachments hereto where the business of Lessee will be conducted.

2.7 “Assigned Area” is the area or areas of the Terminal designated by this Agreement and the Exhibits thereto where the business of Lessee may be conducted.

“Beneficial Occupancy” shall occur when the Lessee has occupied the facilities of the terminal.

2.8 “Lessee” or “Concessionaire” shall mean the firm awarded the Car Rental Contract.

SECTION 3. SELECTION PROCESS

Responsive proposals received in response to this RFP will be reviewed by a Proposal Review Team (PRT) appointed by the Borough Manager. The top-ranked respondents may

be short listed. The PRT may, at its discretion, decide to interview the short-listed firms. The PRT will present its rankings of the respondents to the Borough Manager for consideration. After reviewing the PRT's recommendations, the Borough Manager will present a recommendation to the Borough Assembly for its consideration. Final action will be solely at the discretion of the Borough Assembly.

The selection process must comply with procurement requirements of the Borough to ensure fair and open competition. The selection will be made on the basis of qualifications. The Borough reserves the right to cancel this procurement effort and will not reimburse respondents for any costs of preparation or submission of proposals.

SECTION 4. SCOPE OF WORK

The Borough is requesting proposals from qualified individuals, firms or team of professionals to provide Car Rental Concession services for the Ketchikan Gateway Borough Airport Terminal.

Scope of work includes:

4.1 The KGB expects the Car Rental to be open and accessible during all hours of Airport operation. The Airport operational hours are 6:30 am until 9:30 pm October through May and 6:00 am until 9:30 pm June through September.

4.2 The KGB may from time to time request additional hours of operation above the stated amount in the proposal, realizing that this additional order would be with the concurrence of the Sublessee.

4.3 A base monthly rate shall also be paid for the specified number of reserved parking spaces in the designated area, in addition to the terminal monthly rate.

4.4 Required Duties and Responsibilities of Sublessee

4.4.1 The Sublessee shall maintain a clean, orderly car rental concession at the Airport which provides courteous, honest, businesslike and fair service to patrons traveling into and out of the airport. Sublessee and its employees will be knowledgeable about and comply with all Operational Standards, Car Rental Standards and Minimum Requirements as stated herein.

4.4.2 The Sublessee shall be responsible for all equipment and merchandise costs, installation costs, utilities (except as noted herein), maintenance and repairs to any equipment or merchandise and any costs associated with car rental concession sales.

4.4.3 Sublessee shall furnish car rentals on a fair and not unjustly discriminatory basis to the public, and to charge fair, reasonable and not unjustly discriminatory prices.

SECTION 5. OPERATIONAL STANDARDS

5.1 License and Permits

The Sublessee shall procure and pay all licenses, certificates and permits applicable to the conduct of the Contract by the Lessee: all taxes and fees applicable to the conduct of the Contract shall be paid by the Lessee at its sole expense.

5.2 Ketchikan Sales and Personal Property Tax

Vendors/merchants conducting business within the City or Borough are required by law to register with the Borough for sales and property tax. Vendors/merchants must be in good standing for all amounts owed to the Borough prior to award, but in any event no later than five business days following notification by the Borough of intent to award. Failure to meet these requirements, if so subject, shall be cause for your proposal to be rejected. To determine if your business is subject to these requirements, or for further information, contact the Borough Finance Department at (907) 228-6620.

5.3 Training and Personnel

All of Sublessee's personnel who are to perform duties as set forth herein must have had, prior to assuming duties, sufficient training to meet the minimum requirements necessary to perform car rental duties.

The operations of Sublessee, its employees, invitees, suppliers, and contractors shall be conducted in an orderly and proper manner so as not to annoy, disturb, or be offensive to others. All employees of the Sublessee must conduct themselves at all times in a courteous manner toward the public and in accordance with the rules, regulations, and policies developed by the Sublessee and approved by the Airport Manager.

The Sublessee agrees that its employees shall be of sufficient number so as to properly conduct the Sublessee's operation. The Sublessee shall provide its employees with identification tags and acquire airport identification badges, if necessary, subject to approval by the Airport Manager.

5.4 Maintenance on Equipment and Displays

The Airport shall maintain and repair only those items which it has provided to the Sublessee for use during the term of this Contract. The Airport does not assume the maintenance, repair or replacement of the aforementioned items if the damage of the equipment or premises is the result of any willful or negligent act of Sublessee, its employees or those under the control of Sublessee. The Sublessee will be held responsible for the repair or replacement of items which are the result of said negligence or willful act. The Sublessee assumes responsibility for all maintenance and repair of its own equipment or displays which it has provided for its concession use.

5.5 Conflicts

Should a conflict arise between the Sublessee and other concession operators at the Airport regarding the scope of concession privileges, the Airport Manager's decision on the matter shall be final and conclusive. The Sublessee agrees to abide by the Airport Manager's decision.

SECTION 6. SELECTION CRITERIA

Qualifying proposals will be scored by the PRT members noted in Section 2.

Unless otherwise indicated, reviewers will judge whether the proposal exceeds, meets, partially meets, or does not meet the criteria listed in the RFP, and assign the appropriate point value, as follows:

- 0 points: Does not meet the criterion
- 5 points: Partially meets the criterion
- 10 points: Meets the criterion
- 15 points: Exceeds the criterion

The selection committee will have only the response to the solicitation to review for selection of finalists. It is therefore important that respondents emphasize specific information pertinent to the work.

All evaluations will be based on the following criteria:

1. Qualifications, education and experience of the individual, the firm and assigned staff members; 50%
2. The degree of completeness of response to the specific requirements of the solicitation; 25%
3. Capacity to complete the scope of work outlined in Section 4 of this RFP; 25%

Though rank ordered, all of the evaluation factors above should be considered important in the evaluation process.

SECTION 7 SELECTION SCHEDULE

The following is the anticipated schedule for the contractor/consultant selection process. All dates are approximate and contingent upon the completion of previous activities.

Request for Proposals Issued:	April 21, 2010
Deadline for Questions Regarding RFP	April 29, 2010
Deadline for Registration	April 29, 2010
Proposals Due:	May 6, 2010
Proposal Review:	May 7, 2010
Notice of Intent to Award:	May 7, 2010
Deadline for Appeal of Proposed Award:	May 14, 2010
Approval of Contract Award by Assembly:	May 17, 2010

Inspection:

Proposers should visit the work site to examine all conditions under which work is to be performed. Failure to visit the site will not relieve the Lessee from performing in strict compliance with the intent of this proposal. The site will be open for inspection by appointment only for prospective proposers weekdays 8:00 am to 4:00 pm. Prospective proposers should contact the Airport Manager's Office at (907) 225-6800 to arrange for an appointment.

SECTION 8. PROPOSAL CONTENT AND FORMAT

The Borough recognizes that respondents are likely to commit significant resources in preparation of their proposals. Further, it is in the Borough's best interest to have maximum competition among respondents in order that the Borough retains the most qualified respondent. As such, it is in the best interests of the Borough and each respondent to avoid any question whether the respondent's proposal is responsive to this RFP. Therefore, it is crucial that respondents thoroughly read this entire RFP and carefully follow all instructions. It is not uncommon for a proposal to be deemed non-responsive by the Borough because of what some might consider are inconsequential errors or omissions by a respondent. For example, proposals have been rejected by the Borough because they were not sealed or properly marked on the outside as specified in the RFP. Respondents should assume that the form and content requirements of this RFP will be rigorously applied by the Borough in determining the responsiveness of proposals. A checklist is included in this RFP to help respondents avoid errors and omissions.

Respondents should also allow adequate time for mailing or special delivery of proposals to the Borough Clerk. It is not uncommon for one or more respondents to be disqualified in submitting proposals to the Borough because the proposals were not received in a timely manner. USPS mail and special deliveries to Ketchikan may be delayed because of weather or other circumstances.

Proposals must respond directly to the evaluation criteria for this project. Additional material (other than that requested below) is not required or desired. Clarity and brevity are encouraged. Limit submittals as follows:

Proposal Checklist	Use form provided in RFP
Proposal Documentation	Use forms provided in RFP
Cover Letter	2 pages maximum
Response to Criteria	15 pages maximum
Resumes	2 pages maximum*
* per member of the project team	

One page is defined as one side of a standard 8½" by 11" sheet of paper. Submittals shall be presented in 8½" by 11" format. A limited number of larger sheets may be included if folded to the 8½" by 11" format. Larger sheets will count as two pages. Tabs and/or divider pages do not count against the maximums. Small print should be avoided.

The following sections address the specific content expected for each portion of the proposal.

8.1 Cover Letter

In the cover letter, the respondent must:

- 8.1.1** state its understanding of the services to be performed,
- 8.1.2** explain why the respondent firm is the best qualified to provide those services, and
- 8.1.3** provide the name and contact information of the individual who is authorized to make representations and commitments on behalf of the respondent.

8.2 Response to Criteria

The Response to "Criteria" may not to exceed 15 pages and should address the following

8.2.1 *Experience of the proposed project team*

Provide information about the experience of the firm in terms of the criteria listed. Experience in terms of similar projects is crucial. Recognition of the challenges presented by the airport location in Ketchikan is also vital.

Describe the nature of work that will likely be conducted by subcontractors (if any). Respondents must include any plans for subcontracting services or activities under the proposed program. This plan must include a description of the services and activities to be subcontracted, names of subcontractors (if any), and the process through which subcontracts will be obtained. The contractor will be responsible for the performance of any services provided by subcontractors.

For the firm's three most representative projects provide a professional reference that represented the owner's interest. Also include a valid telephone contact number for same.

8.2.2 *Character, integrity, reputation, and judgment of the firm and project team.*

Provide information about the character, integrity, reputation, and judgment of the firm and employees in terms of the services to be provided.

8.2.3 *Project approach and methodology to provide services for “Airport Terminal Car Rental Concession”.*

Provide information about the firm’s ability to successfully operate an airport car rental agency.

8.2.4 *Capacity to complete the scope of work outlined in Section 3 of this RFP.*

List each key member of the firm and their plans for over-site and role in the day-to-day operation of the car rental agency.

8.3 Other Information

Specify any minority/women/disadvantage ownership of Proposer and any other relevant MBE/WBE/DBE participation planned.

8.4 Required Signatures

The proposal must also be signed by a person who is authorized to bind the respondent. Specifically:

1. A proposal by a corporation shall be executed in the corporate name by the president, vice-president, or other corporate officer. *Evidence of authority to sign must also be provided.* Such evidence may be in the form of a copy of the corporate bylaws; articles of incorporation; resolution of the board; corporate certificate; or other reliable evidence.
2. A proposal by a partnership shall be executed in the partnership name and signed by a partner (whose title must appear under the signature), *accompanied by evidence of authority to sign.* Evidence of authority to sign may be in the form of a copy of the partnership agreement or other reliable evidence.
3. A proposal by a limited liability company shall be executed in the name of the firm by a member and *accompanied by evidence of authority to sign.* Such evidence may be in the form of a copy of the corporate bylaws; articles of incorporation; resolution of the board; corporate certificate; or other reliable evidence.
4. A proposal by an individual shall show the proposer’s name, business name (if different) and business address.

Prior to the award of a contract, the Borough reserves the right to investigate and confirm the authority of the signer to

8.5 Proposal Documentation Forms

To be considered, proposers must complete, sign and include the attached Proposal Documentation Forms with submitted proposals.

SECTION 9. SUBMITTALS

To be considered, all Proposals must be delivered to the address below, in the required format, on or before the deadline, and in the number of copies required.

9.1 Deadline

All Proposals must be received no later than indicated in Section 7, Selection Schedule, of this RFP.

9.2 Prospective Respondents Must Register

All individuals and firms who plan to submit a proposal must first be registered with the Borough by sending an email to the office below stating the company name, address, telephone number, and fax number. The email must be sent to:

Ketchikan Gateway Borough Procurement Officer
Debby Otte
907-228-6637, Fax 907-228-6684
Email: debbyo@kgbak.us

9.3 Inquiry Deadline

Questions, objections, or protests relating to defects, errors, omissions regarding the project or this RFP should be submitted in writing no later than indicated in Section 7, Selection Schedule, of this RFP, to the contact below. Substantive issues raised in these inquiries will be addressed in a written addendum to the RFP.

Address questions to:

Ketchikan Gateway Borough Procurement Officer
Debby Otte
Telephone: 907-228-6637
Fax: 907-228-6684
E-mail: debbyo@kgbak.us

9.4 Delivery Instructions

Proposals must be received by the Borough Clerk by the deadline noted in Section 7 of this RFP at 1900 First Avenue, Suite 115, Ketchikan, AK 99901

9.5 Required Number of Copies

Each respondent must submit six unbound copies of its complete proposal in writing. The complete proposal must be submitted in a sealed envelope or box clearly marked on the outside as follows:

AIRPORT TERMINAL CAR RENTAL CONCESSION

**Borough Clerk
Ketchikan Gateway Borough
1900 First Avenue, Suite 115
Ketchikan, Alaska 99901**

A respondent's failure to submit its proposal prior to the deadline will cause the proposal to be disqualified. Late proposals or amendments will not be opened or accepted for evaluation.

Proposals submitted by fax will not be accepted.

SECTION 10. ADDITIONAL INFORMATION

10.1 Insurance. During the entire period of the project or work, the **Sublessee or Concessionaire** shall provide the following types of insurance. All policies shall have a mandatory thirty-day cancellation clause.

- a. Workers' compensation as required by law and employer's liability coverage at a minimum of \$1,000,000. The Workers' compensation policy shall include a Waiver of Subrogation in favor of the Ketchikan Gateway Borough.

The Borough shall be insured as additional insured on all insurance policies except professional liability policies.

- b. Commercial general liability insurance, not excluding explosion, contractual liability or product/completed operation liability insurance - \$1,000,000 per occurrence and \$2,000,000 aggregate.
- c. Comprehensive automobile liability, bodily injury and property damage, including all owned, hired and non-owned, automobile - \$1,000,000 per each accident.

10.2 Postponement of Opening. The Borough reserves the right to postpone the date and time for opening of proposals at any time prior to the time announced for opening of proposals in the advertisement.

10.3 Rejection of Proposals. All proposals received after the date and time set for receipt will be **REJECTED**.

- 10.4 Addenda Acknowledgments.** Addenda may be acknowledged by written or facsimile notice to (907) 228-6697, provided such notice is received two (2) hours prior to the date and time set for receipt of proposals, and, provided further, a written confirmation of the acknowledgment is mailed or shipped via overnight services to the Borough prior to the proposal closing time.
- 10.5 Withdrawal of Proposals.** Proposals may be withdrawn only by written or facsimile notice to (907) 228-6697, provided such notice is received two (2) hours prior to the date and time set for receipt of proposals, and, provided further, a written confirmation of the withdrawal is mailed or shipped via overnight service to the Borough prior to the proposal closing time. Notice of withdrawals received after the bid opening will not be considered.
- 10.6 Information Documents Available.** Various Federal Aviation Regulations (FAR) and KGB ordinances and resolutions as defined herein are available at the Airport Manager's Office.
- 10.7 Disclosure of proposal contents.** Confidentiality and release of proprietary information during proposal evaluation, and the protection and opening of proposals is the responsibility of the Borough Manager. Proposal information shall not be released prior to official Borough action. Subsequent to official Borough action, all proposals and their content will become available for public inspection. All proposals and other materials become the property of the Borough and may be returned only at the option of the Borough.

PROPOSAL CHECKLIST
(Must be included with all submitted proposals)

This Proposal Checklist is a summary of the forms and materials required as part of your proposal. You are urged to thoroughly read the entire RFP. You must complete the checklist to help ensure compliance with the submission requirements. This completed form must be included in the sealed proposal envelope.

Place a check mark (✓) in the box next to each item when completed.

Procedural Qualifications

- ☐ Respondents must be timely registered (company name, address, telephone number and fax number) with the Borough Procurement Officer as indicated in the RFP.
- ☐ Proposals must be received in the Office of the Borough Clerk no later than the date and time indicated in Section 7 of the RFP.

Form and Content of Proposals

- ☐ In order to be considered responsive, proposals must be in a sealed envelope or box clearly marked "**AIRPORT TERMINAL CAR RENTAL CONCESSION**" on the outside of the envelope or box.
- ☐ A total of six sets of the proposal must be submitted; and all of the six sets must be unbound and should only be printed on one side of 8.5-inch by 11-inch white paper.
- ☐ All pages, excluding non-applicable notary blocks, of the Proposal Documentation section of the RFP must be submitted with the proposal documents. (The proposal content and format requirements are set out in Section 8 of the RFP).
- ☐ Respondents must acknowledge the insurance requirements on the Proposal Documentation form by signing in the space provided.
- ☐ Respondents must fill out Page 4 of the Proposal Documentation indicating the name(s) of any anticipated subcontractors for the proposed project. If the use of subcontractors is not anticipated, N/A or NONE is to be written on the form.
- ☐ Should the proposer have any deviations, modifications or proposed alternatives to the RFP, they must be indicated on Page 5 of the Proposal Documentation. If there are no exceptions to the RFP or any of the RFP's accompanying documents, N/A or NONE is to be written on the form.
- ☐ All proposers, other than individuals, must include evidence of authorization to sign on behalf of the corporation, partnership, limited liability company, or other organization.
- ☐ Proposals must respond directly to the evaluation criteria for this project set out in Section 6 of this RFP and must include the contents set out in Section 8. (Note: The determination whether a proposal responds directly to the evaluation criteria for this project will not be made by the Borough Clerk or her designee at the time of the opening of the proposals. Instead the Proposal Review Team or the Borough Manager will, during the proposal review process, determine whether each proposal responds directly to the evaluation criteria. Proposals that do not meet that requirement will be considered to be non-responsive.

Completion of this checklist does not guarantee that a proposal will be considered to be responsive. The checklist is provided strictly as a courtesy to respondents.

PROPOSAL DOCUMENTATION

TO: The Ketchikan Gateway Borough, herein called the Borough:

Pursuant to and in compliance with the Request for Proposals, the undersigned respondent, being fully familiarized with all the terms of the specifications hereby proposes and agrees to deliver, within the time and in the manner stipulated in the proposal for the following:

AIRPORT TERMINAL CAR RENTAL CONCESSION

1. Award of Project. The Borough shall have the right to reject this proposal and such proposal shall remain open and may not be withdrawn for a period of sixty (60) days after the date prescribed for its closing.
2. Notice of Acceptance. Notice of acceptance and award of the project or requests for additional information may be addressed to the undersigned Respondent at the business address, telephone number and/or email address set forth in this proposal.
3. Minimum Standards. The required work and/or specifications attached herein shall be considered as the minimum standards acceptable to the Borough. Any deviations, modifications, or alternatives proposed shall be specified and clarified by the respondent on the provided form as an EXCEPTION SUMMARY. Insufficient information pertaining to exceptions shall be at the respondent's risk and may result in rejection of the proposal.
4. Acknowledgment of Insurance Requirements.

I, _____, acknowledge the insurance requirements as
(Signature of responsible party)
stipulated in the RFP.

5. Respondent certification.

By signature on this proposal documentation, respondent does certify that he/she/they comply with:

- a. all applicable local, state, and federal laws, including but not limited to, wage and hour laws and non-discrimination laws;
- b. all terms and conditions set out in this RFP;
- c. a condition that the proposal submitted was independently arrived at, without collusion, under penalty of perjury; and
- d. that the offer will remain open and valid for at least 60 days from the closing date of the RFP.

KETCHIKAN GATEWAY BOROUGH - RFP
AIRPORT TERMINAL CAR RENTAL CONCESSION

6. Receipt of Addenda. Receipt of the following Addenda to the RFP Documents is hereby acknowledged.

<u>ADDENDA NO. _____</u>	<u>DATE OF RECEIPT OF ADDENDA</u>	<u>SIGNED ACKNOWLEDGMENT</u>
1.	_____	_____
2.	_____	_____
3.	_____	_____
4.	_____	_____

(Note: Failure to acknowledge receipt of any addenda will be considered an irregularity in the proposal and grounds for rejection.)

RESPONDENT:

By: _____

Title: _____

Alaska Business License No. _____

Company/Firm Name _____

Telephone _____

Fax No. _____

Mobile No. _____

Business Address _____

Email _____

Date _____, 2010.

Signature and Title

Printed Name

NOTE: If Respondent is a corporation, the legal name of the corporation shall be set forth above together with the signature of at least one officer authorized to sign contracts on behalf of the corporation; if Respondent is a partnership, the true name of the firm shall be set forth above together with a signature of the partner or partners authorized to sign contracts in behalf of the partnership, and if Respondent is an individual, the appropriate signature shall be placed above.

SUBCONTRACTORS: The respondent may not subcontract greater than fifty percent (50%) of this project without prior written approval of the Borough. List all subcontractors who will be providing greater than five percent (5) of the project work and an approximate percentage of their individual participation by discipline.

SUBCONTRACTORS:

Company/Firm Name _____

Estimated percentage of subcontractor's participation by discipline _____

Telephone _____

Fax No. _____

Business Address _____

Company/Firm Name _____

Estimated percentage of subcontractor's participation by discipline _____

Telephone _____

Fax No. _____

Business Address _____

Company/Firm Name _____

Estimated percentage of subcontractor's participation by discipline _____

Telephone _____

Fax No. _____

Business Address _____

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PARTNERSHIP ACKNOWLEDGMENT (if applicable)

STATE OF _____)
) ss.
_____ JUDICIAL DISTRICT)
COUNTY OF _____)

On this _____ day of _____, 2010, before me appeared _____
_____ and _____ to me
personally known, who, being by me duly sworn, did say that they are the Partners of _____
_____, a _____
(State) Partnership and that said instrument was signed on behalf of said Partnership and said
partner acknowledged said instrument to be the free act and deed of said Partnership.

NOTARY PUBLIC

Notary Public, State of _____
My Commission Expires _____

(SEAL)

LIMITED LIABILITY COMPANY (LLC) (if applicable)
ACKNOWLEDGMENT

STATE OF _____)
) ss.
_____ JUDICIAL DISTRICT)
COUNTY OF _____)

On this _____ day of _____, 2010, before me appeared _____, to me personally known, who, being by me duly sworn, did say that he/she is the Member of _____ a _____ (State) Limited Liability Company and that said instrument was signed on behalf of said _____ (State) Limited Liability Company and said officer acknowledged said instrument to be the free act and deed of said Limited Liability Company.

NOTARY PUBLIC

Notary Public, State of _____
My Commission Expires _____

(SEAL)

INDIVIDUAL ACKNOWLEDGMENT (If applicable)

STATE OF _____)
) ss.
_____ JUDICIAL DISTRICT)
COUNTY OF _____)

THIS IS TO CERTIFY that on this _____ day of _____, 2010, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____ to me known to be the person(s) described in and who executed the foregoing instrument, and acknowledged to me that he/she/they signed the same freely and voluntarily for the uses and purposes therein mentioned.

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

(Seal)

NOTARY PUBLIC FOR _____
My Commission Expires: _____

KETCHIKAN GATEWAY BOROUGH

KETCHIKAN INTERNATIONAL AIRPORT

CONCESSION AGREEMENT

and

TERMINAL BUILDING SUBLEASE

between

KETCHIKAN GATEWAY BOROUGH

And

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ADDENDUM:

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CONCESSION AGREEMENT AND TERMINAL SUBLEASE

KETCHIKAN INTERNATIONAL AIRPORT

This sublease is made and entered into this _____ day of _____, 2010, by and between the **KETCHIKAN GATEWAY BOROUGH**, hereinafter referred to as **BOROUGH**, whose address is 1900 First Avenue, Suite 210, Ketchikan, Alaska 99901, and _____, hereinafter referred to as **SUBLESSEE**, whose address is _____.

RECITALS

The BOROUGH is the lessee of the Ketchikan International Airport (hereinafter referred to as "Airport") under a master lease from the STATE of ALASKA, DEPARTMENT OF TRANSPORTATION and PUBLIC FACILITIES, hereinafter referred to as State Lease No. ADA-05175, and the BOROUGH and the Lessee, has the right, pursuant to the terms of such lease from the State, to operate an airport terminal building (hereinafter referred to as "Terminal Building") and other Airport facilities situated on Gravina Island, Ketchikan Gateway Borough, Ketchikan Recording District, First Judicial District.

The BOROUGH has the authority under the terms of said State lease to enter into this sublease, subject to the consent and approval of the STATE.

The SUBLESSEE desires to lease space in and/or adjacent to said airport terminal building at the Airport subject to all the terms, covenant, conditions and provisions of this sublease, for the following purposes:

Operation of a car rental agency at the Ketchikan International Airport

The SUBLESSEE has examined the premises and is fully informed of the condition thereof.

NOW, THEREFORE, for and in consideration of the terms, conditions and other provisions hereinafter set forth, the parties agree as follows:

Section 1: Leased Premises.

The BOROUGH hereby leases to the SUBLESSEE at the rental rates and subject to all the terms, covenants, conditions and provisions set forth, the designated space and area located within and/or adjacent to the Ketchikan International Airport terminal building located on Gravina Island, Ketchikan Gateway BOROUGH, First Judicial District, Ketchikan Recording District, Alaska hereinafter referred to as the "Leased Premises." The Leased Premises are described and shown on the plan of the terminal building floor area attached hereto as Exhibit "A". Rental Car parking areas

designated for us by SUBLESSEE are defined in Sections 3.4, and 3.5. The Premises, and all fixtures, furnishings and improvements constructed or furnished by the BOROUGH shall remain the property of the BOROUGH.

Section 2: Condition of Premises.

The SUBLESSEE acknowledges that it has inspected the Leased Premises and the building in which such are located and, upon execution of this sublease, the SUBLESSEE accepts the exclusive Leased Premises in its existing condition. The BOROUGH shall not be responsible for or be called upon to make any additional repairs and/or additions to the Leased Premises, terminal building or the Airport, except as may be agreed upon from time to time in the sole discretion of the BOROUGH. The BOROUGH shall, however, be obligated to maintain the structural integrity of the building and all common, exclusive and joint use areas.

Section 3: Use.

3.1 The SUBLESSEE covenants and agrees that during the term of this sublease it will not cause or permit use of the Leased Premises for any use other than the following without the express written consent of the BOROUGH:

Operation of a car rental agency.

3.2 The SUBLESSEE agrees that during the term of this sublease, the SUBLESSEE shall not cause nor permit any use of the Leased Premises, or any portion thereof, in any illegal manner and that the SUBLESSEE will comply with all local, State and Federal laws, ordinances, rules and regulations. The SUBLESSEE's se shall also comply with all reasonable rules and regulations pertaining to the Leased Premises, or to the Airport, that the BOROUGH may, from time to time, establish for the mutual benefit of tenants or users of the terminal building and airport facilities, provided, however, that notice of such change(s) shall be presented to the SUBLESSEE not less than thirty (30) days in advance of the proposed change(s) except where that/those change(s) must be quickly implemented in order to address unusual or safety related problems that may occur.

3.3 The SUBLESSEE and the BOROUGH agree that they will at all times conduct their business and operations at the Airport in a courteous, businesslike and responsible manner.

3.4 SUBLESSEE shall have exclusive use of 6 parking spaces to the side of the airport terminal without having to pay daily parking fees or their marked rental cars. SUBLESSEE will be charged a flat monthly rate per parking space as defined in Section 6 of this agreement.

3.5 SUBLESSEE shall have exclusive use of 20 parking spaces without having to pay daily parking fees for their marked rental cars. Use of these parking spaces is at a charge of \$100 per month and their specific location will be designated by the Airport Manager.

Section 4: Exclusive, Joint and Common Use Areas.

- 4.1** The SUBLESSEE shall be granted exclusive use of the space depicted on Exhibit "A" as "Exclusive" and may only use the space for the purposes designated, unless prior written approval is obtained from the Airport Manager.
- 4.2** The SUBLESSEE is granted nonexclusive use, in common with others, of those areas of the airport and terminal building considered common areas. This use is subject to the terms and conditions of this lease and to reasonable rules and regulations that may exist regarding the use of said "Common Areas." These common use areas are generally defined, but not limited to, vehicle parking areas and the general public access and use areas of the terminal building.
- 4.3** The BOROUGH grants the right of adequate ingress to and egress from the Airport and the Leased Premises to the SUBLESSEE and its officers, employees, agents, passengers, contractors, invitees, suppliers, and furnishers of services, subject to the procedures established by the Airport Manager and other governmental agencies having jurisdiction over the Airport.
- 4.4** The BOROUGH, in its sole discretion, shall have the right to close, relocate, reconstruct, or modify any access to space provided for the SUBLESSEE's use after reasonable notice, so long as adequate substitute access is simultaneously provided. The BOROUGH shall give its best efforts to coordinate with the SUBLESSEE regarding the operational impact of any such modifications. The SUBLESSEE's obligation to perform under this sublease shall not be altered or affected by any change in access described in this section.
- 4.5** The BOROUGH shall not be responsible for damage to or theft of any vehicles or their contents belonging to SUBLESSEE, or for any claims by SUBLESSEE for any such damage or loss incurred by SUBLESSEE's clients, customers, employees, invitees, agents, contractors, or representatives, except as may be caused by employees of the BOROUGH acting within the course and scope of their employment.
- 4.6** The BOROUGH shall have the right to establish reasonable rules and regulations, including fees and charges, for the operation of the terminal building and other Airport facilities and to make changes in and to the common and joint use areas as the BOROUGH may deem necessary at its sole discretion. In the event the BOROUGH intends to make any such changes, the BOROUGH shall first notify the SUBLESSEE in writing at least thirty (30) days in advance to provide for SUBLESSEE's comment on the proposed changes; however, this notice shall not be required if an immediate change is necessary to comply with government regulations or to ensure the safe operation of the airport.

Section 5: Lease Term and Renewal.

The term of this sublease shall be five (5) years, expiring at on June 30, 2015 and shall hereinafter be referred to as the Lease Term. SUBLESSEE has the first option to renew this lease upon or before its final expiration.

Section 6: Rent and Fees.

6.1 SUBLESSEE agrees to pay the BOROUGH, for rights and privileges granted herein the following rent per month:

Office non-aviation	\$1.51 sf	X	208sf =	\$ 314.08
Queing non-aviation	\$1.35 sf	X	112sf =	\$ 151.20
Counter Space	\$1.51 sf	X	65sf =	\$ 98.15
6 reserved parking spaces				
On the side of the terminal	\$20.00 each	X	6 =	\$ 120.00
20 Parking Spaces	\$ 5.00 each	X	20	<u>\$ 100.00</u>
			TOTAL	\$ 783.43 Per Month

6.2 Said rental shall be paid on or following the tenth (10th) business day of each calendar month.

Section 7: Rent and Fee Adjustments.

7.1 The parties hereto agree that, in addition to the minimum rent and fees provided for in Section 6 above, rent and fees shall be subject to further adjustments by the BOROUGH during the Lease Term on July 1 of each year.

7.2 If there is a change in the National Consumer Price Index for the calendar year the change in the CPI may apply to the monthly rent of the next year, and may be adjusted annually as of July 1.

7.3 Except for increases in subsection 7.2 of this section, in the event the BOROUGH intends to adjust the rent pursuant to this section, the BOROUGH shall give to the SUBLESSEE written notice of not less than sixty (60) days prior to the effective date of such adjustment. An amendment to the sublease evidencing the adjustment shall be executed no later than thirty (30) days prior to the effective date of each adjustment.

7.4 Increases in rent or fee rates shall not exceed ten percent (10%) of the current rent or fee rates assessed by the BOROUGH for each adjustment period.

7.5 Rates and charges other than rent can be changed at any time, subject to the provisions of this sublease and the Ketchikan Gateway Borough Code of Ordinances.

Section 8: Rent and Fee Payment.

The rent and fees shall be paid by the SUBLESSEE to the BOROUGH in legal tender of the United States, but check, draft or like instrument payable to the order of the KETCHIKAN GATEWAY BOROUGH. Any amounts under this sublease, which are not paid when due, shall accrue interest at the maximum rate allowed by law.

Section 9: Subject to Master Lease.

The SUBLESSEE acknowledges that the BOROUGH operates the Ketchikan International Airport under a lease with the State of Alaska, Department of Transportation and Public Facilities. The SUBLESSEE acknowledges that this sublease is subject to the terms, conditions, provisions and covenants of that lease and agrees to abide by its terms, conditions and provisions, as well as those set forth herein.

Section 10: Records and Reporting by SUBLESSEE.

- 10.1** Every vehicle owned by SUBLESSEE shall have a two (2)-inch square label that has SUBLESSEE's name on it clearly visible in the back window of the vehicle.
- 10.2** SUBLESSEE is required to have an onsite Manager present at all times. If an onsite Manager is not present, then SUBLESSEE is to provide a list of chain of command personnel with contact information in case of emergency to the office of the Airport Manager, and to keep this list current at all times.

Section 11: Improvements.

- 11.1** Before beginning construction of any improvement or alteration to the Leased Premises, the SUBLESSEE shall first submit to the Airport Manager for his/her review and preliminary approval, drawings and other available information of sufficient detail and scope to allow for a realistic assessment of the impact to the Airport resulting from such proposed construction.
- 11.2** Contingent upon the submittal to the Airport Manager of written proof of approval from all appropriate governmental agencies, the BOROUGH will perform a final review and will approve or disapprove the proposed construction in writing within fifteen (15) days after receipt of such submittals and any additional information that may be requested by the BOROUGH. The BOROUGH may require alterations to the proposed construction if it deems the project will have a substantial negative impact on the operation of the terminal building or its facilities.
- 11.3** Construction by the SUBLESSEE or its contractors must be performed in a safe, neat manner and meet the following criteria:
 - 11.3.1** It must not interfere with the activities of other tenants;
 - 11.3.2** It must be compatible with the architecture of the terminal as determined by the Airport Manager and/or his/her designee;

11.3.3 It must be performed at no cost to the BOROUGH unless otherwise mutually agreed in writing by the parties; and

11.3.4 It must comply with all federal, state, and local building codes and requirements.

11.4 Within thirty (30) days after completion of the construction or any alteration or improvement, the SUBLESSEE shall deliver to the BOROUGH three (3) sets of as-built drawings showing the location and dimensions of the alteration or improvement, including any structural, mechanical, and electrical systems.

Section 12: Ownership of Improvements.

12.1 Improvements, structures, or alterations done by the SUBLESSEE shall at once become part of the realty, building or land upon or within which they are constructed and shall become the property of the BOROUGH. They shall be surrendered with the premises at expiration of the Lease Term or termination of this sublease, whichever first occurs.

12.2 Improvements, structures, or alterations shall include, but not be limited to, interior walls, ceilings, carpeting, finished flooring, electrical wiring, air conditions ducts and equipment, interior decoration or finishing.

12.3 Upon expiration or termination of this sublease, the BOROUGH may require the SUBLESSEE to remove such improvements, structures, or alterations that have been constructed on the Leased Premises at the SUBLESSEE's sole cost and expense. Any damages caused by such removal shall be immediately repaired by the SUBLESSEE at its sole cost and to the satisfaction of the Airport Manager.

12.4 All removable furniture, furnishings, fixtures, or equipment remains vested with the SUBLESSEE at all times during the Lease Term. If not removed within five (5) days after the expiration or termination of this sublease, all such items shall, at the option of the BOROUGH and at the sole cost and expense of the SUBLESSEE, be removed and placed in storage. The BOROUGH shall not be held liable for damage to SUBLESSEE's personal property, fixtures, or any other improvements so removed and stored by the BOROUGH or its contractor. If the SUBLESSEE does not claim such personal property, fixtures, or other improvements within sixty (60) days of such removal by the BOROUGH or its contractor, they shall be deemed abandoned to the sole and exclusive ownership of the BOROUGH. The SUBLESSEE hereby waives any right or claim therein or thereto.

Section 13: Signs and Advertisements.

13.1 The BOROUGH shall install all signs reasonably necessary or required for the direction of pedestrian and vehicular traffic and all directional signs in the public areas of the passenger terminal. The SUBLESSEE shall not place or permit to be placed any sign, light, notice, or other display on, within or adjacent to the Leased Premises or elsewhere at the Airport without the prior written consent of the Airport Manager. The SUBLESSEE shall not make any change after such consent without further approval of the Airport Manager. The SUBLESSEE shall maintain all approved signs or other items as referenced above in a neat and attractive condition and appearance.

13.2 The BOROUGH shall require, as a condition of approval, that the SUBLESSEE submit to the Airport Manager for his/her approval in writing, drawings, sketches, design dimensions and character of such signs or other items referred to in this section.

Section 14: Radio Transmission.

The SUBLESSEE shall not install or use any radio transmitting equipment or other device or other radio equipment at the Airport without the prior written approval of the Airport Manager. The SUBLESSEE, at the BOROUGH's request, agrees to stop using any machine or device that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

Section 15: Prohibition Against Installation and Operation of Vending Machines.

SUBLESSEE shall not install or operate, or allow any other person to install or operate, any vending machines, coin-operated amusement machines or devices without the express prior written consent of the Airport Manager.

The BOROUGH specifically reserves the right to arrange for the installation of such machines or devices or such other concessions in public areas as the BOROUGH may desire or has need for, and to receive the income from such installations or concessions.

Section 16: Insurance.

16.1 BOROUGH's Insurance.

The BOROUGH will maintain comprehensive general liability and property insurance for the Airport, terminal building, and other facilities at the Airport during the Lease Term. The insurance policy shall provide that any proceeds shall be made payable to or for the benefit of the BOROUGH. The BOROUGH shall pay the premiums for such insurance; however, the SUBLESSEE shall pay any increase in the cost of the BOROUGH's insurance in accordance with Section 17 herein.

16.2 SUBLESSEE's Insurance.

The SUBLESSEE shall carry and maintain, during the entire Lease Term, at the SUBLESSEE's sole cost and expense, the following types of insurance in the amounts specified below:

16.2.1 Liability Insurance.

Commercial General Liability insurance with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence, combined single limit, insuring against any and all liability of the SUBLESSEE with respect to the Premises or arising out of the maintenance, use or occupancy thereof. The policies shall contain a Cross-Liability endorsement, or coverage. Coverage can be written on an aviation form if such coverage is substantially similar to the standard Commercial General Liability form.

16.2.2 Property Insurance.

The SUBLESSEE, at its cost, shall maintain on all of its personal property, fixtures, improvements, and alterations, in, on, or about the Premises, a policy of Property Insurance with coverage written under the Special Causes of Loss form, including Theft (also known as "All Risk" Property Insurance). The proceeds of any such policy shall be used by the SUBLESSEE for the replacement of personal property or the restoration of SUBLESSEE's improvements or alterations.

16.2.3 Automobile Insurance.

In the event a commercial type vehicle is used in connection with the business on airport property, the SUBLESSEE, at its cost, shall maintain Business Auto Liability Insurance. The coverage limit under this policy shall be no less than One Million Dollars (\$1,000,000.00) per claim.

16.2.4 Workers' Compensation.

The SUBLESSEE shall maintain Workers' Compensation insurance in accordance with all applicable laws.

16.3 The SUBLESSEE's obligation to insure under this section may be satisfied by appropriate amendment, rider, or endorsement on any blanket policy or policies carried by the SUBLESSEE.

16.4 The SUBLESSEE shall provide the BOROUGH with proof of insurance coverage in the form of a valid insurance policy or a certificate of insurance coverage and any endorsements or changes referenced on the policy or certificate. All insurance required by this section must comply with all of the following:

16.4.1 Name the BOROUGH as an additional insured on all policies required under 16.2.1 and 16.2.3 of this section;

16.4.2 Include a waiver of subrogation against the BOROUGH in the policies required under 16.2.1 and 16.2.4 of this section; and

16.4.3 Provide that the SUBLESSEE and the BOROUGH be notified at least thirty (30) days prior to any termination, cancellation, or material changes in the insurance coverage. Notification need not be made for changes in the SUBLESSEE's insurance policy coverage that are deemed to have no effect on the BOROUGH.

16.5 The procuring of the policy or policies of insurance required by this sublease will not limit the SUBLESSEE's liability hereunder or fulfill the indemnification provision and requirements and other obligations of this sublease. Notwithstanding said policy or policies of insurance, the SUBLESSEE shall be obligated for the full and total amount of any damage, injury, or loss caused by negligence or neglect connected with this sublease or with the use or occupancy of the Premises.

16.6 Each policy or certificate of insurance shall be deposited with the BOROUGH in a timely fashion without any lapse in coverage. The BOROUGH shall have the right to inspect SUBLESSEE's records at reasonable times to confirm that the required insurance coverage remains in force.

16.7 Waiver of Subrogation.

The SUBLESSEE and the BOROUGH agree to waive their respective rights of recovery or claim against the other for any loss or damage to the Premises, the terminal building, or their contents (excluding aircraft) resulting from fire or other insurable property hazards caused by the other. Notwithstanding Sections 24 and 37, any fire or property insurance policies carried by either party will include a waiver of subrogation clause waiving any rights of subrogation against the other party to this agreement.

16.8 Self-Insured Retention.

The SUBLESSEE agrees that there shall be no unfunded self-insured retention (SIR). Any funded self-insured retention to cover the deductible portion of a claim shall be limited to an amount not greater than Fifty-Thousand Dollars (\$50,000.00) per incident except in the case of self-insured retention for workers' compensation where the deductible portion of a claim shall be limited to an amount not greater than One-Hundred Thousand Dollars (\$100,000.00) per incident.

Section 17: SUBLESSEE's Use – Insurance Increase.

The SUBLESSEE may not use, nor authorize any of its employees, agents, contractors, representatives or other person who is subject to their direction or control, to use the Airport in any manner that will increase the BOROUGH's insurance rates or cause cancellation of any of the BOROUGH's insurance policies. If the rate of any insurance carried by the BOROUGH is increased as a result of use or actions of the SUBLESSEE or its agents, the SUBLESSEE shall pay to the BOROUGH within thirty (30) days before the date the BOROUGH is obligated to pay an increased premium on the insurance, or within sixty (60) days after the BOROUGH delivers to the SUBLESSEE a certified statement from the BOROUGH's

insurance carrier stating that the rate increase was caused solely by the occupancy or activity of the SUBLESSEE or its agents on or near the Leased Premises or on the Airport, whichever is earlier. The payment shall equal the difference between the original premium and the increased premium.

Section 18: Taxes.

The SUBLESSEE shall timely pay all taxes, assessments, license fees and other charges that are imposed, levied, or assessed by the United States, the State of Alaska, the BOROUGH, city or other governmental body or agency. This is subject, however, to the right of the SUBLESSEE to protest the same in the manner provided by law.

Section 19: Airport Changes and Improvements.

19.1 The BOROUGH hereby reserves the right and option to rebuild, remodel or otherwise effect changes in the Leased Premises and other portions of the terminal building and Airport as may in the BOROUGH's sole discretion be necessary or advisable. The BOROUGH may, upon thirty (30) days advance written notice to the SUBLESSEE, relocate or modify all or portions of the Leased Premises (including joint use and/or exclusive use areas). The BOROUGH will provide opportunity for SUBLESSEE's comments in advance of any proposed changes to the Leased Premises.

19.2 If the SUBLESSEE's Leased Premises are modified or relocated by the BOROUGH, the BOROUGH will:

- 19.2.1** Abate the rent or other charges allocable to that area equitably during any period that the SUBLESSEE will not have full use and benefit of the old or new areas as a direct result of the move;
- 19.2.2** Reimburse the SUBLESSEE for its actual verified out-of-pocket expenses at the Airport as a direct result of relocating the SUBLESSEE;
- 19.2.3** Reimburse the SUBLESSEE for the unamortized portion of any properly installed tenant improvements that cannot be used at the new location, subject to the SUBLESSEE providing evidence as to the original investment and amortization of such improvements;
- 19.2.4** Provide the SUBLESSEE with substantially similar space so that the SUBLESSEE's operations are not unreasonably disrupted;
- 19.2.5** Construct the demising walls and interior improvements to the SUBLESSEE's new area, including wall coverings, floors, ceilings, lighting, plumbing, electrical, heating units, air ventilation, and fixtures of similar type and quality to those on the Leased Premises being relocated; and
- 19.2.6** Refinish the remainder of the Leased Premises, if any, for the functions authorized by this sublease.

- 19.3** In the event of relocation, this sublease will be modified to include the SUBLESSEE's new assigned space.
- 19.4** In the event the SUBLESSEE reasonably believes that the move will have a substantially adverse effect on its activities or business conducted in the area involved, the SUBLESSEE may terminate this sublease as it applies to said area by giving written notice to the BOROUGH not later than twenty (20) days after the BOROUGH has notified SUBLESSEE with notice of the move or relocation. In the event of such termination, the BOROUGH shall incur no liability of any nature to the SUBLESSEE. Further, the BOROUGH will not be liable for any lost profits whatsoever.
- 19.5** It is further agreed that the BOROUGH, in its sole discretion may abandon properties, facilities or services that are no longer reasonably justified or required for proper and adequate operation of the Airport.
- 19.6** In the event that the actions taken by the BOROUGH are a result of events, damage or destruction within the provisions of Section 27 or 37 herein, the provisions of that section shall control.

Section 20: Utilities and Services.

- 20.1** The parties agree that each shall, during the term of this sublease, furnish, maintain, and timely pay, the utilities and other services indicated and specified as the obligation of each party listed on Exhibit "C".
- 20.2** The BOROUGH shall provide all utilities and janitorial services to the joint use and common use areas.
- 20.3** If the SUBLESSEE's utility or service requirements increase during the Lease Term, the SUBLESSEE shall pay the increased cost of such utilities or services. If the BOROUGH is required to construct any new or additional utility installations, including without limitation, wiring, plumbing, conduits, and mains, resulting from the SUBLESSEE's changed or increased utility or service requirements, the SUBLESSEE shall pay to the BOROUGH the total cost of these items.
- 20.4** The BOROUGH will not be held liable for any loss or damages sustained by the SUBLESSEE for any failure, defect, deficiency or impairment of any water supply, drainage, sewer, electrical supply, or other utility system serving the Leased Premises or the Airport.

Section 21: Repairs and Maintenance.

- 21.1** The BOROUGH shall repair, maintain and keep in a sanitary and good operating condition the following:
- 21.1.1** The terminal building including all additions and facilities, the public areas, gates, common areas, bridges, walkways, electrical systems, public address system, plumbing, heating and signage.

21.1.2 The runways, taxiways and ramps, including the runway and taxiway lighting and signage systems.

21.2 The SUBLESSEE shall repair and maintain their areas of exclusive use at its sole expense, including interior improvements, fixtures, appendages and facilities constructed by the SUBLESSEE in its exclusive use area. This shall include, but is not limited to such items as counters, painting, floor coverings and decorations, but shall not include repair or maintenance of structural systems of the terminal building unless such repairs are necessary as a direct result of SUBLESSEE's activities.

21.3 The SUBLESSEE shall ensure that its exclusive use areas outside the terminal building be kept in a neat, clean, safe, sanitary and slightly condition. This shall include such maintenance activities as sweeping and trash removal.

Section 22: Right of BOROUGH to Enter, Inspect and Make Repairs.

22.1 The BOROUGH, or its authorized representatives, shall have the right of ingress to and egress from the Leased Premises and the right to enter any part of the Leased Premises at such times as may be reasonable, and with as little interruption to the SUBLESSEE's operations as is practical, for the following purposes:

22.1.1 To perform inspections to verify that the SUBLESSEE has complied with and is complying with the terms and conditions of this sublease; and

22.1.2 To perform maintenance, make repairs, structural additions and/or alterations that the BOROUGH has the right or obligation to do.

22.2 Except in the case of an emergency, reasonable notice will be given and the BOROUGH will coordinate with the SUBLESSEE in order to minimize interference with the SUBLESSEE's activities.

Section 23: Liens.

The SUBLESSEE shall keep the Leased Premises free of all liens, pay all costs for labor and materials arising out of any construction or improvements by the SUBLESSEE on the Premises, and hold the BOROUGH harmless from liability for any liens, including costs and attorney fees; however, the BOROUGH shall give the SUBLESSEE a reasonable opportunity to cure or bond a lien when it is contested in good faith.

Section 24: Damage or Destruction.

24.1 In the event the Leased Premises, terminal building, structures, or the Airport, or any portion of them are damaged by fire, flood or other casualty, causing the Leased Premises to be unusable or inaccessible, the BOROUGH shall notify the SUBLESSEE within ninety (90) days of the date that the damage occurred and whether the damaged space is to be repaired. If, in the BOROUGH's determination, the damaged space is to be repaired, the BOROUGH shall repair

the damage with due diligence and shall abate the rent in proportion to the amount of the Leased Premises damaged or unusable. The BOROUGH will do its best to provide the SUBLESSEE with any available temporary space at a rent deemed reasonable by the BOROUGH until the repairs are completed.

24.2 If the cost of the restoration exceeds the amount of the proceeds received by the BOROUGH from the insurance required under Section 16, the BOROUGH may elect to terminate this sublease, as to the space damaged or destroyed, by giving notice to SUBLESSEE within thirty (30) days after determining that the restoration costs will exceed the insurance proceeds. The SUBLESSEE may elect to pay the BOROUGH the difference between the amount of the insurance proceeds and the cost of restoration, in which event the BOROUGH shall restore the Leased Premises. The BOROUGH must receive written notice within thirty (30) days if SUBLESSEE elects to pay the difference.

24.3 If the Leased Premises or the building and other improvements in which the Leased Premises are located are totally or partially destroyed from a risk not covered by the insurance described in Section 16, rendering the Leased Premises or the building and other improvements in which the Leased Premises are located totally or partially unusable, the BOROUGH shall have the right terminate this sublease by giving of thirty (30) days prior written notice.

24.4 If the BOROUGH is required or elects to restore as provided in Paragraph 24.1 above, the BOROUGH shall not be required to restore any of the SUBLESSEE's trade fixtures, improvements and/or personal property. Such excluded items are the sole responsibility of the SUBLESSEE's to restore.

Section 25: Condemnation.

25.1 Entire Taking.

In the event that any proper authority condemns the entire Leased Premises, including a taking by inverse condemnation, this sublease shall terminate as of the date of such taking and the entire award shall be paid to the BOROUGH. The SUBLESSEE shall be paid an amount equal to that part, if any, of the award which has been expressly computed and made for tenant improvements and fixtures installed on the Leased Premises which the SUBLESSEE is expressly entitled to remove upon the termination of this lease. The SUBLESSEE shall not be compensated for consequential or severance damages including business damage, claims for lost profits, or leasehold advantage.

25.2 Partial Taking.

In the event that only a part of the Leased Premises are condemned by any proper authority, including a taking by inverse condemnation, this sublease shall automatically terminate as to the part taken. The rent provided herein shall be adjusted for the remainder of the Leased Premises. The rent shall be apportioned by negotiation. Further, the SUBLESSEE shall be paid an amount equal to that part, if any, of the award which has been expressly computed and made for tenant

improvements and fixtures installed on the Leased Premises which the SUBLESSEE is expressly entitled to remove upon the termination of this sublease.

Section 26: Default and Termination.

26.1 Default.

Should default be made by the SUBLESSEE, and continue for thirty (30) days after written notice from the BOROUGH of the following:

- 26.1.1 Failure to pay any rent or fee, including interest and/or assessed late penalty fees; or
- 26.1.2 Failure to immediately cure a default in performance of any obligation under this sublease within thirty (30) days after written notice from the BOROUGH specifying and identifying such default in the performance of any of the other terms, covenants, conditions or provisions on the part of the SUBLESSEE to be kept or performed; then

The BOROUGH, at its own option, may terminate this sublease forthwith by written notice to the SUBLESSEE and take such action or pursue such remedy as may be permitted by law.

26.2 Termination by SUBLESSEE.

The SUBLESSEE may terminate this sublease if:

- 26.2.1 The SUBLESSEE is prohibited by lawful authority from using the Airport because of any deficiency or unsafe operating condition at the Airport for a period exceeding sixty (60) days. The SUBLESSEE may terminate this Sublease after the sixty (60) days by giving BOROUGH thirty (30) days advance written notice.
- 26.2.2 The BOROUGH does not perform any material covenant in this sublease for a period of sixty (60) days after written notice of default to the BOROUGH by the SUBLESSEE. The BOROUGH will be deemed to have cured the default if the BOROUGH commences to cure the default within the sixty (60) day period and diligently continues the cure to completion.

26.3 Termination by the BOROUGH.

Time being of the essence, the BOROUGH may terminate this sublease immediately and exercise all rights of entry and reentry upon the Leased Premises upon the occurrence of any of the following:

- 26.3.1 The SUBLESSEE fails to pay any rent or fee due, including interest and/or late penalty fees, within fifteen (15) days after SUBLESSEE's receipt of written notice of default from the BOROUGH.
- 26.3.2 The SUBLESSEE fails to provide information required by this sublease.

- 26.3.3** The SUBLESSEE fails to perform any of the material provisions in this sublease for a period of thirty (30) days after receipt of written notice of default from the BOROUGH. If the nature of the default is such that it cannot be cured within thirty (30) days after written notice of default by the BOROUGH to the SUBLESSEE, the SUBLESSEE will be deemed to have cured the default if the SUBLESSEE commences to cure the default within the thirty (30) day period and diligently continues to cure to completion.
- 26.3.4** The SUBLESSEE or its creditors file a request for the SUBLESSEE's relief under any state or federal insolvency, bankruptcy, reorganization, relief of debtors, or receivership statute.
- 26.3.5** The material restriction of the BOROUGH's operation of the Airport by action of the Federal Government, or any department or agency thereof, or by the State of Alaska, or any agency thereof, for a period of not less than sixty (60) days.
- 26.3.6** A custodian, trustee, receiver, or agent, or any similar person is appointed or authorized to take charge of a substantial part of the SUBLESSEE's operations at the Airport.

Section 27: Handling and Storage of Hazardous Material.

- 27.1** If the SUBLESSEE's employees or contractors handle fuel or any other hazardous materials on the Airport, the SUBLESSEE agrees to have properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling fuel or hazardous materials in accordance with the Uniform Fire Code and all applicable federal, state, and local laws.
- 27.2** The SUBLESSEE shall develop, maintain and provide a copy to the Airport Manager of a hazardous materials spill response plan describing the procedures and training for the SUBLESSEE's employees, agents and contractors who handle hazardous materials at the Airport. The plan must include procedures that the SUBLESSEE's employees, agents and contractors will use in the event of an accidental release of hazardous materials at the Airport. At a minimum, the plan should include a contact list of phone numbers for SUBLESSEE's key company personnel and agency personnel, an inventory list of available response equipment and supplies on hand to be used to control and clean up an accidental release, an inventory of protective clothing and devices for the safety of personnel responding to a hazardous material release, the training each employee, agent and/or contractor has received before being allowed to handle hazardous materials at the Airport and how the contaminated cleanup materials are to be disposed of after a release response by the SUBLESSEE.
- 27.3** The SUBLESSEE shall ensure that its fueling personnel or agents have sufficient hazardous material release control and clean up supplies, and training to control and clean up accidental releases that occur as a result of SUBLESSEE's tenancy and operations at the Airport.
- 27.4** In the event of a release to the environment of fuel or other hazardous materials at the Airport resulting from the SUBLESSEE's activities related to the Leased

Premises, the SUBLESSEE shall immediately notify the BOROUGH, the Department of Environmental Conservation, U.S. Coast Guard, if required, and any other agency requiring notification. In the event of a release to the environment of hazardous materials resulting from the SUBLESSEE's activities at the Airport, the SUBLESSEE or its agent or contractor shall act promptly to contain the release, absorb spilled hazardous material, clean up the affected area, repair any damages and restore the affected area to a condition satisfactory to the Airport Manager and otherwise comply with applicable federal, state, and local laws. The SUBLESSEE shall dispose of all contaminated control and clean up materials in accordance with all applicable rules and regulations.

27.5 The SUBLESSEE agrees to hold the BOROUGH harmless for any damage resulting from pollutants to the environment resulting from the handling of hazardous materials at the Airport by the SUBLESSEE's employees, agents, and/or contractors. The SUBLESSEE further agrees that it is responsible for all costs for control and cleanup of any release to the environment of any hazardous materials on or near the Airport resulting from the SUBLESSEE's occupancy and activities.

27.6 Unless specifically authorized by separate agreement, this sublease or amendment hereto, the sale of aviation fuel or lubricating oil at the Airport by the SUBLESSEE is prohibited.

Section 28: Surrender of the Premises.

28.1 Upon expiration or termination of this sublease, the SUBLESSEE agrees to peaceably surrender the Leased Premises and return possession to the BOROUGH. The Leased Premises must be left in a clean, neat and presentable condition and in good repair satisfactory to the BOROUGH.

28.2 Upon expiration or termination of this sublease, and in any event not later than five (5) days after relinquishment of possession, or demand for removal by the BOROUGH, the SUBLESSEE shall promptly remove all of the SUBLESSEE's personal property from the Leased Premises and any fixtures or other improvements or alterations placed in or on the Leased Premises by the SUBLESSEE for which the SUBLESSEE is entitled or required to remove. The SUBLESSEE shall repair any damage caused by such removal at its sole expense and to the satisfaction of the BOROUGH.

28.3 The SUBLESSEE shall not vacate or abandon the Leased Premises at any time during the Lease Term. If the SUBLESSEE does vacate, abandon or surrender the Leased Premises or is dispossessed by process of law or otherwise, any personal property, fixtures, or other improvements left on the Leased Premises and not removed within five (5) days, shall, at the option of the BOROUGH and at the sole cost of the SUBLESSEE, be removed and placed in storage. The BOROUGH shall not be held liable for damage to SUBLESSEE's personal property, fixtures, or any other improvements so removed and stored by the BOROUGH or its contractor. If such personal property, fixtures, or other improvements are not claimed by the SUBLESSEE within sixty (60) days of such removal by the BOROUGH or its contractor, they shall be deemed abandoned to the sole and exclusive ownership of

the BOROUGH. The SUBLESSEE hereby waives any right or claim therein or thereto.

Section 29: Insolvency and Bankruptcy.

In the event the SUBLESSEE files a voluntary petition in bankruptcy or institutes any proceedings of any kind or character under any bankruptcy or insolvency law the BOROUGH may, at its option, without notice or demand upon the SUBLESSEE, immediately cancel and terminate this sublease. In the event of termination, the BOROUGH shall have the right to repossess the Leased Premises as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, including damages arising out of any breach on the part of the SUBLESSEE. The BOROUGH shall also have the right, without resuming possession of the Leased Premises or terminating this sublease, to sue for and recover all rents and other sums, including damages, at any time and from time to time accruing hereunder and to exercise such other rights as may be provided by law.

Section 30: Discrimination.

The SUBLESSEE covenants and agrees that discrimination on the grounds of race, color, religion, national origin, ancestry, age, sex, or disability 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 SUBLESSEE recognizes the right of the BOROUGH to take any action necessary to enforce this provision, including actions required pursuant to any federal or state law.

Section 31: Affirmative Action.

The SUBLESSEE agrees that it will undertake any affirmative action program required by 14 CFR Part 152, Subpart E, to ensure that no person will be excluded from participation in any employment activities covered by 14 CFR Part 152, Subpart E on the grounds of race, creed, color, national origin, disability, or sex. The SUBLESSEE agrees that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by said subpart. The SUBLESSEE further agrees that it will require that its covered suborganizations provide assurance to the BOROUGH to the same effect that this will also undertake affirmative action programs and require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E.

This agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23, And Subpart F. The LESSEE agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, disability, or sex in connection with the award or performance of any concession agreement covered by 49 CFR Part 23, Subpart F.

The LESSEE agrees to include the above statements in any subsequent concession agreement that it enters and cause those businesses to similarly include the statements in further agreements.

Section 32: BOROUGH's Reservation of Rights.

The rights and privileges granted to the SUBLESSEE in this sublease are the only rights and privileges herein granted to the SUBLESSEE; and the SUBLESSEE has no easements, rights or privileges, expressed or implied, other than those specifically herein granted by the BOROUGH.

Section 33: Assignment and Subletting.

33.1 The SUBLESSEE shall not assign or sublet the Leased Premises or any part thereof without the prior written consent of the BOROUGH. Any such attempted assignment or subletting without the prior written consent of the BOROUGH shall be void and of no force or effect and may, at the option of the BOROUGH, be deemed a material breach and a basis for termination of this sublease.

33.2 The BOROUGH, at its discretion, may consent to a sublease if:

33.2.1 In the BOROUGH's reasonable opinion, the proposed sublease or assignment is in the best interest of the Airport's operation;

33.2.2 The SUBLESSEE subleases the space for an amount not exceeding the rent the BOROUGH charges for that space plus SUBLESSEE's maintenance and operation costs, an allowance for amortization of SUBLESSEE's improvements, and a fifteen percent (15%) administrative charge;

33.2.3 The term of any sublease does not extend beyond the expiration of the term of this agreement; and

33.2.4 The BOROUGH has no comparable vacant space available for lease.

33.3 The BOROUGH may approve an assignment of this sublease if all of the following conditions are met:

33.3.1 In the BOROUGH's reasonable opinion, the proposed assignment is in the best interest of the Airport's operation;

33.3.2 The SUBLESSEE assigns the sublease to an airline qualified under the State's regulations to execute the agreement and capable of complying with all the requirements of this sublease; and

33.3.3 The SUBLESSEE assigns this sublease for an amount not exceeding the rent the BOROUGH charges for that space plus the cost of the SUBLESSEE's improvements and personal property transferred as part of the assignment.

33.4 Consent given on one occasion shall not be construed as, or constitute a waiver of the requirement of consent as to any subsequent or further assignment or subletting. In the event of assignment or subletting, the SUBLESSEE shall remain liable and responsible for performance of all the terms, covenants, conditions and provisions provided for in the sublease, including payment of rent and other

charges herein provided and the assignee shall be required to enter into an agreement to perform all of the terms and conditions of this sublease.

Section 34: Subordination.

This sublease is subordinate in all respects to all present or hereafter issued general obligation, revenue, or other bonds, securities, or encumbrances issued in regard to the Ketchikan International Airport. The SUBLESSEE further agrees that this sublease and all rights hereunder, shall be subject and subordinate to all prior exceptions, reservations, leases, licenses, easements, restrictions, and rights-of-way of record not existing in, onto, over or affecting the Leased Premises. The SUBLESSEE agrees not to violate any such exceptions, reservations, leases, licenses, easements, restrictions, or rights-of-way.

Section 35: Indemnification.

- 35.1** The BOROUGH shall not be liable for any claims, liabilities, penalties or damages of any kind whatsoever, whether or not valid, or for injury to persons or property, nor for deaths of them, caused by or resulting from any act or omission of the SUBLESSEE or any of the SUBLESSEE's employees, sublessees, agents, licensees, contractors, or representatives.
- 35.2** The SUBLESSEE will indemnify, save harmless, and defend the BOROUGH, its officers, agents, and employees from liability of any nature or kind including costs and expenses for or on account of any and all legal actions or claims of any character whatsoever resulting from death or injury to any person(s) or damage to property to the extent caused by any wrongful error, omission, or negligent act of the SUBLESSEE arising out of this sublease.
- 35.3** The SUBLESSEE agrees to notify the BOROUGH of any claim in which the BOROUGH could become involved arising out of the SUBLESSEE's occupation or use of the Leased Premises. Upon the BOROUGH's request, the SUBLESSEE will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit affecting the Leased Premises.
- 35.4** The failure of the BOROUGH at any time to enforce the provisions of this sublease concerning insurance coverage shall not constitute a waiver of those provisions nor in any respect reduce the obligation of the SUBLESSEE to defend and to hold and save the BOROUGH harmless with respect to any claims or items of injury or damage covered by this section.

Section 36: National Emergencies.

In case of any national emergency declared by the federal government, neither the SUBLESSEE nor the BOROUGH may be held liable for any inability to perform any part of this sublease resulting from the national emergency.

Section 37: Natural Disasters.

In the event any cause, which is not due to the fault or negligence of either SUBLESSEE or BOROUGH, renders the Leased Premises unusable and makes the performance of this sublease impossible, this sublease may be terminated by either party upon written notice to the other party. Causes include, but are not restricted to, acts of God or the public enemy, acts of the United States, fires, floods, epidemics, quarantine restrictions, or strikes.

Section 38: Right of BOROUGH to Return Airport Operation to the State of Alaska.

The SUBLESSEE expressly acknowledges that it has been informed by the BOROUGH that the BOROUGH operates the Airport pursuant to a lease with the State of Alaska. The SUBLESSEE further acknowledges and agrees that the BOROUGH in its sole discretion has the right to, and may, at any time, without liability, discuss, negotiate or arrange with the State for the termination of the BOROUGH's lease with the State and/or for the return of all or any portion of the Airport, or the operation thereof, and/or the Leased Premises, to the State of Alaska. Such actions, whether or not such affects the SUBLESSEE, or results in the termination or modification of this sublease, shall not constitute or be deemed to be a constructive or actual eviction of the SUBLESSEE or a breach of any express or implied covenant of quiet enjoyment or other obligation owed by the BOROUGH to the SUBLESSEE. The BOROUGH shall have the right to take such termination or other action regarding the lease with the State without liability or damages of any form or nature to the SUBLESSEE. If the Leased Premises are returned to the State, the SUBLESSEE may terminate this agreement upon the giving of at least sixty (60) days prior written notice to the BOROUGH.

Section 39: Modification.

The BOROUGH may modify this sublease to meet the revised requirements of federal or state grants, laws, or regulations, or to conform to the requirements of any revenue or general obligation bond covenant to which the Ketchikan Gateway Borough is a party; provided that, a modification may not act to reduce the rights or privileges granted the SUBLESSEE by this sublease nor act to cause the SUBLESSEE financial loss. BOROUGH will make every reasonable effort to notify SUBLESSEE prior to any such modification to the sublease.

Section 40: Compliance with Rules and Regulations.

- 40.1** The BOROUGH reserves the right to adopt, amend and enforce reasonable rules and regulations governing the Leased Premises, joint use areas and the public areas and facilities used by the SUBLESSEE in connection therewith. The SUBLESSEE shall observe, obey, and abide by all of such rules and regulations heretofore or hereafter adopted or amended by the BOROUGH.
- 40.2** In addition, the SUBLESSEE shall observe, obey and comply with and all applicable rules, regulations, laws, ordinances, statutes, or orders of any governmental authority , Federal, State, or local, lawfully exercising authority over

the Airport, or the SUBLESSEE's conduct of its air transportation or other business or activity at the Airport.

40.3 The BOROUGH shall not be liable to the SUBLESSEE for any diminution or deprivation of possession, or of its rights hereunder, because of the BOROUGH's exercise of any such right or authority as provided in this section. Nor shall SUBLESSEE be entitled to terminate the whole or any portion of the leasehold herein created, by reason of the exercise of such right or authority, unless the exercise thereof shall so interfere with SUBLESSEE's use and occupancy of the leasehold herein created as to constitute a termination in whole or in part of this sublease by operation of law in accordance with the laws of the State of Alaska.

40.4 The BOROUGH makes no specific warranties, express or implied, concerning the suitability of the Leased Premises for any use, including those uses authorized by this permit. The SUBLESSEE takes the Leased Premises subject to any and all of the covenants, terms, and conditions affecting the BOROUGH's title to the Leased Premises.

Section 41: Special Conditions.

41.1 The SUBLESSEE agrees to assume full control and sole responsibility for its activities and personnel on the Leased Premises, in the terminal building and on the Airport. The SUBLESSEE further agrees to coordinate its activities on the Airport with the Airport Manager and to abide by all reasonable decisions and directions of said Airport Manager regarding the use of the Airport by the SUBLESSEE and its personnel. This includes compliance with airport security procedures, security access requirements and other such operational procedures.

41.2 The SUBLESSEE shall ensure that any of its employees, agents and/or contractors who operate ground vehicles or equipment that require a State of Alaska, Commercial Driver's License (CDL), have a current CDL on their person while operating such vehicles or equipment on any portion of the Airport.

41.3 The SUBLESSEE agrees that the airport operator has the sole right to adjust airport hours of operation, including the scheduling of the airport ferry system. The airport hours of operation are those published in the Alaska Supplement. The SUBLESSEE agrees that requests from the SUBLESSEE for airport services beyond normal airport hours of operation will be handled on a case-by-case basis and special charges and fees may be assessed by the BOROUGH for such additional services rendered by the BOROUGH to the SUBLESSEE's customers, employees, guests, invitees, contractors or agents.

41.4 All employees of SUBLESSEE working at the airport shall wear shirts with the company name clearly visible or wear a name tag with the company name clearly visible.

Section 42: Miscellaneous.

42.1 Relationship of Parties.

Nothing herein shall be deemed or construed by the parties, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint

venture between the parties. Also, it being understood and agreed that neither method of computation of rent nor any other provision contained herein, nor any acts or the parties hereto, shall be deemed to create any relationship between the parties other than the relationship of LESSEE and SUBLESSEE.

42.2 Terminology.

Whenever the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

42.3 Nonwaiver.

The failure of the BOROUGH to insist in any one or more instances upon the strict performance by the SUBLESSEE of any provision or covenant in this sublease may not be considered as a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the BOROUGH of any provision or covenant in this sublease cannot be enforced or be relied upon unless the waiver is in a writing authorized by and signed on behalf of the BOROUGH. No waiver of default of any part of this sublease by either party may operate as a waiver of any subsequent default of any part of this sublease that is to be performed by the other party. Consent or notice by either party may not be construed as consent or notice in the future.

42.4 Law Applicable.

The laws of the State of Alaska shall govern the construction, validity, performance and enforcement of this sublease. Any legal action involving this sublease must be filed in court in the City of Ketchikan, Alaska, First Judicial District, Alaska.

42.5 Paragraph Headings.

The headings of the several sections and subsections contained in this sublease are for convenience only and do not define, limit or construe the contents of such sections and subsections.

42.6 Successors and Assigns.

Except as otherwise provided herein, the covenants, agreements and obligations herein contained shall extend to bind and insure to the benefit not only of the parties hereto but their respective personal representatives, heirs, successors and assigns.

42.7 Compliance with Laws and Regulations.

The SUBLESSEE shall, at the SUBLESSEE's sole cost and expense, comply with all of the requirements of all local, State, or Federal laws, ordinances, or which may hereafter be in force, pertaining to the SUBLESSEE's use or occupancy of said Leased Premises at the Airport.

42.8 Notice of Claims or Damages.

SUBLESSEE shall give immediate notice to the BOROUGH, in case of fire, fuel or other hazardous material spills, or accidents in or on the Leased Premises or in or near the building of which the Leased Premises are a part, or of defects therein in any fixtures or equipment.

42.9 Terms Construed as Covenants and Conditions.

Every term and each provision of this sublease performable by either party shall be construed to be both a covenant and a condition.

42.10 Time of the Essence.

Time is of the essence of each term, condition, covenant and provision of this lease.

42.11 Entire Agreement.

The SUBLESSEE acknowledges that it has read this entire sublease, has fully understood the provisions thereof, was satisfied therewith, and signed the same of its own free will. The SUBLESSEE further acknowledges that any prior contracts, promises, representations, or agreements between the SUBLESSEE and the BOROUGH, relating to the sublease of the subject premises, are hereby extinguished; that there are no oral or written promises, representations or agreements between the SUBLESSEE and the BOROUGH. This sublease constitutes the entire and only agreement between the BOROUGH and the SUBLESSEE relating to the sublease of the subject premises.

42.12 Severability.

In the event any provision of this sublease is adjudicated or held to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

42.13 Notices.

Any notice required by this sublease must be hand-delivered or sent by certified mail to the appropriate party at the address set forth on page one of this sublease or to any other address which the parties may subsequently designate in writing.

42.14 Remedies Cumulative.

Each of the rights and remedies of the parties hereto shall be construed as cumulative and to be in addition to any other rights or remedies that may now or hereafter be provided by law or equity.

42.15 Interrelations of Provisions.

The basic provisions, covenants, supplements, addenda, and drawings are essential parts of this sublease and are intended to be cooperative, to provide for the use of the Leased Premises, and to describe the respective rights and obligations of the parties to this sublease. In case of a discrepancy, figured dimensions govern over scaled dimensions unless obviously incorrect.

WHEREFORE, the parties have entered into this sublease the date and year first above written at the City of Ketchikan, Alaska.

BOROUGH

KETCHIKAN GATEWAY BOROUGH

DATE: _____

By: _____
Dan Bockhorst, Borough Manager

ATTEST:

Kacie Paxton, Borough Clerk

APPROVED AS TO FORM:

Scott Brandt-Erichsen, Borough Attorney

SUBLESSEE

DATE: _____

By: _____

Title: _____

ATTEST:

By: _____

Title: _____

Date: _____

BOROUGH ACKNOWLEDGMENTS

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____ day of _____, 2010, before me, the undersigned, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Dan Bockhorst** to me known to be the **Borough Manager** of the **Ketchikan Gateway Borough**, a municipal corporation, the corporation which executed the above and foregoing instrument; who on oath stated that he was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to me that he signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

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

(Seal)

NOTARY PUBLIC FOR ALASKA

My Commission Expires: _____

STATE OF ALASKA)
) ss.
FIRST JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this _____ day of _____, 2010, before me, the undersigned, a notary public in and for the State of Alaska, duly commissioned and sworn, personally appeared **Kacie Paxton** to me known to be the **Borough Clerk** of the **Ketchikan Gateway Borough**, a municipal corporation, the corporation which executed the above and foregoing instrument; who on oath stated that she was duly authorized to execute said instrument on behalf of said corporation; who acknowledged to me that she signed the same freely and voluntarily on behalf of said corporation for the uses and purposes therein mentioned.

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

(Seal)

NOTARY PUBLIC FOR ALASKA

My Commission Expires: _____

CORPORATE CERTIFICATE (if applicable)

I, _____, certify that I am the Secretary of the Corporation named as Respondent in the foregoing instrument; that _____, who signed this proposal on behalf of the corporation, was then _____ of said Corporation; that the proposal was duly signed for and on behalf of said Corporation by authority of its governing body or other authority and is within the scope of its corporate powers.

Signature

CORPORATE ACKNOWLEDGMENT

STATE OF _____)
) ss.
_____ JUDICIAL DISTRICT)
COUNTY OF _____)

THIS IS TO CERTIFY that on this _____ day of _____, 2010, before me, the undersigned, a Notary Public in and for the State of _____, duly commissioned and sworn, personally appeared _____ and _____ known to be the _____ and _____ of _____, the corporation which executed the above and foregoing instrument, and who on oath stated they were duly authorized to execute said instrument and acknowledged that they signed the same freely and voluntarily on behalf of said corporation for the purposes therein mentioned.

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

NOTARY PUBLIC FOR _____
My Commission Expires: _____

(Seal)

PARTNERSHIP ACKNOWLEDGMENT (if applicable)

STATE OF _____)
) ss.
_____ JUDICIAL DISTRICT)
COUNTY OF _____)

On this _____ day of _____, 2010, before me appeared _____
_____ and _____ to me
personally known, who, being by me duly sworn, did say that they are the Partners of _____
_____, a _____
(State) Partnership and that said instrument was signed on behalf of said Partnership and said
partner acknowledged said instrument to be the free act and deed of said Partnership.

NOTARY PUBLIC

Notary Public, State of _____
My Commission Expires _____

(SEAL)

LIMITED LIABILITY COMPANY (LLC) (if applicable)
ACKNOWLEDGMENT

STATE OF _____)
) ss.
_____ JUDICIAL DISTRICT)
COUNTY OF _____)

On this _____ day of _____, 2010, before me
appeared _____, to me personally
known, who, being by me duly sworn, did say that he/she is the Member of _____
a _____
(State) Limited Liability Company and that said instrument was signed on behalf of said _____
_____ (State) Limited Liability Company and said officer acknowledged
said instrument to be the free act and deed of said Limited Liability Company.

NOTARY PUBLIC

Notary Public, State of _____
My Commission Expires _____

(SEAL)

APPROVAL AND CONSENT OF STATE OF ALASKA

**CONCESSION AGREEMENT
And
TERMINAL SUBLEASE**

Between

KETCHIKAN GATEWAY BOROUGH
and

Pursuant to Aviation Lease No. ADA-05175, the State of Alaska hereby approves of and consents to the foregoing Sublease, and the terms and conditions thereof, and further agrees that in the event the State of Alaska takes over or otherwise assumes operation of the Airport during the term of this Sublease, the SUBLESSEE shall be entitled to conduct the authorized use and activities pursuant and subject to all of the terms and conditions of this Sublease for the remainder of the Term, provided, however, the State of Alaska shall, in such event, be substituted in the place and stead of the BOROUGH, including the right to enforce all of the terms and conditions in this Sublease in the same manner, and to the same extent as could have the BOROUGH.

DATED this _____ day of _____, 2010.

State of Alaska,
by and through the Department
of Transportation and Public
Facilities

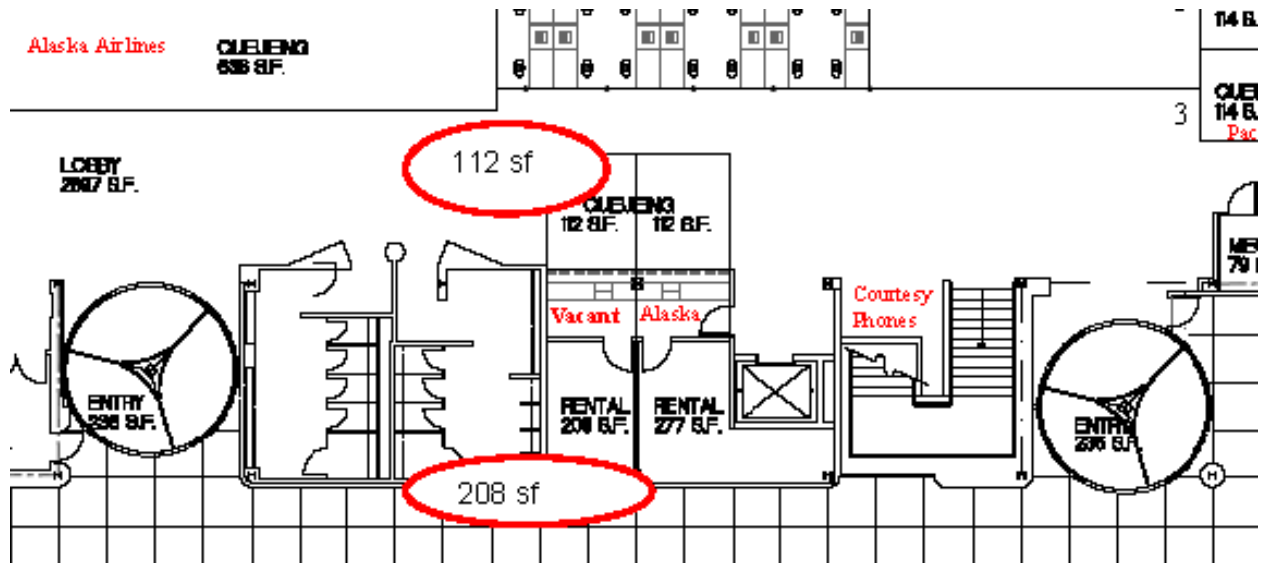
By: _____

(Typed Name)

Title

EXHIBIT A

Exclusive Use Space – Exhibit A
Terminal Building Sublease between Ketchikan Gateway Borough
&



Office non-aviation	\$1.51 sf	X	208sf =	\$ 314.08
Queing non-aviation	\$1.35 sf	X	112sf =	\$ 151.20
Counter Space	\$1.51 sf	X	65sf =	\$ 98.15
6 reserved parking spaces				
On the side of the terminal	\$20.00 each	X	6 =	\$ 120.00
20 Parking Spaces	\$ 5.00 each	X	20	\$ 100.00
			TOTAL	\$ 783.43 Per Month

EXHIBIT B

UTILITIES AND SERVICES

CONCESSION AGREEMENT AND TERMINAL SUBLEASE

The BOROUGH and SUBLESSEE shall provide and pay for the utilities and services as follows:

	<u>Leased Premises</u> (Inside Terminal)		<u>Leased Premises</u> (Outside Terminal)	
	Borough	Sublessee	Borough	Sublessee
1. ELECTRICITY	(X)	()	()	(X)
NOTE: SUBLESSEE will be responsible for electricity in exclusive use area.				
2. WATER	(X)	()	(X)	()
3. TELEPHONE	()	(X)	()	(X)
4. HEAT	(X)	()	()	(X)
5. JANITORIAL	(X)	()	()	(X)
6. GARBAGE REMOVAL	(X)	()	()	(X)
7. SEWER	(X)	()	()	(X)
8. LIGHT BULB REPLACE	()	(X)	(X)	()
9. TERMINAL P.A. SYSTEM	(X)	()	(X)	()
10. OTHER N/A	()	()	()	()

Janitorial services provided by the BOROUGH shall be general in nature (routine office housekeeping). This will include removal of burnable office waste paper and like materials. Removal and disposal of construction materials, equipment maintenance materials, and other such waste products shall be the sole responsibility of the SUBLESSEE.