

CITY OF UNALASKA
TOM MADSEN AIRPORT TERMINAL
SUBLEASE AGREEMENT

THIS Sublease Agreement (“Sublease”) is made this _____ day of _____, 2022, by and between the **City of Unalaska**, a Municipal Corporation (“the City”), and _____ (“Tenant”). The Sublease Agreement is entered into and subordinate to Lease No. ADA-05248, existing between the State of Alaska, Department of Transportation and Public Facilities, as Lessor, and the City of Unalaska, as Lessee (“Master Lease”).

The parties agree as follows:

1. Premises and Term.

(a) Leased Premises. Subject to the terms and conditions in this agreement, the City sublets to Tenant that certain area in the Tom Madsen Airport Terminal Building (“Building”) generally described as “Leased Premises.” The Leased Premises consists of the floor area as outlined on the floor plan (attached hereto as Exhibit “A”) of the Building. This sublease is subject to the terms and conditions in this agreement, and this sublease is contingent upon approval or approvals required by the State of Alaska and shall have no binding effect until such approval or approvals are granted.

(b) Square Footage. For the purpose of calculating Monthly Base Rent and/or Tenant’s share of Extended Operating Expenses, the agreed square footage of the Leased Premises is _____ square feet.

(c) Term. The term of this Sublease shall be from _____, through and including July 5, 2023, unless terminated earlier in accordance with this Agreement, provided, however, that approval of this sublease by the State of Alaska is required before Tenant may occupy the Leased Premises. The Tenant, on behalf of itself and its successors and assigns, acknowledges that the City has no control over State of Alaska approval of this sublease or State of Alaska approval of any assignment or sublease of this sublease and further acknowledges that this sublease shall not be effective until such approval is acquired.

(d) Use of Leased Premises for Security. The Tenant understands that security in the nation’s airports is a matter of the utmost importance and that the City has little or no control over how or where security is implemented in the Building. With this in mind, the Tenant agrees to yield any part or all of the Leased Premises for the implementation of security as follows:

(i) Partial Loss of Leased Premises. If part of the Leased Premises is required by the State of Alaska, the Transportation Security Administration or any other

state or federal agency the City may change the shape and/or square footage of the Leased Premises. Should more than 25 percent of the Leased Premises be required by the State of Alaska, the Transportation Security Administration, or any other state or federal agency, the Tenant and the City each has the option of terminating this agreement. If the Tenant continues to lease the Leased Premises, then the Base Monthly Rent and Extended Operating Expenses shall be calculated on the actual square footage of the Leased Premises available to the Tenant.

(ii) Total Loss of Leased Premises. If all of the Leased Premises is required by the State of Alaska, the Transportation Security Administration, or any other state or federal agency, this lease shall terminate. The City may, but is under no obligation to, offer to transfer the Tenant to other space which may be available within the Building. Should different space be offered to Tenant, then the City may require the Tenant to enter into a new sublease.

(iii) Notice. The City agrees to give Tenant 30 days' notice that all or part of the Leased Premises is required for security purposes unless the City is given less than 30 days' notice before all or part of the Leased Premises is required by the State of Alaska, the Transportation Security Administration, or any other state or federal agency in which case the City shall provide the Tenant with notice within 24 hours after the City receives notice.

(iv) Hold Harmless. Tenant understands that neither the City nor the State of Alaska is responsible for decisions regarding security in the Building and agrees to hold both the City and the State of Alaska harmless from any damages that Tenant may incur should all or part of the Lease Premises be required for security purposes.

2. Appurtenances and Access.

(a) The City sublets to Tenant those fixtures and appurtenances now or hereafter belonging or appertaining to the Leased Premises, "as is, where is."

(b) The City sublets to Tenant those rights of ingress and egress to the Leased Premises as are reasonably necessary to the operation of its permitted operations on the Leased Premises, insofar as such rights of ingress and egress are consistent with the security needs of the Airport Terminal Building. The City, the State of Alaska, the Transportation Security Administration, or any other state or federal agency, may temporarily or permanently close doors, corridors, or otherwise restrict Tenant's access, without liability to the City, its agents, its elected officials, employees, or volunteers. Any such action shall neither be construed as an eviction of Tenant nor relieve Tenant from any duties or liabilities hereunder.

3. Encumbrances. The Leased Premises are sublet subject to deed restrictions, easements, rights-of-way, zoning and building restrictions, and governmental regulations now in effect or hereafter adopted by any governmental authority. Tenant shall not allow or cause any encumbrances to lie against the Leased Premises. Tenant shall

not permit any mechanics', laborers' or materialmen's lien to stand against the Leased Premises or improvements thereto for any labor or materials furnished to Tenant or claimed to have been furnished to Tenant or to Tenant's agents, contractors, or sublessees, in connection with work of any character performed or claimed to have been performed on the Leased Premises or improvements thereto by or at the direction or sufferance of Tenant, provided, however, that Tenant shall have the right to contest the validity or amount of any such lien or claimed lien. In the event of such contest, Tenant shall give to the City a bond in an amount sufficient to satisfy the provisions of AS 34.35.072.

4. Sublease is Subordinate to Master Lease. Tenant acknowledges that this Sublease is subordinate to and dependent on the Master Lease between the City and the State of Alaska. Accordingly, this Sublease, Tenant, and Tenant's use and tenancy, are subject to the provisions and covenants of the Master Lease, which Tenant agrees to abide by. Should the City's lease with the State terminate for any reason, this Sublease shall immediately terminate, without any liability to Tenant on the part of the City. Tenant shall be liable for all sums due and owing under this Sublease up to and including the date of such a termination.

5. Rental, Extended Operating Expenses, and Security Deposit

(a) General. Tenant shall pay, during the entire term of this Sublease and any extension thereof, Monthly Base Rent and Extended Operating Expenses on a per square foot basis, as those terms are defined below.

(b) Monthly Base Rent. Monthly Base Rent shall be paid on or before the fifteenth day of each calendar month. If the term commences on a day other than the first day of a calendar month or ends on a day other than the last day of a calendar month, then Monthly Base Rent shall be prorated day-by-day by the City for such month. If the term commences on a day other than the first day of a calendar month, then the prorated Monthly Base Rent for such month shall be paid on or before the fifteenth day of the term. Monthly Base Rent for the Leased Premises shall be _____, which is equal to the square footage of the Leased Premises stated in paragraph 1(b) multiplied by \$___ per square foot. Monthly Base Rent shall be paid to the City, without notice or demand, and without deduction or offset, at the City's address.

(c) Interest on Underpayments. If any underpayment is made by Tenant on the Monthly Base Rent or Extended Operating Expenses, the Tenant will promptly pay the difference plus interest at 10.5% per annum from the time payment was due plus all costs incurred in the recovery of underpayment.

(d) Operating Expenses. In addition to Monthly Base Rent, Tenant shall pay its share of Extended Operating Expenses for each square foot of Leased Premises as calculated and detailed below. As used in this Sublease, the term "Calendar Year" (CY) means the period from January 1 through December 31. As used in this Sublease, the term "Fiscal Year" means the period from July 1 through June 30. As used in this

Sublease, the term "Extended Operating Expenses" means the following:

(i) all costs of management, operation and maintenance of the Tom Madsen Airport Terminal Building, including maintenance of parking areas by the City, including without limitation depreciation of equipment used in operating and maintaining the common areas and Baggage Area and rent paid for leasing such equipment; any payments in whole or in part in lieu of taxes; rental value of space in the Airport used by the City; and any other costs, charges, and expenses which under generally accepted accounting principles would be regarded as maintenance and operating expenses; and

(ii) the cost, amortized over such reasonable period as the City will in its discretion determine, together with interest on the unamortized balance of any capital improvement or large maintenance projects which are made to the Airport by the City during the term or any extension, and extended on a monthly per square foot basis as calculated below. The cost of any capital improvements which are required to be made to the Airport after the date of this Sublease as a result of Tenant's unique use of the Leased Premises or Baggage Area may be made by the City at Tenant's sole cost and expense.

Operating Expenses do not include those costs which in the sole discretion of the City should not be included in costs chargeable to Tenants.

(1) Payment Each Month. In addition to Monthly Base Rent, Tenant shall pay to the City on or before the fifteenth day of each month during the term of this Sublease or any extension Tenant's share of Extended Operating Expenses for each square foot of Leased Premises.

(2) Procedure for Calculation. During December of the Calendar Year preceding the onset of the term of this Agreement, or as soon after December as is practicable, the City will give Tenant written notice of the preceding fiscal year's Extended Operating Expenses applicable to this Agreement. Tenant's share of Extended Operating Expenses applicable to the months in a given calendar year, for each square foot of Leased Premises, shall equal the City's Extended Operating Expenses for the fiscal year ended prior to the execution of this Agreement divided by 5,695 square feet (representing the total leasable square footage of the first floor of the Building). If such notice is not given in October, Tenant will continue to pay on the basis of the prior year's calculation until the month after such notice is given; provided that in the month Tenant first pays the City's new calculation, Tenant will pay to the City the difference between the new calculation and the amount payable under the prior year's calculation for each month which has elapsed since December 31.

(3) Extended Operating Cost. For calendar years ____ through ____, the base operating cost is \$ ____ per square foot of leasable space per month. In addition, the Extended Operating Cost includes the 30-year amortization of the cost of remodeling the Building. That amount will fluctuate with each year of this Agreement. For CY2022, the amortization cost is \$ ____ per square foot per month.

The total Extended Operating Cost for calendar year _____, based on fiscal year _____ is \$_____ per square foot of Leased Premises.

(e) Security Deposit. At the execution of this Sublease, Tenant shall make a security deposit in the amount of \$1,000. If a security deposit of the required amount has been made in prior years and is in the possession of the City, the City will provide Tenant with written acknowledgement.

6. Taxes and Charges Treated as Additional Rent. Tenant agrees to pay to the public authorities charged with collection thereof, promptly as the same become due and payable, all taxes, assessments, general and special, permit, inspection and license fees and other public charges, whether of a like or different nature, levied upon or assessed against the Leased Premises and any buildings, structures, fixtures or improvements now or hereafter located thereon, or arising in respect of the occupancy, use or possession of the Leased Premises, including but not limited to municipal sales, real property and personal property taxes, and which are assessed and are or become payable to the City during the term of this Sublease. Tenant agrees to exhibit to the City, on demand, receipts evidencing payment of all taxes, assessments and public charges so payable by Tenant. These payments constitute part of Tenant's rent and failure to pay these taxes in a timely fashion to the appropriate authority is equivalent to the non-payment of rent. This paragraph shall not be construed to require double payments of said taxes (once as taxes and once as rent), but only once as taxes.

7. Tenants Share of Utility Costs. In addition to Monthly Base Rent and Extending Operating Costs, Tenant shall pay to the City on or before the fifteenth day of each month during the term of this Sublease or any extension Tenant's share of Utility Costs. As used in this Sublease Utility Costs means: all costs incurred by the City to provide heat and electricity to the Building except for any separately metered electricity costs paid by another Tenant. Tenant's share of Utility Costs for any given month during the lease term shall equal the total Utility Costs multiplied by the ratio of the number of square feet identified in paragraph 1(b) to 12,166 square feet (representing the total leasable square footage of the second floor of the Building). Utilities will be billed based on actual use and will be billed after the services are used. This will be included in the Tenants monthly invoice. In no event shall the City be liable for any loss or damage caused by any variation, interruption or failure of such services. No temporary interruption or failure of such services incident to the making of repairs, alterations, or improvements, or due to accident or strike, or conditions or events beyond the City's reasonable control shall be deemed an eviction of Tenant or relieve Tenant of any of its obligations hereunder.

8. Compliance with Laws and Care of Premises/Indemnity.

(a) Tenant shall comply with all applicable laws, ordinances and regulations of duly constituted public authorities now or hereafter enacted in any manner affecting the Leased Premises, or the sidewalks, streets, and ways adjacent thereto or any buildings, structures, fixtures and improvements or the use thereof, whether or not

any such laws, ordinances or regulations which may be hereafter enacted involve a change of policy on the part of the governmental body enacting the same. Tenant agrees to defend, indemnify, and hold both the City and State of Alaska, their agents, elected officials, volunteers, and employees financially harmless (a) from the consequences of any violation of such laws, ordinances and/or regulations, (b) from all claims for damages on account of injuries, death or property damage resulting from such violation, and (c) from all claims for damages to the Tenant or a third party arising out of the partial or complete use of the Leased Premises for security purposes provided that such damage is not caused by the City's or the State's negligence.

(b) Tenant shall not permit any unlawful occupation, business or trade to be conducted on the Leased Premises or any use to be made thereof contrary to any law, ordinance or regulation.

(c) Tenant shall neither use nor permit any assignee or sublessee to use the Leased Premises for any purpose which poses a substantial risk of damage by means of fire or otherwise.

9. Maintenance Obligations.

(a) Tenant, at its own cost and expense, shall keep the Leased Premises and all Tenant's improvements which at any time during the term of this Sublease, plus any extensions, may be situated thereon, clean and in good condition and repair free of hazard or nuisance during the entire term of this Sublease, plus any extensions. Tenant shall provide its own janitorial service for the Leased Premises and remove trash from the Leased Premises. All proposed improvements, grading, fill construction, or alterations must receive the advanced written approval of the City, the State of Alaska, and any other government entity or agency whose approval is required.

(b) The City shall reasonably maintain the common areas of the Airport Terminal Building, including lobbies, stairs, corridors, restrooms, and common parking and access areas and Baggage Area, in reasonably good order and condition, subject to reimbursement under ¶5.

(c) Tenant expressly waives the right to make repairs at the expense of the City as provided for in any statute or law in effect at the time of the execution of this Sublease or any amendment thereof, or any other statute or law which may be hereafter passed during the term of this Sublease.

(d) Tenant shall maintain the Leased Premises in keeping with good fire prevention practices at all times.

(e) Tenant shall, upon expiration or termination of this Sublease, surrender and deliver the Leased Premises to the City in as good condition as when received by Tenant or as thereafter improved, ordinary wear and tear excepted.

10. Tenant's Rights. Tenant shall have the following rights during the term of this Sublease:

(a) To make such alterations, additions and repairs to the Leased Premises as are reasonably necessary to the operation of Tenants mode of business, subject to prior written approval under ¶9(a).

(b) No structure, fixture or other improvement, the plans, specifications and proposed location of which have not first received the written approval of the City, the State of Alaska DOT&PF, or any other governmental entity or agency from which approval is required, or which does not comply with such approved plans, specifications and locations, shall be constructed or maintained on the Leased Premises. All fixtures or improvements constructed or installed shall comply with all public laws, ordinances and regulations applicable thereto and shall be completed at the sole cost and expense of Tenant and without any cost, expense or liability to the City whatsoever.

(c) The approval by the City of any plans and specifications refers only to the conformity of such plans and specifications to the general architectural plan for the Leased Premises and the Building. Such plans and specifications are not approved for architectural or engineering design, and by approving such plans and specifications, the City assumes no liability or responsibility therefor, or for any defect in any structure, fixture or improvement constructed from such plans or specifications.

(d) All structures, fixtures and improvements, placed or attached on or about the Leased Premises by Tenant, shall at the City's option become the property of the City at the expiration of the Sublease or any extended term, unless removed by Tenant within thirty (30) days after the expiration or termination of the Sublease. Tenant shall be responsible for paying rent and all other sums payable by it under this Sublease while removing structures, fixtures or improvements. Upon expiration or termination of this Sublease, Tenant shall reimburse the City for damages to the Leased Premises, the common area, or the Baggage Area caused by the removal of fixtures or improvements. The City may require prior to removal such reasonable security against these damages as may be demanded by the City.

(e) Not later than the expiration or termination date of this Sublease, or of any extended term thereof, Tenant shall remove all readily movable items of personalty, provided that any damage caused to the Leased Premises or the Building by reason of such removal shall be immediately paid by Tenant. Any movable items of personalty not so removed by Tenant shall become the property of the City at the City's option.

(f) The City may, in its sole discretion, remove and store any or all property not timely removed from the Leased Premises or the Building. Storage shall be for the account and at the expense of Tenant, and without liability for loss thereof or damage thereto on the part of the City. If, after a period of thirty (30) days or more, Tenant

has not paid all sums due and owing to the City under this Sublease or any Addendum hereto, including the reasonable cost of storage, the City may sell any or all of such property at a public or private sale. The City shall mail written notice of such sale to Tenant at least ten (10) days prior to sale. The notice shall state the date, time and place of the sale. The City may set the time, place and manner of the sale in its sole discretion. The proceeds of any such sale shall be applied first to the costs of sale (including reasonable attorney's fees), then to storage charges and then to delinquent sums due or to become due the City under this Sublease or any Addendum hereto. Any remaining balance shall be mailed to Tenant.

11. Discrimination Prohibited. Tenant will not discriminate in the conduct of its permitted activities on the Leased Premises on the grounds of race, color, religion, national origin, ancestry, marital status, age, or gender.

12. Use of Premises.

(a) The Leased Premises may be used by Tenant only to conduct operations reasonably necessary and incidental to the operation of a _____. Use of the Leased Premises which is not reasonably necessary or incidental to the operation of a _____ is grounds for termination of this Sublease.

(b) Tenant shall not commit or permit any act that disturbs the quiet enjoyment of any other user of the Airport. Tenant shall not, without the written consent of the City, use any machinery or apparatus that will cause any significant noise or vibration, or disturb the other users in their quiet enjoyment.

(c) Tenant's use of the Lease Premises are further restricted by any restriction or limitation on use imposed by the Master Lease.

13. Hold Harmless/Indemnification/Insurance.

(a) Tenant shall defend, indemnify and save harmless the City, its agents elected officials, volunteers, and employees from and against any and all claims, demands and causes of action of any nature whatsoever, and any expenses incident to defense of and by the City therefrom, for any injury to or death of persons or loss of or damage to property occurring on the Leased Premises, or in any manner arising out of Tenant's use and occupation of the Leased Premises or the condition thereof, during the term of this Sublease or any extension. Tenant hereby provides a guarantee of indemnity by Tenant under which the Tenant provides to the State of Alaska the same level of indemnity that Tenant would provide to the State if Tenant were the Lessee under the Master Lease with the State of Alaska.

(b) In addition, Tenant shall procure and maintain public liability insurance coverage, written by responsible insurer(s) rated "Excellent" or "Superior" by A. M. Best Company, or a company specifically approved by the City's risk manager and

licensed to do business in the State of Alaska, naming both the City and the State of Alaska DOT & PF as additional named insureds, which coverage, pertaining to the Leased Premises, or Tenant's activities thereon, shall not be less than \$1,000,000.00 per occurrence, and \$2,000,000.00 in the aggregate, including bodily injury, property damage and personal injury liability. Tenant agrees to furnish certificates of insurance evidencing insurance coverage pertaining to the Leased Premises. The certificates of insurance shall contain an endorsement providing for not less than thirty (30) days' notice to the City of intent to cancel or decrease the insurance. Tenant shall also maintain required Workers' Compensation insurance. If at any time during this Sublease or any extension period a competent insurance agent deems this amount of coverage inadequate, or the State requires more insurance, Tenant will immediately increase its coverage to an adequate level. All insurance provided by Tenant shall provide primary coverage, and shall waive all subrogation rights against the City and State, and their respective agents and employees.

(c) Any deductible or self-insured retentions must be declared to and approved by the City. At the option of the City, either the insurer shall reduce or eliminate such deductibles or self-insured retentions as respects the City, its elected official, agents, employees and volunteers; or Tenant shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expense. Such insurance must be written on an occurrence basis.

14. Quiet Enjoyment. Except as provided in this Sublease including, but not limited to ¶ 1(d), and provided Tenant is not in default hereunder, the City covenants that Tenant shall have peaceful and quiet enjoyment of the Leased Premises and that the City will warrant and defend Tenant in the peaceful and quiet enjoyment of the Leased Premises.

15. Notices. Any and all notices required or permitted under this Sublease, unless otherwise specified in writing by the party whose address is changed, shall be addressed as follows:

The City: City of Unalaska
 P.O. Box 610
 Unalaska, AK 99685
 Attn: Peggy McLaughlin
 907-581-1254 / 907-581-2519 (fax)

Tenant:

16. Default. (a) If Tenant at any time during the term of this Sublease or any extension hereof (and regardless of the pendency of any bankruptcy, reorganization, receivership, insolvency or other proceedings, in law, in equity or before any administrative tribunal,

which have or might have the effect of preventing Tenant from complying with the terms of this Sublease) shall (a) fail to make payment of any installment of rent or of any other sum herein specified to be paid by Tenant, or (b) fail to observe or perform any of Tenant's other covenants, agreements or obligations hereunder, and if any such default shall not be cured as to (a) within ten (10) days after mailing of written notice of such failure to make payments, or as to (b) within thirty (30) days after the City shall have mailed to Tenant written notice specifying such default or defaults, Tenant shall not have commenced to cure such default and proceed diligently to cure the same, or

- (i) If Tenant has filed a Petition under Chapter 11 of the Bankruptcy Code, 11 U.S.C. 701 et. seq.; or
- (ii) A voluntary petition under any other provision of said Bankruptcy Code; or
- (iii) If Tenant finally and without further possibility of appeal or review is adjudicated a bankrupt or insolvent; or
- (iv) Has a receiver or a Trustee appointed for all or substantially all of its business or assets on the ground of Tenant's insolvency; or
- (v) Has itself appointed as debtor-in-possession in a proceeding for a recognition or an arrangement; or
- (vi) Files a petition, or a petition is filed on behalf of Tenant, seeking any relief under the Bankruptcy Code of the United States, or any other act of the United States or any state having the same general purposes; or
- (vii) Makes an assignment for the benefit of its creditors; or
- (viii) If the property of the Tenant is seized by any governmental officer or agency;

Then in any such event the City shall have the right at its election, then or at any time thereafter, and while such default, defaults or events shall continue, to give Tenant notice of termination of this Sublease. In such a case, on a date specified in such notice, which date shall not be less than thirty (30) days after the date of mailing of such notice ("termination date"), the term of this Sublease shall come to an end. Tenant hereby covenants to peaceably and quietly yield up and surrender to the City, not later than the termination date, said Leased Premises and all structures, buildings, improvements and equipment located thereon, subject to Tenant's removal rights under ¶ 10, and to execute and deliver to the City such instrument or instruments as shall be required by the City as will properly evidence termination of Tenant's rights hereunder or its interest therein.

- (b) In the event of termination of this Sublease, the City shall have the

right to repossess the Leased Premises and all structures, buildings, improvements and equipment, without process of law or any form of suit or proceedings, subject to Tenant's removal rights under ¶ 10, as well as the right to sue for and recover all rents and other sums accrued up to the time of such termination, and damages arising out of any breach on the part of Tenant, including damages for rent and other sums not then accrued. The City 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.

(c) The City shall not be in default of any of its obligations hereunder unless and until it shall have unreasonably failed to perform said obligation within thirty (30) days, or such additional time as may be reasonably required, after receipt of written notice by the City specifying the default.

17. Costs upon Default/Interest. In the event either party shall be in default in the performance of any of its obligations under this Sublease, and an action is brought for the enforcement thereof, the defaulting party shall pay to the other all the expenses incurred therefore, including full, actual, reasonable attorney's fees. Any sums due from the Tenant under this Sublease shall accrue interest at 10.5% per annum from the date they are due until paid in full.

18. Rights or Remedies. No right or remedy herein conferred upon or reserved to the City is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder, or now or hereafter existing at law or in equity or by statute.

19. Waiver and Forbearance. Except to the extent that such party may otherwise agreed in writing, no waiver by such party of any breach by the other party of any of its obligations, agreements or covenants hereunder shall be deemed to be a waiver of any subsequent breach of the same or any other covenant, agreement or obligation. Nor shall any forbearance by such party to seek a remedy for any breach of the other party be deemed a waiver by such party of its rights or remedies with respect to such breach.

20. Emergency Access. Tenant shall provide the City with a complete set of keys to the Leased Premises for use in an emergency. Tenant shall also provide the City with the name and home phone number of an appropriate contact person for use in an emergency.

Name:
Phone:

In an emergency situation, the City may be contacted through _____, Harbor Master, at 907-581-1254 and faxed at 907-581-2519.

21. Successors in Interest. This lease shall be binding upon and inure to the benefit of the respective heirs, successors and assigns of the parties hereto.

22. Advertising. Tenant shall not post advertising of any sort without first obtaining the City's written consent, either on the Leased Premises, in the Building, or within sight of the Building. The City may condition its consent upon removal of the advertising upon expiration or termination of this Sublease; upon approval of form and content; and upon posting of security against damages from installation or removal in an amount the City in its discretion deems sufficient. The City's consent will not be unreasonably withheld.

23. Destruction of Improvements on Leased Premises. If all or part of the Leased Premises or 50% or more of the Building (regardless of whether the Leased Premises is affected) are destroyed or rendered untenable by fire, earthquake or other similar cause, Tenant shall remove the debris from the Leased Premises and clean up the Leased Premises within 270 days of the occurrence of such destruction. The square footage usable in calculating Monthly Base Rent shall be abated in the same proportion as the destroyed portion of the Leased Premises bears to the whole in such event. The City may in such event and at its sole discretion terminate the Sublease on thirty (30) days' written notice to Tenant.

24. Assignments or Subletting.

(a) Tenant shall not assign or sublet or grant a security interest in the Leased Premises or any part thereof or in its fixtures or improvements thereon without the prior written consent of the City and the State of Alaska to such subletting, assignment or security interest. An assignment of this Sublease, or any part thereof, for loan security purposes shall not be construed as a subordination of the City's rights hereunder, nor a subordination of its fee. The City's permission to sublet or assign will not be unreasonably withheld. Tenant's request to assign, sublease or grant a security interest must be in writing and must show the name and address of the proposed assignee, sublessee or secured party. If Tenant is a corporation, any transfer of the lease by way of merger, consolidation, liquidation, change in effective control or change in ownership of 30% or more of the stock of the corporation is an assignment for purposes of this paragraph.

(b) Secured party's rights as against the City in the event of expiration or termination of the Sublease. Upon either the natural expiration of this Sublease or notice of termination being given due to a default by the Tenant under the terms of this Sublease, the holder of a security interest, which has been approved by the City in accordance with ¶ 24(a), in the leasehold or fixtures, improvements and chattels permissibly erected by Tenant in accordance with ¶10 (hereinafter "secured party") shall have the following rights and no others:

(1) In the event that notice of default is given to Tenant under ¶16, secured party shall be mailed a copy of said notice at the address provided by Tenant for it pursuant to ¶24(a).

(2) In the event that the Sublease is to be terminated due to an uncured default by the Tenant, secured party shall be mailed a copy of the termination

notice at the address provided by Tenant for it pursuant to ¶24(a).

(3) Secured party has no independent right to cure a default by Tenant of its obligations under this Sublease. Tenant's right to cure its own default is limited to the provisions of ¶16. Secured party takes a security interest in this Sublease subject to the provisions of this Sublease, including but not limited to its termination provisions, and enjoys no greater rights under it than does Tenant. If this Sublease is terminated or naturally expires pursuant to its terms, secured party's security interest in the Sublease is immediately extinguished.

(4) If this Sublease is terminated due to a default by Tenant or expires and Tenant has failed to remove fixtures or improvements permissibly erected by Tenant under ¶10, in which the secured party holds a security interest, then the secured party may exercise its rights, if any, under AS 45.09.313. Secured party does not have the right to enter and remove fixtures and improvements, if any, granted to it by AS 45.09.313 until it gives to the City such reasonable security as may be demanded by the City to reimburse the City for damages to the Leased Premises or the Building which may be incurred in the course of removal.

25. Integration and Modification. This document contains the entire agreement of the parties hereto. All negotiations, statements, representations, warranties, and assurances, whether oral or written, which are in any way related to the subject matter of this Sublease or the performance of either party hereto are merged and integrated into the terms of this document. This Sublease may not be modified or amended except by a writing signed by both parties hereto, and any purported amendment or modification is without effect until reduced to a writing signed by both parties hereto.

26. Governing Law/Venue. This Sublease shall be construed and governed by the laws of the State of Alaska. Any disputes related to this Sublease shall exclusively be litigated in state court in the Third Judicial District, State of Alaska, at Unalaska.

27. Covenants and Conditions. Each term and each provision of this Sublease shall be construed to be both a covenant and a condition.

28. Time of the Essence. Time is of the essence as to each term and provision of this Sublease to be performed by Tenant.

29. Severability. Any provision of this Sublease which shall prove to be invalid, void or illegal, shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

30. Hazardous Substances. Tenant shall strictly comply with all applicable laws, ordinances or regulations respecting the handling, containment and cleanup of discharges or releases of oil or hazardous substances, including petroleum fractions. In the event of a discharge or release of oil or a hazardous substance, including petroleum fractions, resulting from Tenant's activities in the Building, Tenant shall (1) promptly and

completely clean up the discharge or release, in strict compliance with applicable laws, ordinances or regulations, and (2) defend, indemnify and save the City harmless from the consequences thereof, including the costs of state or federal remedial or compliance actions, whether informal or formal, all clean up and remediation costs needed to restore the site to its previous condition, and attorney's fees. As used in the Sublease, "Hazardous Substances" includes oil or petroleum fractions; asbestos; polychlorinated biphenyls (PCBs); any substance defined or listed by the State of Alaska or the Environmental Protection Agency as a hazardous substance under Title 46 of the Alaska Statutes or associated regulations or CERCLA, 42 U.S.C. 6901 et seq., or associated regulations; and any substance listed by the U.S. Department of Transportation or Environmental Protection Agency under 33 U.S.C.1317, 49 C.F.R 172.101 or 40 C.F.R. 302.

31. Security/Keys.

(a) Under no circumstances shall Tenant prop or block open a door opening onto the aircraft apron, or providing access between the outside or any unsecured part of the Building and any secured part of the Building (including but not limited to that part of the Building open to the public after having passed through security screening) without a properly badged individual in attendance. The City may assess a penalty of \$200 per violation, payable immediately.

(b) Tenant shall fully indemnify and hold the City harmless from any fines, penalties or other amounts charged to the City by the Federal Aviation Administration, Transportation Security Administration, Alaska Department of Transportation or other state or federal governmental agency resulting from an act or omission of Tenant. This includes, but is not limited to, security infractions committed by Tenant, its agents or employees.

(c) The City may conduct inspections from time to time as it in its sole discretion sees fit, in order to determine whether Tenant is complying with all applicable Federal Aviation Administration, Alaska Department of Transportation and other applicable laws or regulations respecting airport security or safety, or for any violation of the terms of this Sublease. The City may assess a penalty of \$200, payable immediately, for each infraction found.

(d) Tenant acknowledges that certain Federal Aviation Administration regulations require the replacement of certain entire series of keys in the event that one of that series is lost. Replacement of such series of keys shall be at Tenant's sole expense, if an agent or employee of Tenant is in whole or in part responsible for the loss.

[The remainder of this page is intentionally blank]

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

CITY OF UNALASKA, ALASKA

By: _____
Erin Reinders
City Manager

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

On this ___ day of _____, 2022, before me, a Notary Public in and for the State of Alaska, personally appeared Erin Reinders, to me known to be the City Manager of the City of Unalaska, and known to me to be the person who executed this instrument on behalf of the City of Unalaska.

Notary Public for Alaska
My commission expires: _____

[TENANT]

By: _____

STATE OF ALASKA)
)ss.
THIRD JUDICIAL DISTRICT)

On this ___ day of _____ 2022, before me, a Notary Public in and for the State of Alaska, personally appeared _____ the _____ of _____ and acknowledged this instrument to be a free and voluntary act and deed of the named Tenant for the uses and purposes herein mentioned, and on oath stated that she is authorized to execute this instrument.

Notary Public for Alaska
My commission expires: _____