



MEMORANDUM

TO: Alcoholic Beverage Control Board DATE: September 4, 2025

FROM: Anna White, Licensing Examiner II RE: 60308 Alaska Backcountry Guides,
Located in Valdez, AK

Background: This is an application for a new Beverage Dispensary Tourism - Seasonal License at a helicopter hangar located on Valdez Airport property. The staff's question for the board to consider is whether the hangar qualifies as an airport terminal.

Applicable statute: AS 04.09.350. (a) A beverage dispensary tourism license authorizes the holder to sell or serve on the licensed premises alcoholic beverages for consumption only on the licensed premises.

(b) The biennial beverage dispensary tourism license fee is \$2,500.

(c) The board may

(1) issue a new beverage dispensary tourism license if it appears that the issuance will encourage the tourist trade by promoting the construction or improvement of

(A) a hotel, motel, resort, or similar business relating to the tourist trade with a dining facility or having kitchen facilities in a majority of its rental rooms and at least a minimum number of rental rooms required according to the population of the incorporated city, unified municipality, or population area established under AS 04.11.400(a) in which the facility will be located, as follows:

- (i) 10 rental rooms if the population is less than 1,501;
- (ii) 20 rental rooms if the population is 1,501 — 2,500;
- (iii) 25 rental rooms if the population is 2,501 — 5,000;
- (iv) 30 rental rooms if the population is 5,001 — 15,000;
- (v) 35 rental rooms if the population is 15,001 — 25,000;
- (vi) 40 rental rooms if the population is 25,001 — 50,000; and
- (vii) 50 rental rooms if the population is greater than 50,000; or

(B) an airport terminal; and

(2) approve the renewal or transfer of ownership of a beverage dispensary tourism license initially issued under (1) of this subsection or initially issued as a beverage dispensary license under AS 04.11.400, as that section read on the date of the initial licensure, if the

(A) holder of the license operates a hotel, motel, resort, or similar business relating to the tourist trade that

(i) has a dining facility on the licensed premises or kitchen facilities in a majority of its rental rooms; and

(ii) maintains at least the minimum number of rental rooms that the hotel, motel, resort, or similar business had at the time of initial licensure or that were required at the time of initial licensure; or

(B) licensed premises are located inside an airport terminal.

Applicable regulation: 3 AAC 305.325 Beverage dispensary tourism licenses. (a) For the purposes of AS 04.09.350(c)(1), an applicant for the issuance, transfer of location, or renewal of a beverage dispensary tourism license shall include a description of how the requested license encourages the tourist trade by promoting the construction or improvement of a hotel, motel, or business as set out under AS 04.09.350(c)(1) or an airport terminal as set out under AS 04.09.350(c)(2).

(b) For purposes of AS 04.09.350(c)(2)(A), "operates" means the holder of the beverage dispensary tourism license controls the functioning of the hotel, motel, resort, or similar business relating to the tourist trade, unless the license was approved before January 1, 2024.

(c) For the purposes of AS 04.09.350(c)(1)(A) and AS 04.09.350(c)(1)(2), "hotel" or "motel" excludes establishments that substantially provide long-term rental units or who are not subject to bed taxes if the local government in which it is located collects bed taxes, unless the license was approved prior to January 1, 2024.

Attachment: Memo, New Beverage Dispensary Tourism License Application Summary (includes same information found in AB-00 and AB-37), Premises Diagram, New Restaurant Endorsement Application Summary, DEC Food Permit, Menu, SOA DOT&PF Land Lease



Document reference ID : 5845

Licensing Application Summary

Application ID:	5845
Applicant Name:	Alaska Backcountry Guides Llc
License Type applied for:	Beverage Dispensary Tourism License (BDTL) (AS 04.09.350)
Application Status:	In Review
Application Submitted On:	07/30/2025 10:05 AM AKDT

Entity Information

Business Structure:	Limited liability company
FEIN/SSN Number:	[REDACTED]
Member Managed or Manager Managed:	Manager Managed
Alaska Entity Number (CBPL):	10138154
Alaska Entity Formed Date:	07/01/2020
Home State:	AK

Entity Contact Information

Name	Phone	Email	Relation
Joseph Wolf	907-312-0588	wolf@akbcguides.com	Designated Licensee

Entity Address:	PO Box 1508, Valdez, AK, 99686, USA
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Initial Application Information

Authority Type: I am authorized user by the designated licensee with binding authority

Prefix: Mr

Legal First Name: Michael

Legal Last Name: Schwarz

Email Address: mschwarz@bhb.com

Phone Number: 907-276-1550

Additional Authorized Users

Legal Name	Relation with Applicant
Attorneys and Paralegals of Birch Horton Bittner & Cherot	Other

Ownership / Principal Party Details

Principal Parent Entity	Principal Party	Role	%Ownership
Alaska Backcountry Guides Llc	Joseph Wolf	Member	100

Premises Address

Address: 284 Airport Rd, Valdez, AK, 99686, USA

Does the proposed site include a valid street address? Yes

Basic Business information

Business/Trade Name: Alaska Backcountry Guides

What is your primary business at this location? Other

Premises Contact Details

Contact Person Name	Joseph Wolf
Business Phone Number	907-312-0588
Alternate Phone Number	312-909-3330
Email Address	wolf@akbcguides.com

Local Government and Community Council Details

City/Municipality	Valdez
Borough	Unorganized Borough

Measurement Information

What is the approximate distance of the shortest pedestrian route from the public entrance of the building of your proposed premises to the outer boundaries of the nearest school grounds? (in feet)	23232
What is the approximate distance of the shortest pedestrian route from the public entrance of the building of your proposed premises to the public entrance of the nearest church building? (in feet)	8448

Property Ownership

Do you, the applicant, own the land, building, and/or warehouse at this proposed licensed location?	No
Property Utilization Status	An Existing Facility
Are you operating under?	Lease
Add Copy of Lease\Sublease document	Lease Agreement - DOT _ ABCG (redacted).pdf

Premises Diagram

Will the license or permit embrace the entire premises address? Yes

Premises Diagram

- [AKBCG Premises Diagrams 20250729.pdf](#)

Seasonal Information

Are you conducting seasonal business? Yes

Please Provide your six-month operating period 01/01 - 6/30

Operation Period Details Alaska Backcountry Guides (“ABG”) hosts individuals seeking a world-class heliskiing adventure in the heart of Alaska, and based in the Chugach Mountain range. During its time-limited season (February to May), ABG hosts an average of 7 to 14 guests per week. The central focus of ABG is to deliver high-end, personalized adventure experiences. During their stay, guests experience more than just exhilarating skiing and snowboarding; they are treated to gourmet meals that are prepared by ABG’s in-house chef in a licensed commercial kitchen, which are served in the lounge area located in the mezzanine level of its hanger which has a permanently plumbed bar. To further enhance the experience for guests, consistent with ABG’s mission to offer world-class services, ABG is seeking a Beverage Dispensary Tourism License to allow it offer premium beer, wine, and spirits to guests of legal age as well as off-duty staff, and the public generally.

Other licenses involvement

Joseph Wolf is the 100% owner/manager in License Number 2218280 of Alaska Backcountry Guides LLC.

Tourism Statement

Explain how issuance of a alcoholic beverage license at your establishment has/will encourage tourism.

Alaska Backcountry Guides (“ABG”) hosts individuals seeking a world-class heliskiing adventure in the heart of Alaska, and based in the Chugach Mountain range. During its time-limited season (February to May), ABG hosts an average of 7 to 14 guests per week. The central focus of ABG is to deliver high-end, personalized adventure experiences. During their stay, guests experience more than just exhilarating skiing and snowboarding; they are treated to gourmet meals that are prepared by ABG’s in-house chef in a licensed commercial kitchen, which are served in the lounge area located in the mezzanine level of its hangar which has a permanently plumbed bar. To further enhance the experience for guests, consistent with ABG’s mission to offer world-class services, ABG is seeking a Beverage Dispensary Tourism License to allow it offer premium beer, wine, and spirits to guests of legal age as well as off-duty staff, and the public generally.

Explain how the facility was/will be constructed or improved as required by AS 04.11.400(d)(1)

ABG has constructed a nearly 5,000 square foot hangar facility at the Valdez Pioneer Field Airport, and effectively serves as a terminal. A terminal is generally understood to be building at an airport where passengers transfer between ground transportation and the facilities that allow them to board and disembark from an aircraft, which is precisely what occurs at ABG’s facility. ABG’s guests often arrive and/or disembark from the facility through chartered flights, or by ground transportation, and on skiing days if guests disembark from the facility helicopters stationed in the hangar.

Does the licensee or applicant for this liquor license also operate the tourism facility in which this license is located? Yes

Do you offer room rentals to the traveling public? No

If your establishment includes a dining facility, please describe that facility. If it does not please write “none”.

There is a dining area (lounge) located on the mezzanine level of the hangar. Food is prepared in a commercial kitchen located on the first floor of the hangar, which is served in the lounge area.

If additional amenities are available to your guests through your establishment (eg: guided tours or trips, rental equipment for guests, other activities that attract tourists), please describe them. If they are not offered, please write “none”.

As noted above, ABG offers guided heliskiing trips to approximately 150-200 tourists each year during its time limited season.

Financial Interest

I hereby certify that no person other than a proposed licensee listed on the liquor license application has a direct or indirect financial interest, as defined in AS 04.11.450(f) in the business for which a liquor license is being applied for.

I hereby certify that any ownership change shall be reported to the board as required under AS 04.11.040, AS 04.11.045, AS 04.11.050, and AS 04.11.055.

Attestations

I certify that all proposed licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.

I certify that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check the identification of a patron will complete an approved alcohol server education course, if required by AS 04.21.025, and, while selling or serving alcoholic beverages, will carry or have available to show a current course card or a photocopy of the card certifying completion of approved alcohol server education course, if required by 3 AAC 305.700.

I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application.

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

I certify that all proposed licensees have been listed with Division of Corporation, Business, and Professional Licensing.

I certify that I and any individual identified in the business entity ownership section of this application, has or will read AS 04 and its implementing regulations.

The proposed changes conform to all applicable public health, fire, and safety laws.

Signature

Joseph Wolf

Signed by:
Joseph Wolf
907FE13FCB9B459...

This application was digitally signed by : Michael Schwarz on 07/29/2025 09:26 AM AKDT

Payment Info

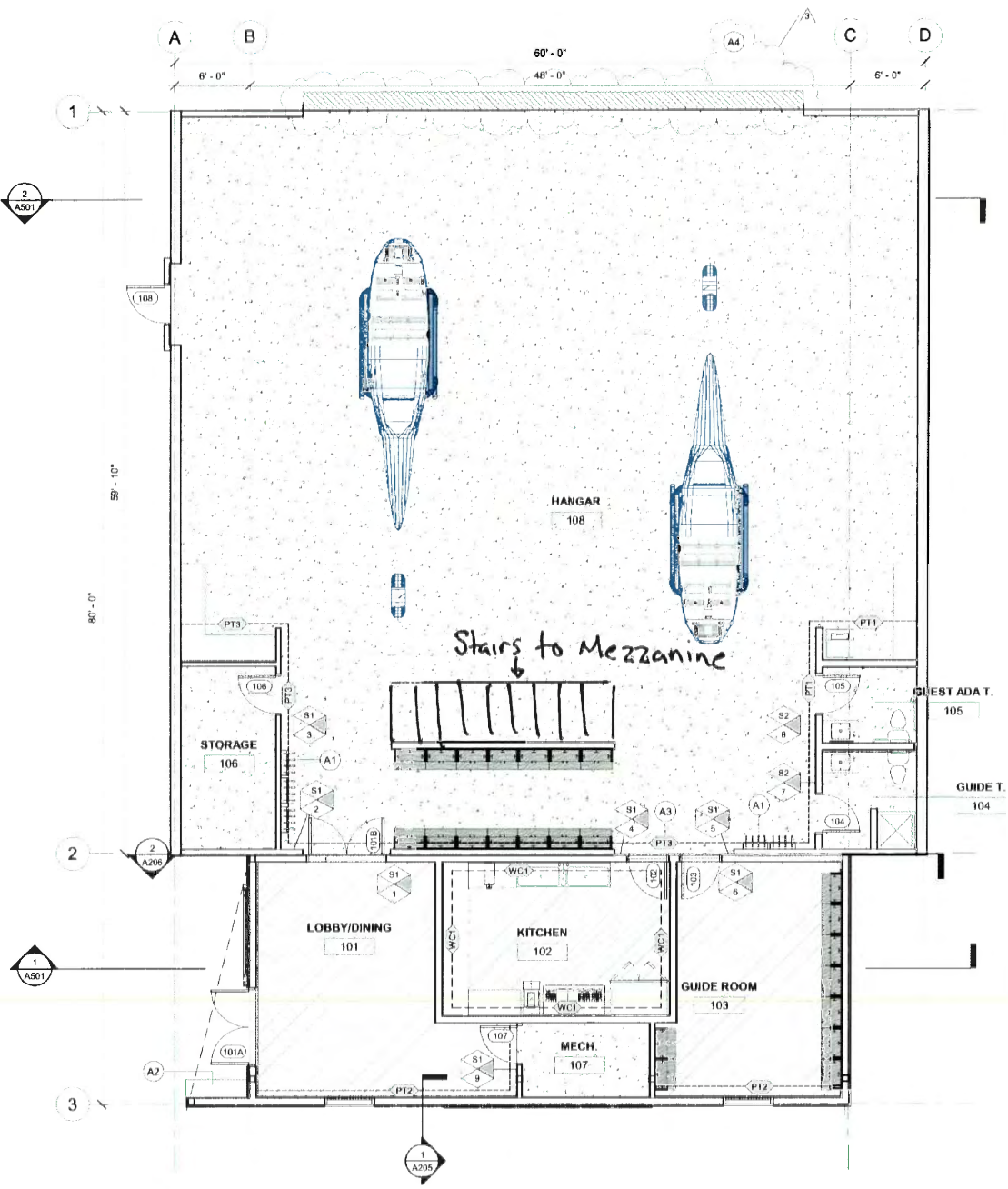
Payment Type : CC

Payment Id: 0b55ace7-a7cf-4ebf-b56b-985be1ab0749

Receipt Number: 101088477

Documents

#	File Name	Type	Added On
1	Lease Agreement - DOT _ ABCG (redacted).pdf	License Lease\Sublease document	07/29/2025 09:05 AM AKDT
2	AKBCG Premises Diagrams 20250729.pdf	License Location Diagram Document	07/29/2025 09:07 AM AKDT



FLOOR FINISH LEGEND

	- CONC1		- RS1
	- CPT1		- TLE1
	- RT1		

WALL FINISH LEGEND

- GENERAL WALL FINISH TO BE PT1 UON
 - ALL WALLS TO BE RIGWB UP TO 8'-0"
 - ALL WALL BASE TO BE RB1 UON
 - ALL OUTSIDE CORNERS TO RECEIVE FULL HEIGHT CORNERGUARD
- ACCENT PAINT LOCATION
 - WALL COVERING

SIGNAGE LEGEND

- SIGNAGE**
- SIGN TYPE
 SIGNAGE TAG
 SIGN REFERENCE NUMBER
- SIGN TYPE SUMMARY:**
- S1: GENERAL
 - S2: PICTOGRAM

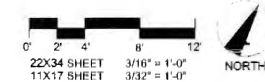
SHEET NOTES

A1	BOOT DRYER - OFCI
A2	CONCRETE BENCH
A3	PT3 THIS LOCATION TO 8'-0" A.F.F.
A4	SELF-SUPPORTED 40'-0" X 13'-0" HANGAR DOOR SYSTEM, BY OTHERS.

1 FLOOR PLAN

A201 3/16" = 1'-0"

AIRPORT ROAD

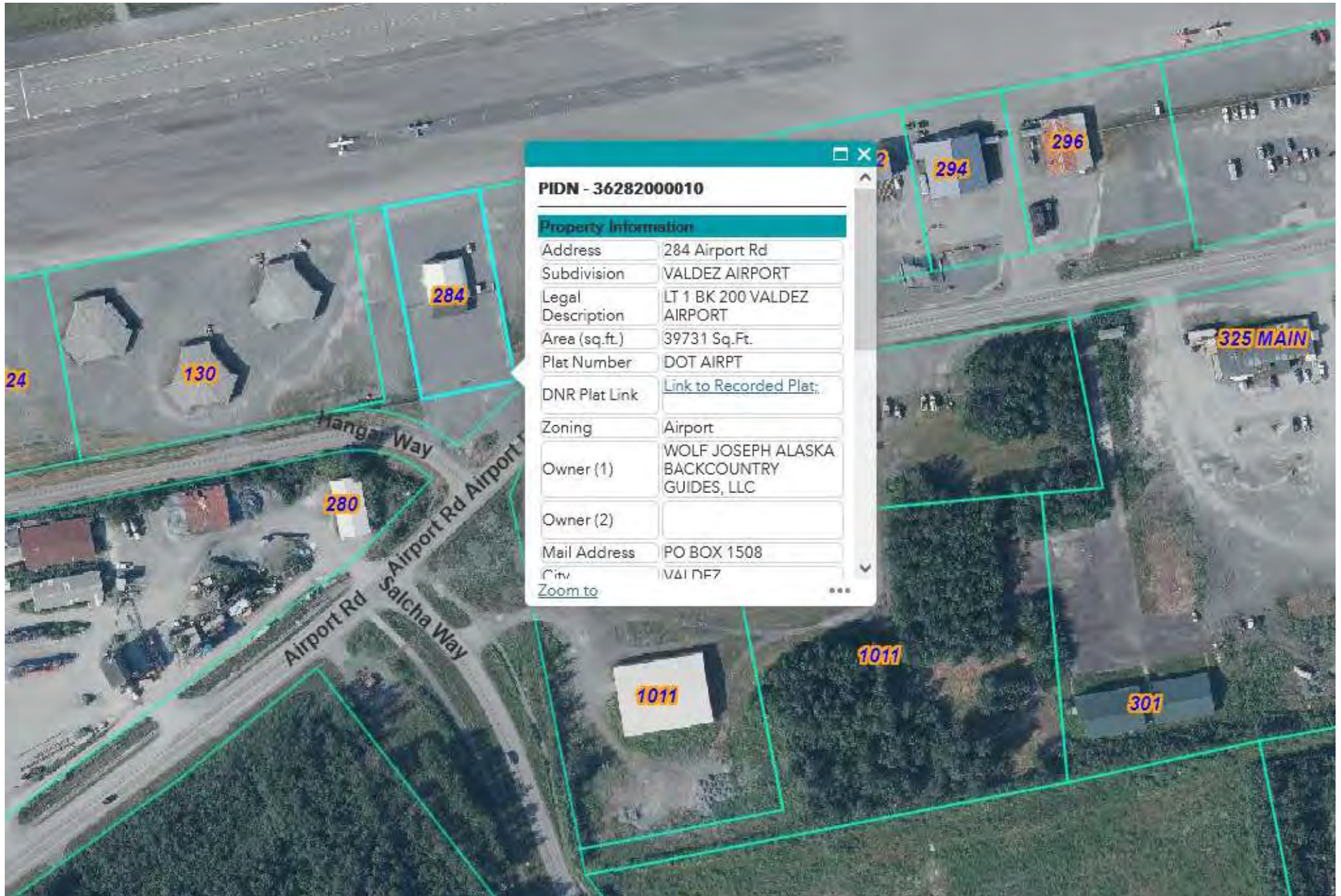




1 FLOOR PLAN - MEZZANINE FF&E
ID501 3/8" = 1'-0"



AIRPORT ROAD



PIDN - 36282000010

Property Information

Address	284 Airport Rd
Subdivision	VALDEZ AIRPORT
Legal Description	LT 1 BK 200 VALDEZ AIRPORT
Area (sq.ft.)	39731 Sq.Ft.
Plat Number	DOT AIRPT
DNR Plat Link	Link to Recorded Plat:
Zoning	Airport
Owner (1)	WOLF JOSEPH ALASKA BACKCOUNTRY GUIDES, LLC
Owner (2)	
Mail Address	PO BOX 1508
City	WAI DEZ
Zoom to	...

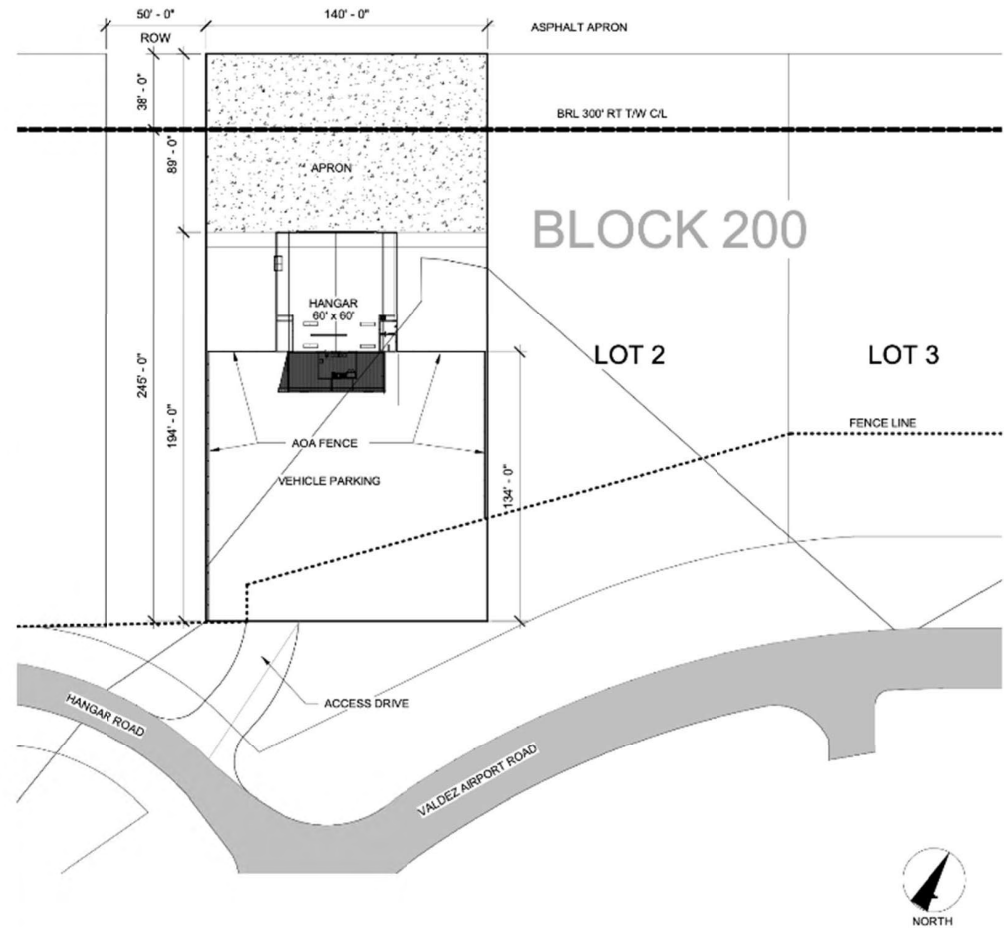
VICINICTY MAP



LOCATION MAP



SITE PLAN





Document reference ID : 5330

Licensing Application Summary

Application ID: 5330

Applicant Name: Alaska Backcountry Guides Llc

License Type applied for: Restaurant Endorsement (RE) (AS 04.09.450)

Application Status: In Review

Application Submitted On: 08/28/2025 04:25 PM AKDT

Entity Information

Business Structure: Limited liability company

FEIN/SSN Number: [REDACTED]

Member Managed or Manager Managed: Manager Managed

Alaska Entity Number (CBPL): 10138154

Alaska Entity Formed Date: 07/01/2020

Home State: AK

Entity Contact Information

Name	Phone	Email	Relation
Joseph Wolf	907-312-0588	wolf@akbcguides.com	Designated Licensee

Entity Address: PO Box 1508, Valdez, AK, 99686, USA

Initial Application Information

Authority Type: I am authorized user by the designated licensee with binding authority

Legal First Name: Joseph

Legal Last Name: Wolf

Email Address: wolf@akbcguides.com

Phone Number: 907-312-0588

Additional Authorized Users

Legal Name	Relation with Applicant
Michael Schwarz, Birch Horton Bittner & Cherot (and other attorneys and paralegals)	Legal Counsel

Ownership / Principal Party Details

Principal Parent Entity	Principal Party	Role	%Ownership
Alaska Backcountry Guides Llc	Joseph Wolf	Member	100

Premises Address

Address: 284 Airport Rd, Valdez, AK, 99686, USA

Does the proposed site include a valid street address? Yes

Primary license number

Primary License Information Application ID - 5845 - New Beverage Dispensary Tourism License Application - In Review

Basic Business information

Business/Trade Name: Alaska Backcountry Guides

Local Government and Community Council Details

City/Municipality

Valdez

Borough

Unorganized Borough

Premises Diagram

Will the license or permit embrace the entire premises address? No

Premises Diagram

- [Premises Diagram.pdf](#)

Restaurant Detail

Dining after standard closing hours: AS 04.16.010(c) No

Dining by persons 16 – 20 years of age: AS 04.16.049(a)(2) Yes

Dining by persons under the age of 16 years, accompanied by a person over the age of 21: AS 04.16.049(a)(3) Yes

Employment for any persons under 21 years of age: AS 04.16.049(c) No

List where within the premises minors are anticipated to have access in the course of either dining or employment. (Example: Minors will only be allowed in the dining area. OR Minors will only be employed and present in the Kitchen.)

Minor guests will be allowed in the licensed premises only when accompanied by a parent or guardian over the age of 21.

Describe the policies, practices and procedures that will be in place to ensure that minors do not gain access to alcohol while dining or employed at your premises.

(1) ABG has a manager on duty at all times when operating; (2) all minors must be accompanied by an adult (parent or guardian over the age of 21) while in the restricted area when any alcohol is being served, sold or consumed; (3) all new patrons are carded upon ordering alcohol; (4) service staff will closely monitor to ensure that only guests that have been carded will receive alcoholic beverages; (5) service staff is will have a current service education card before the season opens;(6) access to alcohol by minors is strictly prohibited and monitored by staff and management; (7) proper signage will be installed at points of entry indicating that no minors may be present without a parent or legal

guardian; and (8) alcohol is stored in a secure area behind the bar, which is monitored and controlled by staff and management.

Is an owner, manager, or assistant manager who is 21 years of age or older always present on the premises during business hours? Yes

Food Service Permit

Is your license located in Municipality of Anchorage? No

Do you have Approved food service permit for this premises? Yes

Copy of the current food service permit for this premises OR the plan review approval. [DEC Food Permit.pdf](#)

Entertainment & Service

Are any forms of entertainment offered or available within the licensed business or within the proposed licensed premises? No

Food and beverage service offered or anticipated is: Counter Service

Restaurant Declaration

Please upload the finalized or expected Food and Alcohol Menu. [Food Menu.pdf](#)

There are tables or counters at my establishment for consuming food in a dining area on the premises. I have included with this form a menu, or an expected menu, listing the meals to be offered to patrons.

This menu includes entrées that are regularly sold and prepared by the licensee at the licensed premises.

I certify that the license for which I am requesting designation is either a Beverage Dispensary, Beverage Dispensary Tourism, Club, Sporting Activity or Event License, Outdoor Recreation Lodge, Golf Course, Destination Resort, OR Restaurant or Eating Place, Seasonal REPL Tourism License.

Hours Of Operation

Sunday	10:00 AM - 10:00 PM
Monday	10:00 AM - 10:00 PM
Tuesday	10:00 AM - 10:00 PM
Wednesday	10:00 AM - 10:00 PM
Thursday	10:00 AM - 10:00 PM
Friday	10:00 AM - 10:00 PM
Saturday	10:00 AM - 10:00 PM

Attestations

I certify that all proposed licensees (as defined in AS 04.11.260) and affiliates have been listed on this application.

I certify that I understand that providing a false statement on this form or any other form provided by AMCO is grounds for rejection or denial of this application or revocation of any license issued.

I certify that all licensees, agents, and employees who sell or serve alcoholic beverages or check the identification of a patron will complete an approved alcohol server education course, if required by AS 04.21.025, and, while selling or serving alcoholic beverages, will carry or have available to show a current course card or a photocopy of the card certifying completion of approved alcohol server education course, if required by 3 AAC 305.700.

I agree to provide all information required by the Alcoholic Beverage Control Board in support of this application.

I hereby certify that I am the person herein named and subscribing to this application and that I have read the complete application, and I know the full content thereof. I declare that all of the information contained herein, and evidence or other documents submitted are true and correct. I understand that any falsification or misrepresentation of any item or response in this application, or any attachment, or documents to support this application, is sufficient grounds for denying or revoking a license/permit. I further understand that it is a Class A misdemeanor under Alaska Statute 11.56.210 to falsify an application and commit the crime of unsworn falsification.

I certify that all proposed licensees have been listed with Division of Corporation, Business, and Professional Licensing.

I certify that I and any individual identified in the business entity ownership section of this application, has or will read AS 04 and its implementing regulations.

I certify I have provided a menu of a variety of types of food appropriate for meals that are prepared on the licensed premises.

I certify that non-employees under 21 years of age will not enter and remain on the licensed premises except for the purposes of dining only.

I certify that the sale and service of food and alcoholic beverages and any other business on the licensed premises is under the sole control of the licensee.

I certify the licensed premises is a bona fide restaurant as defined in AS 04.21.080(b).

I certify there is supervision on the licensed premises adequate to reasonably ensure that a person under 21 years of age will not gain access to alcoholic beverages.

Signature

Electronic Signature not collected; application submitted based on paper form.

Payment Info

Payment Type : Check

Check Number: 101033665

Payment Date: 01/29/2025 12:00 PM AKST

Documents

#	File Name	Type	Added On
1	DEC Food Permit.pdf	LicenseRestaurantDetailFoodServicePermitDocument	03/13/2025 11:31 AM AKDT
2	Premises Diagram.pdf	License Location Diagram Document	08/28/2025 04:16 PM AKDT
3	Food Menu.pdf	LicenseRestaurantDeclarationFoodAlcoMenuDocument	08/28/2025 04:23 PM AKDT



Alaska Food Code 2025 Establishment Permit

Division of Environmental Health
Food Safety & Sanitation Program

Permit Number: 12795
Issued to: **ALASKA BACKCOUNTRY GUIDES**
For: **ALASKA BACKCOUNTRY GUIDES**
For Operation Of: **FF-1 Food Service**
Located at: **284 Airport RD Valdez, AK 99686**

This permit, issued under the provisions of 18 AAC 31, is valid until the noted expiration date or unless suspended or revoked by the department.

This permit is not transferable for change of ownership, facility location, or type of operation. It must be posted in plain view in the establishment and is the property of the State of Alaska.

Expiration Date:
December 31, 2025

Program Manager:

A handwritten signature in black ink, appearing to read "Kimberly S. V.", is written over the printed name of the Program Manager.

**If you have questions or concerns regarding safe food handling practices call or text
907-764-9825 or visit our website to file a complaint
(dec.alaska.gov/eh/fss/report-illness-issue/)**



AK Menu

Breakfast-

1. Biscuits N Gravy- Eggs, Sausage gravy, Biscuits, Bacon(pre-cooked)
2. Breakfast Burrito- Tortilla, Peppers and onions, Salsa, Potatoes, Cheddar Cheese
3. OKI- Bacon Fry Rice(Bacon is pre Cooked), Peas, carrots, Green onion, Eggs
4. Breakfast Tacos- Flour Tortilla, Eggs, Bacon(pre cooked), Avocado Crème, Mix Shredded Cheese, Salsa, Refried Beans
5. American- Eggs, Bacon(pre Cooked), Hash Browns, Toast,
6. Eggs Benny- Poached Eggs, English Muffin, Canadian Bacon, Hollandaise, Potatoes
7. Omellette- Ham, Cheddar cheese, eggs, Potatoes

Lunch

1. Chicken Gyro- Diced Grilled chicken, Tzatziki, shaved lettuce, tomato, kalamata olives, red onion, Feta cheese, pita bread, Side salad
2. Burgers- Cooked on Grill outside, brioche bun, fire roasted poblano and goat cheese spread, Bacon and onion jam, shaved lettuce, tomato
3. Pulled Pork- Braised pork shoulder, house BBQ, white BBQ Slaw, Kaiser bun, Mix chips
4. Chicken ceasar Wrap- Spinach Tortilla, Diced Grilled chicken(pre Cooked), Caesar dressing, Parmesan cheese, Romaine lettuce
5. Smoked Chicken- Chicken cooked outside on smoker then pulled, House BBQ, White BBQ Slaw, Kaiser roll, Crispy Onion(store bought)
6. Turkey Club- Roasted Turkey, Sourdough Bread, Lettuce, Tomato, Red Onion, Dijionaise, Avocado, Bacon(Pre Cooked), Chips
7. Chicken Salad- Crossaint, Diced Grilled Chicken(Pre Cooked), Grapes, celery, Red onion, Bibb Lettuce, Cranberry Aioli
8. Carnita Burrito- Braised Pork Shouldar, Salsa, Mix Cheese, Mix Cabbages, Secret sauce, Flour Tortilla
9. Seafood Chowder- Mix Seafood chowder, Baked Grill Cheese toast Points

Dinner

1. Meatloaf- Mashed Potatoes, Green Beans, Roll, Mushroom Gravy
2. Chicken Parm- Baked Chicken Parmesan, Marinara, Parmesan Cheese, Garlic Bread, Linguini

3. Shortys- Braised Beef Short Ribs, Brussel sprout hash, Mash Potato, Reduced Braising Liquid
4. Lasagna- Veal, Italian Sausage, Garlic Bread
5. Smoked Brisket- Cooked outside on Smoker, Baked Beans, White BBQ Cole slaw
6. Smoked Half Chicken- Cooked outside on Smoker, Mac N Cheese, Braised Collard Greens, White BBQ Drizzle
7. Thanksgiving- Roasted Turkey, Italian Stuffing(how ya Doin), Green Beans, Roll, Pan Gravy
8. Surf N Turf- Fillet Mignon(cooked outside on Grill), Baked Crab Cakes, Potato Puree, Roasted Asparagus, Bernaise

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

VALDEZ AIRPORT

ADA-72659

LEASE INDEX

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ARTICLE VII	Maintenance, Utilities and Snow Removal
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**STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES**

LAND LEASE

VALDEZ AIRPORT

ADA-72659

The State of Alaska, Department of Transportation and Public Facilities (DOT&PF) (Lessor), and Alaska Backcountry Guides, (Lessee), enter into this lease (Lease), including exhibit(s) and signature page(s), and agree as follows:

MAILING ADDRESS AND CONTACT INFORMATION

LESSOR

Alaska DOT/PF
Statewide Aviation Leasing, Northern Region
Mailing: 2301 Peger Road
Physical: 2301 Peger Road
Fairbanks, Alaska 99709-5399

Phone: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

LESSEE

Alaska Backcountry Guides, LLC
Attn: Joseph Wolf
PO Box 1508
Valdez, AK 99686

Phone: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

The Lessee will provide the Lessor with any change to the Lessee's mailing address, phone, fax or email contact within 30 days of the change.

**ARTICLE I
PREMISES**

- A. The Lessor leases to the Lessee, and the Lessee leases from the Lessor, the following described property (Premises), located on the Valdez Airport (Airport), in Section 35, Township 8 south, Range 6 west, Copper River Meridian, within the Valdez Recording District, Third Judicial District, Alaska:

Lot 1, Block 200, consisting of approximately 39,731 square feet of land as shown on Pages 33 & 34 of this Lease.

- B. Except as may be provided in this Lease, the Lessor makes no specific warranties, express or implied, concerning the title or condition of the Premises, including its survey, soils, wetlands, access, and suitability for any use including those authorized by this Lease, the application of any local, state, or federal laws or restrictions that may limit Lessee's intended use of the Premises, the Premises' environmental condition, the presence of artifacts or sites of archeological or historical significance, or the presence or absence of Hazardous Substance in, on, and under the surface. The Lessee takes the Premises on an "as is" basis and without warranty, subject to any and all of the covenants, terms, and conditions affecting the Lessor's title to the Premises.

ARTICLE II

TERM

The term of this Lease is fifty five (55) years, beginning August 1, 2021 and ending August 1, 2076. All rights and liabilities under this Lease become effective on the first day of the term of this Lease. The Lessor reserves the right to reduce the term of this Lease upon written notice to Lessee pursuant to Article V (Survey, Improvements and Performance Bond).

ARTICLE III

USES AND RIGHTS

A. AUTHORIZED USES

1. The Lessor authorizes the Lessee to use the Premises for the following uses only:

Construction and maintenance of an aircraft hangar; storage and maintenance of aircraft; storage of fuel and self-fueling of Lessee's aircraft, all in support of Lessee's commercial guide business.

B. RESERVED RIGHTS OF LESSOR

1. The Lessor reserves the right to grant to others privileges not specifically granted to the Lessee. The privileges granted to the Lessee in this Lease are the only privileges granted to the Lessee by this Lease.
2. The Lessor reserves the right to make grants to third parties or reserve to the Lessor easements or rights of way through, on, or above the Premises. The Lessor will not grant or reserve any easement or right of way that unreasonably interferes with the Lessee's authorized uses of the Premises.
3. The Lessor reserves the right of ingress to and egress from the Premises and the right to enter any part of the Premises, including buildings, for the purpose of inspection or environmental testing at any reasonable time. Except in the case of an emergency, all inspections and environmental testing will be coordinated with the Lessee and will not unreasonably interfere with the Lessee's authorized uses of the Premises.
4. There is hereby reserved to the Lessor, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises. This public right of flight will include the right to cause in the airspace any noise inherent in the operation of any aircraft used for navigation or flight through the airspace or landing at, taking off from, or operation on the Airport.

C. PROHIBITED USES

Unless specifically authorized by this Lease or by the Lessor in writing, the following uses of the Premises are prohibited:

1. Any use of the Premises other than those authorized in this Lease.
2. The establishment or maintenance of any kind of living quarters or residence on the Premises.
3. The outside storage on the Premises of junk, trash, solid waste, debris, salvage aircraft or vehicle parts, nonoperational support equipment, or unused or damaged equipment or material.
4. The disposal on the Airport of waste materials generated by the Lessee, including Hazardous Substance, slash, overburden and construction waste.
5. The stripping, wasting, or removing from the Premises of any soil, gravel, trees, or other state-owned material.
6. Erecting structures or allowing growth of natural objects that would constitute an obstruction to air navigation, or allowing any activity on the Premises that would interfere with or be a hazard to the flight of aircraft, or interfere with air navigation or communication facilities, serving the Airport.
7. Any activity that violates, or would cause the Lessor as owner and operator of the Airport to violate, local, state, or federal law.

ARTICLE IV
RENTS AND FEES

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

■ [REDACTED]

■ [REDACTED]

■ [REDACTED]

B. RENT OR RENTAL RATE ADJUSTMENT

1. During the first five years of the term of this Lease, the Lessor may not change the rent payable under this Lease. At any time after the end of the fifth year of the Lease term, the Lessor may, in its sole discretion, increase or decrease the rent, provided that the Lessor may not change the rents more than once in any 12-month period. Any change is effective 30 days after the date of the Lessor's notice of rent adjustment. If the Lessee believes that the changed rent exceeds the fair market rent for the Premises, the Lessee may protest to the Lessor according to 17 AAC 45.297.
2. The Lessee must pay the changed rent beginning on the effective date stated in the Lessor's rent adjustment notice and continue paying the adjusted rent throughout the protest process.
3. The Lessor has no obligation to appraise the Premises under any circumstances.

ARTICLE V
SURVEY, IMPROVEMENTS AND PERFORMANCE BOND

A. SURVEY

The Lessee agrees, at its sole expense, to cause the Premises to be surveyed by a Land Surveyor registered in the State of Alaska, and to place suitable permanent markers at the corners and at other appropriate locations such that others can readily identify the leased Premises. The Lessee further agrees to complete the survey and submit a plat of the survey to the Lessor by no later than August 1, 2022 or prior to the commencement of any construction or development on the Premises, whichever event occurs first. The plat and the survey must conform to the Lessor's survey plat requirements, which should be obtained from the Lessor before survey work starts. Lessor will review the submitted plat and either approve the plat or require additional information. If there is a significant difference between the approved survey plat and the lease lot description in this Lease, the Lessor and Lessee agree to supplement the Lease to conform to the approved survey plat and adjust the rent of the Premises accordingly.

B. IMPROVEMENTS

1. At no cost to the Lessor, Lessee agrees to complete site development and construction of Permanent Improvements including construction of a hangar, by no later than August 1, 2023, with an aggregate cost or investment of at least \$[REDACTED], excluding financing costs. In addition to the as-built drawings required by this Lease, the Lessee must submit to the Lessor evidence that the Lessee has completed the land development and constructed improvements on the Premises with an aggregate cost or investment of not less than \$[REDACTED]. The evidence of cost or investment must be submitted to the Lessor within ninety (90) days of the completion of the development and improvements, but by no later than November 1, 2023.
 - a. Costs considered toward the aggregate cost of investment include, but may not be limited to, design, labor, materials, shipping, permits, equipment, soil testing, and environmental assessments directly related to the construction; premises, boundary, and as-built surveys; site development, including excavation, geotextile fabric, filling, grading, fill material, gravel, and pavement, remediation of Contamination (unless Lessee caused or Materially Contributed To the Contamination); and utility infrastructure development or connection costs.
 - b. The cost or investment in Permanent Improvements excludes financing costs and work performed by the Lessor and not reimbursed by the Lessee, or work performed by the Lessee but reimbursed by the Lessor.
2. If the Lessee fails to complete construction within the time allowed under Paragraph 1 of this Section, including any extensions granted, the Lessor will execute the forfeiture of any performance bond, deposit, personal guarantee or other security posted by the Lessee as required under Section C of this Article and, as applicable, Lessor will
 - a. if one-third or less of the construction or remediation has been completed, initiate cancellation of the Lease;
 - b. if at least two-thirds of the construction or remediation has been completed, reduce the term of the Lease to a period that is consistent with the portion of the construction timely completed;
 - c. if more than one-third but less than two-thirds of the construction or remediation has been completed, take the action described in either (a) or (b) of this Paragraph.
3. The Lessee must first obtain the Lessor's written approval in the form of the Lessor's approved Airport building permit before beginning any land development, construction or demolition of any improvements on the Premises, or before beginning any alterations, modifications, or renovation of existing structures on the Premises. The Lessee must submit to the Lessor drawings of the proposed development, alteration, modification, or renovation in sufficient detail for the Lessor to understand and evaluate the project and its scope. Further, the Lessee will submit to Lessor evidence of the Lessee's compliance with the FAA Code of Federal Regulation (CFR) Title 14, Part 77 (14 CFR Part 77).

4. Approval of any construction, alteration, modification, or renovation will not be withheld unless the Lessee does not demonstrate adequate financial resources to complete the project, the project plans, specifications, and agency approvals are incomplete; the proposed project would result in a violation of applicable statute or regulation; the proposed project would interfere with or is incompatible with the safety, security, maintenance, or operation of the Airport; the proposed project is inconsistent with sound airport planning; the proposed project is inconsistent with the terms of the lease; the project plans do not make sufficient provision for drainage, aircraft, vehicle, and equipment parking, or for snow storage; or the proposed project does not conform with generally recognized engineering principles or applicable fire or building codes or the project must be denied under 17 AAC 45.010(g).
5. No new hangar, building or other permanent structure may be constructed or placed within twenty (20) feet of any boundary line of the Premises without Lessor's prior written approval. In addition, no building or other permanent structure may be constructed or placed on the apron side, taxiway side, landing strip side or runway side of the Building Restriction Line (BRL) (as shown on Exhibit A, Page 34 of this Lease).
6. All construction on the Premises must be neat, presentable, safe, and compatible with the use of the Premises as determined by the Lessor.
7. Prior to any demolition of any structure(s) on the Premises, Lessee will deliver to Lessor a scope of work that, at a minimum, lists the structure(s) that are to be demolished and the timeframe for demolition and removal of the debris from the Airport. Lessor will review Lessee's scope for demolition and issue Lessee written approval for the work to be done.
8. The Lessee is solely responsible for compliance with all local, state, and federal laws and requirements. The Lessor's approval of any construction, alteration, modification, renovation, or demolition shall not constitute a warranty by the Lessor that the Lessee has complied with all such laws or requirements.
9. If required, the Lessee agrees to erect or modify a security fence, according to standards approved by the Lessor around the sides of the Premises necessary to maintain the Airport security program. The fence may be tied to the Lessor's Airport security fence. The fence around the Premises must be constructed at the sole expense of the Lessee and must be maintained by the Lessee in an attractive condition and according to standards approved by the Lessor.
10. Within ninety (90) days after completion of construction or placement of improvements upon the Premises, the Lessee will deliver to the Lessor 1) photographs (digital format preferred) of all aboveground improvements and 2) a copy of an as-built drawing, acceptable to the Lessor, showing the location and dimensions of the improvements, giving distances to all Premises' boundaries. If the Lessee constructs underground improvements, the Lessee will appropriately mark the surface of the land with adequate surface markers. The type, quantity, and distance between such markers will be subject to written approval of the Lessor.

11. If Lessee's improvements are damaged or destroyed, Lessee will cause the improvements to be repaired or rebuilt, and restored to normal function within two (2) years of the destruction or damage. Failure of the Lessee to rebuild or restore the improvements will be cause for Lessor to:

- a. unilaterally reduce the term of the Lease so that the total term from the beginning of the Lease is consistent with the cost or value of the undamaged improvements remaining on the Premises, using the table in 17 AAC 45; or
- b. grant an extension of time for the Lessee to complete the repair, reconstruction, or replacement of damaged or destroyed improvements on the Premises for good cause shown by the Lessee and upon a finding by Lessor that the action would be consistent with the best interest of the state.

12. If Lessee's improvements are damaged to the extent that more than 50% of the space is unusable and the damage occurs within five years of the expiration of the term of this Lease, Lessee may terminate this Lease by giving thirty (30) days written notice, after removing the damaged improvements and restoring the Premises to a clean and neat physical condition acceptable to the Lessor.

C. PERFORMANCE BOND

The Lessee may be required to submit a performance bond, deposit, personal guarantee, or other security if the Lessor determines that such security is necessary or prudent to ensure compliance with any provision of this Lease or completion of construction or remediation within the time period set under Section B of this Article or completion of any additional or subsequent construction or remediation. The Lessor will determine the form and amount of the security considering the compliance under the provision or nature and scope of the construction or remediation and the financial responsibility of the Lessee.

ARTICLE VI **OWNERSHIP AND DISPOSITION OF IMPROVEMENTS**

A. OWNERSHIP OF PERMANENT IMPROVEMENTS

Permanent Improvements on the Premises, excluding Site Development Materials, constructed, placed, or purchased by the Lessee remain the Lessee's property as long as this Lease remains in effect, including any period of extension or holdover with the consent of the Lessor.

B. DISPOSITION OF SITE DEVELOPMENT MATERIALS

1. The Lessee acknowledges that, once placed by the Lessee, the removal from the Premises of Site Development Materials can damage the Premises, adversely affect

surface water drainage patterns, and destabilize adjacent structures. When placed on the Premises by the Lessee, Site Development Materials, including building pads, parking areas, driveways, and similar structures:

- a. become a part of the realty and the property of the state;
- b. unless otherwise directed by the Lessor, must be maintained by the Lessee throughout the term of this Lease, including any extensions and periods of holdover; and
- c. may not be removed by the Lessee without the prior written approval of the Lessor.

C. DISPOSITION OF PERSONAL PROPERTY AND PERMANENT IMPROVEMENTS OTHER THAN SITE DEVELOPMENT MATERIALS

1. Unless the Lessor otherwise directs under Paragraph 5 of this Section, when this Lease expires, terminates, or is cancelled and is neither extended nor followed by a successive lease, the departing Lessee may do one or more of the following:
 - a. remove Lessee-owned Permanent Improvements from the Premises, remediate any Contamination for which the Lessee is responsible, and restore the Premises to a clean and neat physical condition acceptable to the Lessor within 60 days after the expiration, cancellation, or termination date of this Lease;
 - b. with written approval from the Lessor, sell Lessee-owned Permanent Improvements to the succeeding lessee, remove all personal property, remediate, any Contamination for which the Lessee is responsible under 17 AAC 45 and leave the Premises in a clean and neat physical condition acceptable to the Lessor within 60 days after notice from the Lessor that the Lessor has approved an application for a lease of the Premises by another person or such longer period specified in the notice, but in no event more than 180 days after the expiration, termination, or cancellation date of this Lease;
 - c. elect to have the Lessor sell Lessee-owned Permanent Improvements at public auction under Paragraphs 2 and 3 of this Section, remediate any Contamination for which the Lessee is responsible under 17 AAC 45, and restore the premises to a clean and neat physical condition acceptable to the Lessor. If the Lessor sells Permanent Improvements under this Paragraph for removal from the Premises, the departing Lessee's obligation under this Paragraph continues until the Premises are remediated and restored to a clean and neat physical condition acceptable to the Lessor after the improvements have been removed.
2. If the departing Lessee elects to have the Lessor sell Lessee-owned Permanent Improvements at public auction per this Section, the Lessee shall, within 30 days after the expiration, cancellation, or termination of this Lease:

- a. submit to the Lessor a written request and authorization to sell the Permanent Improvements by public auction;
 - b. provide to the Lessor an executed conveyance document transferring clear title to the Permanent Improvements to the successful bidder at the public auction, along with authorization to the Lessor, as agent for the Lessee for purposes of the sale only, to endorse the name of the successful bidder on the conveyance document upon receipt of payment of the successful bid price; and
 - c. before the date of the public auction, remove all personal property, remediate any Contamination for which the Lessee is responsible under 17 AAC 45 and leave the Premises in a neat and clean physical condition acceptable to the Lessor.
3. When selling Lessee-owned Permanent Improvements at public auction for the departing Lessee, the Lessor will establish the terms and conditions of the sale as provided under 17 AAC 45. The Lessor shall pay the Lessee any proceeds of the sale of the Permanent Improvements, less the administrative costs of the public auction and any financial obligation the Lessee owes to the Lessor under this Lease. Payment will be made within a reasonable time after the Lessor completes the sale transaction and receives the proceeds, but not to exceed 60 days. If all or a portion of the Permanent Improvements do not sell at public auction, the Lessee will remove those Permanent Improvements, remediate any Contamination for which the Lessee is responsible under 17 AAC 45 and restore the Premises to a clean and neat physical condition acceptable to the Lessor within 60 days after the auction.
4. If the Lessee shows good cause to the Lessor and if it is not inconsistent with the best interest of the state, the Lessor will grant an extension of time that is sufficient to allow the Lessee to remove or sell Lessee-owned Permanent Improvements, remediate any Contamination for which the Lessee is responsible and to restore the Premises to a clean and neat physical condition acceptable to the Lessor under this Section.
5. The Lessor will, by written notice, direct the departing Lessee to remove Lessee-owned Permanent Improvements from the Premises, to remediate, consistent with applicable law, any Contamination for which the Lessee is responsible under 17 AAC 45 and to restore the Premises to a clean and neat physical condition acceptable to the Lessor if the Lessor determines in writing:
 - a. that the continued presence of the Permanent Improvements on the Premises are not consistent with either
 - i. the applicable provisions of 17 AAC 45 and of any other statute or regulation, including any relating to noise or Airport land use; or
 - ii. any written Airport program or plan required for compliance with applicable federal or state law;
 - b. that the continued presence of the Permanent Improvements on the Premises is not in the best interest of the state; or

- c. that the Permanent Improvements present a hazard to public health or safety.
6. The departing Lessee to whom the Lessor has issued direction under Paragraph 5 of this Section shall comply with the Lessor's direction within 60 days after issuance of the direction and at no cost to the Lessor. If the departing Lessee shows good cause to the Lessor, continues to work diligently to comply with Lessor's direction, and if it is not inconsistent with the best interest of the state, the Lessor will allow in writing a longer period that is sufficient to allow the Lessee to comply with the Lessor's direction. A departing Lessee who fails to comply with a direction issued by the Lessor under Paragraph 5 of this Section, shall, within 30 days of being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal fees and administrative costs, to enforce the Lessor's direction or to remove and dispose of unremoved Lessee-owned improvements, remediate any Contamination for which the Lessee is responsible under 17 AAC 45 and restore the Premises.
7. If the departing Lessee does not timely remove or sell the Lessee-owned Permanent Improvements on the Premises in accordance with the requirements of this Section, any remaining Permanent Improvements and any remaining personal property of the departing Lessee will be considered permanently abandoned. The Lessor may sell, lease, demolish, dispose of, remove, or retain the abandoned property for Airport use as the Lessor determines is in the best interest of the state. The departing Lessee shall, within 30 days after being billed by the Lessor, reimburse the Lessor for any costs reasonably incurred by the Lessor, including legal and administrative costs, to demolish, remove, dispose, clear title to, or sell the abandoned property and to remediate and restore the Premises.
8. After the expiration, termination, or cancellation of the Lease, including any holdover under 17 AAC 45, the departing Lessee loses all right to occupy or use the premises without the express or implied consent of the Lessor. Except as the Lessor notifies the departing Lessee otherwise in writing, the Lessor consents to the departing Lessee's continued use and occupancy of the Premises to diligently accomplish the requirements of this Section. Until the departing Lessee relinquishes possession of and completely vacates the Premises under Paragraph 9 of this Section and notifies the Lessor in writing that it has relinquished and vacated the Premises, the departing Lessee shall perform the following as if the lease were still in effect:
- a. pay rent to the Lessor;
 - b. maintain the premises;
 - c. provide the Lessor with evidence of each insurance coverage, if any, required under the Lease; and
 - d. cease using the premises other than to diligently accomplish the requirements of this Section, and to comply with the other requirements of the Lease.
9. A departing Lessee will not be considered to have relinquished possession and completely vacated the Premises until

- a. the departing Lessee has
 - i. remediated, consistent with applicable law, any Contamination for which the Lessee is responsible under this Lease; and
 - ii. restored the Premises to a clean and neat physical condition acceptable to the Lessor; and
- b. either
 - i. removed all of the Lessee's Permanent Improvements and personal property from the premises or sold the Permanent Improvements and personal property to a succeeding Lessee under the provisions of this Lease; or
 - ii. transferred title to the Lessee's Permanent Improvements and personal property that remain on the premises to the Lessor.

ARTICLE VII
MAINTENANCE, UTILITIES AND SNOW REMOVAL

A. MAINTENANCE

- 1. Lessee will keep the Premises and all improvements on the Premises neat and presentable.
- 2. All structures on the Premises must be painted, finished, or covered with a permanent exterior surface and be maintained in good condition by the Lessee.
- 3. At no cost to the Lessor, the Lessee will provide for all maintenance and services at the Premises necessary to facilitate the Lessee's use of the Premises.
- 4. The Lessee further agrees to comply with all reasonable decisions and directions of the Lessor's Airport management personnel regarding maintenance and general use of the Airport by the Lessee.

B. UTILITIES

At no cost to the Lessor, the Lessee will provide for and maintain all utilities at the Premises necessary to facilitate the Lessee's use at the Premises except that installation of a drinking water well on the premises is prohibited where local water utility service is available.

C. SNOW REMOVAL

- 1. At no cost to the Lessor, the Lessee will be responsible for plowing, removing and disposing of snow from the Premises to a Lessor-approved location, or providing

suitable storage within the boundaries of the Premises in accordance with all applicable federal and state laws.

2. Lessee agrees to coordinate its snow removal activities on the Airport with the Lessor's Airport personnel.
3. Lessee agrees not to allow an accumulation of snow on the Premises that would
 - a. cause interference with adjoining leaseholders or other users of the Airport;
 - b. damage Airport fencing; or
 - c. not comply with security or safety operations under Article VIII (Operations) of this Lease.

ARTICLE VIII **OPERATIONS**

A. SECURITY AND CERTIFICATION

1. The Lessee will coordinate any Airport security matter with the Lessor. If the Airport is operated under 49 CFR Part 1542 (Airport Security) and 14 CFR Part 139 (Airport Certification), the Lessee will comply with all applicable requirements of the Lessor's Airport Security Program, Airport Certification Manual, and Airport Emergency Plan. Upon written notice from Lessor, Lessee will, at its sole expense, promptly correct any violation or omission under the Airport Security Program or Airport Certification Manual within the time specified in the notice.
2. If the Transportation Security Administration (TSA), the Federal Aviation Administration (FAA) or any other federal, state or local government agency fines or otherwise imposes a monetary penalty on the Lessor or requires the Lessor to remediate or mitigate any condition for a violation of a statute, ordinance, or regulation, and if the violation is caused by or based on, all or in part, an act or omission by the Lessee or someone acting on the Lessee's behalf, the Lessee will reimburse the Lessor for the amount of the fine or penalty, the Lessor's costs incurred to remediate or mitigate the condition, and any legal or other associated costs incurred by the Lessor in responding to the violation. The Lessee will reimburse the Lessor for fines, penalties or costs, paid within 30 days after receipt of written notice from the Lessor.

B. AIRPORT OPERATIONS

1. The Lessee shall comply with 17 AAC 45 and other applicable laws and orders that the Lessor or the Airport manager issues under AS 02.15.020(a) or under any other state or federal law; and instructions, requirements, and restrictions that the Lessor or the Airport manager has posted or indicated by sign, signal, or other control device, unless otherwise directed by an authorized person directing aircraft, vehicle, or pedestrian

traffic. The Lessee shall not hinder or obstruct another person, a vehicle, or an aircraft from lawful use of Airport property.

2. The Lessee is required to coordinate the Lessee's activities on the Airport with the Lessor and to abide by the Lessor's decisions and directives regarding snow removal, maintenance, and general use of the Airport by the Lessee, the Lessee's personnel, employees, and any person acting on behalf of or under the authority of the Lessee, and by the Lessee's sublessees, contractors, and guests, including customers and vendors.
3. The Lessee is required to comply with all applicable requirements imposed on the Airport or the Lessor by federal law to ensure that the Airport's or Lessor's eligibility for federal money or for participation in a federal aviation program is not jeopardized.

C. LESSEE'S CONTROL AND RESPONSIBILITY

1. The Lessee is required to assume full control and sole responsibility as between the Lessee and the Lessor for the activities of the Lessee, the Lessee's personnel, employees, and persons acting on behalf of or under the authority of the Lessee, anywhere on the Airport and for the activities of the Lessee's sublessees, contractors, and guests, including customers and vendors, on the Premises.
2. The Lessee is required to perform all operations authorized by the Lease in a manner that ensures the safety of people and the Airport, the protection of public health and the environment, and the safety and integrity of the Premises.
3. The Lessee is required to immediately notify the Lessor of any condition, problem, malfunction, or other occurrence that threatens the safety of the Airport, the safety of persons using the Airport, the public health or the environment, or the safety or integrity of the Premises.

D. RADIO INTERFERENCE

The Lessee will discontinue the use of any machine or device that interferes with any government operated transmitter, receiver, or navigation aid until the cause of the interference is eliminated.

E. WILDLIFE

The Lessee acknowledges that a concentration of birds or other wildlife on an airport constitutes a significant hazard to aircraft operations. The Lessee agrees to keep the Premises clean of fish slime, fish waste, or any other material or item that might attract birds or other wildlife. The Lessee accepts full responsibility to take all prudent measures to prevent attracting birds or other wildlife.

F. PARKING

The Lessee is required to provide vehicle, equipment, and aircraft parking space, snow storage, and drainage on the premises adequate for the Lessee's activities on the premises or confine parking to such other places on the Airport as designated in writing by the Lessor.

**ARTICLE IX
ENVIRONMENTAL PROVISIONS**

A. HAZARDOUS SUBSTANCES

1. Lessee will provide notification to the Lessor of any Hazardous Substance stored, dispensed or handled on the Premises.
2. If Hazardous Substances are stored, dispensed or handled on the Premises, the Lessee agrees to have properly trained personnel and adequate procedures for safely storing, dispensing, and otherwise handling Hazardous Substances in accordance with all applicable federal, state, and local laws.
3. Lessee will promptly give the Lessor notice of proceedings to abate or discussions with federal or state regulatory agencies relating to the presence or release of a Hazardous Substance on the Premises or from the Lessee's operations on the Airport. The Lessee will allow the Lessor to participate in such proceedings or discussions.
4. If Lessee provides annual reporting to the Environmental Protection Agency (EPA) as a Small or Large Quantity Hazardous Waste Generator, or if a Notification of Regulated Waste Activities form is submitted to EPA, Lessee shall provide Lessor with a copy of the EPA submission.

B. ENVIRONMENTAL LIABILITY BASELINE

1. The Lessee has the sole responsibility under this Lease to ascertain the environmental condition and presence of Hazardous Substance existing in, on, and under the surface of the Premises, and is conclusively presumed to have caused or Materially Contributed To any Contamination of or originating on the Premises except as identified in an Environmental Liability Baseline accepted by the Lessor.
2. The Lessee assumes financial responsibility to the Lessor for any Contamination in, on, and under the Premises and any Airport property affected by a release of a Hazardous Substance from the Lessee's operations (Affected Property), except for Contamination that is identified in an Environmental Liability Baseline. This is without prejudice to the Lessee's right to seek contribution or indemnity from either prior lessees of the Premises and Affected Property, or other potentially responsible parties except for the Lessor.
3. The procedures for establishing an Environmental Liability Baseline shall be as follows:

- a. If the Lessee wants to establish an Environmental Liability Baseline for all or any portion of the Premises, the Lessee shall provide the Lessor with an Environmental Assessment for that portion of the Premises. The Environmental Assessment shall be performed according to standard industry procedures.
 - b. If the Lessee discovers Contamination in, on, or under the surface of the Premises, for any portion of the Contamination to be considered for inclusion in the Environmental Liability Baseline, the Lessee must demonstrate by clear and convincing evidence to the satisfaction of the Lessor that the Contamination proposed for inclusion was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities nor assumed by the Lessee by reason of assignment. In light of the Lessee's responsibility under Article VIII (Operations), Section C (Lessee's Control and Responsibility) of this Lease for the acts of its sublessees, contractors, and guests on the Premises, Contamination caused or Materially Contributed To by activities of the Lessee's sublessees, contractors, and guests on the Premises are deemed to be Materially Contributed To by the Lessee.
 - c. Only that portion of Contamination not caused or Materially Contributed to by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment, shall be included in the Environmental Liability Baseline.
4. The procedures for adding to an existing Environmental Liability Baseline shall be as follows:
- a. If, after an Environmental Liability Baseline is established for any portion of the Premises, Lessee discovers Contamination in, on, or under the surface of that portion of the Premises having an Environmental Liability Baseline, which Contamination Lessee or Lessee's operations or activities did not cause or Materially Contribute To, and which Lessee did not assume by reason of assignment, Lessee may, at its own cost, submit an additional Environmental Assessment reflecting that information to Lessor for Lessor's consideration to add to the Environmental Liability Baseline. Lessee's additional Environmental Assessment must demonstrate by clear and convincing evidence to the satisfaction of Lessor which portion of the additional Contamination on the Premises was not caused or Materially Contributed To by Lessee or Lessee's operations or activities nor assumed by Lessee by reason of assignment.
 - b. Only that portion of Contamination not caused or Materially Contributed To by Lessee or Lessee's operations or activities, nor assumed by Lessee by reason of assignment, may be added to the existing Environmental Liability Baseline.
5. When the Lessor receives the Lessee's Environmental Assessment to establish the Environmental Liability Baseline, the Lessor, in its sole discretion, will do one of the following:
- a. Accept the findings of the Lessee's Environmental Assessment as the Environmental Liability Baseline for that portion of the Premises being assessed.

- b. Reject the findings of the Lessee's Environmental Assessment for that portion of the Premises being assessed and offer the Lessee the opportunity to perform additional environmental testing if the Lessor determines in writing that the findings of the Environmental Assessment are inadequate to develop an Environmental Liability Baseline. The Lessor's written rejection of the Lessee's submittal(s) will be based on failure of the Lessee's Environmental Assessment to either:
 - i. follow rules and regulations for site assessment in determining the environmental condition of the Premises and the presence of Contamination in, on, or under the surface of the Premises; or
 - ii. demonstrate the portion of the Contamination that was not caused or Materially Contributed To by the Lessee or the Lessee's operations or activities, nor assumed by the Lessee by reason of assignment.
 - c. Perform additional environmental testing at the Lessor's expense to verify the environmental condition of that portion of the Premises being assessed. If the results of the Lessor's tests conflict with the Lessee's Environmental Assessment, the Lessor and the Lessee will negotiate in good faith an Environmental Liability Baseline for that portion of the Premises being assessed. To the extent the Lessor and Lessee are unable to agree, the Lessor's testing shall control in establishing the Environmental Liability Baseline.
6. If, after the Environmental Liability Baseline for any portion of the Premises is established, it is discovered that the presence of a Hazardous Substance identified in the Environmental Liability Baseline was caused or Materially Contributed To by the Lessee or its operations, or assumed by the Lessee by reason of assignment, the Environmental Liability Baseline shall be amended to delete that portion of the Contamination. The Lessor will have the burden of proof in establishing that the Lessee caused or Materially Contributed To this Contamination or that the Contamination was assumed by the Lessee by reason of assignment.

C. ENVIRONMENTAL INDEMNIFICATION

If Contamination of the Premises or other properties by a Hazardous Substance occurs from the Lessee's operations on the Premises that is not in Lessee's Environmental Baseline, the Lessee will indemnify, defend, and hold the Lessor harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities, or losses, including, but not limited to, sums paid in settlement of claims, attorney's fees, consultant fees, and expert fees, which arise during or after the term of this Lease as a result of such Contamination. This indemnification of the Lessor by the Lessee includes, but is not limited to, costs incurred in connection with any investigation of site conditions or any cleanup, remediation, removal, or restorative work required by any federal, state, or local governmental agency because of a Hazardous Substance being present in the soil or groundwater on or under the Premises or other properties affected by the Contamination.

D. REMEDIATION

1. In the event of a Hazardous Substance spill on the Premises, the Lessee will immediately notify the Lessor and the Alaska Department of Environmental Conservation and act promptly, at its sole expense, to contain the spill, repair any damage, absorb and clean up the spill area, and restore the Premises to a condition satisfactory to the Lessor and otherwise comply with the applicable portions of Title 17 and Title 18 of the Alaska Administrative Code.
2. In addition to any notices required by this Lease, the Lessee will immediately notify and copy the Lessor in writing of any of the following:
 - a. any permit, enforcement, clean up, lien, removal or other governmental or regulatory action instituted, completed, or threatened pursuant to any Environmental Law;
 - b. any claim made or threatened by any person against the Lessee or arising from the Lessee's operations authorized by this Lease, relating to damage, contribution, compensation, loss or injury resulting from, or claimed to result from, any Hazardous Substances in, on, or under the Airport; or
 - c. any report made to any environmental agency arising out of or in connection with any Hazardous Substances in, on, or removed from the Premises, including any complaints, notices, warnings or asserted violation.
3. The Lessor is under no obligation to remediate Contamination identified in an Environmental Assessment, except the Lessor agrees to remediate, or have responsible parties remediate, the Contamination identified in the Environmental Liability Baseline if the Lessee or Lessor is required to remediate by an agency with such authority. In the event of such required remediation, the Lessor will make a reasonable effort to coordinate the remediation with the Lessee to minimize disruption of the Lessee's operations and damage to the Lessee's improvements and property. The Lessee releases and holds the Lessor harmless for all costs associated with damage to, relocation and removal of, loss of use of, and the repair of Lessee's improvements and property that results from this remediation.
4. Remediation and restoration of the affected area must meet all applicable state and federal laws and regulations and must meet the requirements of all governing regulatory authorities.

E. ACTION AGAINST POTENTIALLY RESPONSIBLE PARTIES

Nothing contained in this Lease shall restrict either the Lessor or the Lessee from seeking and obtaining cleanup efforts, costs, or damages from other potentially responsible parties for Contamination identified in the Environmental Liability Baseline.

F. ENVIRONMENTAL AUDIT

Lessee will provide Lessor all investigative data, test results, or reports as part of or in relation to any Environmental Assessment, characterization or audit which Lessee performs or causes to be performed after the starting date of this Lease. The Lessee will submit the data, result, or report to the Lessor within 60 days following the date on which it becomes available to the Lessee.

G. RELEASE OF LESSEE

The Lessor releases the Lessee from liability to the Lessor for Contamination and the presence of Hazardous Substances identified by the Environmental Liability Baseline that was not caused or Materially Contributed To by the Lessee nor assumed by the Lessee by reason of assignment.

H. SURVIVAL OF OBLIGATIONS - LESSOR

The Lessor's release of the Lessee and the Lessor's covenant to remediate as discussed in this Article will survive the cancellation, termination or expiration of this Lease.

I. LESSOR'S RIGHT TO PERFORM ENVIRONMENTAL ASSESSMENT

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

ARTICLE X LAWS, TAXES AND CLAIMS

A. COMPLIANCE WITH LAW

1. This Lease is issued subject to all applicable requirements of state statutes and regulations in effect during the term of this Lease, including those related to the leasing of lands and facilities and the granting of privileges at state airports. All references to regulations contained in this Lease shall be construed to incorporate any amendments to those regulations. In the event any regulation referred to in this Lease shall be repealed,

the reference shall be construed to incorporate any contemporaneously or subsequently adopted regulation addressing the same or similar subject matter.

2. The Lessee will comply with all applicable requirements imposed on the Airport or the Lessor by federal law to ensure that the Lessor's eligibility for federal money or for participation in a federal aviation program by the Airport or the Lessor is not jeopardized and with all orders issued by the Lessor.
3. At no expense to the Lessor, the Lessee will obtain all necessary licenses and permits, pay all taxes and special assessments lawfully imposed upon the Premises, and pay other fees and charges assessed under applicable law. Nothing in this Lease prevents the Lessee from challenging any taxes or special assessments to the appropriate authority under applicable procedures.
4. The laws of the State of Alaska will govern in any dispute between the Lessee and Lessor. If a dispute continues after exhaustion of administration remedies, any lawsuit must be brought in the courts of the State of Alaska, in Fairbanks within the Fourth Judicial District.

B. CLAIMS

The Lessee will promptly notify the Lessor of any claim, demand, or lawsuit arising out of the Lessee's occupation or use of the Airport or the Premises. Upon the Lessor's request, the Lessee will cooperate and assist in the investigation and litigation of any claim, demand, or lawsuit affecting the Airport or the Premises.

ARTICLE XI **INDEMNIFICATION AND INSURANCE**

A. INDEMNIFICATION

1. The Lessee will indemnify, save harmless, and defend the Lessor, its officers, agents, and employees from and against any and all liabilities, losses, suits, administrative actions, claims, awards, judgments, fines, demands, damages, injunctive relief or penalties (specifically including civil penalties assessed by the FAA, TSA or any other federal agency) of any nature or kind to the full extent of the loss or obligation for property damage, personal injury, death, violation of any regulation or grant agreement, or any other injury or harm, including sums paid in settlement of claims, attorney fees, consultant fees, expert fees, or any other costs and expenses, directly or indirectly arising from, connected to or on account of this Lease as it relates to the Lessee, the Lessee's activities at or relating to the Airport, or any act or omission by the Lessee, or by any of its officers, employees, agents, contractors or sublessees.
2. The Lessee shall give the Lessor prompt notice of any suit, claim, action or other matter affecting the Lessor to which Paragraph 1 of this Section may apply, together with a copy of any letter by an attorney on behalf of a complainant, any complaint filed in court, and any notice or complaint by any regulatory agency. The Lessee shall also use

counsel acceptable to the Lessor and the Alaska Department of Law in carrying out its defense obligations under this Paragraph, and the Lessor shall also have the right, at its option, to participate cooperatively in the defense of and settlement negotiations regarding any such matter, without relieving the Lessee of any of its obligations under this provision. These indemnity obligations are in addition to, and not limited by, the Lessee's obligation to provide insurance, and shall survive the expiration or earlier termination of this Lease.

3. Paragraph 1 notwithstanding, the Lessee shall not be obligated to indemnify the Lessor for liability for personal injury or property damage legally caused by the Lessor's own negligence, recklessness or intentional misconduct.

B. INSURANCE

The Lessee is not required to provide insurance coverage at the commencement of this Lease. However, if the Lessor determines the activity, construction, or operation of the Lessee under this Lease will expose the State of Alaska to a liability risk greater than the risk typically posed by the activity, construction, or operation of lessees that are not required to obtain insurance, the Lessor may require the Lessee to provide proof of insurance coverage in amounts determined by the Lessor.

ARTICLE XII GENERAL PROVISIONS

A. LIENS

The Lessee will keep the Premises and improvements placed on the Premises free of all liens for any obligations incurred by Lessee. The Lessee will pay all costs for labor and materials arising out of any construction or improvements by the Lessee on the Premises, and hold the Lessor harmless from liability for any liens, including costs and attorney fees. The Lessor does not recognize that it is in any way liable for any liens on the Premises or improvements placed on the Premises. This restriction does not prohibit the assignment of interest for security purposes if the Lessor approves the assignment in writing.

B. CONDEMNATION AND RELOCATION

If all or any part of the Premises is condemned by any authority or person vested with the power of Eminent Domain, including Lessor, the term of this Lease will end on the date the Lessee is required to surrender possession of the Premises under 17 AAC 45. The Lessor shall be entitled to all compensation from the condemning authority for the taking of the Premises. Nothing within this Lease will diminish Lessee's rights, if any, to receive compensation for improvements or personal property belonging to the Lessee and located on the Premises under applicable relocation laws.

C. NOTICES

All notices by either party required or permitted under this Lease shall be in writing sent by first class or higher priority mail, electronic transmission, or hand delivery, to the contact

details set out on Page 1 of this Lease or any other contact details that the parties subsequently designate in writing. Unless otherwise agreed to in writing, the parties will also supply to the other party, as promptly as possible, and in any event, within 15 days after the involved party first receives or sends the same, copies of all claims, reports, complaints, notices, liens or warnings, or asserted violations relating in any way to the Premises or the Lessee's use of the Airport.

D. MODIFICATION

Upon written notification to Lessee, the Lessor may modify this Lease to meet the revised requirements of federal or state grants or to conform to the requirements of any revenue bond covenant to which the Lessor is a party; provided that a modification may not cause the Lessee financial loss, or reduce the rights or privileges granted to the Lessee by this Lease, except that any such modification may substitute rights or privileges that are substantially similar or of comparable value.

E. VALIDITY OF PARTS

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

F. INTERRELATIONSHIP OF PROVISIONS

All provisions of this Lease including exhibits, supplements, and addenda are essential parts of this Lease and are intended to be cooperative, provide for the use of the Premises, and describe the respective rights and obligations of the Lessor and Lessee. In case of a discrepancy, written dimensions govern over scaled dimensions unless obviously incorrect.

G. INTEGRATION AND MERGER

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

H. EXECUTION BY THE PARTIES

This Lease is of no effect until the Lessee or a duly authorized representative of Lessee and the Commissioner of the Department of Transportation and Public Facilities or the Commissioner's designated representative has signed it.

I. CAPTIONS

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

J. ADDITIONAL INFORMATION

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

K. RIGHTS OF CONSTRUCTION

This Lease is intended to make public property available for private use, while at all times protecting the public interest to the greatest extent possible. Following the rule that transfers of interest in public property are to be strictly construed in favor of the Lessor, all rights granted to the Lessee under this Lease will be strictly construed, and all rights of the Lessor and protections of the public interest will be liberally construed.

L. LESSEE ACKNOWLEDGEMENT

The Lessee acknowledges that the Lessee has read this Lease and fully understands its terms, that the Lessee has been fully advised or has had the opportunity of advice by separate legal counsel, and voluntarily executes this Lease. Lessee also acknowledges and agrees that the rule of interpretation under which a document is construed against the drafter will not apply to this Lease.

M. APPROVAL BY LESSOR

Any approval required of the Lessor by this Lease will not be unreasonably withheld. The Lessor's approval does not waive the Lessee's legal responsibility or liability to comply with all applicable federal and state laws and regulations.

N. DISCRIMINATION

The Lessee will not discriminate on the grounds of race, color, religion, national origin, ancestry, age, or sex against any patron, employee, applicant for employment, or other person or group of persons in any manner prohibited by federal or state law. The Lessee recognizes the right of the Lessor to take any action necessary to enforce this provision, including actions required pursuant to any federal or state law.

O. AFFIRMATIVE ACTION

If required by 14 CFR Part 152, subpart E, the Lessee will undertake an affirmative action program to insure that no person will be excluded from participating in any employment activities offered by the Lessee on the grounds of race, creed, color, national origin, or sex. No person may be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by subpart E. The Lessee further agrees that it will require its suborganization(s) provide assurance to the Lessor to the same effect that they will also undertake affirmative action programs and require assurances from their suborganization(s) as required by 14 CFR, Part 152, subpart E.

P. QUIET ENJOYMENT & RIGHT OF INSPECTION

The Lessee is entitled to quiet enjoyment of the Premises subject to the terms of this agreement and the Lessor's right of ingress to and egress from the Premises, including buildings, and the right to enter any part of the Premises for the purpose of inspection at any reasonable time, subject only to the Lessor's best efforts, except in the case of an emergency, to coordinate its inspection with the Lessee to minimize interference with the Lessee's activities on the Premises.

**ARTICLE XIII
ASSIGNMENT OR SUBLEASE**

All provisions in this Lease extend to and bind the legal representatives, successors, and assigns of the parties. The Lessor's consent to one assignment, sublease, assignment of sublease or security interest will not waive the requirement of obtaining the Lessor's consent to any subsequent assignment or sublease. In the event of a conflict between this Lease and an assignment or a sublease, the terms of this Lease govern; a provision stating this priority must be included in each assignment or sublease, but is implied in all assignments whether stated or not.

A. ASSIGNMENT

1. Lessee shall obtain and follow Lessor's written assignment guidance and the requirements in 17 AAC 45.260, as amended.
2. The Lessee may not assign all or a portion of this Lease, including improvements, without the prior written consent of the Lessor. An assignment made contrary to the requirements of this Section is void.
3. A request for consent to an assignment must be submitted to the department in writing.
4. Any proposed assignment must be submitted to the Lessor for approval in three (3) copies, each bearing the original notarized signature of all parties.
5. An assignment must include a provision stating that the assignee accepts responsibility for all of the assignor's obligations under this Lease, including environmental liability and responsibility.
6. An assignee may not occupy the Premises before the Lessor consents to the assignment in writing.
7. Any single or cumulative transfer of more than 50 percent interest in a joint venture, partnership, limited liability company, corporation, or other dual or multi-party entity which is a Lessee under this Lease is an assignment of an interest subject to written approval by the Lessor.

B. ASSIGNMENT FOR SECURITY PURPOSES

- 1. The Lessee may not assign for security purposes all or a portion of or any interest in this Lease, including improvements, without the prior written consent of the Lessor. An assignment for security purposes made contrary to the requirements of this Section is void.**
- 2. Lessee shall obtain and follow Lessor's written security assignment guidance and the requirements in 17 AAC 45.265, as amended.**
- 3. A request for consent to an assignment for security purposes must be submitted in writing to the Lessor for approval.**
- 4. A security assignment document must include provisions stating that:**
 - a. If the security assignee takes possession or control of the Lease, either directly or through a sub-tenant, by foreclosure or otherwise, under the security assignment,**
 - i. The security assignee accepts responsibility for all of the Lessee's obligations under the Lease, including environmental liability and responsibility, commencing as of the date the security assignee succeeds to the Lessee's interest under the Lease, and**
 - ii. Except as provided in Paragraph 4c below, those obligations terminate as to the security assignee upon further transfer of the Lease by the security assignee;**
 - b. The security assignee has an affirmative duty to notify the state in writing upon the reconveyance or release of the security interest; and**
 - c. Unless the security assignee "participates in management" of the Lessee (as defined in 42 U.S.C. 9601(20)(F)), the security assignee does not have environmental liability or responsibility for the period pre-dating the time when it took possession or control of the Leasehold. The security assignee does not have environmental liability or responsibility following a subsequent transfer of its entire interest in the Lease unless, by its direct actions, negligence, or failure to use due care, the security assignee**
 - i. caused or contributed to a violation of any of the Lease terms relating to environmental law or hazardous substances;**
 - ii. violated 17 AAC 45.045 or 17 AAC 45.050; or**
 - iii. caused or contributed to actual financial damages to the Lessor due to the security assignee's breach of any environmental law.**
- 5. Exercise by a security assignee of a power of sale or further assignment under a security assignment is subject to the consent of the Lessor with respect to any purchaser or assignee and shall be conditioned upon the purchaser or assignee accepting**

responsibility for all of the lessee's obligations under this Lease, including environmental liability and responsibility.

C. SUBLEASE

1. Each provision of this Section applies to a sublease of all or a portion of the Premises, as well as to a further sublease of a sublease. A sublease made contrary to the requirements of this Section is void.
2. The Lessee may not sublease all or a portion of the Premises without the prior written consent of the Lessor. The consent of the Lessor under this Section is required for each sublease of all or any portion of the Premises.
3. Lessee shall obtain and follow Lessor's written sublease consent guidance and the requirements in 17 AAC 45.270, as amended.
4. A sublease must include a provision that it is subject to all of the terms and conditions of this Lease governing the property being subleased. The Lessor reserves the right and authority to enforce the obligations of Article IV (Rents and Fees) of this Lease with respect to the sublessee's operations against either the sublessee directly, or against the Lessee.
5. A sublessee may not occupy the Premises before the Lessor consents to the sublease in writing.
6. A sublease may not and does not relieve the Lessee of responsibility for providing the Lessor with evidence of any required insurance (if applicable) that meets the requirements of this Lease, including coverage of the sublessee's operations on the Premises.
7. Consent to a sublease by the Lessor does not relieve or otherwise alter the obligations of the Lessee under this Lease.
8. A sublessee may not assign all or a portion of a sublease, including improvements, without the prior written consent of the Lessor and the Lessee under Section A of this Article. An assignment made contrary to the requirements of Section A of this Article is void.

**ARTICLE XIV
DEFAULT BY LESSEE**

A. EVENTS OF DEFAULT

The occurrence of any of the following events shall constitute a default by Lessee under the terms of this Lease:

1. Lessee fails to pay when due the rents, charges, or fees specified in this Lease, including any increases made under this Lease.

2. Lessee's checks for payment of rents, charges, or fees are returned for insufficient funds; or if Lessee's credit or debit card is not accepted by the issuing financial institution.
3. Lessee uses or authorizes the use of the Premises for any purpose not authorized by this Lease.
4. Lessee fails to fully perform and comply with any provision in this Lease.
5. A court enters a judgment of insolvency against Lessee.
6. A trustee or receiver is appointed for Lessee's assets in a proceeding brought by or against Lessee.
7. Failure by Lessee to comply with any of the terms of this Lease, including, but not limited to the land development and Permanent Improvement requirements under Article V (Survey, Improvements and Performance Bond), Section B (Improvements).

B. REMEDIES

In addition to any other remedy allowed by law, if any default by Lessee is not cured within 30 days of Lessee's receipt of written notice from Lessor, Lessor shall be entitled to pursue any or all of the following remedies:

1. Terminate this lease, in which case Lessee shall immediately vacate the Premises;
2. Without further notice to Lessee and without prejudice to any other remedies Lessor may have, enter and take possession of the Premises;
3. Commence legal proceedings to evict Lessee from the Premises; and
4. Recover from Lessee, by any legal means, all amounts owed by Lessee to Lessor under the terms of this Lease, with interest thereon at the rate provided for in AS 45.45.010(a).

C. COSTS AND ATTORNEY'S FEES

Lessee will pay all reasonable actual expenses, costs, and attorney's fees Lessor may incur, with or without formal action, to enforce, defend, or protect this Lease or Lessor's rights under this Lease, including any expense incurred with respect to environmental compliance, bankruptcy or any proceeding that involves Lessee, the Lease, the Premises, improvements or personal property on the Premises. Lessee will make payment within 30 days of the date of each notice from Lessor of any amounts payable under this provision.

D. REASONABLE CURE

1. In the case of a default that cannot be reasonably cured within 30 days, a notice of default issued by Lessor to Lessee under this Article is stayed if, within the 30-day notice period, Lessee begins and continues expeditious action to cure the violation. Lessor will

determine if a violation cannot be reasonably cured within 30 days and what constitutes expeditious action.

2. In the case where, in Lessor's sole determination, Lessee's default is considered an imminent threat to the Airport, public health or safety, or the environment, Lessor will direct Lessee to stop the activity immediately and may reduce the period to cure the default, or Lessor may correct the default pursuant to Section E of this Article.

E. RIGHT OF LESSOR TO PERFORM

1. If, after 30 days following issuance of notice, Lessee fails or refuses to perform any action required by this Lease, Lessor will have the right, but not the obligation, to perform any or all such actions required by this Lease at the sole expense of Lessee. Lessor will not take action if Lessee begins and continues expeditious action to perform any action required by this Lease that cannot be reasonably completed within 30 days. Lessor will, at its sole discretion, determine what constitutes expeditious action and if an action cannot be reasonably performed in 30 days.
2. Lessee is required to pay, within 30 days of the billing date, any cost or damage that Lessor incurs to enforce or protect Lessor's rights under the Lease or due to any failure of Lessee to comply with a provision of the Lease, including a cost to correct a violation under 17 AAC 45; in this paragraph "cost" includes legal fees and administrative costs.
3. If Lessee fails or refuses to perform any action that has been deemed an imminent threat Lessor will have the right, but not the obligation, to perform any or all such actions required to expeditiously correct the imminent threat. If Lessor acts to correct a violation or omission by Lessee, Lessor may seek reimbursement from Lessee of all costs, plus interest at the rate provided in AS 45.45.010(a), that Lessor incurs in acting to correct the violation or omission, including site assessment costs, clean-up costs, collection costs, legal and administrative costs, applicable fines, and costs resulting from interference with or delay of Airport projects or operations.

F. WAIVER

A waiver by the Lessor of any default by the Lessee of any provision of this Lease will not operate as a waiver of any subsequent default. If the Lessor waives a default, the Lessor is not required to provide notice to the Lessee to restore or revive any term or condition under this Lease. The waiver by the Lessor of any provision in this Lease cannot be enforced or relied upon unless the waiver is in writing and signed on behalf of the Lessor. The Lessor's failure to insist upon the strict performance by the Lessee of any provision in this Lease is not a waiver or relinquishment for the future and the provision will continue in full force.

ARTICLE XV
HOLDOVER AND CONTINUED OCCUPANCY

A. HOLDOVER

If the Lessor has not directed the Lessee to vacate the premises upon expiration of the Lease, then if the Lessee continues to occupy the premises in holdover after the expiration of the Lease, the holdover ends on the earliest of the following, regardless of any rents or fees accepted by the Lessor:

1. the date on which the Lessor and the Lessee execute a term extension for the Lease or a new Lease for the Premises; or
2. the date on which the Lessor or the Lessee terminates the holdover upon not less than 30 days' notice; or
3. the 180th day after the expiration of the Lease.

B. CONTINUED OCCUPANCY

If the Lessee continues to occupy the Premises in Holdover under this Article, the Lessee will continue to pay the Lessor rents and fees after the expiration, termination, or cancellation of this Lease and to abide by the Lease obligations, including providing any required proof of insurance coverage, through the date Lessee relinquishes possession of and completely vacates the Premises. Lessor will consider the Premises vacated if:

1. The Lessee has remediated any environmental Contamination for which the Lessee is responsible; and
2. The Lessee has removed or otherwise disposed of any Lessee-owned permanent or removable improvements and personal property; and
3. The Lessee has restored the Premises to a neat and clean physical condition acceptable to Lessor.

C. AIRPORT CLOSURE

Pursuant to AS 02.15.070(b) and 17 AAC 45, the Lessor may abandon or temporarily or permanently close the Airport for aircraft operations if the Lessor finds that is in the best interest of the state.

1. If Lessor closes the Airport for aircraft operations for sixty (60) days or less, this Lease will remain in full force and effect without adjustment.
2. If Lessor closes the Airport for aircraft operations for more than sixty (60) days, but not permanently, and the Lessee's Lease is for aeronautical uses, the Lessee may either terminate the Lease in writing or retain the Lease and receive a fifty percent (50%) rent reduction or credit for that portion of the closure that exceeds sixty (60) days.

3. If Lessor permanently closes the Airport for aircraft operations the Lessee may terminate this agreement by written notice to Lessor or retain the Lease subject to any obligation of the Lessor to return management of the affected land to the State of Alaska Department of Natural Resources, any obligation of the state to return the affected land to the federal government or other public or private person or entity under a deed restriction, federal grant assurance, or other binding requirement, or any decision of the Lessor to sell or exchange the land or to put the land to other use.

D. DISASTERS

The Lessee or Lessor may cancel this Lease upon written notice to the other party if:

1. the Premises becomes unusable through no fault of either party and performance under this Lease becomes impossible; or
2. the Airport becomes unusable through no fault of either party and the performance under this Lease becomes impossible.

If the Lessee elects in writing that it will continue to operate after notice from Lessor to Lessee that the Airport has become unusable, the Lessee's obligations under the Lease will continue but Lessor is under no obligation to continue to perform. Causes for termination of the Lease under this provision include acts of God, the public enemy, and the United States.

E. NATIONAL EMERGENCY

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

ARTICLE XVI FUELING OPERATIONS AND FUEL STORAGE

A. SELF FUELING

Except as may be provided in this Lease, the Lessee shall not conduct Fueling operations on the Airport except Self-fueling, which shall be conducted only on the Premises or on the premises of a commercial fueling facility.

B. FUEL STORAGE

1. If Fuel is stored on the Premises, the Fuel storage facility must be in compliance with 17 AAC 45 and installed and plumbed according to all Environmental Laws, 13 AAC 50, 14 CFR Part 139 (if applicable), and all comply with all applicable federal and state laws.
2. The Lessee will keep all equipment used in conjunction with the Lessee's Fueling operations on the Airport in a safe and properly functioning condition.
3. At any time, the Lessor has the right to inspect all Fueling equipment used by the Lessee on the Airport to determine if the Lessee's Fueling equipment and operations

conform to the applicable laws, regulations, and codes. The Lessee, prior to any further Fueling operations, will accomplish any corrective action deemed necessary by the Lessor.

4. All Fueling operations must be in compliance with 17 AAC 45 and will meet current requirements for Fueling and fire safety as described in applicable federal and state laws and regulations.
5. If required under 40 CFR 112, Lessee agrees that before performing any Fueling function on the Airport, Lessee will maintain and submit to the Lessor a copy of the operator's Spill Prevention, Control, and Countermeasures Plan prepared under 40 CFR 112.

ARTICLE XVII DEFINITIONS

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

1. **Contamination** – the unpermitted presence of any released Hazardous Substance.
2. **Environmental Assessment** – means an assessment of property, prepared in a manner consistent with generally accepted professional practices, that is supported by reports and tests that determine the environmental condition of property and the presence, type, concentration, and extent of any Hazardous Substance in, on, and under the surface of the property.
3. **Environmental Law** --any federal, state, or local statute, regulation, ordinance, code, permit, order, decision, or judgment from a governmental entity relating to environmental matters, including littering and dumping, including 42 USC 7401-7671q (Clean Air Act); 33 USC 1251-1387 (Federal Water Pollution Control Act); 42 USC 6901-6992k (Resource Conservation and Recovery Act); 42 USC 9601-9657 (Comprehensive Environmental Response, Compensation, and Liability Act); 49 USC 5101-5127 (Hazardous Materials Transportation Act); 15 USC 2601-2692 (Toxic Substances Control Act); AS 46 (Alaska Water, Air, Energy, and Environmental Conservation Acts); and the provisions of 18 AAC (Environmental Conservation), implementing AS 46.
4. **Environmental Liability Baseline** -- a document based on an Environmental Assessment that identifies Contamination in, on, or under the surface of the Premises that was neither caused nor Materially Contributed To by the Lessee, nor assumed by the Lessee by reason of assignment. If an Environmental Assessment determines the presence of Contamination in, on, or under the surface of the Premises that was Materially Contributed To by the Lessee, the Environmental Liability Baseline will include only that portion of the Contamination not caused or Materially Contributed To by the Lessee or the Lessee's operations, nor assumed by the Lessee by reason of assignment.

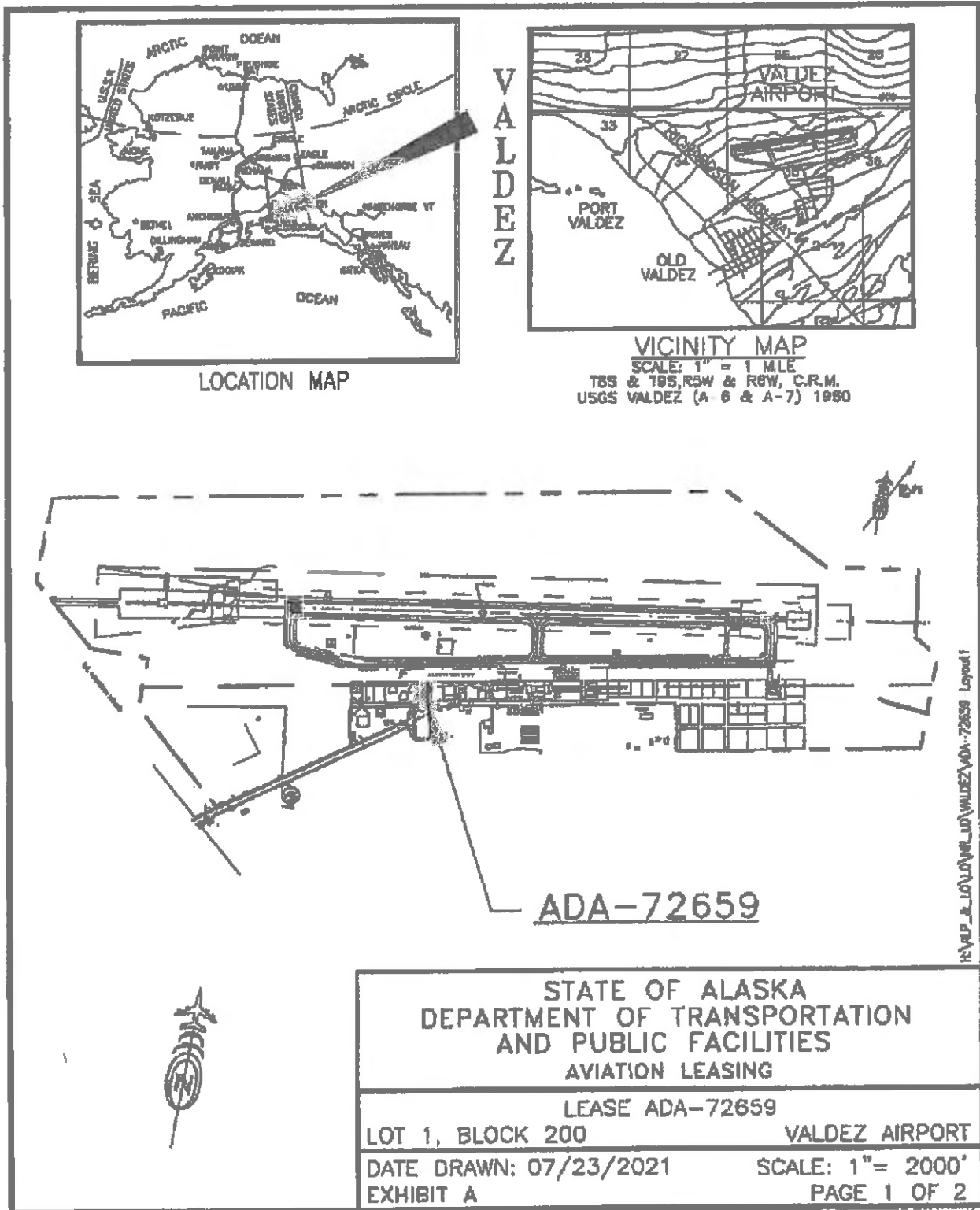
5. **Fuel** -- any motor fuel or liquid heating fuel including gasoline, aviation gasoline, jet fuel, diesel fuel, kerosene, propane, and liquid natural gas.
6. **Fueling** -- delivering or dispensing Fuel, defueling and refueling, or any other transfer of Fuel on Airport property.
7. **Hazardous Substance** -- a substance that is defined under an Environmental Law as hazardous waste, Hazardous Substance, hazardous material, toxic, pollutant, contaminant, petroleum, petroleum product, or oil.
8. **Lessor** -- The State of Alaska, Department of Transportation and Public Facilities' employee or other person designated by the commissioner or a regional director to act for the department, including an Airport manager.
9. **Materially Contributed To** -- to play a substantial role in causing or increasing the release or migration of a Hazardous Substance in a reportable quantity as defined under an applicable Environmental Law.
10. **Permanent Improvement** -- a fixed addition or change to land that is not temporary or portable, including a building, building addition, a well associated with a building, and a Fuel tank of not less than 1,000 gallons capacity and affixed to a permanent foundation, but not site development work, Site Development Materials and items of ordinary maintenance, such as glass replacement, painting, roof repairs, door repairs, plumbing repairs, floor covering replacement, or pavement patching.
11. **Self-fueling** -- the dispensing of Fuel to an aircraft or vehicle for use by the aircraft or vehicle using fueling apparatus owned or leased by the owner or operator of the aircraft or vehicle.
12. **Site Development Materials** -- materials used for site development, including geotextile, fill, gravel, paving, and pavement reinforcement materials.

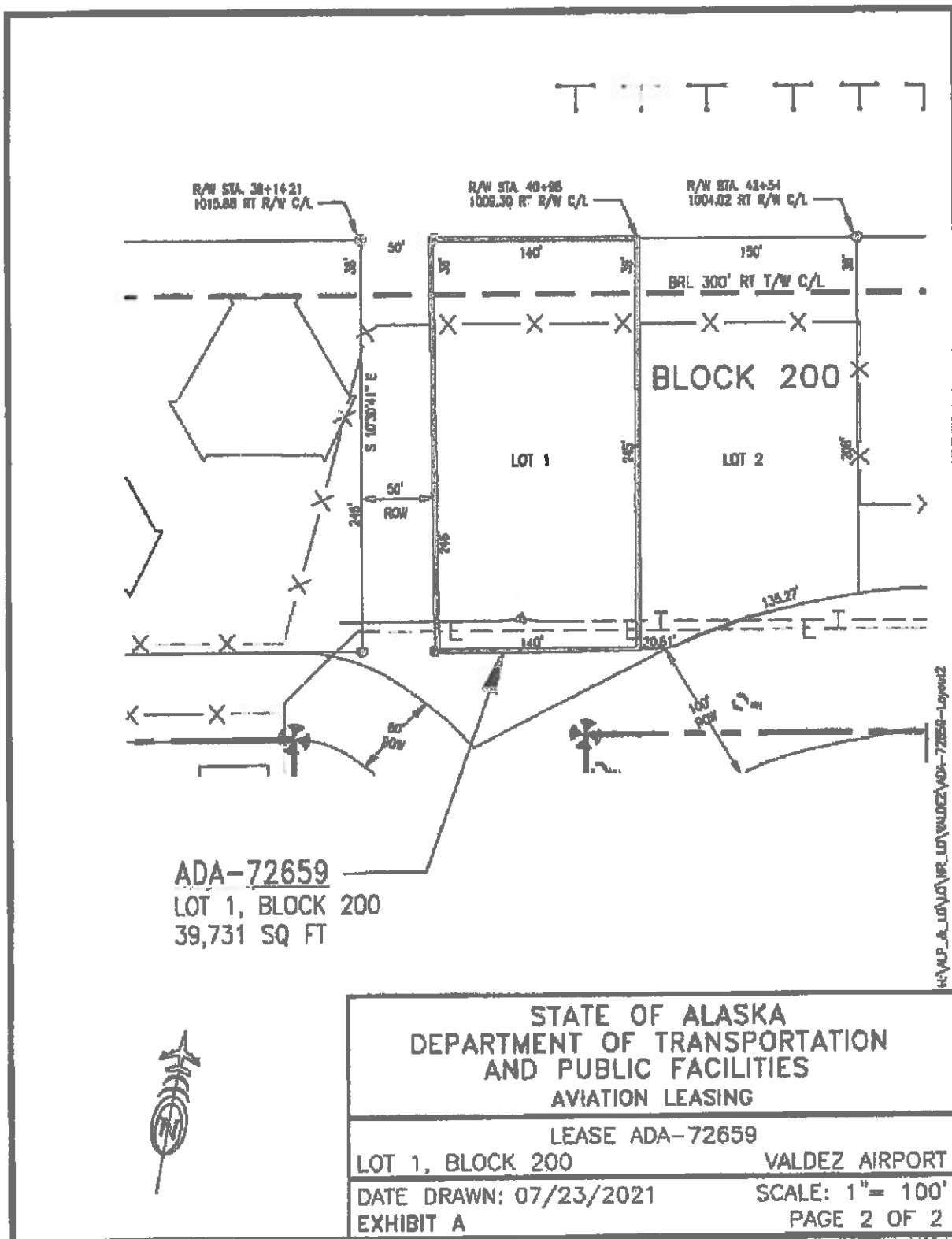
ARTICLE XVIII

EXHIBITS

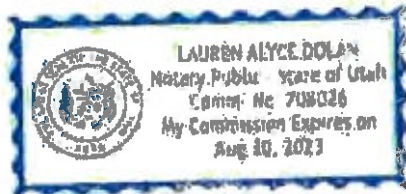
Exhibit A Leased Premises (2 pages)

EXHIBIT A:





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



LESSEE: Alaska Backcountry Guides, LLC

BY:

(Signature)

Joseph Wolf

(Typed/Printed Name & Title of Signer)

STATE OF UTAH)
SALT LAKE JUDICIAL DISTRICT OR COUNTY) ss.

THIS IS TO CERTIFY that on this 9th day of September, 2021, before me, the undersigned Notary Public, duly commissioned and sworn, personally appeared Joseph Wolf, known to me and to me known to be a member/manager of the above mentioned limited liability company (LLC), who executed the within instrument, and he acknowledged to me that he executed the same for and on behalf of said LLC, and that he is fully authorized by said LLC to do so.

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

Lauren Alyce Dolan

(Typed name and signature)

My Commission Expires: 08/30/23

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

BY:

Diana M. Osborne

Diana M. Osborne

STATE OF ALASKA)
FOURTH JUDICIAL DISTRICT) ss.

THIS IS TO CERTIFY that on this 10th day of September, 2021, before me, the undersigned Notary Public, duly commissioned and sworn as such, personally appeared Diana M. Osborne, known to me and to me known to be the Acting Chief, Northern Region Office, Statewide Aviation Leasing, Department of Transportation and Public Facilities, and s/he acknowledged to me that s/he executed the foregoing instrument freely and voluntarily on behalf of the State of Alaska, Department of Transportation and Public Facilities, for the uses and purposes therein set forth and that s/he is authorized by said State of Alaska so to do.

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

Grace W. Allers

(Typed name and signature)

My Commission Expires: With Office

Valdez Airport
Alaska Backcountry Guides, LLC

