

After recording in the Aleutian Islands
Recording District, Return to:



Aleutians East Borough
3380 C Street, Suite 205
Anchorage, AK 99503

OUTFALL TIDELANDS LEASE ASSIGNMENT, ASSUMPTION, AND CONSENT AGREEMENT

THIS OUTFALL TIDELANDS LEASE ASSIGNMENT, ASSUMPTION AND CONSENT AGREEMENT (this “*Assignment*”) is entered into as of the Effective Date, set forth below and is by and among Aleutians East Borough (“*Lessor*”), whose address is 3380 C Street, Suite 205, Anchorage, AK 99503, False Pass Seafoods, LLC, an Alaska limited liability company (“*Assignor*”), whose address is 5303 Shilshole Ave., N.W. Seattle, WA 98107-4000 and Ikatan Bay Investments, LLC, an Alaska limited liability company (“*Assignee*”), whose address is 208 Lake Street, Suite 2E, Sitka, AK 99835.

RECITALS

A. Lessor is the owner of that certain tidelands described in the Tidelands Lease associated with the dock located in False Pass, Alaska between Lessor and Assignor, effective June 1, 2018, a copy of which is attached hereto as Exhibit A (the “*Outfall Tidelands Lease*”). The Outfall Tidelands Lease was made of record on December 18, 2018, by the recordation of a copy of the Outfall Tidelands Lease as Reception No. 2018-000436-0, records of the Aleutian Islands Recording District, Third Judicial District, State of Alaska.

B. Assignor wishes to transfer its interest in the Outfall Tidelands Lease to Assignee as provided in this Assignment.

C. Assignee wishes to accept, without reservation, the obligations and benefits of Assignor as provided in this Assignment.

D. Lessor wishes to provide written consent to the assignment and assumption of the Tidelands Lease as provided in this Assignment and as authorized in Ordinance Serial No. 24-08 adopted by the Aleutians East Borough Assembly on June 19, 2024.

AGREEMENT

NOW, THEREFORE, for the exchange of promises and other good and sufficient consideration, the sufficiency of which is expressly agreed, the parties to this Assignment agree as follows:

1. **Assignment and Assumption.** Effective as of the Effective Date of this Assignment:

1.1. **Assignment.** Assignor hereby irrevocably assigns, transfers and sets over to Assignee, its successors and assigns, all of Assignor's right, title and interest in, to and under the Outfall Tidelands Lease, and delegates to Assignee all of its duties and responsibilities under the Outfall Tidelands Lease performable and first arising from and after the Effective Date to the same extent as if Assignee had been the original tenant under the Lease, and to be liable to Lessor for the full performance of all such obligations under the Outfall Tidelands Lease.

1.2. **Assumption.** Assignee hereby accepts the foregoing assignment and acknowledges and agrees to be bound by the provisions of the Outfall Tidelands Lease. By such acceptance of this Assignment, Assignee hereby agrees that it will promptly keep and perform each of Assignor's obligations under the Outfall Tidelands Lease which arise from and after the Effective Date to the same extent as if Assignee had been the original tenant under the Outfall Tidelands Lease, and to be liable to Landlord for the full performance of all such obligations under the Outfall Tidelands Lease.

2. **Consent.** Lessor, by its signature hereto, expressly and without reservation, consents to the assignment and assumption of the Outfall Tidelands Lease as provided in this Assignment. Lessor represents that it has obtained any consents, authorizations and satisfied all requirements that it may be required to obtain to authorize the transaction outlined in this Assignment.

3. **Entire Agreement.** This Assignment shall constitute the entire agreement of the parties with respect to the subject matter contained herein, and this Assignment may not be modified except in a writing signed by the parties.

4. **Time is of Essence.** Time is of the essence of each provision of this Assignment.

5. **Successors and Assigns.** This Assignment and all provisions hereof shall extend to and be obligatory upon and inure to the benefit of the respective heirs, legatees, legal representatives, successors and assigns of the parties hereto.

6. **Governing Law.** This Assignment shall be governed by and construed in accordance with the internal laws of the State of Alaska. If any of the provisions of this Assignment are deemed to be invalid or unenforceable, the remainder of this Assignment shall not be affected.

7. **Lease Otherwise Unmodified.** Except as expressly set forth herein, the Lease remains unmodified and in full force and effect.

8. **Further Documents.** The parties agree that they shall promptly execute and deliver such additional documents and take actions which are reasonable and necessary to complete the transactions contemplate by this Agreement.



9. **Recordation.** The parties hereto agree to promptly draft, execute and record this Assignment. Any party hereto may cause this Assignment to be recorded.

10. **Counterparts and Facsimile.** This Assignment may be executed in counterparts and by facsimile, with copies effective for all purposes.

THIS ASSIGNMENT shall be effective as of June 19, 2024 (the “Effective Date”).



LESSOR:

Aleutians East Borough

By: Anne Bailey
Name: Anne Bailey
Its: Administrator

ACKNOWLEDGEMENT

STATE OF ALASKA)

THIRD JUDICIAL DISTRICT)

THIS CERTIFIES that on this 28 day of June, 2024, before me, a Notary Public in and for the State of Alaska, personally appeared Anne Bailey, known to me to be the person whose name is subscribed on the foregoing instrument and, duly sworn, stated to me under oath that she is the Administrator of the Aleutians East Borough, that she has been authorized by said municipal corporation to execute the foregoing instrument on its behalf, and that she executed the same freely and voluntarily as the free act and deed of said municipal corporation.

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

Shannon B. Smith
Notary Public for Alaska
My commission expires: 02/20/2027



ASSIGNOR:

FALSE PASS SEAFOODS, LLC,
an Alaska limited liability company

By: Trident Seafoods Corporation, its Manager

By: Robert J. Masching
Name: Robert Masching, EVP Supply Chain

ACKNOWLEDGEMENT

STATE OF WASHINGTON)

COUNTY OF KING)

On June 17th 2024, personally appeared Robert Masching, EVP Supply Chain of Trident Seafoods Corporation, a Washington corporation, the Manager of False Pass Seafoods, LLC, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entity on behalf of which he acted, executed the instrument.

Dated: 6/17/2024

[Signature]
(signature)

Liz Norris
(print notary's name)

Notary Public in and for the State of Washington
Residing at 11918 52nd AVE SE Everett WA 98201
My commission expires: 10/16/2027



IKATAN BAY INVESTMENTS, LLC,
an Alaska limited liability company

By: Silver Bay Seafoods, L.L.C., its Manager

By: Cora Campbell

Name: Cora Campbell

Title: President and Chief Executive Officer

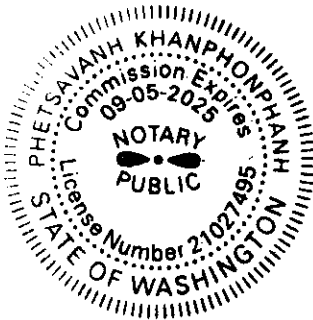
ACKNOWLEDGEMENT

STATE OF WASHINGTON)

COUNTY OF KING)

THIS CERTIFIES that on this 17 day of JUNE, 2024, before me, a Notary Public in and for the State of Washington, personally appeared Cora Campbell, President and Chief Executive Office of Silver Bay Seafoods, L.L.C., the Manager of Ikatan Bay Investments, L.L.C, known to me to be the person whose name is subscribed on the foregoing instrument and, duly sworn, stated to me under oath that she has been authorized by said corporation to execute the foregoing instrument on its behalf, and that she executed the same freely and voluntarily as the free act and deed of said corporation.

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



[Signature]

(signature)

Phetsavanh Khanphonphanh

(print notary's name)

Notary Public in and for the State of Washington

Residing at Seattle, Washington King County

My commission expires: 9/5/2025



EXHIBIT A

Attached is a true and correct copy of the Tidelands Lease between Aleutians East Borough and False Pass Seafoods, LLC effective June 1, 2018.



Exhibit A

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A

2018 – 000436 – 0

Recording District 305 Aleutian Islands
12/18/2018 10:18 AM Page 1 of 20

CC



ALEUTIAN ISLANDS RECORDING DISTRICT

After Recording Return To:
ALEUTIANS EAST BOROUGH
3380 C Street, Suite 205
Anchorage, AK 99503

TIDELANDS LEASE

This Outfall Tidelands Lease ("Lease") is entered into on June 1, 2018 between the Aleutians East Borough ("Lessor") and False Pass Seafoods, LLC ("FPS" or "Lessee").

Recitals

A. Lessor is the owner of ATS 1611, according to the official plat thereof filed as Plat Number 2003-2, records of the Aleutian Islands Recording District, Third Judicial District, State of Alaska, which contains the tidelands shown in Exhibit 1 hereto, located within protracted Sections 27 & 28, T. 61 S., R. 94 W., Seward Meridian, USGS Quad Map False Pass D-5; latitude 54.8626 deg. N., longitude 163.4142 deg. W., located in False Pass, Alaska. The Lessor owns the tidelands subject to the rights of the public under the Public Trust Doctrine.

B. The leasehold requested is located in the southeast corner of section 28. A section of the tidelands, approximately 750 feet in length and 10 feet in width (hereinafter the "Premises"), has been requested as a leasehold for the outfall line. The shoreline starting point of the outfall line is located on Lot 2D, LOT 2, FALSE PASS, according to the official plat thereof, filed under Plat Number 99-13, Records of the Aleutian Islands Recording District, Third Judicial District State of Alaska. The terminus is located beyond the boundaries of ATS 1611 in waters owned by the State of Alaska. A Plan View prepared by Dalton Olmsted Fuglevand dated 02/23/2018 is attached as Exhibit 2 and references the following coordinates of the 1,371 foot line:

Northing: 19949841.090
Easting: 1976082.365
Latitude: 54.863120
Longitude: 163.405955

C. Lessee has acquired a fish processing facility ("Facility") in False Pass, Alaska with an existing 5 inch outfall line that Lessee has upgraded. The parties contemplate that Lessee

Outfall Tidelands Lease – Aleutians East Borough and False Pass Seafoods, LLC
4811-0247-1003v.10 0064929-000512

Page 1



Page 8 of 27

305 – 2024 – 000139 – 0

may, from time to time during the life of this Lease, replace or repair the Facility and the outfall line during the term of this Lease.

D. Use of the Premises as an outfall line will facilitate construction and operation of the Facility.

E. Lessee desires to lease the Premises from Lessor, Lessor desires to lease the Premises to Lessee, and Lessor is authorized to enter into this Lease pursuant to the provisions of Aleutians East Borough Assembly Ordinance Serial No. 18-08 adopted on February 8, 2018.

F. To facilitate the mutual goals of Lessor and Lessee, they hereby enter into this Lease to document the terms and conditions under which Lessor will lease the Premises to Lessee.

Terms and Conditions

1. Premises. Lessor leases to Lessee the Premises described as approximately 7,500 *square feet* of the Borough's tidelands located within Alaska Tidelands Survey No. 1611, at False Pass Harbor, as depicted on Exhibit 2. Lessee shall provide the Lessor with an updated as-built survey showing the exact boundaries and legal description of the leased property upon completion of any further construction to the outfall line if such construction causes the outfall line to lie outside the boundaries of the leased area.

2. Term and Renewal. The Term of this Lease shall be 35 years, beginning on June 1, 2018, and ending on June 1, 2053, subject to one 35-year renewal or earlier termination as described below.

- (A) The parties intend that the Lease will last for a maximum 70 years, including the 35 year Term and one 35 year renewal. In the event Lessor does not receive written notice of nonrenewal from Lessee not less than 365 days before the end of the Term or the renewal thereof, this Lease shall be renewed for an additional 10 years, subject to the terms and conditions contained in this Lease as the parties may, from time to time, agree to amend it.

3. Rent. Lessee shall pay rent to Lessor at the rate of \$100.00 per year, due and payable on the date of full execution of this Lease.

4. Lease Payment and Adjustment.

- (A) After the first year of the Lease Lessee shall pay Lessor the annual lease payments at the start of each subsequent year of the term, with the annual payment due on or before June 1st.
- (B) The annual lease payment for the remainder of the initial five-year period of the lease term (35 years) shall be \$100.00.



- (C) Beginning the first year after the initial five-year period, the Borough Administrator will re-evaluate and adjust the annual lease payment for the Premises for the next five-year period of this lease and then every five years thereafter. The new annual payment shall be paid retroactively to the beginning of the lease payment adjustment period.

5. Termination. Lessor may terminate this Lease upon Lessee's default upon 90 days' written notice of termination. No such notice of termination shall be sent unless Lessor has given Lessee written notice of default and an opportunity to cure the problem. Lessee may terminate this Lease upon 90 days' written notice to Lessor. Upon termination or cancellation of this Lease, the Lessee shall immediately turn over to the Lessor all plans, records, agreements, and other documents relating to the outfall line and its operation on the Premises. Termination or cancellation of this Lease does not affect the undischarged obligation of one party to this Lease to the other.

6. Authorized Use of Premises. The Premises are leased to Lessee to use as Lessee deems necessary or desirable to achieve Lessee's business objectives in constructing, operating and maintaining the Facility, as it may from time to time be expanded, repaired or replaced. Lessee shall at all times comply with all applicable laws, ordinances and regulations of duly constituted authorities now or hereafter in effect, with respect to Lessee's use of the Premises.

Lessee agrees that nothing in this Article or in this Lease shall create any third-party beneficiary rights or relationship in Lessee or in any other entity.

7. Possession. Upon execution of this Lease and payment of the first rental payment, Lessee shall have the right to possession of the outfall line.

8. Taxes. Lessee shall be responsible for any and all property taxes assessed during the term of this Lease against its leasehold interest. Lessee shall pay any sales or other tax levied on the rent.

9. Insurance. Lessee, at all times, shall maintain and keep in effect insurance coverage for the Premises as outlined below, naming the Lessor as additional insured (including their Administrators, officers, officials, employees and volunteers). Lessee will provide the Lessor with proof of insurance and give thirty (30) days written notice prior to cancellation of any policies.

(A) Minimum Scope of Insurance

- (1) Commercial General Liability
- (2) Property insurance in an amount no less than replacement cost value



- (3) Workers Compensation insurance as required by the State of Alaska and Employers Liability Insurance
 - (4) Commercial Automobile Liability Insurance
- (B) Minimum Limits of Insurance
- (1) Commercial General Liability:
 - a. \$1,000,000 combined single limit per occurrence / \$2,000,000 Aggregate for bodily injury and property damage claims arising from contractor's operations.
 - (2) All risk property insurance, including earthquake and flood, in an amount equal to the replacement cost of the outfall line.
 - a. The replacement cost value of the outfall line is not less than the completed construction cost.
 - (3) Worker's Compensation and Employers Liability
 - a. Worker's Compensation shall be statutory as required by the State of Alaska. Employers Liability shall be endorsed to the following minimum limits and contain USL&H coverage endorsement
 - Bodily Injury By Accident - \$1,000,000 each accident;
 - Bodily Injury By Disease - \$1,000,000 each employee
 - Bodily Injury By Disease - \$1,000,000 policy limit.
 - (4) Auto Liability
 - a. \$1,000,000 combined single limit per accident for bodily injury and property damage.
- (C) Other Insurance Provisions
- (1) All policies to contain waiver of subrogation in favor of Lessee.
 - (2) Lessee's liability policies to be primary and non-contributory.
- (D) Coverage to be placed with carriers with A.M. Best rating of A- VII
- (E) Lessor and Lessee shall review the policy coverage limits as set out in this Article every 10 years while this Lease remains in effect, to ensure that the limits remain adequate for their purposes. In the event that Lessor concludes in



good faith that coverage limits should be increased, Lessee shall purchase and maintain such increased coverage.

10. Inspection by Lessor. Lessee permits Lessor to enter the Premises to inspect, or to enforce or carry out any provision of this Lease. In the event of an emergency, Lessor may enter without notice. In the event that no emergency exists, Lessor will endeavor to give Lessee 24 hours' notice before entering.

11. Maintenance, Repair and Outfall Upkeep. Lessee hereby agrees to continuously maintain the outfall line in a good state of repair and in a clean and orderly manner, at no cost to the Lessor. Lessee shall be responsible for all major repairs, minor repairs, routine preventative maintenance and upkeep.

12. Improvements. Any permanent improvement, development or structure proposed by Lessee to be constructed or placed on the Premises, whether upon or separate from the outfall line, must be approved in writing by the Lessor prior to construction or placement.

13. Fixtures and Improvements. Lessee shall pay all costs associated with locating, constructing, and maintaining all improvements and fixtures on the Premises. Upon termination or expiration of this Lease, Lessee shall remove (within sixty (60) days of the termination or expiration date) all improvements and fixtures from the Premises and restore the Premises to the condition that existed at the beginning of the Term of this Lease, provided that, Lessor and Lessee may otherwise mutually agree that all improvements and fixtures erected on or attached to the Premises by Lessee shall become the property of Lessor. In such event, the parties agree that this Lease shall constitute a quitclaim, by Lessee to Lessor, of all Lessee's right, title, and interest in such improvements and fixtures upon such termination or expiration. Lessee further agrees, at the request of Lessor, to execute such other or further documents necessary to transfer Lessee's interest in the improvements or fixtures should Lessor retain the improvements and fixtures.

14. Surrender of Premises. Lessee on the last day of the Term, or upon earlier termination of this Lease, shall peaceably and quietly leave and surrender the Premises in as good condition as on commencement of the Term, ordinary wear and tear excepted.

15. Environmental Pollution. In the event of a spill or discharge of a petroleum product or hazardous material at the outfall line, Lessee shall immediately report the spill or discharge to the appropriate authorities and to the Lessor, act promptly to contain the spill or discharge, repair any damage, remove the petroleum product or hazardous material and clean up the affected area, restore the outfall line and affected waters to a safe condition and otherwise comply with the applicable provisions of state and federal law.

16. Liens. Lessee shall keep the outfall line free of all liens, pay all costs for labor and materials arising out of construction, improvements or repairs by the Lessee on the outfall line, and shall indemnify, defend, and hold the Lessor harmless from liability, action, claim,



suit, loss, property damage or personal injury of whatever kind resulting from or arising out of any such liens, including costs and attorney fees.

17. No Waiver. The failure of the Lessor to insist in any one or more instances upon the strict performance of Lessee of any provision or covenant in this agreement may not be considered a waiver or relinquishment for the future, but the provision or covenant will continue in full force. The waiver by the Lessee of any provision or covenant in this agreement cannot be enforced or relied upon unless the waiver is in writing signed on behalf of the Lessor.

18. Natural Disasters. In the event any cause which is not due to the fault or negligence of either Lessee or the Lessor renders the outfall line unusable and makes the performance of this Agreement impossible, this Agreement may be terminated by either party upon written notice to the other party. Causes include, but are not limited to, acts of God or public enemy, acts of the United States and State of Alaska, fires, floods, or strikes.

19. National or State Emergency. In case of any national emergency declared by the federal government, or any state emergency declared by the State of Alaska, Lessee may not hold the Lessor liable for any inability to perform any part of this Agreement as a result of the national or state emergency.

20. Standard Provisions. This Lease is subject to the Standard Provisions attached as Appendix A and are incorporated as part of this Lease.

21. Miscellaneous.

- a. Entire Agreement. This Lease constitutes the entire agreement between the parties as to the subject matter hereof. Any prior understanding or representation of any kind preceding the date of this Lease shall not be binding upon either party.
- b. Amendment. The parties may amend this Lease. Any such amendment shall be effective only if it is in writing and signed by both parties hereto.
- c. Construction. Lessee and Lessor both have had the opportunity to have lawyers review and negotiate the terms of this Lease. The rule of construction that ambiguity is construed against the drafter will not apply.
- d. Headings. Headings in this Lease are intended for information only, and not as terms or conditions of the Lease.
- e. Signatures. This Lease may be signed in counterparts; a facsimile or electronic signature is as valid as an original signature.



f. Notices. Any notice, request, or other communication required or permitted to be given or made under this Lease shall be made when hand delivered, or mailed, by registered or certified mail, and addressed as follows:

If to Lessee:
False Pass Seafoods, LLC
Attn: Legal Department
5303 Shilshole Ave NW
Seattle, Washington 98107
Phone: (206) 783-3818

If to Lessor:
Aleutians East Borough
3380 C Street, Suite 205
Anchorage, Alaska 99503
(907) 274-7555

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

(signatures on following page)



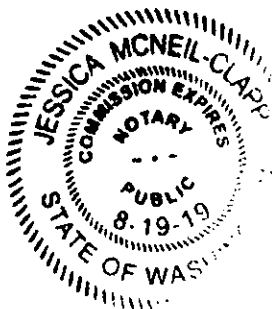
False Pass Seafoods, LLC
an Alaska limited liability company
By: Trident Seafoods Corporation, its Manager

By: Joseph L. Bundrant
Name: Joseph L. Bundrant
Chief Executive Officer of Trident Seafoods
Corporation, its Manager

STATE OF WASHINGTON)
) ss:
COUNTY OF KING)

On October 24th, 2018, personally appeared Joseph L. Bundrant, CEO of Trident Seafoods Corporation, a Washington corporation, the Manager of False Pass Seafoods, LLC, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the entity on behalf of which he acted, executed the instrument.

Dated: October 24th, 2018



Jessica McNeil-Clapp
(print notary's name)
Notary Public in and for the State of Washington
residing at Seattle
My commission expires: 8/19/19



By: Anne Bailey
Name: Anne Bailey
Its: Administrator

STATE OF ALASKA)
) ss:
THIRD JUDICIAL DISTRICT)

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



Jaral Stone
Notary Public for Alaska
My commission expires: 7/24/2022

EXHIBIT ONE
TIDELANDS

Outfall Tidelands Lease – Aleutians East Borough and False Pass Seafoods, LLC
4811-0247-1003v.10 0064929-000512



Page 17 of 27
305-2024-000139-0



Page 10 of 20
2018-000436-0

EXHIBIT TWO
PLAN VIEW

Outfall Tidelands Lease – Aleutians East Borough and False Pass Seafoods, L.L.C.
4811-0247-1003v.10 0064929-000512



Page 19 of 27
305 – 2024 – 000139 – 0



Page 12 of 20
2018 – 000436 – 0

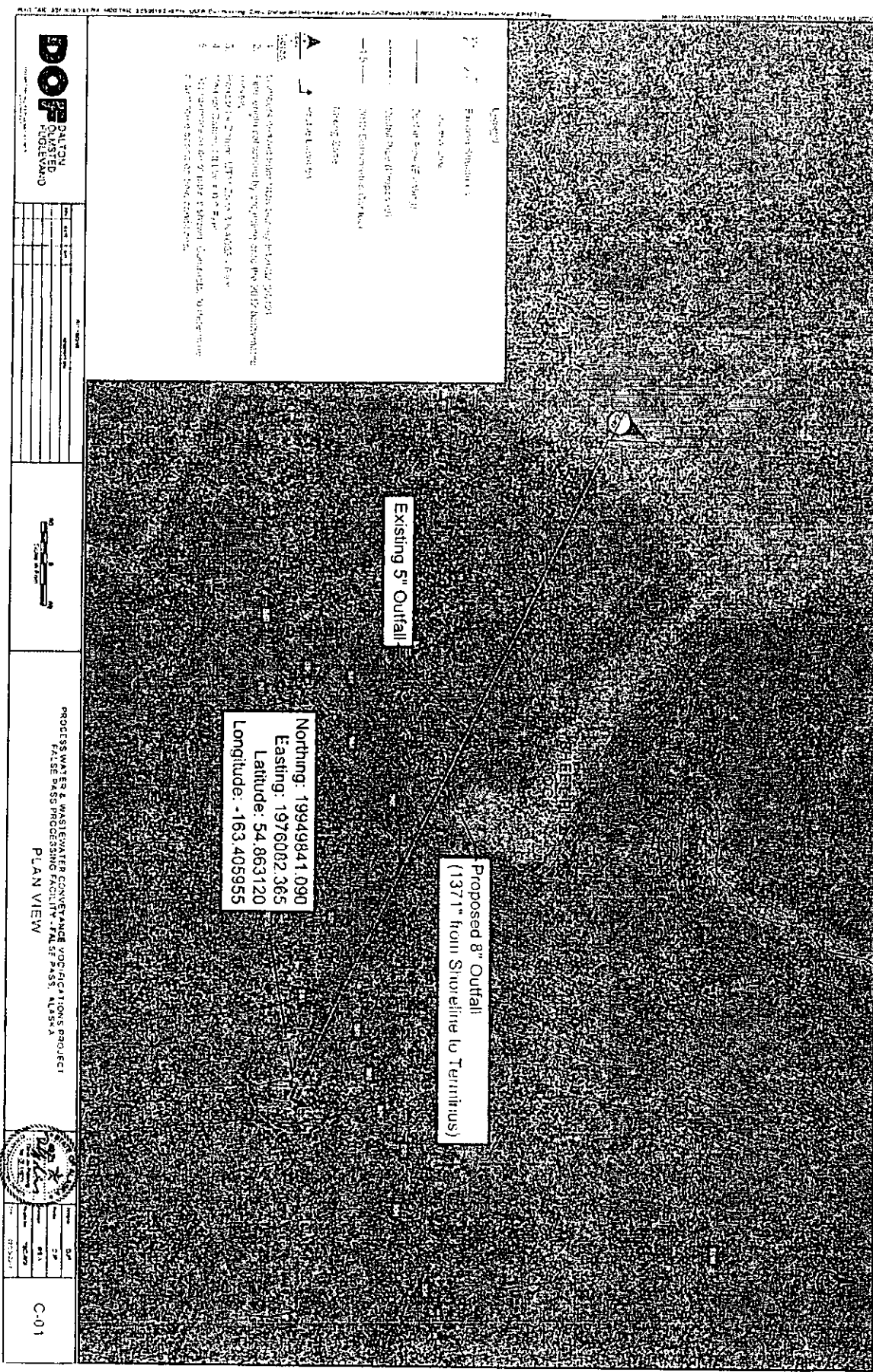
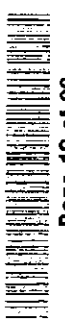


EXHIBIT 2, Page 1 of 1



Page 20 of 27

305-2024-000139-0



Page 13 of 20

2018-000436-0

APPENDIX A
STANDARD PROVISIONS

1. PATENT CONDITIONS.

This lease shall be subject to the terms and conditions of the patent or deed from the state of Alaska, and subject to any littoral rights and any rights of the public under the Public Trust Doctrine.

2. RESPONSIBILITY TO PROPERLY LOCATE ON LEASED PREMISES.

It shall be the responsibility of Lessee to properly locate Lessee's improvements on the Lease Premises and failure to so locate shall render Lessee liable as provided by law.

3. APPROVAL OF OTHER AUTHORITIES.

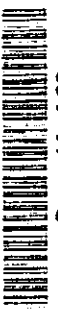
It is agreed upon and acknowledged that the issuance by Lessor of leases, including this lease, does not relieve Lessee of responsibility for obtaining licenses, permits, or approvals as may be required by duly authorized municipal, state or federal agencies.

4. LEASE UTILIZATION.

The Leased Premises shall be utilized only for the following purposes: fish processing facility, and the terms of the lease and in conformity with the provisions of relevant municipal code and applicable state and federal laws and regulations. Utilization or development of the Leased Premises for other than the allowed uses shall constitute a violation of the lease and subject to cancellation at any time.

5. LEASE PAYMENT ADJUSTMENT AND DISPUTE RESOLUTION.

Lessee agrees to a review and adjustment of the annual lease payment by the Borough Administrator not less often than every fifth year of the lease term beginning with the payment due after completion of the review period. Should the Lessee disagree with the lease payment adjustment proposed by the Borough Administrator, the Lessee shall pay for an appraisal of the leasehold. In the event the Borough Administrator disagrees with the appraisal, is unable to reach an agreement with the Lessee on the lease payment adjustment, the Lessor shall pay for a second appraisal. The Borough Administrator shall establish the lease payment adjustment based upon the second appraisal. In the event the Lessee disagrees with the lease rent adjustment, the Lessee may appeal to the Borough Assembly. The decision of the Assembly shall be final.



6. SUBLEASING.

Lessee may sublease Leased Premises or any part thereof leased to Lessee hereunder; provided that the proposed sub-lessee shall first obtain written approval from Lessor and further provided, that the improvements on the Leased Premises are the substantial reason for the sublease. Leases not having improvements thereon shall not be sublet. Subleases shall be in writing and be subject to the terms and conditions of the original lease; all terms, conditions, and covenants of the underlying lease that may be made to apply to the sublease are hereby incorporated into the sublease.

7. ASSIGNMENT.

Lessee may assign its rights and obligations under this lease; provided that the proposed assignment shall be approved in writing by Lessor prior to any assignment. The assignee shall be subject to all the provisions of the lease. All terms, conditions and covenants of the underlying lease that may be made applicable to the assignment are hereby incorporated into the assignment.

8. MODIFICATION.

The lease may be modified only by an agreement in writing signed by all parties in interest or their successor in interest.

9. CANCELLATION AND FORFEITURE.

- (a) The lease, if in good standing, may be cancelled in whole or in part, at any time, upon mutual written agreement by the parties.
- (b) Lessor may cancel the lease if it is used for any unlawful purpose.
- (c) If Lessee shall default in the performance or observance of any of the lease terms, covenants or stipulations thereto, or of the regulations now or hereafter in force or service of written notice by the Lessor without remedy by Lessee of the conditions warranting default, Lessor may subject Lessee to appropriate legal action including, by not limited to, forfeiture of the lease. No improvements may be removed by Lessee or other person during any time Lessee is in default.
- (d) Failure to make substantial use of the land, consistent with the proposed use, within one year shall in the discretion of the Lessor with approval of the Borough Assembly constitute grounds for default.



10. NOTICE OR DEMAND.

Any notice or demand, which under terms of a lease or under any statute must be given or made by the parties thereto, shall be in writing, and be given or made by registered or certified mail, addressed to the other party at the address of record. However, either party may designate in writing such new or other address to which the notice or demand shall thereafter be so given, made or mailed. A notice given hereunder shall be deemed delivered when deposited in a United States general or branch post office enclosed in a registered or certified mail prepaid wrapper or envelope addressed as hereinbefore provided.

11. RIGHTS OF MORTGAGE OR LIENHOLDER.

In the event of cancellation or forfeiture of a lease for cause, the holder of a properly recorded mortgage, conditional assignment or collateral assignment will have the option to acquire the lease for the unexpired term thereof, subject to the same terms and conditions as in the original lease.

12. ENTRY AND REENTRY.

In the event that the lease should be terminated as hereinbefore provided, or by summary proceedings or otherwise, or in the event that the demised lands, or any part thereof, should be abandoned by Lessee during the term, Lessor or its agents, servants, or representative, may, immediately or any time thereafter, reenter and resume possession of lands or such thereof, and remove all personals and property there from either by summary proceedings or by a suitable action or proceeding at law without being liable for any damages therefore. No reentry by Lessor shall be deemed an acceptance of a surrender of the lease.

13. RE-LEASE.

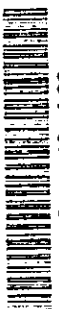
In the event that the lease should be terminated as herein provided, or by summary proceedings, or otherwise, Lessor may offer the lands for lease or other appropriate disposal pursuant to the provisions of the Borough Code.

14. FORFEITURE OF LEASE PAYMENT.

In the event that the lease should be terminated because of any breach by Lessee, as herein provided, the annual rental payment last made by Lessee shall be forfeited and retained by Lessor as partial or total damages for the breach.

15. WRITTEN WAIVER.

The receipt of lease payment by Lessor with knowledge of any breach of the lease by Lessee or of any default on the part of Lessee in observance or performance of



any of the conditions or covenants of the lease shall not be deemed a waiver of any provision of the lease. No failure on the part of the Lessor to enforce any covenant or provision therein contained, nor any waiver of any right thereunder by Lessor unless in writing, shall discharge or invalidate such covenants or provisions or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt, by Lessor, of any lease payments or any other sum of money after the termination, in any manner, of the term demised, or extent the resultant term therein demised, or destroy, or in any manner impair the efficacy of any such notice or termination as may have been given thereunder by Lessor to Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by Lessor.

16. EXPIRATION OF LEASE.

Unless the lease is renewed or sooner terminated as provided herein, Lessee shall peaceably and quietly leave, surrender and yield up the Lessor all the leased land on the last day of the term of the lease.

17. RENEWAL PREFERENCE.

Any renewal preference granted Lessee is a privilege, and is neither a right nor bargained for consideration. The lease renewal procedure and renewal preference shall be that provided by ordinance in effect on the date the application for renewal is received by the Borough Administrator.

18. REMOVAL OR REVERSION OF IMPROVEMENT UPON TERMINATION OF LEASE.

Improvements owned by Lessee shall within sixty calendar days after the termination of the lease be removed by Lessee; provided, such removal with not cause injury or damage to the lands or improvements demised; and further provided, that Lessor may extend the time for removing such improvements in cases where hardship is proven. Improvements owned by Lessee may, with the consent of the Lessor, be sold to the succeeding Lessee. All periods of time granted Lessee to remove improvements are subject to Lessee's paying the Lessor pro rata lease payments for the period.

- (a) If any improvements and/or chattels not owned by Lessor and having an appraised value in excess of five thousand dollars as determined by an assessor are not removed within the time allowed, such improvements and/or chattels on the lands, after deducting for Lessor lease payments due and owing and expenses incurred in making such sale. Such rights to proceeds of the sale shall expire one year from the date of such sale. If no bids



acceptable to the Borough Administrator are received, title to such improvements and/or chattels shall vest in Lessor.

- (b) If any improvements and/or chattels having an appraised value of five thousand dollars or less as determined by an assessor, are not removed within the time allowed, such improvements and/or chattels shall revert to, and absolute title shall vest in Lessor.

19. RENTAL FOR IMPROVEMENTS OR CHATTELS NOT REMOVED.

Any improvements and/or chattels belonging to Lessee or placed on the lease during Lessee's tenure with or without his permission and remaining upon the premises after the termination date of the lease shall entitle Lessor to charge Lessee a reasonable lease payment therefore.

20. COMPLIANCE WITH REGULATIONS CODE.

Lessee shall comply with all regulations, rules, and the code of the Aleutians East Borough, and with all state and federal regulations, rules and laws as the code or any such rules, regulations or laws may affect the activity upon or associated with the leased land.

21. CONDITIONS OF PREMISES.

Lessee shall keep the premises of the lease in neat, clean, sanitary and safe condition and shall take all reasonable precautions to prevent, and take all necessary action to suppress destruction or uncontrolled grass, brush or other fire on the leased lands. Lessee shall not undertake any activity that causes or increases a sloughing off or loss of surface materials of the leased land.

22. INSPECTION.

Lessee shall allow an authorized representative of Lessor to enter the lease land for inspection at any reasonable time.

23. USE OF MATERIAL.

Lessee of the surface rights shall not sell or remove for use elsewhere any stone, gravel, peat moss, topsoils, or any other materials valuable for building or commercial purposes; provided, however, that material required for the development of the leasehold may be used, if its use is first approved by the Lessor.

24. RIGHTS-OF-WAY.

Lessor expressly reserves the right to grant easements or rights-of-way across leased land if it is determined in the best interest of the Lessor to do so.



25. WARRANTY.

Lessor does not warrant by its classification or leasing of land that the land is ideally suited for the use authorized under the classification or lease and no guaranty is given or implied that it shall be profitable to employ land to said use.

26. HOLDING OVER.

If Lessee holds over beyond the expiration of the term of this lease and the term has not been extended or renewed in writing, such holding over will be a tenancy from month-to-month only.

27. INTEREST ON LATE PAYMENTS.

Should any installment of rent or other charges provided for under the terms of this lease not be paid when due, the same shall bear interest at the rate established by ordinance for late payments or at the rate of 12 percent per annum, if no rate has been set by ordinance.

28. TAXES, ASSESSMENTS, AND LIENS.

During the term of this lease, Lessee shall pay, in addition to the rents, all taxes, assessments, rates, charges, and utility bills for the Leased Premises and Lessee shall promptly pay or otherwise cause to be discharged, any claim resulting or likely to result in a lien, against the Leased Premises or the improvements placed thereon.

29. EASEMENTS.

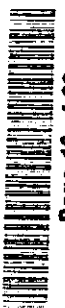
Lessee shall place no building or structure over any portion of the Leased Premises where the same has been set aside or reserved for easements.

30. ENCUMBRANCE OF PARCEL.

Lessee shall not encumber or cloud Lessor's title to the Leased Premises or enter into any lease, easement, or other obligation of Lessor's title without prior written consent of Lessor; and any such act or omission, without the prior written consent of Lessor, shall be void against Lessor and may be considered a breach of this lease.

31. VALID EXISTING RIGHTS.

This lease is entered into and made subject to all existing rights, including easements, rights-of-way, reservations, or other interests in land in existence, on the date of execution of this lease.



32. STATE DISCRIMINATION LAWS.

Lessee agrees, in using and operating the Leased Premises, to comply with applicable sections of Alaska law prohibiting discrimination, particularly Title 18 of the Alaska Statutes, Chapter 80, Article 4 (Discriminatory Practices Prohibited). In the event Lessee's failure to comply with any of the above non-discrimination covenants, Lessor shall have the right to terminate this lease.

33. UNSAFE USE.

Lessee shall not do anything in or upon the Leased Premises, nor bring or keep anything therein, which will unreasonably increase or tend to increase the risk of fire or cause a safety hazard to persons or obstruct or interfere with the rights of any other tenant(s) or in any way injure or annoy them or which violates or causes violation of any applicable health, fire, environmental or other regulation by any level of government.

34. HOLD HARMLESS.

Lessee agrees to defend, indemnify, and save Lessor, its employees, volunteers, consultants and insurers, with respect to any action, claim, or lawsuit arising out of or related to the use and occupancy of the Leased Premises by Lessee. This agreement to defend, indemnify, and hold harmless is without limitation as to the amount of fees, costs, expense, or damages resulting from settlement, judgment or verdict, and includes the award of any costs and attorney's fees even if in excess of Alaska Civil Rules 79 or 82. This indemnification agreement applies to the fullest extent permitted by law and is in full force and effect whenever and wherever any action, claim, or lawsuit is initiated, filed, or otherwise brought against Lessor relating to this lease. The obligations of Lessee arise immediately upon actual or constructive notice of any action, claim, or lawsuit. Lessor shall notify Lessee in a timely manner of the need for indemnification, but such notice is not a condition precedent to Lessee's obligations and may be waived where the Lessee has actual notice.

35. SUCCESSORS.

This lease shall be binding on the successors, administrators, executors, heirs, and assigns of Lessee and Lessor.

36. CHOICE OF LAW; VENUE.

This lease shall be governed by the law of the State of Alaska. Venue shall be in the State of Alaska, Third Judicial District at Anchorage.

