

ADAK AIRPORT TRANSFER AGREEMENT

A. WHEREAS, The Aleut Corporation (TAC) is pursuing a land exchange with the United State of America. When consummated, this exchange will allow TAC to acquire title to the former Naval Air Facility (NAF) on Adak Island, Alaska; and

B. WHEREAS, the NAF includes an airfield (hereafter Airport), equipment (Equipment) and buildings (Buildings) that are associated with the maintenance and operation of the Airport that will be transferred to TAC for maintenance and operations of the Airport (such transfer to exclude navigation aids and weather reporting equipment, which are not the property of TAC); and

C. WHEREAS, TAC is a private, for-profit corporation, established under the laws of the State of Alaska (State). TAC's mission does not involve nor encompass running a public facility such as the Airport; and

D. WHEREAS, TAC desires to convey to the State the right, title and interest in the Airport, Equipment, and Buildings subject to the mutual agreements contained herein; and

E. WHEREAS, the State is the public entity most qualified to operate and maintain the Airport as a public facility; and

F. WHEREAS, the State is agreeable to obtain title to the Airport and to the Equipment and Buildings for support of Airport operations; and

G. WHEREAS, the parties anticipate that the State will begin operating the Airport as an agent for the Navy on or shortly after January 15, 2004 (but in no event before delivery by TAC to the United States of the Acceptance referenced in Section 8b of The Agreement Concerning the Conveyance of Property at the Adak Naval Complex, Adak, Alaska, dated September 20, 2000), and will continue operating the Airport in that capacity until the interim conveyances set forth in Paragraph I-1 below take place.

NOW THEREFORE, IN CONSIDERATION OF THE TERMS AND COVENANTS CONTAINED HEREIN, TAC AND THE STATE HEREBY AGREE AS FOLLOWS:

ARTICLE I **TRANSFER OF TITLE**

1. In exchange for the payment of one dollar, receipt of which is hereby acknowledged, and in exchange for certain rental reductions set forth in the leases attached as Exhibits D through J of this Agreement, TAC agrees to transfer, assign, and convey by interim conveyance to the State, and the State agrees to accept, all of TAC's right, title, and interest in the surface estate to the Airport as shown on the attached

Property Plan—Airport Facilities designated Exhibit A to this Agreement, excluding the buildings and improvements listed in paragraph I-4 (the "Airport Lands"), immediately following the interim conveyance of Airport lands to TAC by the United States. In exchange for the payment of one dollar, receipt of which is hereby acknowledged, and in order to facilitate State management of the Airport, TAC agrees to transfer, assign, and convey by interim conveyance to the State, and the State agrees to accept, all of TAC's right, title, and interest in the subsurface estate to the Airport as shown on the attached Property Plan—Airport Facilities designated Exhibit A to this Agreement, excluding the buildings and improvements listed in paragraphs II-2 and II-4 (the "Airport Lands"), immediately following the interim conveyance of Airport lands to TAC by the United States. TAC further agrees to transfer, and the State agrees to accept, final conveyances of the surface and subsurface estate of the Airport Lands upon final conveyances to TAC by the United States. The State may cancel this agreement if TAC fails to obtain title to, or an interim conveyance of, the Airport from the United States within 180 days of the date of execution of this agreement.

2. The State agrees to issue utility rights of way and utility easements to the City of Adak, TAC, and any other relevant utility for all utility, sewer, water, and telephone lines and all petroleum distribution lines that are within the Airport. TAC agrees to accept easements for these lines conveyed to TAC. The State and TAC acknowledge and agree that the City of Adak or other relevant utility will retain ownership to that portion of the power generation and distribution facilities and sewer and water distribution system that is located on the Airport.

3. Contemporaneously with the initial transfer of title in paragraph I-1, TAC agrees to transfer, assign, and convey title to the State, and the State agrees to accept title to the Equipment, more particularly described as follows:

- a. 2 each airport runway watering pumps and associated piping
- b. 1995 Ford 5-ton flatbed with 9.3 cubic yard gas operated spreader
- c. 1984 International 5-ton flatbed with 9.3 cubic yard gas spreader
- d. 1995 Oshkosh H-2718-B snowblower
- e. 1992 Oshkosh HB 2518-MP3 snowblower
- f. 1994 Oshkosh 10 ton PA-2625 Rollover
- g. 1989 Oshkosh 10 ton P-2523-4 Rollover
- h. Hyster H40XL Forklift
- i. 1995 Champion 710A roadgrader
- j. 1994 Ford F-series with nose plow/dump truck
- k. 2 each 1994 Ford F350 six-packs
- l. Tow behind Sweepster broom
- m. miscellaneous shop tools as described in Exhibit L to this Agreement
- n. All airport rescue & firefighting equipment necessary to operate the Airport as required by its FAA certification
- o. 1989 Ford Ranger
- p. CAT 14G Road Grader (inoperable)
- q. Backup runway water pump

- r. Ford 4x4 Bronco II with electronic tapley meter
 - s. John Deere Tractor with mower
 - t. all lighting and airfield parts
 - u. runway identifier and distance signs
 - v. any other items purchased or obtained for us on or at the Airport, except waste hazardous materials
4. The conveyance required by Paragraph I-1 will except and reserve to TAC all title to the following buildings and improvements on the Airport:

- a. the building commonly referred to as the air terminal (located on Lot 1, Block 1 on Exhibit B to this Agreement)
- b. the building commonly referred to as the fuel truck maintenance building (located on Lot 4, Block 1 on Exhibit B)
- c. the building commonly referred to as the VP Hangar (located on Lot 5, Block 1 on Exhibit B)
- d. the building commonly referred to as the jet engine test cell (located on Lot 3B, Block 1 on Exhibit B)
- e. the three ammunition bunkers located on the south side of the VP Hangar (located on Lot 3A, Block 1 on Exhibit B)
- f. the building commonly referred to as the OMD Hangar (located on Lot 6, Block 1 on Exhibit B)
- g. the building commonly referred to as the Parachute Drying Building (located on Lot 7A, Block 1 on Exhibit B)
- h. the fuel cradles and fences at the fuel site (located on Lot 2, Block 1 on Exhibit B)
- i. the building commonly referred to as the Rawindsonde building (located on Lot 7B, Block 1 on Exhibit B)
- j. all petroleum pipelines

5. The conveyance required by Paragraph I-1 will except and exclude all navigational aids and weather instruments traditionally owned and operated by the Federal Aviation Administration and the National Weather Service, including but not limited to:

- a. VASIs;
- b. Approach lighting system;
- c. ILS/glide slope system;
- d. weather reporting equipment.

The parties intend that these items will remain in federal ownership.

6. Buildings conveyed to the State under this Agreement must be in a condition that does not create a hazard to navigation, as determined by the State in the inspection under Paragraph V-4.

7. The State will assume all responsibility for maintenance and operation of the Airport runways and taxiways, of the aprons conveyed to the State not subject to a leaseback under Article IV, and of the Equipment and Buildings conveyed to the State, upon execution of the interim conveyance from TAC to the State as provided in Section I-1.

8. Contemporaneously with the interim conveyance provided in Section I-1, TAC agrees to convey to the State an aviation hazard easement in the form shown in Exhibit C to this Agreement.

9. Notwithstanding Paragraph I-4-i of this Agreement, if within two years following the effective date of this Agreement the State determines, and gives notice to TAC, that the Rawindsonde Building is needed by the State for Airport operations, TAC will promptly convey all of its right, title, and interest in the requested building to the State at no cost to the State, and will cooperate with the State in the immediate termination of any ground lease associated with the requested building.

10. Notwithstanding Paragraph I-4-g of this Agreement, if within two years following the effective date of this Agreement the State determines, and gives notice to TAC, that the Parachute Drying Building is needed by the State for Airport operations, TAC will promptly convey all of its right, title, and interest in the requested building to the State at no cost to the State, and will cooperate with the State in the immediate termination of any ground leases associated with the requested building, provided, however, that TAC shall have no obligation under this paragraph if, at the time of delivery of the notice provided for in this paragraph, a sublease is in place that leases the Parachute Drying Building to a commercial tenant not affiliated with TAC.

11. Notwithstanding Paragraph I-1 of this Agreement, TAC agrees to transfer to the State promptly upon written notice to TAC, all lands located at the approach end of runway 36 as shown in the shaded area on Exhibit A, attached hereto, should the State need such land for Airport operations. TAC agrees to promptly convey all of its right, title, and interest in the surface and subsurface estate of the requested land to the State at no cost to the State. TAC and the State agree that upon title transfer of said land, the Aviation Hazard easement for the lands transferred will be terminated.

12. TAC and the State agree to jointly select a mutually satisfactory tract of land (the "Landfill Tract"), with road access, suitable for construction of a landfill to receive demolition debris. The Landfill Tract must be sufficient in size to lawfully accommodate the debris that would be generated by demolition of all buildings located on the Airport, regardless of current ownership, and to lawfully contain a cell for disposal of all asbestos waste that might be generated by such demolition. TAC must document that it has conducted no activities on the Landfill Tract during the period that TAC has title to the Landfill Tract. The State may require that the selected tract be land that has no known contamination. Upon request by the State to begin using the Landfill Tract, TAC shall transfer the agreed tract to State ownership, and the State shall accept the transfer. The Landfill Tract will be subject to Paragraph II-2 as though title were transferred

contemporaneously with the interim conveyance in Paragraph 1-1. Any landfill will be designed and constructed solely at State expense. The State shall have no obligation to permit any other party, including TAC, to dispose of any waste at the landfill, even if that waste was generated at the Airport. Either party may, at its option, conduct baseline environmental testing at the Landfill Tract prior to transfer of the Landfill Tract to State ownership. The results of any such testing shall be furnished to the other party prior to transfer.

ARTICLE II **ENVIRONMENTAL**

1. The Agreement Concerning the Conveyance of Property at the Adak Naval Complex, Adak, Alaska, dated September 20, 2000, provides that "The Secretary of the Navy shall hold harmless, defend and indemnify, in full, TAC; any other person or entity that acquires ownership or control from TAC; or any successor, assigns, transferees, lender or lessee of TAC (collectively and individually "Indemnitee(s)"), from and against any suit, claim, demand, action, liability, judgment, cost or fee, arising out of any claim that results from, or is in any manner predicated upon, the release or threatened release of any hazardous substance, petroleum or petroleum derivative or unexploded or abandoned ordnance from or on the Adak Naval Complex, as a result of Department of Defense activities at the Adak Naval Complex."

2. The State and TAC agree to rely on the Agreement Concerning the Conveyance of Property at the Adak Naval Complex, Adak, Alaska, dated September 20, 2000, the Environmental Service Cooperative Agreement between the State and the Navy, as well as the direct liability of the United States under State and federal law, as each party's sole recourse with respect to pre-transfer contamination and post-transfer migration of pre-transfer contamination, and covenant not to seek indemnity or contribution from one another in regard to liability for pre-transfer contamination and post-transfer migration of pre-transfer contamination.

3. The State agrees to be responsible for complying with the deed restrictions on the Airport Lands and the Landfill Tract that have been imposed as institutional controls for protection from environmental hazards. The State agrees to incorporate said restrictions in any deeds or leases that it grants to others.

ARTICLE III **FUNDING**

1. TAC and the State agree that to maintain and operate the Airport, and to meet the applicable federal requirements and airport design standards, the State must obtain adequate funding. TAC agrees to assist the State in obtaining the level of funding that is required to operate the Airport.

ARTICLE IV

LEASEBACK

1. The State will lease to TAC or its designee the footprint of each building listed in paragraph I-4-a through I-4-i, together with sufficient grounds, aprons, and parking areas that are dedicated to those buildings, and the fuel site premises, upon the terms set forth in the proposed leases attached as Exhibits D through J to this agreement. The State and TAC agree to execute the leases attached as Exhibits D through J of this agreement immediately upon execution of the interim conveyance from TAC to the State as provided in Section I-1.

2. If TAC names a designee as lessee under Paragraph IV-1 above, TAC will guarantee all lease obligations of the designee.

3. TAC shall use the buildings and improvements reserved to TAC in Section I-4 for uses in support of businesses related to air operations, and in compliance with applicable security regulations.

ARTICLE V

GENERAL PROVISIONS

1. The parties agree that the provisions of this agreement shall be effective upon execution by all parties, but that the performance of the obligations of the parties is conditioned upon delivery by TAC to the United States of the Acceptance referenced in Section 8b of The Agreement Concerning the Conveyance of Property at the Adak Naval Complex, Adak, Alaska, dated September 20, 2000.

2. The term of this Agreement shall continue without interruption until all obligations under this Agreement or any permit(s) or lease(s), or any extensions thereto, have been met and the State has issued TAC a release of obligation.

3. The State may, based on availability, level of experience, and capability, hire local Alaska residents from Adak. Should there be no local hires, or insufficient local hires, TAC will ensure that housing is available to airport personnel brought from outside Adak on the same terms as housing is available to any Adak resident.

4. The State and TAC agree to perform a joint inspection of the Airport prior to the title for the Airport being transferred to the State. The costs of the inspection team will be borne by the respective party.

5. TAC agrees that TAC will not construct or place, nor will it give permission to others to construct or place, on any lands under TAC's control at the approach end of Runway 36 any obstructions infringing upon or penetrating the Airport approach or transitional surfaces. Further, TAC grants the State permission at all times

to remove any obstruction or penetration, such removal to be at the State's sole cost unless the obstruction or penetration was placed by TAC.

5. Within 180 days of the interim conveyance provided in Paragraph I-1, TAC will convey to the City of Adak fee ownership of a right-of-way 100 feet in width for the roads designated in Exhibit K to this Agreement. Upon completion of the interim conveyance provided in Paragraph I-1 or the conveyance of the roads to the City of Adak, whichever occurs last, the State will assume responsibility for reasonable maintenance of the roads designated in Exhibit K, provided, however, that the State's maintenance obligation (a) may be enforced only in equity and shall under no circumstances give rise to a claim for damages by TAC, the City of Adak, or any other person or entity; (b) shall terminate if the State ceases to operate Airport for any reason; (c) shall not be enforceable by TAC more than ten years after the date of this agreement; and (d) shall not be construed to require the State to contain or clean up any pre-transfer contamination or post-transfer migration of pre-transfer contamination.

6. Any notice, transmittal, approval, or other official communication made under this Agreement will be in writing and will be delivered by hand, facsimile transmission, or by mail to the other party at the address or facsimile transmission telephone number set forth below, or at such other address as may be later designated:

For the State:
Commissioner
Department of Transportation and Public Facilities
3132 Channel Drive
Juneau, Alaska 99801
Fax No. 907-586-8365

For TAC :
Chief Executive Officer
The Aleut Corporation
4000 Old Seward Hwy, Suite 300
Anchorage, 99503.
Fax No. (907) 562-8208.

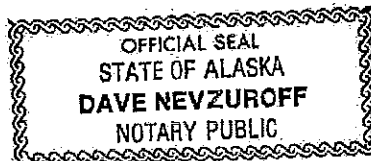
IN WITNESS WHEREOF, the parties hereto have set their hands on this day and year stated in the acknowledgments below.

STATE OF ALASKA)
)ss
Third Judicial District)

THE ALEUT CORPORATION
By: [Signature]
Its: CEO

THIS IS TO CERTIFY that on this 14th day of January, 2004, before me, the undersigned, a Notary Public in and for the State of Alaska, duly commissioned and sworn, personally appeared DAVID JENSEN and made oath that (he)(she) is the CEO of THE ALEUT CORPORATION, that (he)_(she) is duly authorized by THE ALEUT CORPORATION to enter into this Agreement, and that (he)(she) signed the same as (his)(her) free and voluntary act and deed and the free and voluntary act and deed of THE ALEUT CORPORATION with full knowledge of its contents, for the uses and purposes therein mentioned.

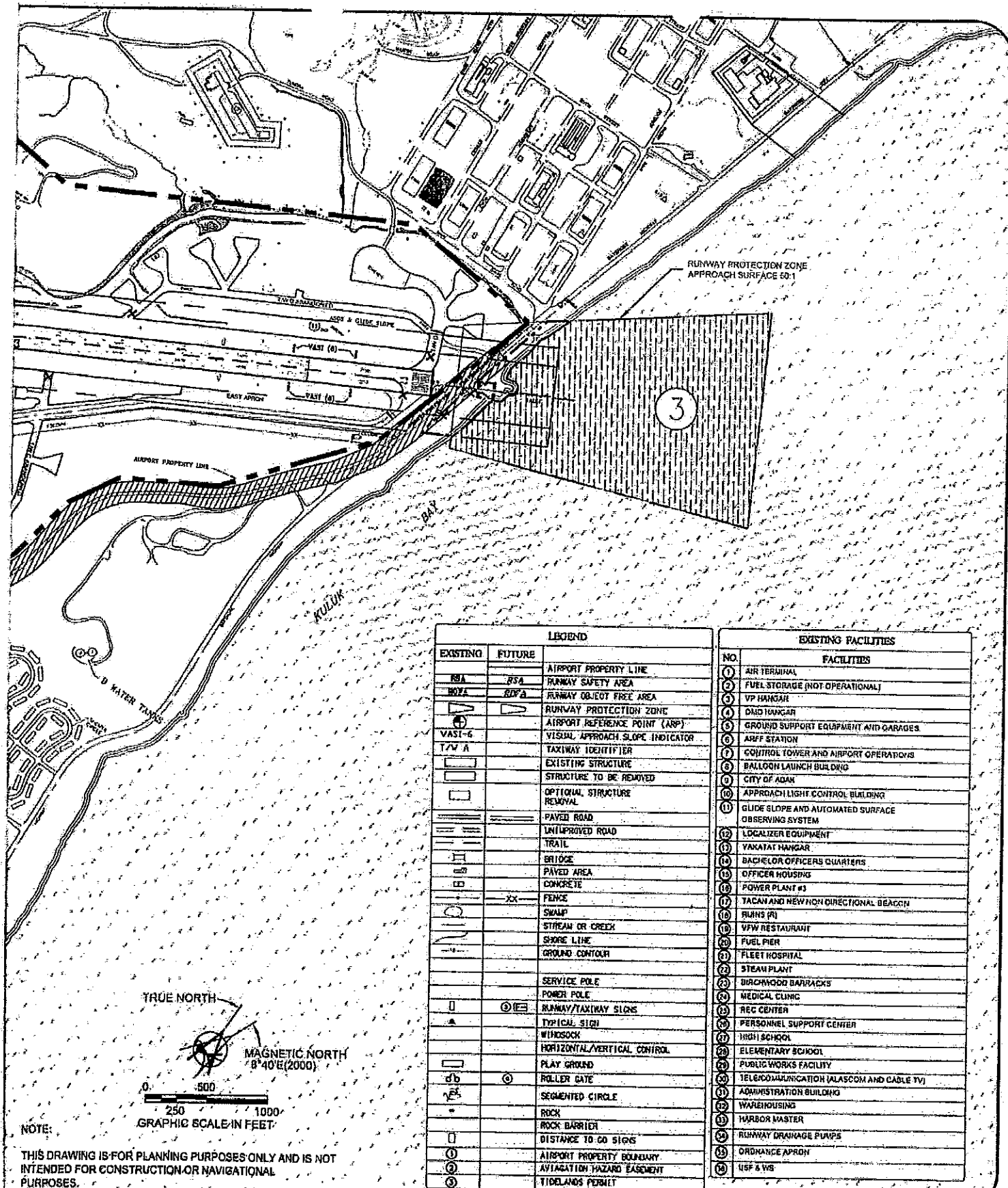
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year above written.



Notary Public in and for: [Signature]
My Commission Expires: 02-14-06

STATE OF ALASKA
DEPARTMENT OF TRANSPORTATION
AND PUBLIC FACILITIES

By: [Signature]
Kip Knudsen
Deputy Commissioner for Aviation

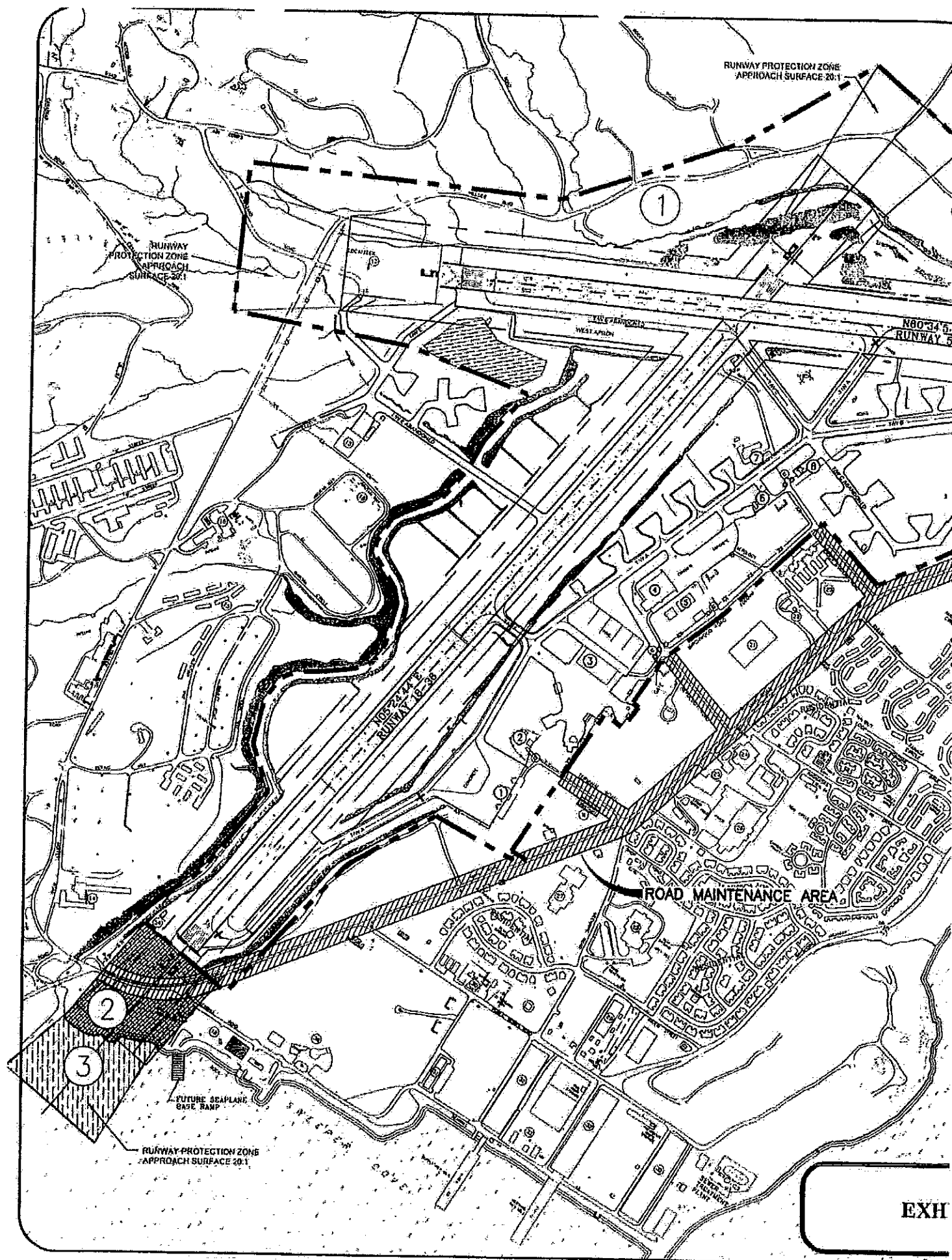


BIT A

STATE OF ALASKA DOT/PF

ADAK AIRPORT
PROPERTY PLAN
AIRPORT FACILITIES
ADAK, ALASKA

FIGURE
1-1



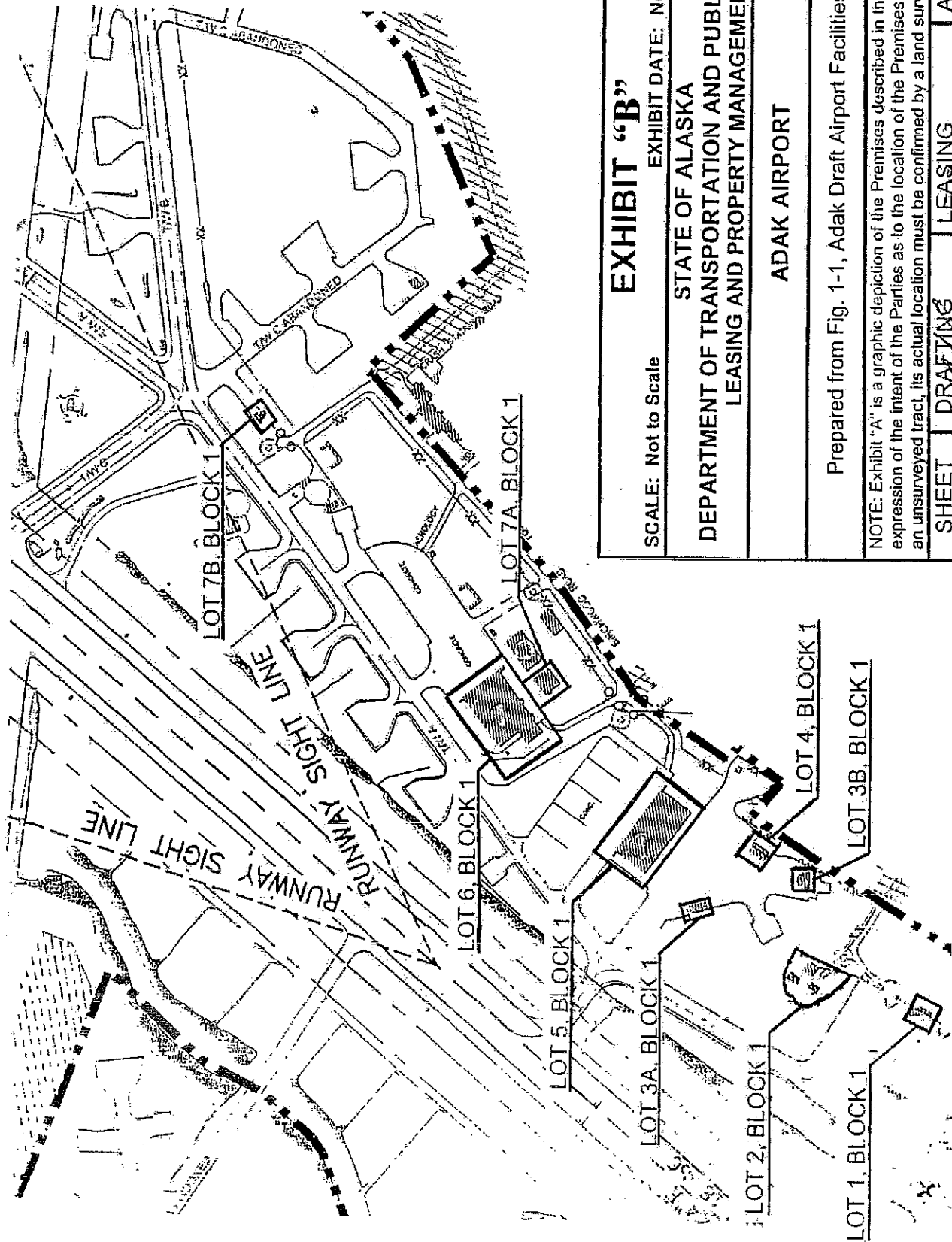


EXHIBIT "B"			
SCALE: Not to Scale		EXHIBIT DATE: November 26, 2003	
STATE OF ALASKA			
DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES			
LEASING AND PROPERTY MANAGEMENT			
ADAK AIRPORT			
Prepared from Fig. 1-1, Adak Draft Airport Facilities Drawing			
NOTE: Exhibit "A" is a graphic depiction of the Premises described in the agreement. It is an expression of the intent of the Parties as to the location of the Premises. If the Premises is an unsurveyed tract, its actual location must be confirmed by a land survey.			
SHEET 1 OF 1	DRAFTING <i>[Signature]</i>	LEASING <i>[Signature]</i>	APPROVAL <i>[Signature]</i>

**EXHIBIT C
RESTRICTIVE COVENANT
AVIGATION HAZARD EASEMENT**

THE ALEUT CORPORATION, an Alaskan Corporation (hereinafter referred to as the **GRANTOR**), its mailing address being 4000 Old Seward Highway, Suite 300, Anchorage, Alaska 99507, for and in consideration of TEN AND NO/100 DOLLARS (\$10.00) and other valuable considerations in hand paid, the receipt of which is hereby acknowledged, does hereby grant, convey and set-over unto the **STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES** (hereinafter referred to as **GRANTEE**), its mailing address being P.O. Box 196900, Anchorage, Alaska 99519-6900, and its successor State agencies, for the purpose of protecting the airspace at the **ADAK AIRPORT**, a **RESTRICTIVE COVENANT**, appurtenant to the **ADAK AIRPORT**, for the unobstructed passage of all aircraft by whomsoever owned and operated, in the airspace in, over and upon the surface estate of those certain lands lying within the Third Judicial District, State of Alaska, and more particularly described as follows:

All those parcels of land lying adjacent to the boundaries of the ADAK AIRPORT as shown on the attached FIGURE "1-1" more particularly described as Parcel 2 and made a part of hereto as page 4 of 4, located on Adak Island, at approximately 176 degrees 45' West Longitude – 51 degrees 45' North Latitude, in the Aleutian Islands Borough, Aleutian Islands Recording District, Third Judicial District, State of Alaska

SAID PARCEL OF LAND, containing approximately 22.3 acres, more or less,

The **GRANTOR**, its successors and assigns, shall not install, place, construct, or cause to be constructed any object that would constitute a hazard to aviation and will not give permission to any third parties to install, place, or construct any such object within the land covered under this agreement.

The **GRANTOR** agrees to prohibit the use on and gives to GRANTEE the right to remove from the land described herein any installation or object which would create electrical interference with radio communication between the airport and aircraft, make it difficult for pilots to distinguish between airport lights and other lights, result in glare in the eyes of pilots using the airport, impair visibility in the vicinity of the airport, or otherwise endanger the landing, taking off or maneuvering of aircraft.

The **GRANTEE** has the right to clear the land described herein free from any and all obstructions installed, placed, or constructed on the property which may be deemed to be hazardous to aviation, including, but not limited to, the removal of trees, underbrush, soil, berms, stockpiles, rocks, buildings or any other structures.

The **GRANTOR** retains no rights to develop the land described herein and **GRANTOR** covenants on its own behalf, and for its successors and assigns, that said land shall not be developed for any purpose by the **GRANTOR** or its successors and assigns except for access rights or trails across the land to the extent not materially inconsistent with the rights granted herein.

The **GRANTEE**, and its successor State agencies shall have the right of reasonable ingress and egress or the right to afford others the right of reasonable ingress and egress for the purpose of maintaining any navigational aids on the land described herein and for the purpose of identifying and removing objects upon said land which may be hazardous to aviation.

The **GRANTEE**, agrees, to the extent allowed under law, to defend, indemnify, and hold the **GRANTOR** harmless from any costs, claims, or expenses connected with, or arising out of, the **GRANTEE**'S possession of this easement, or connected with, or arising out of any activities conducted on said land by the **GRANTEE**.

This **RESTRICTIVE COVENANT** shall run with the land.

TO HAVE AND TO HOLD unto the **GRANTEE**, and its successor state agencies for the uses and purposes set forth herein.

Dated this _____ day of _____, 2004.

THE ALEUT CORPORATION

By: _____

It's: _____

STATE OF ALASKA

$$\left. \begin{array}{l}) \\) \\) \end{array} \right\} \text{SS}$$

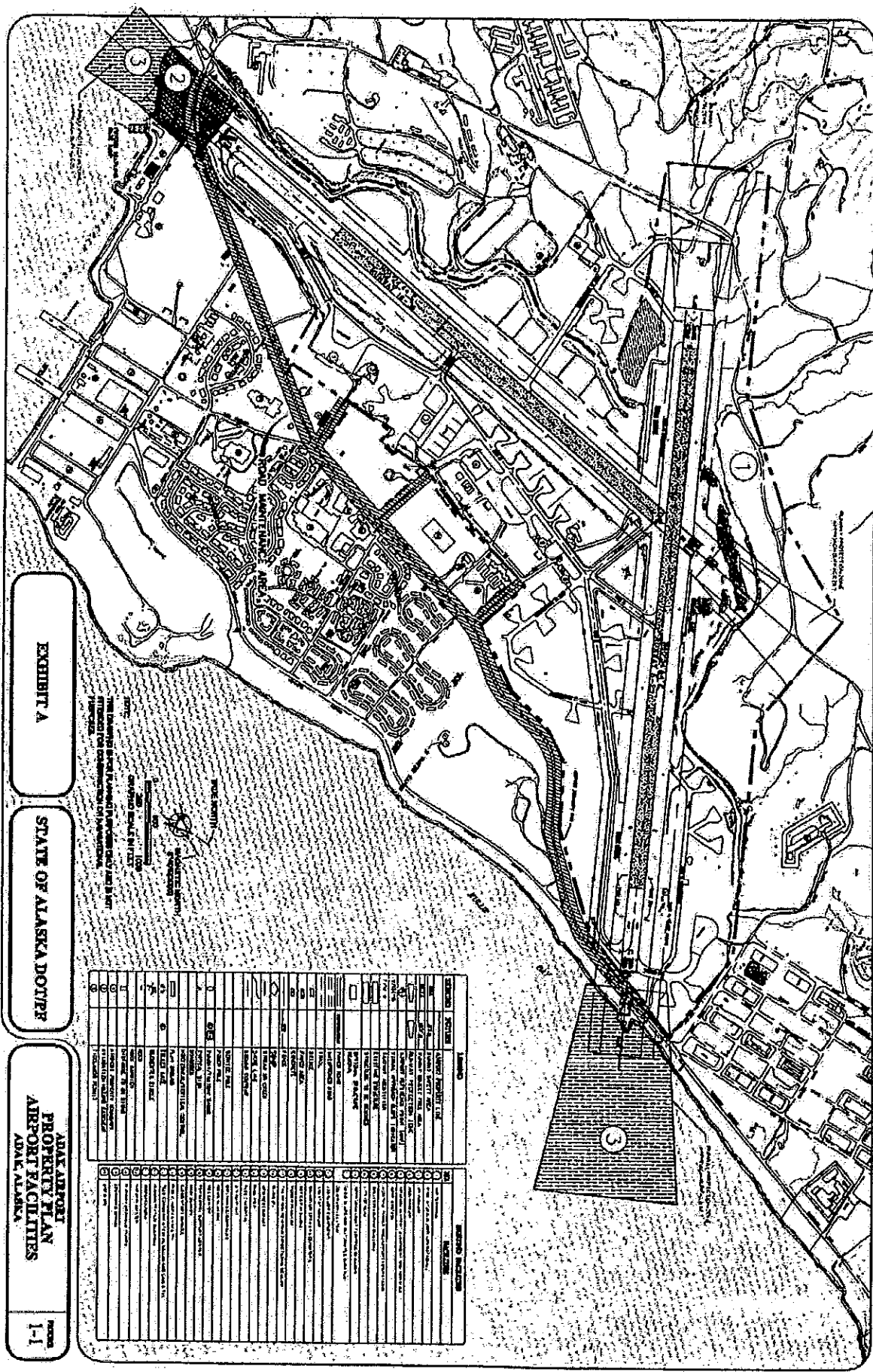
_____, the
of THE ALEUT CORPORATION, known to me to be the identical individual who
executed the foregoing instrument and he acknowledged to me that he executed
the same as the free and voluntary act of said company, with full authority so to
do and with full knowledge of its contents, for the uses and purposes therein
mentioned.

Notary Public in and for the State of Alaska
My Commission Expires: _____

THIS IS TO CERTIFY that the STATE OF ALASKA, DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES, grantee herein, acting by and through its Commissioner, hereby accepts for public purposes the real property, or interest therein, described in this instrument.

ALASKA DEPARTMENT OF TRANSPORTATION
and PUBLIC FACILITIES

By: _____



GENERAL INFORMATION		PROPERTY INFORMATION	
1	NAME	2	LOCATION
3	ADDRESS	4	OWNER
5	CITY	6	DATE
7	STATE	8	SCALE
9	COUNTY	10	PROJECT NO.
11	ZIP CODE	12	PROJECT NAME
13	PROJECT NO.	14	PROJECT DESCRIPTION
15	PROJECT NAME	16	PROJECT LOCATION
17	PROJECT DESCRIPTION	18	PROJECT LOCATION
19	PROJECT LOCATION	20	PROJECT LOCATION
21	PROJECT LOCATION	22	PROJECT LOCATION
23	PROJECT LOCATION	24	PROJECT LOCATION
25	PROJECT LOCATION	26	PROJECT LOCATION
27	PROJECT LOCATION	28	PROJECT LOCATION
29	PROJECT LOCATION	30	PROJECT LOCATION
31	PROJECT LOCATION	32	PROJECT LOCATION
33	PROJECT LOCATION	34	PROJECT LOCATION
35	PROJECT LOCATION	36	PROJECT LOCATION
37	PROJECT LOCATION	38	PROJECT LOCATION
39	PROJECT LOCATION	40	PROJECT LOCATION
41	PROJECT LOCATION	42	PROJECT LOCATION
43	PROJECT LOCATION	44	PROJECT LOCATION
45	PROJECT LOCATION	46	PROJECT LOCATION
47	PROJECT LOCATION	48	PROJECT LOCATION
49	PROJECT LOCATION	50	PROJECT LOCATION
51	PROJECT LOCATION	52	PROJECT LOCATION
53	PROJECT LOCATION	54	PROJECT LOCATION
55	PROJECT LOCATION	56	PROJECT LOCATION
57	PROJECT LOCATION	58	PROJECT LOCATION
59	PROJECT LOCATION	60	PROJECT LOCATION
61	PROJECT LOCATION	62	PROJECT LOCATION
63	PROJECT LOCATION	64	PROJECT LOCATION
65	PROJECT LOCATION	66	PROJECT LOCATION
67	PROJECT LOCATION	68	PROJECT LOCATION
69	PROJECT LOCATION	70	PROJECT LOCATION
71	PROJECT LOCATION	72	PROJECT LOCATION
73	PROJECT LOCATION	74	PROJECT LOCATION
75	PROJECT LOCATION	76	PROJECT LOCATION
77	PROJECT LOCATION	78	PROJECT LOCATION
79	PROJECT LOCATION	80	PROJECT LOCATION
81	PROJECT LOCATION	82	PROJECT LOCATION
83	PROJECT LOCATION	84	PROJECT LOCATION
85	PROJECT LOCATION	86	PROJECT LOCATION
87	PROJECT LOCATION	88	PROJECT LOCATION
89	PROJECT LOCATION	90	PROJECT LOCATION
91	PROJECT LOCATION	92	PROJECT LOCATION
93	PROJECT LOCATION	94	PROJECT LOCATION
95	PROJECT LOCATION	96	PROJECT LOCATION
97	PROJECT LOCATION	98	PROJECT LOCATION
99	PROJECT LOCATION	100	PROJECT LOCATION