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LEBANON AIRPORT FIXED BASE OF

LEASE

THIS AGREEMENT MADE this 17 day of February, 1992, by and between the CITY OF LEBANON, TENNESSEE, hereafter referred to as LESSOR, and LEBANON FLIGHT CENTER, hereafter referred to as LESSEE, for the operation of the City of Lebanon Municipal Airport, hereinafter referred to as the AIRPORT.

The parties hereto, for and in consideration of the rents, covenants and agreements contained herein, agree as follows:

1. LESSOR does hereby demise and let unto LESSEE, and LESSEE does hereby hire and take from LESSOR, certain premises and facilities, rights, licenses and privileges on and in connection with the property and improvements of LESSOR specified as said AIRPORT, as more particularly hereinafter set forth:

a) The use, in common with others authorized so to do, of said AIRPORT, as set out and marked on the Land Use Map attached hereto, and all appurtenances, facilities, improvements, equipment and services which have been or may hereafter be provided there, such use without limiting the generality hereof, to include the following rights, licenses and privileges:

b) The operation of a transportation system by aircraft; the sale of petroleum products, parking or storage of aircraft and other related equipment; the sale, disposal or exchange of aircraft, engines, accessories, and related equipment; the servicing by LESSEE of aircraft and other related equipment, the landing, taking off, parking, loading and unloading of aircraft;

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the right to load and unload persons and property at said AIRPORT by such means of conveyance as LESSEE may desire; the right to install and operate advertising signs on the AIRPORT property, the general type, design and location of such signs to be subject to the approval of the City Council of the City of Lebanon. The LESSEE shall have the further right to conduct any other business or operation reasonably necessary to the proper conduct and operation of the AIRPORT.

c) The exclusive use of the office space, living quarters, hangar and repair section of the Administration Building on the AIRPORT.

d) The use, in common with the public, of all public space in the Administration Building.

e) The use by LESSEE, its employees, customers, suppliers, licensees, invitees, and general public, without charge, of the designated vehicular parking space located near the Administration Building.

f) The full and unrestricted access and ingress to and egress from the premises for all purposes contemplated by this agreement.

2. Term of Lease Subject to earlier termination as hereinafter provided, the initial term of this lease shall be for a period commencing on the above date, and continuing for a period of five (5) years, subject, however, to one five (5) year option hereby granted by LESSOR to LESSEE to renew this Lease, and the rental shall be \$550 per month plus the percentages set out in paragraph 2, sections A, B, and C below, all to be adjusted at the

renewal of the Lease. LESSEE shall notify LESSOR in writing of LESSEE's desire to exercise said option not less than 90 days before the expiration of the initial term.

3. Effective on the date of this lease, LESSEE agrees to pay LESSOR the following rentals, fees and charges; and LESSEE shall, following the end of each month, transmit to LESSOR a statement of the rentals, fees and charges collected by LESSEE during said month, and the rental fee due to the LESSOR shall be paid by LESSEE no later than the last day of the succeeding month as follows:

a) Rental at the rate of three (3%) percent of gross sales of fuel.

b) LESSEE shall pay to LESSOR the sum of ten (10%) percent of the charges collected for hangared aircraft plus ten (10%) percent of the charges collected for those tied down at said AIRPORT, including those aircraft owned or under the control of LESSEE.

c) The rates or charges for any and all activities and services shall be determined by the LESSEE, subject to the approval of the Airport Commission, and subject, further, to the requirement that all such rates or charges shall be reasonable and be equally and fairly applied to all users of the services.

d) LESSEE shall engage in or provide for a flight training program on said AIRPORT and have appropriate aircraft available for rental.

e) LESSEE shall maintain the following hours of operation: 7:00 a. m. to 5:00 p. m. October through April; 7:00 a. m. to 7:00 p. m. May through September, or longer if LESSEE desires.

f) LESSEE shall allow flying clubs and aviation-associated clubs reasonable use of available space to meet and sponsor or hold aviation-related or fund-raising events.

g) LESSEE shall maintain capability and will perform FAA approved minor aircraft, engine, and accessory maintenance as required by the general public. LESSEE may perform more extensive aircraft maintenance.

h) The LESSEE shall operate the AIRPORT in accordance with all Federal, State, County, and City laws and ordinances, and the rules and regulations of the Federal Aviation Administration.

i) LESSEE shall save LESSOR harmless from any and all liability of any kind whatsoever, in regard to any accidents, injuries to persons, injuries to property, loss or defacing of any aircraft, equipment or vehicles at said AIRPORT. LESSEE shall maintain liability insurance to protect the LESSOR from liability at least in the amount of One Million Dollars with the LESSOR as named insured.

j) LESSOR or its designated agent shall have the right to audit LESSEE's books at any time.

4. LESSOR agrees to maintain the runway lights, outside walls and roof of the hangars.

5. LESSEE shall maintain and keep clean the inside of the hangars and Administration Building and perform minor upkeep, maintenance and painting up to \$250 per year.

6. Leased equipment Included in this Lease are certain items of equipment incident to the operation of the AIRPORT. Attached and marked exhibit A is a list of the items of equipment which list may be added to from time to time during the term of the Lease by mutual agreement of the parties. All items of equipment and personal property furnished to the LESSEE shall be inspected by LESSOR and LESSEE prior to acceptance and use by the LESSEE and determined by each to be in satisfactory condition and working order. Acceptance and use by the LESSEE of any item of equipment or personal property or failure to immediately reject same shall constitute LESSEE's acquiescence that the equipment is in safe, proper working order. It shall be the LESSEE's responsibility to keep all equipment subject to this Lease in a safe condition and proper working order and to return same to LESSOR at the termination of the Lease in said condition with the exception that if any item of equipment becomes worn out through normal wear and tear so that it is more economically feasible to replace than to repair said item, it shall not be the duty of the LESSEE to repair or replace said equipment. It shall be the LESSOR's option to repair or replace said equipment.

7. The LESSEE does hereby agree to indemnify and hold harmless LESSOR for any loss occasioned by the use, operation, or maintenance of said equipment or any loss occasioned or contributed to by the mere existence of said equipment on the AIRPORT premises. This indemnity clause shall cover all items of personal property or equipment whether listed on Exhibit A or whether furnished to

LESSEE at the beginning of the Lease or at any time thereafter or any replacement for equipment originally conveyed at the beginning of the Lease or any time thereafter.

8. LESSEE shall receive permission from the Airport Commission to permit skydiving or parachuting for each event.

9. LESSOR shall erect directional signs on the main thoroughfares to provide the public with a guide to the AIRPORT.

10. The LESSEE may at its own cost and expense erect on or install in any site which is designated and approved by the City of Lebanon and is available and not being otherwise used at said AIRPORT, any hangars, buildings or structures, including storage tanks or equipment above or under ground, that it shall determine to be necessary for use in connection with its operations. LESSOR hereby agrees to lease such space exclusively to the LESSEE hereunder at the rentals to be determined at time of construction.

11. Termination of Lease

a) By LESSOR: In the event that LESSEE shall file a voluntary petition in bankruptcy or that proceedings in bankruptcy shall be instituted against LESSEE and LESSEE thereafter is adjudicated bankrupt pursuant to such proceedings, or that the court shall take jurisdiction of LESSOR and its assets pursuant to proceedings brought under the provisions of any Federal reorganization act, or that a receiver of LESSEE's assets shall be appointed, or that LESSEE shall be divested of its estate herein by other operation of law, or that LESSEE shall fail to perform, keep

and observe any of the terms, covenants or conditions herein contained, on its part to be performed, the LESSOR shall give the LESSEE written notice to correct such condition or cure such default and, if any such condition or default shall continue for sixty (60) days after the receipt of such notice by the LESSEE, the LESSOR may, after the lapse of said sixty (60) day period and prior to the correction or curing of such condition or default, terminate this lease by a thirty (30) day written notice to LESSEE.

b) By LESSEE: LESSEE may cancel this agreement, and terminate its obligation hereunder, by sixty (60) day written notice given to LESSOR by LESSEE, upon or after the happening of any one of the following events:

1) failure or refusal of the Civil Aeronautics Board to grant LESSEE the right to operate into and from said AIRPORT;

2) issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of said AIRPORT for AIRPORT purposes;

3) the breach by LESSOR of any of the covenants or agreements contained and the failure of LESSOR to remedy such breach for a period of sixty (60) days after receipt of a written notice from the LESSEE to LESSOR of the existence of such breach;

4) the inability of LESSEE to use said premises and facilities continuing for a longer period than thirty (30) days due to any law or any order, rule or regulation of any appropriate governmental authority having jurisdiction over the operations of LESSEE or due to some casualty;

5) the assumption by the United States Government or any authorized agency thereof of the operation of said AIRPORT.

c) In the event the City of Lebanon should create an Airport authority and turn the operation of the Lebanon Municipal Airport over to said authority, the newly created authority will have the option after the end of the first five year period of requiring the LESSEE to renegotiate the terms for the balance of the Lease upon ninety (90) day notice to LESSEE after the existence of the Airport Authority for one (1) year.

12. Remedy in case of breach Either party may, in addition to the right to terminate upon breach, require the other to comply with the terms of this Lease and may seek legal action to do so.

13. Any disagreement between the LESSOR and LESSEE as to the failure or non-compliance with any of the terms of this lease, which has not been settled between the LESSOR and LESSEE within sixty (60) days, shall before any legal action go to arbitration (unless public safety requires immediate legal action), the LESSEE choosing one person, the LESSOR choosing one person, and those two choosing a third. If either the LESSOR or LESSEE are dissatisfied with the decision of the arbitrators they may proceed to take whatever further steps they may deem necessary.

14. LESSEE shall assume and be responsible for the every day operating expenses.

15. Sublease LESSEE shall not any time assign or sublease this lease or any part thereof to any person or company without the consent in writing of the LESSOR.

16. The LESSEE shall be required to have charter flights available for the general public twenty-four hours a day, seven days a week.

17. LESSEE hereby grants to the Mayor of the City of Lebanon, or his designee, the authority to inspect all areas of the AIRPORT during normal operating hours as the mayor is required. The Mayor of the City of Lebanon, or his designee, shall be the liaison party between the City of Lebanon and the LESSEE.

18. LESSOR agrees that, on payment of the rent and performance of the covenants and agreements on the part of the LESSEE to be performed hereunder, LESSEE shall peaceably hold and enjoy the leased premises and all the rights and privileges of said AIRPORT, its appurtenances, facilities and equipment granted herein.

19. LESSOR agrees to keep all non-leased airport area mowed and well maintained and to keep all non-leased airport facilities in good working order.

20. Expansion of facility LESSOR and LESSEE agree that in the event LESSOR expands the AIRPORT by building a new terminal building and or maintenance hangar LESSEE shall have first option to include said expanded facility under the terms of this Lease with the additional rental to be negotiated between the parties at that time.

21. Notices to the LESSOR provided for herein shall be sufficient if sent by certified mail, postage prepaid, addresses to the Mayor of the City of Lebanon, City Hall, 119 South College

Street, Lebanon, Tennessee 37087; and notices to the LESSEE, if sent by certified mail, postage prepaid addressed to Ron Wright, Lebanon Municipal Airport, Franklin Road, Lebanon, Tennessee 37087 or to such other respective addresses as the parties may designate in writing from time to time.

IN WITNESS WHEREOF, the parties have executed the foregoing by their duly authorized officers.

LEBANON FLIGHT CENTER

CITY OF LEBANON

By: Ronnie O. Wright
Ron Wright, Owner

Bobby Jewell
Bobby Jewell, Mayor

Attest:

Jerry Partlow
Jerry Partlow,
Commissioner of Finance

Chairman, Airport Commission

EXHIBIT A

Radio Unicom Base System
1984 Chevrolet Fuel truck
Motorized tug No. 814, serial no. 9307
Black chair with arms
2 glass tables
Green metal desk with brown top
green desk chair
2 four drawer metal file cabinet
Creme five door metal file cabinet
Seven door gray metal file cabinet
Green desk chair with arms
5 Gray metal desks
Secretary chair
2 Black vinyl double chairs
2 Black vinyl wood chairs with arms
Black vinyl metal chair with arms
7 black standing ashtrays
Case with glass door on top, wood on bottom
Hotpoint refrigerator
General Electric range
coffee table (no glass)
Black vinyl metal chair
8 metal chairs with arms
Oasis water fountain
5 ft. metal table with brown top
8 ft. metal table with brown top
keyhole shaped coffee table
wood bookcase
blackboard & bulletin board
3 metal folding chairs
8 fire extinguishers
Green metal coat rack
3 metal benches
8 ft. wooden work bench
10 ft. wooden work bench
6 ft. wooden work bench
2 two door metal closets
Metal chair with arms
Metal chair with arms and rollers
Green desk chair with rollers
Blue compressor tank
2 x 2 metal work table on wheels