

MORRISTOWN (TENN)

AIRPORT LEASE

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AGREEMENT made this 1st day of June, 1989, by and between CITY OF MORRISTOWN, TENNESSEE (hereinafter referred to as "LESSOR") and MORRISTOWN FLYING SERVICE, INC. (hereinafter referred to as "LESSEE"), with reference to the Morristown Airport (hereinafter referred to as the "AIRPORT").

WITNESSETH

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

ARTICLE I. PREMISES

This lease will commence at the expiration of the existing lease between the parties dated June 1, ¹⁹⁸² 1989.

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) USE OF AIRPORT. The use, in common with others authorized so to do, of said Airport and all appurtenances, facilities, improvements, equipment and services which have been or may hereafter be provided thereat, such use without limiting the generality hereof, to include the following rights, licenses and privileges:

The operation of a transportation system by aircraft; the repairing, maintaining, conditioning, servicing, parking or



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storage of aircraft or other equipment; the training of personnel, and the testing of aircraft, engines, accessories, and related equipment; the servicing by Lessee or other of aircraft and other equipment, including the right to install and maintain on said Airport adequate storage facilities and appurtenances including rights-of-way necessary therefor; the landing, taking off, parking, loading and unloading of aircraft or other equipment; the right to load and unload persons, property and mail at said Airport by such means of conveyance as Lessee may desire, the right to install and operate advertising signs, the general type and design of such signs to be subject to the approval of the Airport Manager; the right to install, maintain and operate radio, communications, meteorological and aerial navigation and other such equipment and facilities, in, on and about the premises herein leased as may be necessary or convenient for Lessee's operations; the conduct of any other business or operation reasonably necessary to the proper conduct and operation by Lessee of its business:

(B) SPACE IN TERMINAL BUILDING. The exclusive use of the Terminal Building, as the same is more particularly set forth and shown on plans and specifications marked Exhibit A attached hereto and made a part hereof, for such exclusive use as Lessee may desire to make thereof:

(C) FUEL FARM. The exclusive right to operate the fuel farm of Lessor, for which privilege Lessee shall pay to Lessor as additional monthly rental a sum equal to 4% of the gross revenues received on sales of fuel.

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(D) PARKING SPACE. The use by Lessee, its employees, customers, supplier and other licensees or invitees, without charge, of an adequate designated vehicular parking space located as near as possible to the Terminal Building.

(E) ADDITIONAL GROUND SPACE. The exclusive use of that certain ground space, as is more particularly set forth and shown on plans and specifications marked Exhibit "B" attached hereto and made a part hereof, for such uses as Lessee may desire to make thereof.

(F) RIGHT OF ACCESS, INGRESS AND EGRESS. The full and unrestricted access and ingress to and egress from the premises for all purposes contemplated by this agreement.

ARTICLE II. TERM

Subject to earlier termination as hereinafter provided, the initial term of this lease shall be for a period commencing on and ending midnight, five (5) years thereafter. If this lease shall be in force and effect on the date for the expiration of the original term, and Lessee shall have on that date fully complied with all conditions contained herein, and specifically with the requirements of Morristown Municipal Ordinance number 2204 (minimum standards) and amendments thereto, Lessee may elect to renew this lease for a period of five (5) years beginning with the expiration of the original term. To exercise such election, Lessee shall give to Lessor notice in writing of such election at least sixty (60) days prior to the expiration of the original term.

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In the event there is a dispute between Lessee and Lessor about whether Lessee has complied with this agreement to the extent it is entitled to exercise such option, said dispute shall be determined and settled by arbitration in Morristown, Tennessee, in accordance with the rules of the American Arbitration Association. Any judgement rendered therein shall be final and binding on each and all of the parties thereto and their personal representatives, and judgement thereon may be entered in any court having jurisdiction thereof.

ARTICLE III. RENTALS AND FEES

Effective June 1, 1989, Lessee agrees to pay Lessor four (4%) percent of the gross monthly income of Lessee's airport business. Payments shall be made no later than the 15th day of the month succeeding the month on which rental is based. Lessor shall have complete access to Lessee's financial records which shall be kept according to generally accepted accounting principles and shall be subject to audit at the direction and expense of Lessor. For purposes of automobile rentals, gross monthly income shall be the gross amount received from rental less the amount paid the company supplying the automobile.

ARTICLE IV. OTHER CHARGES OR FEES

Lessee agrees to maintain public liability insurance in the following amounts during the first five (5) year term hereof:

BODILY INJURY -- \$100,000.00
PROPERTY DAMAGE -- \$500,000.00

And Lessee further agrees to hold Lessor harmless from loss from each and every claim and demand occasioned by the alleged negligent or willful act of Lessee. Lessee may be required by Lessor to increase said coverage during the second five (5) year (option) term or any extension or renewals hereof, but in no event shall said increase in coverage be required to exceed twice that provided for the first five (5) year term.

Lessor agrees to maintain and operate with adequate and efficient personnel and to keep in good repair said Airport and Terminal Building, and the appurtenances, facilities and services now or hereafter connected therewith, and to keep said Airport free from obstructions for the safe, convenient and proper use thereof by Lessee, and to maintain and operate said Airport in all respects equal to the highest rating issued by the Federal Aviation Administration for comparable airports and in accordance with all rules and regulations of any governmental agency having jurisdiction thereof. Lessee agrees to keep the leased premises in as good condition as same now exist, normal wear and tear excepted, and Lessee agrees to keep said premises neat and clean during the term hereof.

Lessee agrees to keep the public space in the terminal building attractively furnished, and to provide and supply adequate light, electricity, heat and water for the public space and Lessee's exclusive space therein, except that Lessor shall give Lessee credit on rental payments for electricity consumed per month equal to the cost of 7,139 kilowatts in each month consumed.

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ARTICLE VI. BUILDING BY LESSEE

The Lessee may at its own cost and expense erect or install on any site which is available and not being otherwise used at said Airport (Lessor hereby agreeing to lease such space exclusively to the Lessee hereunder at the rentals specified in Article III, Paragraph 1), any hangars, building or structures, including storage tanks or equipment above or underground, that it shall determine to be necessary for use in connection with its air transport operations. Lessee shall oversee the rental of the "T" hangars presently located on the premises which are owned by Lessor. Lessee shall receive twenty-five (25%) percent of the gross rentals therefrom and Lessor seventy-five (75%) percent, all to be paid as additional rental by the 15th day of each succeeding month.

ARTICLE VII. RULES AND REGULATIONS

Lessee covenants and agrees to observe and obey all reasonable rules and regulations which may from time to time during the term thereof be promulgated and enforced by Lessor or other competent authority; provided the same are consistent with safety and do not conflict with the rules of any Federal Agency having jurisdiction thereover, and are not inconsistent with the procedures prescribed or approved from time to time by the Federal Aviation Administration for landing and taking off of Lessee's aircraft at said Airport.

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ARTICLE VIII. EXCEPTIONS

(A) Sales of aircraft shall be excluded from gross monthly income for purposes of Article III.

(B) All revenues derived from the rental of hangars, except the old hangar presently used by the fixed base operator, shall inure to the benefit of the City along with fees paid pursuant to any fuel agreement with the City. (e.g. Publix Oil Fuel Agreement.)

(C) Any public funds made available for improvement of the airport shall inure exclusively to Lessor's benefit.

ARTICLE IX. CONTROL OVER RATES, FARES OR CHARGES

Lessor shall have no control whatsoever over the rates, fares, or charges that Lessee may prescribe for any of its services by air or land to, from, or through said Airport.

ARTICLE X. CANCELLATION BY LESSOR

In the event that Lessee shall file a voluntary petition in bankruptcy or that proceedings in bankruptcy shall be instituted against it and Lessee thereafter is adjudicated bankrupt pursuant to such proceedings or that the court shall take jurisdiction of Lessee and its assets pursuant to proceedings brought under the provisions of any Federal re-organization 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

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

ARTICLE XI. CANCELLATION BY LESSEE

Lessee may cancel this agreement, in whole or only insofar as it relates to any building, and terminate all or any of its obligations hereunder at any time, by thirty (30) day written notice, upon or after the happening of any one of the following events: the failure or refusal of the Federal Aviation Administration to grant Lessee the right to operate into and from said Airport; issuance by any court of competent jurisdiction of an injunction in any way preventing or restraining the use of said Airport or any part thereof for airport purposes; 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 thirty (30) days after receipt of a written notice of the existence of such breach; 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 war, earthquake or other casualty;

the assumption by the United States Government or any authorized agency thereof of the maintenance and operation of said Airport and facilities or any substantial part or parts thereof.

ARTICLE XII. COVENANT NOT TO GRANT MORE FAVORABLE TERMS

Lessor covenants and agrees not to enter into any lease, contract or agreement with any other air transport operator with respect to the Airport containing more favorable terms than this lease or to grant to any other air transport operator rights, privileges or concessions with respect to said Airport which are not accorded to the Lessee hereunder unless the same rights, privileges and concessions are concurrently and automatically made available to the Lessee.

ARTICLE XIII. ASSIGNMENT OF LEASE

Lessee shall not at any time assign this lease or any part thereof without the consent in writing of Lessor, provided that the foregoing shall not prevent the assignment of this lease to any corporation with which the Lessee may merge or consolidate or which may succeed to the business or assets of the Lessee or a substantial part thereof, or prevent the subletting of any of the space leased exclusively to the Lessee hereunder.

ARTICLE XIV. QUIET ENJOYMENT

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

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enjoy the leased premises and all the rights and privileges of said Airport, its appurtenances and facilities granted herein.

ARTICLE XV. NOTICES

Notices to the Lessor provided for herein shall be sufficient if sent by registered mail, postage prepaid, addressed to the City Administrator of the City of Morristown; and notices to the Lessee, if sent by registered mail, postage prepaid, addressed to _____, or to such other respective addresses as the parties may designate in writing from time to time.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands this 1st day of June, 1989.

CITY OF MORRISTOWN, TENNESSEE, LESSOR

BY: _____
MAYOR

ATTEST:

CITY ADMINISTRATOR/RECORDER

MORRISTOWN FLYING SERVICE, INC., LESSEE

BY: _____
PRESIDENT

APPROVED AS TO FORM:

RICHARD C. JESSEE, CITY ATTORNEY