



LEASE AGREEMENT

WHEREAS, the Tullahoma Regional Airport Authority, Inc., has been created pursuant to Tennessee Code Annotated, §42-3-101, et seq., by the City of Tullahoma; and

WHEREAS, the Tullahoma Regional Airport Authority, Inc., has the authority to enter into lease agreement pursuant to Tennessee Code Annotated, §42-3-109; and

WHEREAS, the Tullahoma Regional Airport Authority, Inc., is desirous of obtaining a fixed base operator concerning the concessions of Tullahoma Regional Airport-Soesbe-Martin Field, hereinafter referred to as the Tullahoma Regional Airport in order that the City of Tullahoma have a viable airport operation; and

WHEREAS, Tullahoma Aviation, Inc., is desirous of entering into an agreement naming it as a fixed base operator; and

WHEREAS, the Tullahoma Regional Airport Authority, Inc., and Tullahoma Aviation, Inc., wish to further define and set out the rights and responsibilities of the parties relative to said Lease Agreement.

NOW, THEREFORE, THIS AGREEMENT:

FOR AND IN CONSIDERATION of the sum of THIRTY THOUSAND AND 00/100 (\$30,000.00) DOLLARS, payable in sixty (60) monthly installments of \$500.00, and for the additional sum of \$5.00 per

month for each airplane stored in hangars hereinafter leased to Tullahoma Aviation, Inc., and the additional sum of \$5.00 per month for each airplane tied down on the ramp or leased premises, said additional payments being due the first day of each month at the same time that the monthly payment of \$500.00 is paid, the Tullahoma Regional Airport Authority, Inc., hereby leases to Tullahoma Aviation, Inc., for a five year term, the two North hangars and the terminal building and area surrounded by the following boundary lines:

"SEE ATTACHED EXHIBIT"

Both parties hereby agree to open the lease price to Tullahoma Aviation, Inc., once a year on the anniversary date of this lease to consider increasing or decreasing charges because of economic conditions. Tullahoma Regional Airport Authority, Inc., also grants unto Tullahoma Aviation, Inc., as the fixed base operator, the concessions on the Tullahoma Regional Airport Authority, Inc., under the terms and conditions as hereinafter set out:

I.

LEASE PROPERTY:

The Lessee, in addition to the real property leased from the Lessor, hereby leases one ten thousand gallon fuel tank, two six

thousand gallon fuel tanks, all the lines, pumps, and equipment associated with the running and maintaining of the fuel system which is presently located at the Tullahoma Regional Airport. There shall be no additional rental charged to the Lessee. However, the Lessee shall initially pay to the Lessor a sum of five cents per gallon flow charge during the term of this lease. The purpose of this fuel charge is so that the Tullahoma Regional Airport Authority, Inc., can set this money aside to cover the expense of maintaining the fuel tanks and associated equipment so that the fuel system meets any and all EPA requirements presently set by the Federal Government or to be set by the Federal Government in the future. The Tullahoma Regional Airport Authority, Inc., shall have the authority to change this flow charge at any legally scheduled meeting of the Tullahoma Regional Airport Authority, Inc., but said changes cannot occur more often than every ninety days. The flow charge collected by the Lessee shall be paid to the Airport Authority on a monthly basis at the regularly scheduled Airport Authority meeting. The flow charge shall be collected by the Lessee beginning April 1, 1990.

INSURANCE:

The Lessee agrees to maintain appropriate insurance on the fuel that is located in the tanks, lines, and pumps, comparable to the insurance that is presently maintained by the Lessee.

MAINTENANCE:

The Lessee shall be responsible for day to day maintenance of the pumps, lines, and tanks as has been done in the past. Maintaining items such as filters, pumps, and motors, shall be the responsibility of the Lessee. The Lessor shall be responsible for meeting and maintaining any and all EPA requirements and these shall not be considered as part of the day to day maintenance of the fuel system.

TAXES:

The Lessee shall be responsible for maintaining all appropriate records for taxes levied on the sale of the fuel and for paying said taxes and the Lessor shall not be responsible for the maintenance of any of those items as the fuel is the sole property of the Lessee.

II.

It shall be and is the responsibility of Tullahoma Aviation, Inc., to provide gas, jet fuel, and oil at prices competitive and comparable with base prices charged by other retail airport concessionaires in the Middle Tennessee area. In the event that it becomes necessary to replace the underground tanks located at the Airport during the term of this lease, then, in such event, this fact shall be made known to both parties, in order that both parties can determine, at that time, a mutually satisfactory means of providing replacement tanks.

III.

It shall be the responsibility of Tullahoma Aviation, Inc., to provide hangar storage for as many airplanes as can safely and reasonably be hangared in the two hangars leased to Tullahoma Aviation, Inc. In addition, Tullahoma Aviation, Inc., agrees that all airplanes so stored shall and will be sheltered during the night hours and will, upon the request of any owner of an airplane, remove same from a hangar upon thirty minutes notice by owner to Tullahoma Aviation, Inc., during the regular hours, the regular hours being understood to be from 8:00 A.M. until 6:00 P.M. or sunset, whichever is later, seven days a week. It is understood by the parties that the charge to third parties for the storage of airplanes in the hangars herein leased to Tullahoma Aviation, Inc., shall be no more than as follows:

- a. \$ 85.00 per month for single engine aircraft;
- b. \$130.00 per month for small twin engine aircraft;
- c. \$185.00 per month for medium twin engine aircraft; and
- d. \$210.00 per month for large twin engine aircraft.

The outside tie down charge to third parties shall be no more than \$25.00 per month for single engine aircraft and no more than \$35.00 per month for twin engine aircraft. These charges shall not be changed or altered by Tullahoma Aviation, Inc., without the express written prior permission of Tullahoma Regional Airport Authority, Inc. Tullahoma Aviation, Inc., shall present

a report of aircraft stored, tied down, transient aircraft traffic, and fuel sold, at the regularly scheduled monthly meeting of the Tullahoma Municipal Airport Authority, Inc.

IV.

It is further agreed that a condition of this lease shall be that Tullahoma Aviation, Inc., shall provide flight instructors for the purposes of conducting a flight school and for training student pilots, as it is the express desire of the Tullahoma Regional Airport Authority, Inc., to have this service available for all parties individually qualified to engage in such school or training at all times during the period of this Lease.

V.

It is the responsibility of Tullahoma Aviation, Inc., to provide a certified A & P (Airframe & Power Plant) mechanic for a minimum of forty hours per week to do minor and major repair for local and transit aircraft.

VI.

Tullahoma Aviation, Inc., during the initial term of this lease and any renewal thereof, shall properly maintain the airport facilities leased herein subject to the provisions of Article XII. Tullahoma Aviation, Inc., shall keep the leased area free from obstructions, including, without limitation, the clearing and removal of vegetation, stones, and other foreign matter as is reasonably necessary. Tullahoma Aviation, Inc., shall maintain

the lease facility and operate the airport in all respects and in a manner at least equal to the highest standards or ratings over airports of similar size and character. Tullahoma Aviation, Inc., shall maintain the premises in a clean condition, including routine maintenance, the mowing of grass, caring for shrubs and flowering plants, and such other services that are necessary in order to maintain the leased premises in a superior condition. Tullahoma Aviation, Inc., shall be responsible to fly the American flag over the Tullahoma Regional Airport. The Tullahoma Regional Airport Authority, Inc., will furnish the flag. Tullahoma Aviation, Inc., shall be responsible to notify the appropriate systems' engineer for repairs in case of failure of operation of the SDF system, the non-directional beacon, the R.E.I.L. System, and the V.A.S.I. System. The Tullahoma Regional Airport Authority, Inc., shall pay for said repairs. Tullahoma Aviation, Inc., shall be responsible to inspect the runway and taxiways daily for stones or other foreign materials that could be hazardous to aircraft and remove same. It is understood by both parties that large area sweeping will be accomplished by a request to the City of Tullahoma for street sweeper service, but that small concrete spalling and large object removal shall be performed by Tullahoma Aviation, Inc.

VII.

It is agreed by the Tullahoma Regional Airport Authority, Inc., that although Tullahoma Aviation, Inc., shall be responsible to immediately replace any lights for the runway lighting system, the taxiway lighting system and the wind sock, it shall be the responsibility of the Tullahoma Regional Airport Authority, Inc., to provide or reimburse Tullahoma Aviation, Inc., for the cost of said light bulbs and wind sock.

VIII.

Tullahoma Aviation, Inc., shall not lease or sublease any part or portion of the premises herein leased by the Tullahoma Regional Airport Authority, Inc., to any other person, firm, or corporation for any purposes whatsoever without the express prior written consent of the Tullahoma Regional Airport Authority, Inc.

IX.

Tullahoma Aviation, Inc., shall procure and keep in full force and effect, a policy of liability, property, hangar keepers, and product liability insurance, with minimum limits of One million (\$1,000,000.00) dollars. Tullahoma Aviation, Inc., shall provide a certificate of insurance to the Tullahoma Regional Airport Authority, Inc., certifying that such insurance is in force and effect and, further, Tullahoma Aviation, Inc., hereby covenants and agrees with the Tullahoma Regional Airport

Authority, Inc., that it shall indemnify and hold and save harmless from and against any and all actions or causes of action, claims, demands, liabilities, loss, damage, or expenses of whatsoever kind and nature, including counsel or attorney's fees which Tullahoma Regional Airport Authority, Inc., may at any time sustain or incur or by reason or consequence of any accident, injury, or claim brought as a result of injuries of whatsoever kind occasioned to third parties while present on the premises herein leased.

X.

Tullahoma Aviation, Inc., shall promptly execute and fulfill all of the ordinances of the City of Tullahoma applicable to said premises and shall also comply with all Federal and State laws applicable to the operation of airport concessions of a similar nature to the premises herein leased. Tullahoma Aviation, Inc., shall honor all contracts between the Tullahoma Regional Airport Authority, Inc., and other parties. Copies of said contracts will be furnished to Tullahoma Aviation, Inc., by the Tullahoma Regional Airport Authority, Inc. Tullahoma Aviation, Inc., shall not sublease or set up temporary concessions without the prior approval of the Tullahoma Regional Airport Authority, Inc.

XI.

It is the responsibility of Tullahoma Aviation, Inc., to notify in writing, the Tullahoma Airport Authority Commission

immediately upon discovery of any non-structural defect or any other condition which may create a hazard, for any parties or any parties' property stored on the premises.

XII.

It is agreed by both parties hereto that it shall be and is the responsibility of the Tullahoma Regional Airport Authority, Inc., to repair roofs and structures of the hangars so as to prevent leaks and damage to same. It is acknowledged that this is a continuing duty.

XIII.

In case of default of any of the covenants herein, Tullahoma Regional Airport Authority, Inc., may enforce the performance of this lease in any modes provided by law and this lease may be forfeited at Tullahoma Regional Airport Authority, Inc.'s, discretion if such default is continued for a period of fifteen days from the time that Tullahoma Aviation, Inc., is given written notice as hereinafter provided by Tullahoma Regional Airport Authority, Inc., of such default and its intention to declare the lease forfeited. Said notice shall be in writing and delivered by hand or through the United States Mail directed to Tullahoma Aviation, Inc.'s, current mailing address. In the event of default of breach of this agreement by Tullahoma Aviation, Inc., it shall become necessary for Tullahoma Regional Airport Authority, Inc., to employ an attorney to enforce or demand any of

its rights or remedies hereinunder, then in such event, any reasonable expenses incurred as attorney's fees shall be paid by Tullahoma Aviation, Inc. It is further agreed that in the event that Tullahoma Aviation, Inc., becomes bankruptcy or shall make a voluntary or involuntary assignment for the benefit of creditors or in the event that a receiver of Tullahoma Aviation, Inc., shall be appointed, then, at the option of the Tullahoma Regional Airport Authority, Inc., the lease covenants by Tullahoma Regional Airport Authority, Inc., the lease covenants by Tullahoma Aviation, Inc., shall be breached and Tullahoma Regional Airport Authority, Inc., may proceed at any lawful remedy to retain possession of the premises leased and damages for said breach.

XIV.

Tullahoma Aviation, Inc., shall notify, in writing, Tullahoma Regional Airport Authority, Inc., immediately upon any claims for personal or property damage or contingent claims for same of which Tullahoma Aviation, Inc., has knowledge which are made or may be made by any third parties.

XV.

This Lease Agreement shall constitute the second renewal of the Lease Agreement which was originally entered into by and between the Tullahoma Regional Airport Authority, Inc., and Harris Aviation, Inc., which later changed its name to Tullahoma

Aviation, Inc., said original agreement having been entered into on October 30, 1980. It is contemplated by the parties that at the expiration of this lease that continued operations by a fixed base operator shall exist and in the event that the Tullahoma Regional Airport Authority, Inc., in its sole discretion, determines that the services provided by Tullahoma Aviation, Inc., shall have been adequate during this lease, then the Tullahoma Regional Airport Authority, Inc., shall grant to Tullahoma Aviation, Inc., the first option to accept or reject an additional five year lease agreement for the period after the expiration of this lease as is then proposed by Tullahoma Regional Airport Authority, Inc. This Lease Agreement has an effective date of October 31, 1990, at 10:00 A.M.

XVI.

It is understood and agreed by and between the parties that certain matters shall constitute a legitimate basis for negotiations, which matters are not covered by the terms of this Lease Agreement. In the event that the Tullahoma Regional Airport Authority, Inc., should acquire Tee-Hangars, then, in such event, the parties hereto shall be free to enter into a separate agreement with each other, covering the lease of this hangar space.

XVII.

The Tullahoma Regional Airport Authority is entering into this lease with Tullahoma Aviation, Inc., with the understanding that Mr. Frank Passarello is a majority stock holder of said corporation and with the understanding that Mr. Frank Passarello is running the day-to-day operations of Tullahoma Aviation, Inc. Should Mr. Passarello sell his controlling interests in Tullahoma Aviation, Inc., or stop running the day-to-day affairs of Tullahoma Aviation, Inc., then, the Tullahoma Regional Airport Authority, Inc., would have the right to terminate this lease.

XVIII.

If any provisions of this lease are unenforceable, or found to be unenforceable by a court of law or any other proceeding, the remaining provisions of this lease agreement shall remain in full force and effect and shall be followed by the parties.

WITNESS OUR HANDS, in duplicate originals, this 22 day of February, 1991, effective as hereinafter set.

TULLAHOMA REGIONAL AIRPORT AUTHORITY,
INC.

ATTEST:

Jack Anthony

BY

[Signature]
CHAIRMAN

BY

R.H. Burt
SECRETARY

ATTEST:

James A. Chapman Jr.

TULLAHOMA AVIATION, INC.

BY

Frank J. Passarello

DESCRIPTION

Lying and being in the 9th Civil District, Coffee County, Tennessee, and being more particularly described as follows, to wit:

Beginning at the Southeast gatepost located in the Southerly margin of William Northern Blvd; thence from said point of beginning and running in a generally westerly direction, 45 feet to the edge of the concrete ramp; thence continuing in a westerly direction 246 feet to the eastern edge of the taxi-way thence continuing in a westerly direction 396 feet to the western edge of the existing taxi-way; thence in a southerly direction and with the westerly edge of said taxi-way, approximately 625 feet to a point; thence in a westerly direction, 150 feet to the southwestern edge of existing ramp; thence in a northerly direction and with the western edge of existing ramp at the grass border, 1151 feet to a point; thence at right angles and in an easterly direction, 712 feet to the northeast corner located in the existing road-way margin; thence at right angles and with the westerly margin of existing road, 286 feet to the northern margin of William Northern Blvd; thence at right angles and continuing with the northerly margin of William Northern Blvd., 81 feet to the northeast gatepost located at the southerly margin of William Northern Blvd; thence at right angles and in a southerly direction, 12 feet across the aforesaid margin of William Northern Blvd. to the SE gatepost, the point of beginning.

Included within the hereinabove described property is an existing taxi-way. It is expressly understood and agreed by and between the parties that the aforesaid taxi-way does not constitute a portion of the property encompassed within this Lease. It is further understood and agreed by and between the parties that the premises upon which the existing jet fuel tanks and pumps are located, although not expressly described herein, are likewise leased. All measurements and descriptions are general and approximate.