

CITY COUNCIL RESOLUTION NO. 2023-007

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LAKE CITY, FLORIDA, RATIFYING THE VOICE VOTE OF THE CITY COUNCIL AND AUTHORIZING THE CITY TO ENTER INTO A LEASE AGREEMENT WITH HAECO, LEASING PROPERTY LOCATED AT THE LAKE CITY GATEWAY AIRPORT AND AUTHORIZING EXECUTION OF THE LEASE.

WHEREAS, the City of Lake City, Florida (hereinafter the “City”) owns and operates the Lake City Gateway Airport (hereinafter the “Airport”); and

WHEREAS, HAECO Airframe Services, LLC, (hereinafter “HAECO”) is an existing tenant at the Airport and has requested a long-term lease in order to continue with the operation of their maintenance, repair, and overhaul facility at the airport (hereinafter the “Facility”); and

WHEREAS, the City is willing to lease space within the Airport in accordance with the terms and conditions of the *Building and Land Lease HAECO Airframe Services, LLC Lake City Gateway Airport* (hereinafter the “Lease”), a copy of which is attached hereto as “Exhibit A”; and

WHEREAS, the City Council has determined that the terms and conditions of the Lease are acceptable to the City Council and that it is in the City’s best interest to enter into the Lease with HAECO; and

WHEREAS, the City Council, by this resolution, formally ratifies the voice vote of the City cast January 17, 2023 to enter into a lease agreement with HAECO.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE CITY, FLORIDA, AS FOLLOWS:

Section 1. The above recitals are all true and accurate and are incorporated herein and made a part of this resolution.

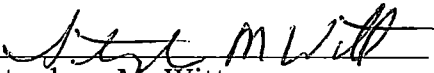
Section 2. The Mayor is authorized to execute the Lease for and on behalf of the City.

Section 3. The City Manager and City Attorney are authorized to make such reasonable changes and modifications to the Agreement as may be deemed necessary to be in the best interest of the City and its citizens. Provided

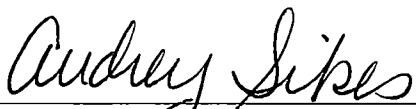
however, that any such changes or modifications shall not cause the payment to exceed the pricing referenced herein. The Mayor is authorized and directed to execute and deliver the Lease in the name of, and on behalf of, the City with such changes, amendments, modifications, omissions, and additions made by the City Manager and City Attorney. Execution by the Mayor and HAECO, shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions, and additions.

PASSED AND ADOPTED at a meeting of the City Council this 6th day of ~~January~~ 2023.
February


CITY OF LAKE CITY, FLORIDA

By: 
Stephen M. Witt,
Mayor

ATTEST:

By: 
Audrey Sikes, City Clerk

APPROVED AS TO FORM AND
LEGALITY:

By: 
~~Thomas J. Kennon, III,~~
City Attorney
DANIELLE C. ADAMS



Rec'd
2/21/2023
A Sikes
Taken to
Procurement 1st
A Sikes



February 16, 2023

Via Federal Express

City Clerk
City of Lake City, Florida
City Hall
205 N. Marion Avenue
Lake City, FL 32055

RE: **Building and Land Lease**
HAECO Airframe Services, LLC - Lake City Gateway Airport

Dear Sir or Madam:

Enclosed please find a fully executed original of the Building and Land Lease between the City of Lake City and HAECO Airframe Services, LLC.

Sincerely,

A handwritten signature in cursive script that reads "Karen Burke".

Karen Burke
Legal Assistant

/kb
Enclosure

EXHIBIT A

BUILDING AND LAND LEASE HAECO AIRFRAME SERVICES, LLC LAKE CITY GATEWAY AIRPORT

This **BUILDING AND LAND LEASE** ("Lease") is entered into as of the 14th day of ^{February} January, 2023, ("Effective Date") and is by and between the **CITY OF LAKE CITY**, a body politic ("Lake City") and **HAECO AIRFRAME SERVICES, LLC**, a Delaware Limited Liability Company in good standing ("HAECO," each a "Party," and together, the "Parties").

RECITALS

WHEREAS, Lake City owns and operates Lake City Gateway Airport located in Columbia County, State of Florida ("Airport"), and the property more fully described on Exhibit A hereto ("Property");

WHEREAS, HAECO is an existing tenant at the Airport and has requested a long-term lease in order to continue with the operation of their maintenance, repair, and overhaul facility at the airport (the "Facility");

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, and for other good and valuable consideration the receipt and sufficiency of which are acknowledged by the parties, Lake City and HAECO agree as follows:

ARTICLE 1 DEFINITIONS

1.1 Definitions.

Airfield shall mean those portions of the Airport, excluding the Aircraft Aprons, provided for the landing, taking off, and taxiing of aircraft, including without limitation, approach and turning zones, clear zones, avigation or other easements, runways, a fully integrated taxiway system, runway and taxiway lights, and other appurtenances related to the aeronautical use of the Airport, as such facilities may be modified from time to time.

Airport shall mean Lake City Gateway Airport, owned and operated by Lake City, located in Columbia County, Florida.

Airport Minimum Standards means the minimum standards adopted by Lake City and any amendment, restatement, or other modification to such minimum standards.

Applicable Laws means all laws, statutes, ordinances, rules, regulations (including without limitation Environmental Laws) lawfully issued or promulgated by any Governmental Authority governing or otherwise applicable to the Airport (but not including the Rules and Regulations adopted by Lake City), as any of the same may now exist or may hereafter be adopted or amended, modified, extended, re-enacted, re-designated, or replaced from time to time and judicial interpretations thereof.

Consumer Price Index or CPI means the consumer price index published by the U.S. Bureau of Labor Statistics for the most current 12-month period such data is available at the time of the applicable measurement or adjustment under this Lease. If CPI is no longer calculated by the U.S. Bureau of Labor Statistics, HAECO and Lake City shall select such other index as may be generally published that measures the increase in producer costs, which index shall be substituted for CPI. Specific dollar amounts referenced in this Lease as being increased by CPI shall be adjusted by multiplying such amounts by a factor of one (1) plus the percentage increase (but not decrease), if any, in CPI during the most recently ended twelve-month period for which such CPI is available.

Environmental Laws shall mean and include all Federal, State of Florida and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination and clean-up, as they currently exist or may exist in the future, including, without limitation, the Clean Air Act, 42 U.S.C. §7401 *et seq.*; the Clean Water Act, 33 U.S.C. §1251 *et seq.*, the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act ("FIFRA"), 7 U.S.C. §136 *et seq.*; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. §1401 *et seq.*; the Noise Control Act, 42 U.S.C. §4901 *et seq.*; the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. §6901 *et seq.*, as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §9601 *et seq.*, as amended by Superfund Amendments and Reauthorization Act, and the Emergency Planning and Community Right to Know Act, and the Radon Gas and Indoor Air Quality Research Act; the Hazardous Material Transportation Act, 49 U.S.C. §9601 *et seq.*; the Toxic Substance Control Act ("TSCA"), 15 U.S.C. §2601 *et seq.*; the Atomic Energy Act, 42 U.S.C. §2011 *et seq.*; and the Nuclear Waste Policy Act of 1982, 42 U.S.C. §1010 *et seq.*; all State environmental protection, superlien and environmental clean-up statutes, with implementing regulations and guidelines and all local laws, regulations and ordinances insofar as they are equivalent or similar to the Federal laws recited above or purport to regulate Hazardous Materials, and judicial precedent of each of the foregoing.

Facility means the maintenance, repair and overhaul facility currently occupied by HAECO on the property of Lake City and leased to HAECO pursuant to this lease.

Federal Aviation Administration (sometimes abbreviated as FAA) means the federal Aviation Administration created under the Federal Aviation Act of 1958, as amended, or any duly authorized successor agency thereto.

Governmental Authority means any Federal, State, county, municipal or other governmental entity (including Lake City in its governmental capacity), or any subdivision thereof, with authority over the Airport or aeronautical operations at or with respect to the Airport.

HAECO Parties shall mean HAECO, its parent companies, subsidiaries, affiliates, officers, directors, employees and invitees.

Hazardous Materials shall mean and include any materials, substances, chemicals, or elements in any physical state (liquid, solid, gaseous/vapor) that are prohibited, limited, or regulated by Environmental Laws, or any other substances, chemicals, materials, or elements that are defined as "hazardous" or "toxic," under Environmental Laws, or that are known or considered to be harmful, hazardous, or injurious to the human health or safety or the environment.

Prior Leases shall mean any and all lease agreements between HAECO (or any predecessor thereto) and Lake City regarding any property or improvements at the Airport, including but not limited to those certain leases dated April 1, 1982, and December 30, 1992, and all amendments and supplements thereto.

Term Commencement Date shall mean January 1, 2023.

1.2 Incorporation of Exhibits.

The following Exhibits are hereby made a part of this Lease:

EXHIBIT A	LEGAL DESCRIPTION
EXHIBIT B	FACILITY MAINTENANCE PLAN

ARTICLE 2 **PREMISES**

2.1 Lease Premises. Subject to the terms and conditions more fully set forth herein, Lake City hereby leases to HAECO and HAECO hereby leases from Lake City the "Leased Premises", which shall consist of the Property described in EXHIBIT A including the hangars, buildings and other improvements thereon.

2.2 Title. Title to the Leased Premises is held by Lake City and shall remain with Lake City at all times during the Term of this Lease.

ARTICLE 3 **TERM**

3.1 Term. As used in this Lease, the word "Term" includes the Initial Term, and each Extended Term, if HAECO exercises any or all of its options to extend the Term pursuant to this Article.

3.2 Initial Term. The "Initial Term" shall begin on the Term Commencement Date and shall terminate at midnight on the last day of the month that is twenty (20) years from the Term Commencement Date, unless terminated sooner in accordance with this Lease. "Lease Year" when used in this Lease means the twelve (12) month period beginning upon the Term Commencement Date and each consecutive twelve (12) month period thereafter beginning on the first day of the month immediately following the Term Commencement Date, unless the Term Commencement Date was the first day of the month, until the expiration or termination of this Lease.

3.3 Option to Extend. Provided the Lease is then in effect and an Event of Default, or any event that, with the giving of notice or the passing of time, would constitute an Event of Default, has not occurred at the time of the exercise of the rights provided in this Article, HAECO shall have the right to extend this Lease for an additional five (5) years (hereinafter referred to as "Extended Term(s)") two (2) consecutive times (each an "Extension Option"). HAECO's right to exercise the aforementioned Extension Options shall be subject to the following conditions:

- (a) In order to exercise an Extension Option, HAECO must give Lake City written notice of its intent to exercise such Extension Option, not more than three hundred and sixty-five (365) nor less than one hundred eighty (180) calendar days prior to the end of the Initial Term or Extended Term, whichever is applicable;
- (b) Upon exercise of the Extension Option for any Extended Term, and subject to HAECO's acceptance of the rates determined pursuant to Section 6.5, the word "Term," as defined in this Lease, shall also mean the period defined by the applicable Extended Term;
- (c) During any Extended Term, if applicable, all provisions of this Lease shall remain in full force and effect; and
- (d) Rent during any Extended Term shall be calculated in accordance with Article 5.4 herein.

3.4 Return of the Premises. Prior to the Lease Termination, regardless as to the circumstances upon which Lease Termination occurs, HAECO shall at its own expense: (i) except in case of a Lease Termination pursuant to Article 8.4, Article 15.3 or Article 33, return the Leased Premises to Lake City in the same condition they were in on the Date of Beneficial Occupancy, excepting only normal wear and tear, Force Majeure, and repairs required to be made by Lake City hereunder; (ii) remove all of its personal property and possessions from the Leased Premises. Any items of HAECO's personally remaining in or on the Leased Premises after the expiration or termination of this Lease shall be deemed abandoned by HAECO and become the sole property of Lake City. Notwithstanding the foregoing, any costs incurred by Lake City in storing and/or disposing of such abandoned property shall remain the sole obligation of HAECO, which obligation shall survive the expiration or termination of this Lease. It is understood that machinery, equipment and other property belonging to HAECO shall remain HAECO's property and shall be removed from the Leased Premises regardless of whether such property is affixed to the Leased Premises or may be regarded by law as part of the Leased Premises.

3.5 Holdover.

- (a) Notwithstanding anything in this Lease to the contrary, so long as an Event of Default, or any event that, with the giving of notice or the passing of time, would constitute an Event of Default, has not occurred at the time of the exercise of the rights provided in this paragraph, HAECO may request to holdover in the Leased Premises from month-to-month ("Permitted Holdover"), commencing as of the first calendar month immediately following the expiration of the Term (as the same may be extended) (the "Permitted Holdover Period"), by delivering to Lake City prior written notice of HAECO's request to so occupy the Leased Premises on or before the date that is six (6) months prior to the expiration of the Term. Lake City may, within thirty (30) days after receiving such notice, decline to allow a Permitted Holdover by delivering written notice thereof to HAECO. If Lake City does not respond to HAECO's request for a Permitted Holdover within such period, a Permitted Holdover shall be deemed allowed. The Permitted Holdover shall be subject to all the terms and conditions of this Lease, including without limitation payment of Rent (escalated annually as provided in

Article 6) in the amounts in effect on the final Lease Year of the Term, except that either Party may terminate the Permitted Holdover upon one hundred eighty (180) days' prior written notice.

- (b) Other than in the case of a Permitted Holdover, if HAECO fails to surrender the Leased Premises upon termination or expiration of this Lease then HAECO's continued occupancy of the Leased Premises shall be deemed a tenancy from month-to-month with respect to such retained portion at a rental rate of one hundred twenty-five percent (125%) the Rent due under this Lease for the month prior to the holdover, and otherwise subject to all the terms and conditions of this Lease. Lake City may terminate the holdover tenancy at any time by providing thirty (30) days' prior written notice to HAECO. In addition to any other liabilities to Lake City arising therefrom, HAECO shall and does hereby agree to indemnify, defend, and hold Lake City harmless from any loss or liability resulting from the HAECO's failure to surrender the Leased Premises, including but not limited to claims made by any succeeding tenant.

ARTICLE 4 **PERMITTED USES**

HAECO shall be permitted to use the Leased Premises solely for the operation by HAECO of an aircraft maintenance, repair and overhaul facility, and uses ancillary and necessary relating thereto. HAECO may provide additional aeronautical services subject to approval in writing by Lake City which approval shall not be unreasonably withheld, conditioned or delayed. Any and all services must be in accordance with the Airport Minimum Standards. No other uses of the Leased Premises are permitted unless agreed to in writing by Lake City and HAECO. Lake City and Lake City Parties assume no liability or responsibility whatsoever with respect to the use, conduct, or operation of the business to be conducted in and on the Leased Premises and shall not be liable for any loss, injury, or damage to property caused by or resulting from any variation, interruption, or failure of utility or other services due to any cause whatsoever, or from failure to make any repairs or perform any maintenance that is HAECO's responsibility pursuant to this Lease.

Subject to force majeure, HAECO shall continuously occupy the Leased Premises and operate the Facility in an ongoing manner throughout the Term of the Lease, unless otherwise agreed to in writing by Lake City; PROVIDED that Lake City and HAECO acknowledge that there may be periods of up to six (6) months when operations at the Leased Premises may cease or be suspended. In the event HAECO requires an extended suspension of operations of the Leased Premises, defined as any period in excess of six (6) consecutive months, Lake City shall have the right, in addition to the remedies provided for under Article ___, to terminate this Lease upon thirty (30) days written notice. All payments due Lake City as provided for in Article 6, shall remain due and payable during any period operations at the Leased Premises cease or are suspended and HAECO shall continue to maintain the Leased Premises, keep utilities and services in place, and maintain limited maintenance and security personnel.

ARTICLE 5 **RENTS, FEES, AND CHARGES**

5.1 **"Rent"** as used in this Lease shall include Base Rent, Additional Rent, as each is defined in this Article, and any other amounts of money due to Lake City from HAECO hereunder.

5.2 **Base Rent.** Effective on the Term Commencement Date and continuing for the first nine (9) Lease Years, HAECO shall pay Lake City, in equal monthly installments, in advance, on or before the first (1st) day of each month, "Base Rent" in the amount set forth in the table below per Lease Year:

<u>Lease Year</u>	<u>Annual Base Rent</u>
1	\$300,000*
2	\$350,000
3	\$400,000
4	\$450,000
5	\$500,000

Commencing with the sixth Lease Year, Base Rent shall be increased annually by a percentage rate determined by taking the average year-over-year annual percentage change in CPI for the previous ten (10) year period, measured as of June 30 of the previous Lease Year, and rounding to the nearest tenth of a percent, not to exceed three percent (3%) per Lease Year.

*The Base Rent for the first Lease Year will be subject to a credit adjustment in the amount of \$95,000 representing reimbursement to HAECO for overpayment of rent during the Prior Leases.

5.3 **Partial Month.** If the Term Commencement Date occurs on a day other than the first day of a month, HAECO will pay a prorated portion of Rent due for the first full month of the Initial Term.

5.4 **Extended Term Rent Adjustment.**

- (a) **Extended Term Adjustment.** If HAECO exercises one or more of its Extension Options as provided under Section 3.3, Base Rent for the initial year of the first Extended Term will be adjusted to the fair market ground and facility rent for the Leased Premises as determined by the following procedure:

Lake City will propose the Base Rent for the first year of the first Extended Term no later than thirty (30) days following Lake City's receipt of HAECO's written notice to exercise its initial Extension Option. Such proposal will be delivered to HAECO as a notice pursuant to Article 38 of this Lease. If Lake City fails to deliver its proposal to HAECO within such time period, the Base Rent for the first Lease Year of the first Extended Term shall be equal to the Base Rent at the end of the Initial Term. The Parties will use best efforts to agree on a new Base Rent for the first Lease Year of the first Extended Term within (30) days after HAECO's receipt of Lake City's proposal.

If the parties have failed to reach agreement on Base Rent for the first year of the Extended Term thirty (30) days following Lake City's proposal, HAECO and Lake City will within sixty (60) days following Lake City's proposal each appoint an independent appraiser, each of whom shall be a professional M.A.I. appraiser with at

least ten years' experience appraising aviation and industrial properties in the Northeast Florida market, and each appraiser will provide said appraiser's opinion of the fair market Base Rent for the first year of the first Extended Term and will report such opinion to the other appraiser within thirty (30) days of the date of such appraiser's appointment. In determining fair market Base Rent, the appraisers shall take into account all relevant factors.

If one party fails to appoint an appraiser, the opinion of the one appraiser so selected shall be the Base Rent for the first year of the first Extended Term. If both parties have appointed an appraiser, and the higher of the two appraisals is not more than 105% of the lower of the two appraisals, the two appraisals will be averaged. The Base Rent for the first year of the first Extended Term will be such average.

If the higher appraisal is more than 105% of the lower appraisal, the two appraisers shall retain a third appraiser (and if they cannot agree upon an appraiser, one will be appointed by the executive in charge of the Miami office of the American Arbitration Association ("AAA") or his/her delegate upon the application of either Lake City or HAECO, or another office of the AAA mutually agreeable to Lake City and HAECO or, if the AAA is unable to carry out such duty, a successor organization selected by Lake City and reasonably acceptable to HAECO), and such third appraiser (who shall be subject to the same requirements as to qualifications as the other two appraisers) shall select a rent that such appraiser deems reasonable (taking into account all relevant factors, including concessions then being granted by aviation and industrial landlords), as long as it is no higher and no lower than the rent as determined by the other two appraisers, respectively. In these circumstances, the rent so selected by the third appraiser shall be the Base Rent for the first year of the first Extended Term. Each party will be responsible for the fees and expenses of the appraiser retained by such party and if a third appraiser is used the parties will share the fees and expenses of said appraiser equally.

- (b) Annual Adjustment during Extended Term(s). Once Base Rent for the first Lease Year of the first Extended Term is determined in accordance with Section 5.4(a) above, Base Rent shall increase annually by a percentage rate determined by taking the average year over year annual percentage increase in CPI, for the previous ten (10) year period, and rounding up to the nearest tenth of a percent, not to exceed 3 percent (3%) per Lease Year.

5.5 Failure to Pay Rentals, Fees or Charges. Notwithstanding any assignment or subletting, HAECO and any of its guarantor or surety obligations under this Lease shall at all times remain fully responsible and liable for the payment of the Rent herein specified and for compliance with all of its other obligations under this Lease. In the event HAECO fails to make timely payment of any Rent or other fees, charges, and payments due and payable in accordance with the terms of this Lease within ten (10) Business Days after same shall become due and payable, interest at the maximum rate allowed by law shall accrue against the delinquent payment from the date due until the date payment is received by Lake City. Notwithstanding the foregoing, Lake City shall not be

prevented from terminating this Lease for default in the payment of Rents, fees, charges, and payments due to Lake City pursuant to this Lease, or from enforcing any other right or remedy contained herein or provided by Applicable Law.

5.6 Service Charge for Worthless Checks. In the event HAECO delivers a worthless check or draft to Lake City in payment of any obligation arising under this Lease, HAECO shall incur a service charge of up to forty dollars (\$40.00) or five percent (5%) of the face amount of such check, whichever is greater; or, if Florida Statute § 832.07 is amended, such other fee as shall be set by said statute.

5.7 Other Fees and Charges. Nothing contained in this Lease shall preclude Lake City from establishing other reasonable and non-discriminatory fees and charges applicable to aircraft operating at the Airport, including aircraft owned or operated by HAECO, at such time as Lake City deems appropriate. HAECO expressly agrees to pay such fees and charges as if they were specifically included in this Lease. In the event HAECO engages in any activity or provides any service at the Airport for which other companies operating at the Airport pay a fee to Lake City, HAECO shall pay Lake City fees equivalent to those paid by such other companies for engaging in such activities or providing such services.

5.8 Place of Payment. HAECO shall pay all rents, fees, charges and billings required by this Lease in U.S. Dollars remitted to the following address:

Lake City Gateway Airport
3524 East US Highway 90 Lake
City, Florida 32055

All reports, correspondence, or notices should be addressed as indicated in the Article 38 hereof.

ARTICLE 6

CONTRACT SECURITY

Lake City acknowledges that HAECO has previously paid to Lake City a deposit in the amount of \$100,000 under the Prior Leases (the "Contract Security"). The Contract Security will be retained by Lake City and applied to this Lease. Lake City shall not be required to pay interest on the Contract Security or to maintain the Contract Security in a separate account. If any sum payable by HAECO to Lake City shall be due and unpaid, or if Lake City makes any payments on behalf of HAECO, or if Lake City suffers any loss, cost or expense as a result of HAECO's non-performance of any obligation or covenant herein, then Lake City, at its option and without limiting any other remedy, may use and apply any part of the Contract Security to compensate Lake City for the payments not made or the loss, cost or expense suffered by Lake City, provided that Lake City shall notify HAECO of Lake City's intended use thereof prior to such use. Within thirty (30) days after the later of (a) the expiration or earlier termination of this Lease, or (b) HAECO's vacating the Leased Premises, Lake City shall return the Contract Security less such portion thereof as Lake City may have used to satisfy HAECO's obligations.

ARTICLE 7
OBLIGATIONS OF HAECO

HAECO shall:

7.1 Control, within reason, the conduct of HAECO's Parties and, upon objection from Lake City concerning such conduct, shall immediately take all reasonable steps necessary to remove the cause of objection.

7.2 Remove from the Leased Premises or otherwise dispose of in a lawful manner all garbage, debris and other waste materials (whether solid or liquid) arising out of its occupancy of the Leased Premises or out of its operations. Any such debris or waste which is temporarily stored in the open shall be kept in suitable garbage and waste receptacles equipped with tight-fitting covers and designed to safely and properly contain whatever material may be placed therein. HAECO shall use extreme care when effective removal of all such waste.

7.3 Not create, commit, or maintain any nuisance, waste, or damage to the Leased Premises or other areas of the Airport and shall not do or permit to be done anything which may result in the creation or commission or maintenance of such nuisance, waste or damage to the Leased Premises.

7.4 Not create nor permit to be caused or created upon the Airport or the Leased Premises any obnoxious odor, smoke or noxious gases or vapors, other than those arising from the ordinary conduct of aircraft maintenance, repair and overhaul activities.

7.5 Not do or permit to be done anything which may interfere with effectiveness or accessibility of any utility or other system, including, the drainage and sewage system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, installed or located on the Leased Premises.

7.6 Not overload any floor or paved area on the Leased Premises and shall repair any floor, including supporting members, and any paved area damaged by overloading.

7.7 Not do or permit to be done any act or thing upon the Leased Premises:

- (a) Which will invalidate or conflict with any fire insurance policies covering the Leased Premises or any part thereof or other contiguous property; or
- (b) Which may constitute an extra-hazardous condition so as to increase the risks normally attendant upon the operations permitted by this Lease.

7.8 Not keep or store flammable liquids within any covered and enclosed portion of the Leased Premises in violation of Applicable Law or in excess of HAECO's working requirements. Any such liquids having a flash point of less than 110°F shall be kept and stored in safety containers of a type approved by the Underwriters Laboratories.

7.9 Provide frequency protection within the aviation air/ground VHF frequency band and the UHF frequency band in accordance with restrictions promulgated by the Federal Aviation Administration for operations in the vicinity of the FAA facilities.

ARTICLE 8
DEFAULT AND TERMINATION RIGHTS OF LAKE CITY

8.1 Events of Default. The occurrence of any of the following events shall constitute an "Event of Default" under this Lease:

- A. HAECO's failure to: (i) pay Rent, any portion thereof, or any other sums payable hereunder for a period of ten (10) Business Days after written notice by Lake City of the date due; or (ii) maintain the Contract Security (if applicable), required insurance, or the Maintenance Reserve Fund (if applicable) as required by this Lease;
- B. HAECO's failure to observe, keep or perform any of the other terms, covenants, agreements or conditions of this Lease or in the Airport Rules and Regulations for a period of thirty (30) days after written notice by Lake City, PROVIDED that HAECO will not be in default under this item B if HAECO has commenced a cure of such default within such thirty-day period and continues to pursue such cure diligently thereafter and completes such cure within a period of one hundred twenty (120) days from the date of such written notice;
- C. The bankruptcy of HAECO;
- D. HAECO making an assignment for the benefit for creditors;
- E. A receiver or trustee being appointed for HAECO or a substantial portion of HAECO's assets;
- F. HAECO's voluntary petitioning for relief under, or otherwise seeking the benefit of, any bankruptcy, reorganization, arrangement or insolvency law;
- G. Subject to Article 5, HAECO's vacating or abandoning the Leased Premises;
- H. HAECO's interest under this Lease being sold under execution or other legal process;
- I. HAECO's interest under this Lease being modified or altered by any unauthorized assignment or subletting or by operation of law;
- J. Any of the goods or chattels of HAECO used in, or incident to, the operation of HAECO's business in the Leased Premises being seized, sequestered, or impounded by virtue of, or under authority of, any legal proceeding;
- K. Any policies of insurance required to be maintained by HAECO Pursuant to this Lease shall expire and not be renewed or replaced by HAECO within five (5) days;

- L. Noncompliance with Florida Statute 287.133, Concerning Criminal Activity on Contracts with Public Entities, or other failure to comply with Applicable Law.

8.2 Remedies. In the event of any of the foregoing Events of Default, Lake City, at its election, may exercise any one or more of the following options or remedies, the exercise of any of which shall not be deemed to preclude the exercise of any others herein listed or otherwise provided by statute or general law at the same time or at the subsequent times or in subsequent actions:

- A. Proceed against HAECO's Contract Security (if applicable);
- B. Terminate HAECO's right to possession under the Lease and re-enter and retake possession of the Leased Premises and relet or attempt to relet the Leased Premises on behalf of HAECO at such rent and under such terms and conditions as Lake City may deem best under the circumstances for the purpose of reducing HAECO's liability. Lake City shall not be deemed to have thereby accepted a surrender of the Leased Premises, and HAECO shall remain liable for all Rent, or other sums due, under this Lease and for all damages suffered by Lake City because of HAECO's breach of any of the covenants of the Lease.
- C. Declare this Lease to be terminated, ended and null and void, and re-enter upon and take possession of the Leased Premises whereupon all right, title and interest of HAECO in the Leased Premises shall end.
- D. Accelerate and declare the entire remaining unpaid Rent for the Term of this Lease and any other sums due and payable forthwith and may, at once, take legal action to recover and collect the same, PROVIDED that at any time during Lake City's efforts to collect such accelerated amount or after Lake City has collected such amount, HAECO shall be entitled to receive an amount equal to the amount received by Lake City, up to the amount previously owed by and actually received from HAECO, from reletting the Premises for the balance of the Term, less the cost of any repairs or improvements reasonably required to relet the Leased Premises.
- E. If any policy of insurance required under this Lease shall expire and not be renewed or replaced by HAECO within five days of such expiration, Lake City may obtain such insurance, and the cost of such insurance shall be reimbursed by HAECO to Lake City as Additional Rent within fifteen (15) days of HAECO's receipt of an invoice therefor.

8.3 Additional Provisions. No re-entry or retaking possession of the Leased Premises by Lake City shall be construed as an election on its part to terminate this Lease, unless a written notice of such intention be given to HAECO, nor shall pursuit of any remedy herein provided constitute a forfeiture or waiver of any Rent or other monies due to Lake City hereunder or of any damages accruing to Lake City by reason of the violations of any of the terms, provision and covenants herein contained. Lake City's acceptance of Rent or other monies following any non-monetary Event of Default hereunder shall not be construed as Lake City's waiver of such Event of Default. No forbearance by Lake City of action upon any violation or breach of any of the terms, provisions and covenants herein contained shall be deemed or construed to constitute a waiver of the terms, provisions and covenants herein contained. Forbearance by Lake City to

enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of any other violation or default. Legal actions to recover for loss or damage that Lake City may suffer by reason of termination of this Lease or the deficiency from any reletting as provided for above shall include the expense of repossessions or reletting and any repairs or remodeling undertaken by Lake City following repossession.

8.4 Termination by HAECO. This Lease shall be subject to termination by HAECO after the happening of one or more of the following events:

- (a) The permanent closure of the Airport;
- (b) The lawful assumption by the United States Government, or any authorized agency thereof, of the operation, control, or use of the Leased Premises or of the Airport, or any substantial part or parts thereof, in such a manner as to restrict HAECO's use and operation of the Leased Premises for a period of at least 90 days;
- (c) Issuance by a court of competent jurisdiction, without fault on the part of HAECO, of any injunction preventing or restraining the use of the Airport, and the remaining in force of such injunction for a period of at least 90 days; or
- (d) The default by Lake City, in any substantial respect, in the performance of any covenant or agreement herein required to be performed by Lake City and the failure of Lake City to remedy such default within a period of 30 days after Lake City's receipt from HAECO of written notice thereof; PROVIDED that Lake City will not be in default under this item (d) if Lake City has commenced a cure of such default within such thirty-day period and continues to pursue such cure diligently thereafter and completes such cure within a period of one hundred twenty (120) days from the date of such written notice.

HAECO may exercise its right of termination under this Article 8.4 by written notice to Lake City at any time after the occurrence of any such event (which, in the case of the events described in Subsections (b) through (d) hereof, shall not be deemed to have occurred until the lapse of the applicable period of time specified therein) and before Lake City has cured or removed the same, and this Lease shall terminate upon such termination. In the event of a termination of this Lease by HAECO under this Article 8.4, rentals due hereunder shall be payable only to the date of commencement of the event which is the cause of such termination.

ARTICLE 9

MAINTENANCE AND REPAIRS

9.1 Triple Net Lease. Except as otherwise expressly provided in this Lease, this Lease shall be deemed to be "triple net" without cost or expense to Lake City including, but not limited to, cost and expenses relating to taxes, insurance, and maintenance (regardless of whether buildings and improvements are then owned by HAECO or Lake City) and the operation of the Leased Premises.

9.2 HAECO's Responsibilities. HAECO shall throughout the term of this Lease assume the entire responsibility and shall relieve Lake City from all responsibility for all repair and maintenance whatsoever with respect to the Leased Premises, whether such repair or maintenance be ordinary or extraordinary, or otherwise, and without the generality hereof, shall:

- A. Keep at all times in a clean and orderly condition and appearance the Leased Premises and all HAECO's fixtures, equipment and personal property which are located in any part of the Leased Premises.
- B. Paint the exterior and interior of the Leased Premises, and repair and maintain all doors.
- C. Repair and maintain all building systems, including but not limited to HVAC, electrical, fire suppression system, plumbing, compressed air, landscaping, windows, pavements, equipment, lighting fixtures, furnishings, fixtures, roof and exterior walls.
- D. Provide and maintain fire protection and safety equipment and all other equipment of every kind and nature required by any Applicable Law and/or insurance requirement.
- E. Keep all areas of the Leased Premises, including the apron areas, in a state of good repair, to include repair of any damage to the pavement or other surface of the Leased Premises or the Project caused by weathering and/or aging, HAECO's operations, or by any oil, gasoline, grease, lubricants or other flammable liquids and substances having a corrosive or detrimental effect thereon.
- F. Be responsible for the maintenance and repair of all utility service lines from the point of entry to the Leased Premises except common utilities, if any, including but not limited to, service lines for the supply of water, gas service lines, electrical power and telephone conduits and line, sanitary sewers and storm sewers which are now or which may be subsequently located upon the Leased Premises and used by HAECO or any subtenants.

9.3 Maintenance Plan. HAECO shall submit a Facility Maintenance Plan ("FMP") for the Leased Premises that: (i) is consistent with industry best practices; and (ii) will provide for ongoing preventative maintenance and scheduled inspections. The FMP is attached to this Lease as **Exhibit B**. The FMP shall outline recommended services and maintenance schedules for all major components and systems contained within the Leased Premises; to include but not limited to, heating, ventilation and air conditioning systems ("HVAC"), plumbing and electrical systems, fire suppression and alarm systems, roof and wall systems, interior and exterior finishes, painting, paving, landscaping and stormwater control systems. HAECO will have access to any and all warranties for the Leased Premises as provided in Section 2.3 of this Lease. In the event Lake City disagrees with HAECO's FMP and the parties are unable to resolve such disagreement within one hundred eighty (180) days after the Term Commencement Date, the parties agree to engage a mutually acceptable and qualified third-party expert to mediate the dispute. The cost of mediation will be shared equally between the parties.

- 9.4 **Semi-Annual Scheduled Inspections.** Lake City shall have the right to inspect the Premises semi-annually on January 30 and July 30 of each year without prior notice to HAECO. This in no way limits the City's right to entry as described in Article 26.
- 9.5 **Lake City's Rights.** If HAECO fails to perform HAECO's maintenance responsibilities, Lake City shall have the right, but not the obligation, to perform such maintenance responsibilities, provided Lake City has first, in any situation not involving an emergency, by written notice to HAECO, afforded HAECO a period of thirty (30) days within which to commence corrective action to correct the failure, which may include a corrective action plan. The corrective action plan shall begin corrective action within thirty (30) days, unless in case of emergency, or in the case of written approval by Lake City of a later start date. All costs incurred by Lake City in performing HAECO's maintenance responsibility, plus a twenty-five percent (25%) administrative charge, shall be paid by HAECO within thirty (30) days of receipt of billing therefor.
- 9.6 **No Improvements.** HAECO shall make no alterations or improvements to the Leased Premises without the prior written consent of Lake City, which shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, HAECO shall be entitled to make alterations to the existing hangars, buildings and other improvements provided such alterations comply with applicable laws and regulations.

ARTICLE 10

UTILITIES

HAECO agrees to provide for its own connections with utilities and to make separate agreements with the agencies responsible for these utilities. HAECO shall pay for all utility service supplied to the Leased Premises and, if required by the utility agencies as a condition of continued said services, HAECO shall install and pay for standard metering devices for the measurement of such services. HAECO shall be solely responsible for all utility charges, including without limitation natural gas, electricity, sewer, telecommunications and water used on the Leased Premises during the Term. HAECO further agrees that Lake City shall have the right, without cost to HAECO, to install and maintain in, on, or across the Leased Premises sewer, water, gas, electric and telephone lines, electric substations, or other installations necessary to the operation of the Airport, or to service other tenants of Lake City; provided Lake City shall carry out such work and locate above-ground structures in a manner that does not unreasonably interfere with the HAECO's use of the Leased Premises.

ARTICLE 11

INGRESS AND EGRESS

11.1 **Use of Public Way.** HAECO its contractors, suppliers of material and furnishers of services, shall have the right of ingress and egress to the Leased Premises via appropriate public or private way, provided that Lake City may, from time to time, substitute other means of ingress and egress so long as an alternate adequate means of ingress and egress is available and suitable for HAECO's use of the Leased Premises.

11.2 **Closures.** Lake City may at any time temporarily or permanently close any taxiway, roadway or other area used as ingress or egress to the Leased Premises presently or hereafter used as such, so long as an alternative means of ingress and egress is made available to HAECO and so long as such closure does

not unreasonably interfere with HAECO using the Leased Premises as HAECO intends; PROVIDED that Lake City may close any such means of access or egress without providing an alternative means of ingress or egress due to a force majeure event or for a commercially reasonable period of time necessary to repair or otherwise maintain such areas and facilities (a "Total Closure"). In the event any such Total Closure is necessary, Lake City will provide HAECO with advance, written notice reasonable under the circumstances and use diligent efforts to coordinate any such closure and maintenance activities with HAECO to minimize any adverse effects upon HAECO's operations. HAECO hereby releases and discharges Lake City, its successors and assigns, of and from any and all claims, demands or causes of action which HAECO may now or at any time hereafter have against any of the foregoing arising or alleged to arise out of the closing of any taxiway, apron, runway, street, roadway, or other areas used as such, whether within or outside the Leased Premises, provided that Lake City makes available to HAECO an alternate means of ingress and egress.

11.3 HAECO's Access. Subject to closure due to a force majeure event, HAECO will have access to the Leased Premises 24 hours a day, seven days a week, 365/366 days a year during the Term.

ARTICLE 12

TAXES, PERMITS AND LICENSES

In addition to those obligations set forth in Article 6, HAECO shall bear, at its own expense, all costs of operating its equipment and business including any and all ad valorem, sales, use or other taxes levied, assessed or charged upon or with respect to the leasehold estate, the Premises or improvements or property HAECO places thereon and any assessed against the operation of the business and any ad valorem, sales, use or similar taxes levied or assessed on any payments made by HAECO hereunder, whether assessed at the time of this Lease or thereafter imposed, and regardless of whether said items are billed to Lake City or the HAECO. HAECO reserves the right to contest any such taxes and withhold payment of such taxes, so long as the nonpayment of such taxes does not result in a lien against the Leased Premises or a direct liability on the part of Lake City.

HAECO shall bear all cost of obtaining any permits, licenses, or other authorizations required by Applicable Law in connection with the operation of its business at the Airport, and copies of all such permits, certificates and licenses shall be forwarded to Lake City upon request.

ARTICLE 13

INSURANCE

HAECO shall provide, pay for, and maintain throughout the Term of this Lease, insurance as described herein. All insurance shall be from responsible companies authorized to do business in the State of Florida. An insurance company included in HAECO's enterprise-wide program of insurance shall be deemed to be acceptable to Lake City for this purpose, provided the company is licensed by the Florida Department of Financial Services and otherwise authorized to conduct insurance business within the State of Florida. All liability insurance policies required herein shall provide a severability of interest provision. The insurance coverages and limits required shall be evidenced by properly executed certificates of insurance. There shall be no legal prohibition preventing the issuer of any of the required policies of insurance from making payment under a policy in Columbia County, Florida.

All certificates shall provide that except in respect of any provision of cancellation or automatic termination specified in the policy or any endorsement thereof, the cover provided may only be cancelled or materially altered in a manner adverse to the Additional Insureds by insurers giving not less than thirty (30) days notice in writing to Lake City, except that with respect to war and allied perils coverage, such period of notice shall be seven (7) days or such lesser period as may be customarily available. Notice will not however be given at normal policy expiry date or in the event of non-renewal. In the event of a reduction in any aggregate limit below the requirements of this Article, HAECO shall take immediate steps to have such aggregate limit reinstated. If at any time Lake City reasonably requests a written statement from the insurance company regarding any impairment to the aggregate limit of insurance, HAECO shall promptly deliver such statement to Lake City. HAECO shall make up any impairment when known to it. HAECO authorizes Lake City to confirm all information, as to compliance with the insurance requirements herein with HAECO's insurance agents, brokers, and insurance carriers. All insurance coverages of HAECO shall be primary as regards any insurance or self-insurance program carried by Lake City with respect to all matters covered by the insurance requirements of this Article 18.

The acceptance of delivery by Lake City of any certificate of insurance evidencing HAECO's insurance coverages and limits does not constitute approval or agreement by Lake City that the insurance requirements have been met or that the insurance policies shown in the certificates of insurance are in compliance with the requirements herein.

HAECO shall, before commencement of any work on the Leased Premises, furnish Lake City evidence that its contractor(s) is covered to the reasonable satisfaction of Lake City.

The insurance coverages and limits required of HAECO are designed to meet the minimum requirements of Lake City. They are not designed as a recommended insurance program for HAECO. HAECO alone shall be responsible for the sufficiency of its own insurance program.

HAECO and Lake City understand and agree that the limits and coverages of the insurance herein required may become inadequate based on HAECO's activities and industry practices, and HAECO agrees that it will increase such limits or provide such coverages as may be commercially reasonable at the time for facilities such as the Leased Premises at each annual policy renewal.

If any liability insurance required herein is to be issued or renewed on a "claims made" form as opposed to the "occurrence" form, the retroactive date for coverage shall be no later than the Effective Date of the Lease and shall provide that in the event of cancellation or non-renewal, the discovery period for insurance claims (Tail Coverage) shall be unlimited.

All of the required insurance coverages shall be issued as required by Applicable Law and shall be endorsed, where necessary, to comply with the minimum requirements contained herein. Submissions required by this Article shall be given to:

Lake City Gateway Airport
3524 East US Highway 90 Lake
City, Florida 32055

Renewal Certificates of Insurance shall be provided to Lake City as soon as practicable upon renewal.

As provided in Article 9, Lake City may terminate or suspend this Lease at any time should HAECO fail to provide or maintain the insurance coverages required by this Article, evidenced by documentation acceptable to Lake City, provided that the HAECO shall not be required to provide originals or copies of any insurance policy to Lake City or its representatives.

The amounts and types of insurance shall conform to the following minimum requirements with the use of Insurance Service Office (ISO) policies, forms, and endorsements or broader where applicable. Notwithstanding the foregoing, the wording of all forms and endorsements must be reasonably acceptable to Lake City.

1. **Workers' Compensation and Employers' Liability.** Insurance in accordance with the statutes and regulations of the State of Florida including Employer's Liability. Limits shall not be less than:

Workers' Compensation	Florida Statutory requirements
Employer's Liability	\$500,000 limit each accident
	\$500,000 limit disease aggregate
	\$500,000 limit disease each employee

2. **Commercial General and/or Aviation Liability.** Insurance, including Premises & Operations, Personal Injury, Contractual for this Lease, Independent Contractors, and Broad Form property Damage including Completed Operations.

Limits of coverage shall not be less than:

\$1,000,000 Combined Single Limit each occurrence Bodily Injury and Property Damage Liability,

OR

\$1,000,000 each occurrence and aggregate for liability associated with all operations under this specific lease. The aggregate limits shall be separately applicable to this Lease.

3. **Automobile Liability.** Insurance shall be maintained by HAECO as to the ownership, maintenance and use of all owned, non-owned, leased or hired vehicles which are tagged and used commercially on Lake City's premises with limits of not less than:

Bodily Injury Liability	\$1,000,000 limit each person/\$1,000,000 limit each accident
Property Damage Liability	\$1,000,000 limit each accident

OR

Bodily Injury and \$1,000,000 Combined Single Limit each occurrence

Property Damage Liability

4. **Umbrella Liability or Excess Liability.** Insurance shall not be less than \$1,000,000 each occurrence and aggregate. The limits of primary liability insurance for the General Liability and Employers' Liability insurance coverages required in this section shall be not less than \$500,000 Combined Single Limit each occurrence and aggregate where applicable for Bodily Injury and Property Damage liability.

5. **Hangarkeeper's Legal Liability.** HAECO shall agree to maintain Hangarkeeper's Legal Liability providing property damage to aircraft which are the property of others and in the care, custody, or control of HAECO, but only while such aircraft are not in flight, in an amount not less than \$200,000,000 any one occurrence.

6. **Time Element Pollution Legal Liability.** HAECO shall maintain Time Element Pollution Legal Liability insurance in an amount not less than two million dollars (\$2,000,000) per occurrence which policy shall include a reasonable period of time generally consistent with the policy in place on the Effective Date for discovery and reporting of each covered occurrence, covering the costs of remediating any sudden and accidental environmental contamination for which HAECO is responsible under this Lease and for which HAECO has not commenced remediation activities as required under this Lease within thirty (30) days of such remediation obligation arising under this Lease.

7. **Additional Insured.** HAECO agrees to endorse Lake City as an Additional Insured with a CG2026 Additional Insured - Designated Person or Organization endorsement, or similar endorsement, to the Commercial General Liability and Business Automobile Liability. The Additional Insured shall read "Lake City, and its successors and assigns, and its Board members, officers, employees, agents, contractors, subcontractors and invitees to the extent of the indemnity obligation set out in Section 14.1 of the Lease pursuant to which this certificate is issued, but subject to the coverage, terms, limitations, warranties, exclusions and cancellation provisions of the policies of HAECO."

ARTICLE 14 **INDEMNIFICATION**

14.1 HAECO agrees to protect, defend, reimburse, indemnify and hold Lake City, its agents, employees and officers and each of them (collectively, "Lake City Indemnitees"), free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines and damages (including, without limitation, reasonable attorney fees and costs incurred prior to trial, at trial, on any appeal, and in any bankruptcy proceeding) and causes of action ("Claims") of every kind and character, known or unknown, against any Lake City Indemnitee by reason of any damage to property or bodily injury (including death) incurred or sustained by any party hereto, any agent or employee of any party hereto, and any third or other party whomsoever, or any governmental agency, to the extent arising out of or incident to or in connection with HAECO's performance under this Lease, HAECO's use or occupancy of the Leased Premises, HAECO's acts, omissions or operations hereunder or the performance, nonperformance or purported performance of HAECO or any breach of the terms of this Lease, but excluding any Claims to the extent they are caused by the negligence, recklessness, or intentional wrongful conduct on the part of Lake City or any of Lake City Indemnitees; PROVIDED,

however, (1) HAECO shall assume the responsibility to defend all Claims arising under this Lease and (2) in the event that Lake City or a Lake City Indemnitee is in part responsible for any loss, liability shall be allocated between Lake City and HAECO in accordance with Florida principles of comparative fault but HAECO will in no event be required to pay any portion of a loss that is attributable to the negligence or willful misconduct of Lake City or an Lake City Indemnitee; and PROVIDED, further, for the avoidance of doubt, that Lake City is not hereby waiving any defense or limitation of its liability, and all Claims against Lake City or any Lake City Indemnitee shall be subject to the provisions of Section 768.28 of the Florida Statutes, as amended from time to time (which defense and/or limitation of liability HAECO may argue in its defense of any Claim). HAECO recognizes the broad nature of this indemnification and hold harmless clause, and acknowledges that Lake City would not execute this Lease without this indemnity. This clause shall survive the expiration or termination of this Lease. Compliance with the insurance requirements as attached hereto shall not relieve HAECO of its liability or obligation to indemnify Lake City as set forth in this Article.

14.2 If the above indemnity or defense provisions or any part of the above indemnity or defense provisions are limited by Florida Statute §725.06(2)-(3) or Florida Statute §725.08, then with respect to the part so limited, HAECO agrees to the following: To the maximum extent permitted by Florida law, HAECO will indemnify, defend and hold harmless Lake City and each Lake City Party from any and all liabilities, damages, losses, and costs, including, but not limited to, reasonable attorneys' fee, to the extent caused by the negligence, recklessness, or intentional wrongful conduct of HAECO or any HAECO Party and except to the extent they are caused by the negligence, recklessness, or intentional wrongful conduct on the part of Lake City or any of Lake City Indemnitees; PROVIDED, however, (1) HAECO shall assume the responsibility to defend all Claims arising under this Lease and (2) in the event that Lake City or Lake City Indemnitee is in part responsible for any loss, liability shall be allocated between Lake City and HAECO in accordance with Florida principles of comparative fault but HAECO will in no event be required to pay any portion of a loss that is attributable to the negligence or willful misconduct of Lake City or an Lake City Indemnitee; and PROVIDED, further, for the avoidance of doubt, that Lake City is not hereby waiving any defense or limitation of its liability, and all Claims against Lake City or any Lake City indemnitee shall be subject to the provisions of Section 768.28 of the Florida Statutes, as amended from time to time (which defense and/or limitation of liability HAECO may argue in its defense of any Claim).

14.3 If the above indemnity or defense provisions or any part of the above indemnity or defense provisions are limited by Florida Statute §725.06 (1) or any other Applicable Law, then with respect to the part so limited the monetary limitation on the extent of the indemnification shall be the greater of the (i) coverage amount of Commercial General Liability Insurance required under this Lease or (ii) \$1,000,000.00. Otherwise, the obligations of this Article 14 will not be limited by the amount of any insurance required to be obtained or maintained under this Lease.

ARTICLE 15

CASUALTY

15.1 HAECO's Obligation to Insure; Damage or Destruction. HAECO at its own cost will procure and maintain physical damage property insurance on improvements owned by Lake City on the Leased Premises in an amount equal to the replacement cost of such improvements, subject to such deductibles and self-insured retentions previously disclosed in writing to Lake City that HAECO

maintains as part of its enterprise-wide risk management program. If, during the Term of this Lease, the Leased Premises or any portion thereof shall be destroyed (in whole or in part), or damaged by fire or other casualty, HAECO shall be obligated to use the Net Proceeds to repair the Leased Premises in accordance with Article 15.2. As used herein, "Net Proceeds" means, when used with respect to any insurance payment or award to Lake City and/or HAECO, the gross proceeds thereof less the expenses (including attorneys' fees) incurred in the collection of such gross proceeds.

15.2 Repair and Replacement. Except as set forth in Section 15.3 hereof, all Net Proceeds owed to either Lake City or HAECO as a result of an event described in Section 15.1 shall be applied to the prompt repair, restoration, modification, improvement, or replacement of the Leased Premises by HAECO to the same standards as required under this Lease. Any repair, restoration, modification, improvement, or replacement of the Leased Premises paid for in whole or in part out of Net Proceeds of Lake City's or HAECO's insurance shall be the property of Lake City, subject to this Lease, and shall be included as part of the Leased Premises under this Lease. During the period of time that HAECO cannot occupy any or all the Leased Premises by reason of any of the events described in Section 15.1, if any, Rent shall be abated in whole or in part in proportion to the total amount of the Leased Premises that cannot be occupied by HAECO for its intended use.

15.3 Insufficiency of Net Proceeds for Property. If there occurs an event described in Section 15.1 hereof, and the Net Proceeds received as a consequence of such event shall be insufficient to pay in full the cost of any repair, restoration, modification, improvement, or replacement of the Leased Premises required under this Article, the Parties shall meet as soon as possible and confer in good faith regarding a restoration plan. If the Parties are unable to reach an agreement on a restoration plan within thirty (30) days, this Lease shall terminate and be of no further force and effect and Lake City shall retain the Net Proceeds.

15.4 Cooperation. The Parties shall cooperate fully with the other in filing any proof of loss with respect to any insurance policy or performance bond covering the events described in Section 15.1 hereof. In no event shall either party voluntarily settle, or consent to the settlement of, any proceeding arising out of any insurance claim or performance or payment bond claim relating to the Leased Premises or any portion thereof without the written consent of the other party.

15.5 Limitation on Lake City Liability. In no event shall Lake City be liable to HAECO for any: (i) damage to the Leased Premises, except to the extent caused by the negligence, gross negligence or willful misconduct of Lake City, its agents, contractors or employees; or (ii) loss, damage or injury to any property therein or thereon except to the extent caused by the negligence, gross negligence or willful misconduct of Lake City, its agents, contractors or employees.

ARTICLE 16

FORCE MAJEURE

Except for HAECO's obligation to pay Rent and other fees and charges due hereunder, it shall not be considered an Event of Default and all deadlines (including the Delivery Deadline) shall be extended on a day-for-day basis, if Lake City or HAECO is prevented from performing any of the other obligations imposed under this Lease by reason of strikes, boycotts, labor disputes, embargoes,

shortage of energy or materials, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, riots, rebellion, sabotage, pandemics, or any other circumstances for which it is not responsible or which is beyond its control (each an event of “force majeure”). Lake City shall be under no obligation to furnish any service or supply any utility if and to the extent and during any period that the furnishing of any such service or the supplying of any such utility, or the use of any device or component necessary therefore, shall be prohibited or rationed by any Applicable Law.

ARTICLE 17

COMPLIANCE WITH LAWS, REGULATIONS, ORDINANCES AND RULES

17.1 HAECO shall at all times comply with all Applicable Laws, including without limitation the Airport Minimum Standards and other mandates whether existing or as promulgated from time to time by Governmental Authorities, Lake City or Airport Management, including but not limited to permitted and restricted activities, security matters, parking, ingress and egress, environmental and storm water regulations and any other operational matters related to the operation of the Airport; provided that any such mandates promulgated by Lake City shall not unreasonably interfere with HAECO’s use of the Leased Premises for the permitted purpose stated herein. This obligation shall include, but not be limited, to HAECO precluding the HAECO Parties from entering upon any restricted area of the Airport as noted in procedures, rules or regulations of any Governmental Lake City, including Lake City.

17.2 HAECO agrees to operate in accordance with the obligations of the Airport Sponsor to the federal government under applicable grant agreements or deeds. HAECO agrees to make available all facilities and services to the public on fair and reasonable terms and without unjust discrimination.

17.3 HAECO represents and warrants that it specifically understands and agrees that nothing contained in this Agreement shall be construed as granting or authorizing the granting of an exclusive right within the meaning of 49 U.S.C. § 40103(e) and §47107(a)(4).

17.4 The Parties agree that this Agreement is subordinate to Lake City’s obligations to the federal government under existing and future agreements for federal aid for the development and maintenance of the airport.

ARTICLE 18

ENVIRONMENTAL REGULATIONS

18.1 Environmental Representations. Notwithstanding any other provisions of this Lease, and in addition to any and all other Lease requirements, and any other covenants and warranties of HAECO, HAECO hereby expressly warrants, guarantees, and represents to Lake City, upon which Lake City expressly relies that:

- A. HAECO is knowledgeable of any and all Environmental Laws, without limitation which govern or which in any way apply to the direct or indirect results and impacts to the environmental and natural resources due to, or in any way resulting from, the conduct by HAECO of its operations pursuant to or upon the Leased Premises. HAECO agrees to keep informed of future changes in Environmental Laws.
- B. HAECO agrees to comply with all Environmental Laws applicable to its operations on

the Leased Premises and accepts full responsibility and liability for such compliance.

- C. HAECO shall, prior to commencement of any of HAECO's operations pursuant to this Lease on the Leased Premises, secure any and all permits required for HAECO's operations on the Leased Premises (with the exception of such permits as Lake City is required to obtain pursuant to Section 3.1 of the Lease), and properly make all necessary notifications as may be required from HAECO by any and all Governmental Authorities having jurisdiction over parties or the subject matter hereof.
- D. HAECO, and all HAECO Parties, have been fully and properly trained in the handling and storage of all such Hazardous Materials and other pollutants and contaminants; and such training complies with any and all Applicable Laws.
- E. HAECO agrees that it will neither handle nor store any Hazardous Materials on the Leased Premises in excess of those required to carry out its permitted uses at the Leased Premises and that all such Hazardous Materials will be stored, used and disposed of in accordance with Applicable Law.
- F. HAECO shall provide Lake City satisfactory documentary evidence of all such requisite legal permits and notifications as required by clause C above.
- G. HAECO agrees to cooperate with any investigation, audit or inquiry by Lake City or any Governmental Authority regarding possible violation of any Environmental Law.

18.2 Generator of Hazardous Waste. If HAECO is deemed to be a generator of hazardous waste, as defined by Applicable Law, HAECO shall obtain an EPA identification number and the appropriate generator permit and shall comply with all Environmental Laws imposed upon a generator of hazardous waste including, but not limited to, ensuring that the appropriate transportation and disposal of such materials are conducted in full compliance with Environmental Law.

18.3 Inventory List. HAECO shall maintain an accurate inventory list (including quantities) of all such Hazardous Materials, whether stored, disposed of or recycled, available at all times for inspection at any time on the Leased Premises by Lake City officials and also by Fire Department officials or regulatory personnel having jurisdiction over the Leased Premises, for implementation of proper storage, handling and disposal procedures.

18.4 Notification and Copies. Notification of all activities relating to Hazardous Materials by HAECO shall be provided on a timely basis to Lake City or such other agencies as required by Applicable Law. HAECO agrees a twenty-four (24)-hour emergency coordinator and phone number shall be furnished to Lake City in case of any spill, leak or other emergency situation involving hazardous, toxic, flammable or other pollutants or contaminated materials. Designation of this emergency coordination may be required by Environmental Laws. HAECO agrees to provide Lake City copies of all permit application materials, permits, monitoring reports, environmental response plan, and regulated materials storage and disposal plans relating to the Leased Premises.

18.5 Violation. If Lake City receives a notice from any Governmental Authority asserting a violation

by HAECO of HAECO's covenants and agreements contained herein, or if Lake City otherwise has reasonable grounds upon which to believe that such a violation has occurred, Lake City or its duly appointed consultants shall have the right, but not the obligation, to enter the Leased Premises, subject to HAECO's duly promulgated Enterprise and site specific security and safety requirements, procedures, and controls for HAECO's Airport operations as of the commencement of this Lease and any future modification of HAECO's site specific security and safety requirements, procedures, and controls to the extent that HAECO has provided advance written notice to and reasonably consulted with Lake City regarding such modifications), and perform environmental site assessments for the purpose of determining whether there exists any environmental condition that could result in any liability, cost or expense to Lake City. Lake City shall perform such tests on the Leased Premises as may be necessary, in the opinion of Lake City or its duly appointed consultants, acting reasonably, to conduct a prudent environmental site assessment; provided, however, such environmental site assessment shall not unreasonably interfere with HAECO's operations or use and enjoyment of the Leased Premises. HAECO shall supply such information as is reasonably requested by Lake City.

If HAECO receives a Notice of Violation or similar enforcement action or notice of noncompliance, HAECO shall provide a copy of same to Lake City within three (3) Business Days of receipt by HAECO.

ARTICLE 19

FEDERAL STORM WATER REGULATIONS

HAECO acknowledges that certain properties and uses of properties within the Airport or on Lake City owned land are subject to Federal storm water regulations as set forth in 40 CFR Part 122. HAECO agrees to observe and abide by said regulations as applicable to the Leased Premises thereof.

HAECO agrees to participate in any Lake City-organized task force or other work group established to coordinate storm water activities at the Airport. In addition, HAECO agrees to participate in Lake City's Environmental Compliance Program and is subject to and agrees to periodic inspections conducted by Airport staff, subject to HAECO's security and safety requirements, procedures, and controls, to observe the management, handling, storage, and disposal practices associated with any Hazardous Materials.

HAECO shall be strictly liable for, and hereby expressly assumes all responsibility for all citations, fines, environmental controls and monitoring, clean-up and disposal, restoration and corrective measures to the extent resulting from or connected with the HAECO or HAECO Parties' improper use, handling, storage or disposal of all pollutants or contaminated materials, as same are defined by Applicable Law, generated or used by HAECO or by any HAECO Parties, suppliers of service or providers of service, regardless of whether or not a default notice has been issued and notwithstanding any other obligations imposed upon HAECO pursuant to the terms of this Lease.

ARTICLE 20

ENVIRONMENTAL INSPECTION

HAECO acknowledges receipt of the Environmental Baseline Inspection report dated July 27, 2011, by the United States Army Corps of Engineers. Lake City and HAECO also acknowledge that during

operations at the Leased Premises, environmental contamination may be identified, and the parties will reasonably share information developed as to such environmental contamination with each other.

Within the last sixty (60) days of the Term or thereafter, Lake City shall have the right to have an environmental inspection performed, subject to HAECO's security and safety requirements, procedures, and controls, to determine the status of any Hazardous Materials, including, but not limited to, asbestos, PCBs, PFAS, urea formaldehyde, and radon gas existing on the Leased Premises or whether any said substances have been generated, released, stored or deposited over, or then exist beneath or on the Leased Premises from any source; provided, however, such environmental inspection shall not unreasonably interfere with HAECO's operations or use and enjoyment of the Lease Premises.

HAECO hereby expressly agrees to indemnify and hold Lake City and each Lake City Party harmless from and against any and all liability for fines and physical damage to property or injury or deaths to persons, including reasonable expense and attorney's fees, to the extent arising from or resulting out of, or caused by, HAECO's failure to comply with any and all Environmental Laws. HAECO understands that this indemnification is in addition to and is a supplement of HAECO's indemnification set forth in other provisions of this Lease and HAECO is in full understanding to the extent of this indemnification and hereby expressly acknowledges that it has received full and adequate consideration and that Lake City would not execute this Lease without this Indemnity. This provision of the Lease shall survive termination of the Lease.

Except as provided in Article 20A, with regard to any environmental contamination caused by HAECO or arising by reason of HAECO's use or occupancy of the Leased Premises, HAECO shall promptly take such action as is required by applicable Environmental Laws to clean up and remediate the Leased Premises at its own expense in accordance with Environmental Laws. The remediation must continue until the Governmental Authorities with jurisdiction determine that no further action is necessary in compliance with applicable Environmental Laws; it being understood and agreed that HAECO shall be obligated to clean-up and remediate the Leased Premises to achieve such standards or clean-up levels as are reasonably required by Lake City for properties at the Airport. If Lake City is unable, after commercially reasonable efforts, to lease the Leased Premises during the period of cleanup and remediation due to the environmental condition or cleanup work being performed, in addition to any other damages, HAECO shall be responsible for payment of lost rent or lost use to Lake City.

The firm(s) conducting the site inspection or the site cleanup work must be qualified and approved by Lake City and the HAECO, which approval shall not be unreasonably withheld, conditioned, or delayed, and the scope of work used by such firm shall be consistent with the then current engineering practices and methods required or recommended by the State of Florida and the United States and be acceptable to Lake City, which acceptance shall not be unreasonably withheld, conditioned, or delayed.

HAECO understands and agrees that it is strictly liable for any environmental violation or harm, or any contamination to the soil or the water table under the Leased Premises, to the extent caused by HAECO or occurring by reason of HAECO's use or occupancy of the Leased Premises. Said liability shall extend beyond the term of the Lease.

HAECO acknowledges that the United States Navy, pursuant to the terms of the 1999 Deed of Transfer, has a continuing right of access and obligation to monitor the environmental status of the entire Airport, including the Leased Premises.

ARTICLE 20A

PRE-EXISTING AND THIRD PARTY ENVIRONMENTAL CONDITIONS

(A) Notwithstanding anything to the contrary in this lease, including without limitation Articles 14, 18, 19 and 20, HAECO shall not be liable for and shall have no obligation or responsibility under this lease, at law, or otherwise for any Pre-Existing Environmental Condition or any Third-Party Environmental Condition. Lake City hereby releases, waives, and discharges any and all claims, rights, suits, liabilities, losses, demands, actions, or causes of action, whether arising by Statute (including without limitation cercla), regulation, contract, common law, equity, or otherwise (excluding, however, any claims rights, suits, liabilities, losses, demands, actions or causes of action arising from the negligence of HAECO or any HAECO party) that it may have, nor or in the future, against HAECO or any HAECO party, all to the extent arising from, connected with, or relating to any Pre-Existing Environmental Condition or Third-Party Environmental Condition.

(B) Lake City covenants and agrees that it shall undertake, at its sole cost and expense, any notification, investigation, monitoring, clean-up, removal or remediation of any Pre-Existing Environmental Condition or Third-Party Environmental Condition, to the extent required by any Applicable Law, or as required by any Governmental Lake City, whether such action is required now or in the future. In undertaking the foregoing, Lake City shall use commercially reasonable efforts not to unreasonably interfere with HAECO's operations or HAECO's use and enjoyment of the Leased Premises. For the avoidance of doubt, the foregoing undertaking shall apply without limitation to any Pre-Existing Environmental Condition or Third-Party Environmental Condition encountered during the construction of improvements at the Leased Premises performed by Lake City. Lake City further agrees that it shall implement, at its sole cost and expense, erosion control and storm water plans as necessary to comply with Applicable Law in conjunction with construction of improvements at the Leased Premises performed by Lake City.

(C) In the event that Lake City or any third-party undertakes any notification, investigation, monitoring, clean-up, removal or remediation of any Pre-Existing Environmental Condition or Third-Party Environmental Condition during the term of this Lease, Lake City shall (1) coordinate with HAECO to seek to minimize any disruption to HAECO's use and occupation of the Leased Premises, (2) keep HAECO informed of its progress in performing or completing any such actions, and (3) indemnify and hold HAECO harmless from any loss, damage or liability arising from such activities. HAECO shall be entitled, at its own cost and expense, to reasonably monitor Lake City's performance and completion of such actions. Such monitoring may include, without limitation: (1) the right to receive copies of all reports, work plans and analytical data generated by or on behalf of Lake City; all notices or other letters or documents received from or submitted to any Governmental Authority; and any other data, documentation and/or correspondence reasonably requested by HAECO, excepting any such documentation as may be subject to attorney-client privilege or other similar confidentiality restrictions, including without limitation requirements of Governmental Authorities and (2) prior notice of and the opportunity to attend and participate in any material meetings related to such actions.

(D) The term "Pre-Existing Environmental Condition," as used in this Lease, means the presence in soil, rock, bedrock, sediment, surface water, groundwater, drinking water, or other environmental media (including soil vapors or gases) on, under, in, or around the Leased Premises of any Hazardous Materials or any substance, material, or matter regulated under Environmental Laws or any substance, material, or matter for which liability or standards of conduct may be imposed under Applicable Laws and which were present on or before the commencement of the Prior Leases, and including any subsequent migration, movement, or transformation of such substances, materials, matter, or Hazardous Materials after the Term Commencement Date.

(E) The term "Third-Party Environmental Condition," as used in this Lease, means the presence in soil, rock, bedrock, sediment, surface water, groundwater, drinking water, or other environmental media (including soil vapors or gases) on, under, in, or around the Leased Premises of any Hazardous Materials or any substance, material, or matter regulated under Environmental Laws or any substance, material, or matter for which liability or standards of conduct may be imposed under Applicable Laws, and the presence of which HAECO demonstrates were or are caused or permitted by any person or party not affiliated with HAECO or any HAECO Party, and whether or not such substances, materials, matter, or Hazardous Materials were or are present on, before, or after the Term Commencement Date.

(F) Lake City's and HAECO's rights and obligations under this Article 20A shall survive any termination of the Lease.

ARTICLE 21

FUELING AND FUEL STORAGE TANKS

HAECO agrees that it will not have any underground or above ground storage tanks on the Leased Premises unless specifically authorized in writing by Lake City, which authorization shall not be unreasonably withheld, conditioned, or delayed as long as the design, installation and construction of such tanks complies with then-current requirements of all Governmental Authorities with jurisdiction over such tanks. If any tank is authorized by Lake City, HAECO covenants and agrees that it will comply with all Applicable Laws concerning the installation, operation, maintenance and inspection of above ground and underground storage tanks ("Tanks") including financial responsibility and corrective action requirements. It is understood that all Tanks existing at the Leased Premises as of the Term Commencement Date have been authorized by Lake City.

ARTICLE 22

FUELING OF AIRCRAFT

HAECO agrees to be responsible for the fueling needs of its customers and agrees to pay Lake City a flowage rate of Twenty Cents (\$.20) per gallon. HAECO agrees to submit fueling receipts and records annually so that Lake City may generate an invoice for payment by HAECO.

ARTICLE 23

AMERICANS WITH DISABILITIES ACT

HAECO shall comply with the requirements of the Americans with Disabilities Act (ADA) as published in Title 28, Code of Federal Regulations ("CFR"), Parts 35 and 36, and the State of Florida Accessibility Requirements Manual (ARM). Additionally, Lake City shall comply with the requirements of the ADA in its design and construction of the Leased Premises pursuant to 3 of this Lease.

ARTICLE 24

FEDERAL NONDISCRIMINATION CLAUSES

HAECO acknowledges that Lake City is required by the FAA under the terms of certain agreements between Lake City and the United States of America relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the grant or receipt of federal funds for the development of the Airport, to include in this Lease certain required contract provisions (the "Federal Nondiscrimination Clauses"). HAECO agrees to comply with the Federal Nondiscrimination Clauses and, where applicable, include the Federal Nondiscrimination Clauses in each of its subcontracts without limitation or alteration. HAECO further agrees to comply with any modification to or interpretation of the Federal Nondiscrimination Clauses that may from time to time be required by the FAA or other agency with jurisdiction, within thirty (30) days of receiving notice from Lake City of such required modifications.

ARTICLE 25

RIGHTS RESERVED TO LAKE CITY

Rights not specifically granted to HAECO by this Lease are expressly and independently reserved to Lake City. Lake City expressly reserves the right to prevent and restrict any use of the Leased Premises which would interfere with or adversely affect the operation or maintenance of the Airport, the authorized operations of other Airport tenants or users, or otherwise constitute an Airport hazard.

ARTICLE 26

RIGHT TO ENTRY

Subject to HAECO's security and safety requirements, procedures, and controls, except in an emergency, Lake City shall have the right to enter the Leased Premises with no less than twenty-four (24) hours' notice to HAECO and will be escorted, except in the event of an emergency, and at reasonable times to inspect the Leased Premises for the purpose of determining whether HAECO is in compliance with the requirements of this Lease. If upon inspecting the Leased Premises Lake City reasonably determines that the HAECO is not in compliance with this Lease, Lake City shall provide HAECO with a written notice of noncompliance listing the maintenance, repair, or other items that are in noncompliance. If the HAECO does not initiate corrective action to cure the items in noncompliance within thirty (30) days and pursue in a diligent manner thereafter to complete actions to cure said noncompliance, Lake City may institute legal action to enforce the terms of the maintenance agreement and this Lease to bring any portion of the Leased Premises into compliance with the requirements outlined therein. The prevailing party shall be entitled to reasonable costs and attorney's fees.

ARTICLE 27

RIGHT OF FLIGHT

It shall be a condition of this Lease that Lake City reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the real property owned by Lake City, including without limitation, the Leased Premises, together with the right to cause in said airspace, such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the Airport. HAECO further expressly agrees for itself, its successors and assigns to restrict the height of structures, objects of natural growth and other obstruction on the Leased Premises to such a height so as to comply with Title 14, CFR, Part 77.

ARTICLE 28

SIGNS

28.1 Written Approval. Subject to Lake City's prior written approval, which shall not be unreasonably withheld, HAECO shall be permitted to install signage upon the Leased Premises.

28.2 Removal. Upon the expiration or termination of the Lease, HAECO shall remove, obliterate or paint out, as Lake City may direct, at its sole discretion, any and all signs and advertising on the Leased Premises and, in connection therewith, restore the portion of the Leased Premises affected by such signs or advertising to the same conditions as existed prior to the placement of such signs or advertising. In the event of failure on the part of HAECO to remove, obliterate or paint out each and every sign or advertising and to so restore the Leased Premises, Lake City may perform the necessary work and HAECO shall pay these costs to Lake City.

ARTICLE 29

NO MORTGAGE RIGHTS OF HAECO

HAECO shall not mortgage, pledge, or hypothecate its property and leasehold interest without the prior written consent of the City of Lake City. As a condition precedent to obtaining the consent of the City of Lake City, HAECO and its lender shall provide to City of Lake City written evidence that the priority rights of City of Lake City under this Lease will not be adversely affected by such action. In addition, any leasehold mortgage, leasehold deed of trust, or other security financing arrangement shall specifically acknowledge that such financing shall never be construed to pledge, mortgage, encumber, hypothecate, alienate or otherwise grant or convey all or any part of the fee simple title to the real property underlying the leasehold estate herein given, or leasehold improvements which are the property of the City of Lake City, as the same is publicly-owned property not subject to encumbrance or involuntary sale or divestiture.

ARTICLE 30

RENT A SEPARATE COVENANT

HAECO shall not for any reason withhold or reduce HAECO's required payments of Rent and other

charges provided in this Lease, it being expressly understood and agreed by the Parties that the payment of Rent and any other rents, fees, or charges provided hereunder is a covenant by HAECO that is independent of the other covenants of the Parties hereunder.

ARTICLE 31

ASSIGNMENT AND SUBLETTING

HAECO shall not sublease or assign, directly or indirectly, this Lease, either in whole or in part, without prior written consent of Lake City, which shall not be unreasonably withheld; PROVIDED, however, that it shall not be unreasonable for Lake City to require that any assignee or subtenant meet certain objective financial worth and operational standards. Any assignment or sublease without the written consent of Lake City shall be void ab initio and of no force or effect. No request for, or consent to, such assignment shall be considered unless HAECO shall have paid all rentals, fees, and charges which have accrued in favor of Lake City and HAECO shall have otherwise met all other legal obligations to be performed, kept, and observed by it under the terms and conditions of this Lease or as this Lease may be subsequently amended or modified. Lake City reserves the right to investigate the financial capacity of the proposed assignee or sublessee prior to making its decision, and HAECO shall remain liable for all obligations under this Lease after such assignment or sublease. If Lake City consent to sublease is given, any rent, fees or charges collected by HAECO from its sublessee in excess of the total rent, fees and charges due Lake City, pursuant to Article 6 herein, shall be divided equally between HAECO and Lake City and included in the HAECO's monthly payment to Lake City. HAECO shall provide Lake City a copy of the proposed sublease agreement prior to any request for consent.

If there shall occur any change in the ownership of and/or power to vote the majority of the outstanding capital stock or membership interest of HAECO whereby the new owner is not affiliated with HAECO prior to such change, whether such change or ownership is by sale, assignment, bequest, inheritance, operation of law or otherwise, HAECO shall have an affirmative obligation to notify immediately Lake City of any such change.

ARTICLE 32

CORPORATE TENANCY

If HAECO is a corporation or limited liability company, the undersigned signatory of HAECO hereby warrants and certifies to Lake City that HAECO is a corporation or limited liability company in good standing and is authorized to do business in the State of Florida and shall provide proof of good standing to Lake City upon request. The undersigned signatory of HAECO hereby further warrants and certifies to Lake City that he or she, as such signatory, is authorized and empowered to bind the entity to the terms of this Lease by his or her signature thereto and that the HAECO and its officers, directors, shareholders, members and affiliates are not in violation of Florida Statute 287.133 and 287.134 regarding Public Entity Crimes. Upon request, HAECO shall provide to Lake City a letter, advising Lake City of all persons or entities owning 5% or more of the voting interest of the corporation or limited liability corporation, but if HAECO is subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, Lake City waives this obligation for as long as the HAECO remains subject to such requirements.

In the event HAECO becomes unauthorized to do business in Florida or it is determined that HAECO is no longer in good standing, HAECO shall have ninety (90) days within which to obtain good standing and provide proof of the same to Lake City. In the event HAECO is unable to do and provide the same, Lake City shall have the option to terminate the contract.

ARTICLE 33

EMINENT DOMAIN

In the event any Governmental Authority shall, by exercise of the right of eminent domain or any other power, acquire title in whole or in part of the Airport, including any portion assigned to HAECO, HAECO shall have no right of recovery whatsoever against Lake City but shall make its claim for compensation solely against such Governmental Authority. Notwithstanding the foregoing, if all or a substantial portion of the Leased Premises is taken under the power of eminent domain or like power, or if any other portion of the Airport is taken under such power and such taking substantially interferes with HAECO's operations, HAECO shall have the right to terminate this Lease on the date possession is delivered pursuant to the final order, judgment or decree entered in the eminent domain proceeding. In the event that a portion of the Leased Premises is taken and HAECO does not exercise its right to terminate this Lease (if applicable), the Rent payable under this lease shall be reduced proportionally.

ARTICLE 34

PERSONAL PROPERTY

Any personal property of HAECO or of others placed in the leased Premises shall be at the sole risk of HAECO or the owners thereof, and Lake City shall not be liable for any loss or damage thereto, irrespective of the cause of such loss or damage, and HAECO hereby waives all rights of subrogation or recovery from Lake City for such damage, destruction or loss, except to the extent such loss or damage is caused by the negligence, recklessness, or intentional wrongful conduct on the part of Lake City or any of Lake City Indemnitees.

ARTICLE 35

APPLICABLE LAW AND VENUE

This Lease shall be construed in accordance with the laws of the State of Florida. Venue for any action brought pursuant to this Lease shall be in Columbia County, Florida. Any action for breach of or enforcement of any provision of this Lease shall be brought in the court of appropriate jurisdiction in and for Columbia County, Florida.

ARTICLE 36

ATTORNEY'S FEES AND COSTS

In the event legal action is required hereunder to enforce the rights of the parties pursuant to this Lease the prevailing party will be entitled to reasonable costs and attorney's fees, including appellate fees.

ARTICLE 37
INVALIDITY OF CLAUSES

The invalidity of any portion, article, paragraph, provision or clause of this Lease shall have no effect upon the validity of any other part of portion thereof.

ARTICLE 38
NOTICES AND COMMUNICATIONS

All notices or other communications to Lake City or to HAECO pursuant hereto shall be deemed validly given, served, or delivered, upon delivery in person or by courier service, and, if mailed, upon three (3) days after deposit in the United States mail, certified and with proper postage and certified fee prepaid or one (1) day after delivery to a nationally recognized overnight delivery service, addressed as follows:

TO LAKE CITY:

City of Lake City, Florida
Attention: Mayor
City Hall
205 N. Marion Ave.
Lake City, FL 32055

With required copy to the City Attorney

Notices to HAECO:

HAECO Airframe Services, LLC
Attention: General Manager
102 Southeast Academic Avenue
Lake City, Florida 32025

With required copy to:

HAECO Americas, LLC
Attention: General Counsel
623 Radar Road
Greensboro, NC 27410

or to such other address as the addressee may designate in writing by notice to the other party delivered in accordance with the provisions of this Article.

ARTICLE 39
RELATIONSHIP OF THE PARTIES

HAECO is and shall be deemed to be an independent contractor and operator responsible to all third-parties for its respective acts or omissions, and Lake City shall in no way be responsible for such acts or omissions. Nothing in this Lease is intended to create any third-party beneficiaries hereto.

ARTICLE 40
COMPLIANCE WITH CHAPTER 119, FLORIDA STATUTES PUBLIC RECORD LAW

Pursuant to Section 119.0701, Florida Statutes, the Parties agree to the following:

1. During the term of this Agreement, HAECO shall comply with the Florida Public Records Law, to the extent such law is applicable to HAECO. If Section 119.0701, Florida Statutes is applicable, HAECO shall do the following: (1) Keep and maintain public records required by City to perform this service; (2) Upon request from City, provide City with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost allowed by law; (3) Keep from disclosure those public records that are exempt or confidential from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if HAECO does not transfer the records to City; (4) Upon completion of the contract, HAECO will transfer, at no cost, all public records to City, or keep and maintain public records required by City to perform the service. If HAECO transfers to City all public records upon completion of the contract, HAECO shall destroy any duplicate public records that are exempt or confidential from public records disclosure requirements. If HAECO keeps and maintains public records upon completion of the contract, HAECO shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to City in a format that is compatible with the information technology systems of City.
2. HAECO shall keep and make available to City for inspection and copying, upon written request by City, all records in HAECO's possession relating to this Agreement. Any document submitted to City may be a public record and is open for inspection or copying by any person or entity unless considered confidential and exempt. Public records are defined as all documents, papers, letters, maps, books, tapes, photographs, films, sound recordings, data processing software, or other material, regardless of physical form, characteristics, or means of transmission, made or received pursuant to law or ordinance or in connection with the transaction of official business by an agency. Any document in HAECO's possession is subject to inspection and copying unless exempted under Chapter 119, Florida Statutes.
3. During the term of this Agreement, HAECO may claim that some or all of HAECO's information, including, but not limited to, software, documentation, manuals, written methodologies and processes, pricing, discounts, or other considerations (hereafter collectively referred to as "Confidential Information"), is, or has been treated as, confidential and proprietary by HAECO in accordance with Section 812.081, Florida Statutes, or other law, and is exempt from disclosure under the Public Records Act. HAECO shall clearly identify and mark Confidential Information as "Confidential Information" and City shall use its best efforts to maintain the confidentiality of the information properly identified by HAECO as "Confidential Information."
4. City shall promptly notify HAECO in writing of any request received by City for disclosure of HAECO's Confidential Information and HAECO may assert any exemption from disclosure available under applicable law or seek a protective order against disclosure from a court of

competent jurisdiction. HAECO shall protect, defend, indemnify, and hold City, its officers, employees and agents free and harmless from and against any claims or judgments arising out of a request for disclosure of Confidential Information. HAECO shall investigate, handle, respond to, and defend, using counsel chosen by City, at HAECO's sole cost and expense, any such claim, even if any such claim is groundless, false, or fraudulent. HAECO shall pay for all costs and expenses related to such claim, including, but not limited to, payment of attorney fees, court costs, and expert witness fees and expenses. Upon completion of this Agreement, the provisions of this section shall continue to survive. HAECO releases City from all claims and damages related to any authorized and lawful disclosure of documents by City.

5. If the HAECO refuses to perform its duties under this section within 14 calendar days of notification by City that a demand has been made to disclose HAECO's Confidential Information, then HAECO waives its claim that any information is Confidential Information, and releases City from claims or damages related to the subsequent disclosure by City.
6. A request to inspect or copy public records relating to this Agreement must be made directly to City. If City does not possess the requested records, City shall immediately notify HAECO of the request, and HAECO must provide the records to City or allow the records to be inspected or copied within a reasonable time.
7. If HAECO fails to comply with the Public Records Law, HAECO shall be deemed to have breached a material provision of this Agreement and City shall enforce this Agreement and HAECO may be subject to penalties pursuant to Chapter 119.
8. **IF HAECO HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, REGARDING HAECO'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, HAECO SHOULD CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT 386-719-5756, OR CITYCLERK@LCFLA.COM OR 205 N. MARION AVE., LAKE CITY, FLORIDA 32055.**

ARTICLE 41 **AIR TRAFFIC CONTROL TOWER (ATCT)**

HAECO agrees to be responsible for the operation of the Air Traffic Control Tower at Lake City Gateway Airport. HAECO agrees to have the sole responsibility for ensuring that tower operators are properly credentialed and certified, will pay all fees, costs and salaries associated with Tower personnel and shall act as the liaison with the FAA on all issues regarding the operation of the Tower. HAECO will determine the hours of operation for the Tower and will advise the FAA of the hours the Tower will be in operation for the purpose of disseminating said information to airmen through the airport facility directory, notices to airmen and any other data base. Lake City shall be responsible for the maintenance of the control tower and all associated equipment.

ARTICLE 42 **NO INDIVIDUAL LIABILITY**

The Parties agree that neither the directors or Board members, nor any shareholder, member, officer,

employee, representative, or agent of either Party or their affiliates shall be personally liable for the satisfaction of such Party's obligations under this Lease, and each Party shall look solely to the assets of the other for satisfaction of any claims hereunder.

ARTICLE 43
SOVEREIGN IMMUNITY

Notwithstanding any other provision set forth in this contract, nothing contained in this Agreement shall be construed as a waiver of the City's right to sovereign immunity under section 768.28, Florida Statutes, or other limitations imposed on the City's potential liability under state or federal law. As such, the City shall not be liable under this contract for punitive damages or interest for the period before judgment. Further, the City shall not be liable for any claim or judgment, or portion thereof, to any one person for more than two hundred thousand dollars (\$200,000.00), or any claim or judgment, or portion thereof, which, when totaled with all other damages or judgments paid by the State or its agencies and subdivisions arising out of the same incident or occurrence, exceeds the sum of three hundred thousand dollars (\$300,000.00). This paragraph shall survive termination of this contract.

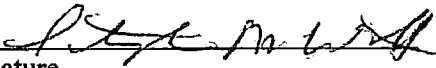
ARTICLE 44
ENTIRE AGREEMENT

This Lease contains all the agreements and conditions made between the parties hereto with respect to the matters contained herein and supersedes any and all prior agreements with respect thereto, including but not limited to the Prior Leases. This Lease may not be modified orally or in any other manner than by an agreement in writing signed by both the parties hereto or their respective successors.

[Signature page follows.]

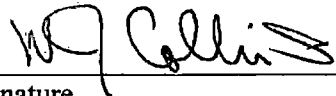
IN WITNESS WHEREOF, Lake City and HAECO have hereunto set their hands and seals the day and year first above written.

LAKE CITY:


Signature

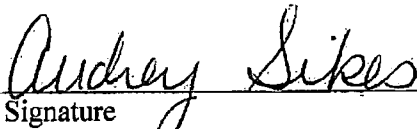
Printed Name: Stephen With

HAECO:


Signature

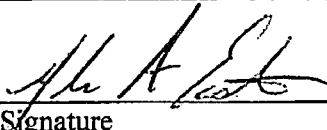
Printed Name: WJ Collins III

WITNESS FOR LAKE CITY:


Signature

Printed Name: Audrey Sikes

WITNESS FOR HAECO:


Signature

Printed Name: Mark A Easton

Exhibit A
Property Description

TOWNSHIP 4 SOUTH - RANGE 17 EAST

Being portions of Sections 1 and 2: Commence at the Southwest corner of the NW 1/4, Section 1, and run S 17°45'26" W, 671.01 feet to the POINT OF BEGINNING, thence run N 6°15' E, 982.28 feet, thence N 38°47' W, 1511.81 feet, thence N 51°20'30" E 200.00 feet, thence S 38°47' E, 1311.49 feet, thence N 6°15' E, 1734.88 feet, thence S 84°01' E, 525.00 feet, thence N 5°59' E, 800.00 feet, thence S 84°01' E, 512.80 feet, thence S 5°59' W, 255.90 feet, thence S 83°11'30" E, 702.70 feet, thence S 6°19' W, 1.00 feet, thence N 83°48' W, 219.41 feet, thence S 6°18' W, 1335.63 feet, thence S 38°52' E, 266.55 feet, thence S 51°08' W, 228.00 feet, thence S 35°13' E, 610.15 feet, thence S 74°11'40" W, 487.35 feet, thence N 28°34'20" W, 822.94 feet, thence N 79°54' W, 184.88 feet, thence S 6°19' W, 483.00 feet, thence S 38°41' E, 473.00 feet, thence S 51°19' W, 202.00 feet, thence N 38°41' W, 515.00 feet, thence S 71°15' W, 481.00 feet, thence S 6°15' W, 392.00 feet, thence N 84°01' W, 235.00 feet, to the POINT OF BEGINNING.

Being portions of Sections 1 and 2, Township 4 South, Range 17 East, Columbia County, Florida.

It is the intent of this instrument to include in the above description all of the property under lease by HAECO from Lake City under the Prior Leases as of the Term Commencement Date.

Exhibit B

Facility Maintenance Plan

LCQ CapEx Plan				Total 2023	Total 2024	Total 2025	Total 2026	Total 2027
Type	Dept	GL Ac	Project Name					
Building	Facilities		A/C systems	\$ 9,030	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Hangar 1 roof replace	\$ 364,000	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Hangar 2 roof replace	\$ 476,000	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Hangar 9 roof repairs	\$ 350,000	\$ -	\$ 70,000	\$ -	\$ -
Building	Facilities		Hangar 2 partial floor repour	\$ 448,000	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Fire Suppression for H1,H2	\$ 2,688,000	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Skylight Replacements for Hangar Roofs	\$ -	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Repave road to receiving bldg	\$ -	\$ 224,000	\$ -	\$ -	\$ -
Building	Facilities		Fire Suppression for H3, H5	\$ -	\$ 2,688,000	\$ -	\$ -	\$ -
Building	Facilities		Parking Lot resurface	\$ 280,000	\$ -	\$ -	\$ -	\$ -
Building	Facilities		Fire Suppression for H4		\$ -	\$ -	\$ -	\$ 1,344,000
Building	Facilities		Hangar 4 Floor replace		\$ -	\$ -	\$ -	\$ 1,344,000
Building	Facilities		Hangar 4 roof replace		\$ -	\$ -	\$ -	\$ 1,680,000
Building	Facilities		Hangar 4 drainage at entrance		\$ -	\$ -	\$ -	\$ 336,000
Building	Facilities		Training Break Area	\$ -	\$ 10,000	\$ -	\$ -	\$ -
Building	Facilities		Convert Fire Dept to Machine Shop	\$ -		\$ -	\$ 250,000	\$ -
Building	Facilities		Storage Building for Stores (currently using H4)	\$ -	\$ 250,000	\$ -	\$ -	\$ -
	EH&S		Wastewater Treatment system - risk avoidance	\$ 300,000.00				
Building	Backshops		Composite Room Overhaul	\$ 160,000	\$ -	\$ -	\$ -	
TOTAL				\$ 4,795,918.00	\$ 3,172,000.00	\$ 70,000.00	\$ 250,000.00	\$ 4,704,000.00
								\$ 12,991,918.00

Dates and values above represent estimates for planning purposes and are subject to change.