

LAND LEASE AGREEMENT

Between

**RUTHERFORD COUNTY
AIRPORT AUTHORITY**

And

SAMPLE

STATE OF NORTH CAROLINA
COUNTY OF RUTHERFORD

LAND LEASE AGREEMENT

This Land Lease Agreement (this "Agreement") is made and entered into this ___ day of _____, 20__ by and between the Rutherford County Airport Authority ("Lessor") and _____, a _____ organized and existing under the laws of the State of North Carolina ("Lessee").

WITNESSETH:

WHEREAS, the Lessor owns and operates the Rutherford County Airport (the "Airport"); and

WHEREAS, the Lessor is willing to lease land to Lessee suitable for a hangar and to permit construction and occupancy of a hangar on that property;

NOW THEREFORE, for and in consideration of the mutual premises and covenants herein contained and in further consideration of the payment of rent hereinafter stipulated, and of the terms and conditions herein set forth, Lessor and Lessee agree as follows:

SECTION 1. LEASED PROPERTY:

A. Leased Premises: The Lessor hereby leases to Lessee a parcel of land (the "Property"), containing approximately _____ square feet, located at the Airport which property is shown on the site plan (the "Site Plan") attached hereto as Exhibit "A" and incorporated herein by reference. The Property and the Leasehold Improvements described in Section 1(B) shall hereinafter be referred to as the "Leased Premises".

B. Improvements: Lessee will cause to be erected, constructed, or installed on the Property such improvements as Lessee and Lessor shall agree are necessary or desirable to serve as the base location for some or all of Lessee's aircraft (the "Leasehold Improvements"). Any future improvements as provided for in Section 6 shall also be deemed to be a part of the Leasehold Improvements.

C. Title to Leasehold Improvements: Fee simple title to the Leasehold Improvements shall be and remain in Lessee throughout the term of this Agreement. Upon the expiration or other termination of this Agreement, fee simple title to all Leasehold Improvements and any permanent fixtures and remaining on the Leased Premises shall immediately vest in the Lessor. Fee simple title to the Property shall at all times be and remain in the Lessor.

D. Design of Improvements: Within ninety (90) days of the execution of this Agreement, Lessee shall submit plans for constructing, erecting and installing the Leasehold Improvements on the Property to the appropriate governmental agencies for approval and shall

use commercially reasonable efforts to obtain all necessary permits. A copy of the final plans as approved by the appropriate governmental agencies shall be submitted to the Lessor. In addition, Lessee shall submit to the Lessor a schedule for accomplishing the Leasehold Improvements. Prior to the initiation of any construction by Lessee, a pre-construction meeting shall be held regarding construction and safety issues at the Airport. Two (2) complete certified sets of as-built plans for all buildings and improvements on the Leased Premises shall be delivered to the Airport Director of Operations (hereinafter the "Aviation Director") within sixty (60) days of completion of the Leasehold Improvements. Lessor prefers that all plans be submitted to the Lessor in digital format.

E. Architectural Requirements: All buildings constructed on the Property shall have steel and / or masonry exteriors and shall be constructed of high-quality materials. The Aviation Director shall have the authority to approve all exterior colors. All structural improvements, signs, equipment and interior design and décor constructed or installed by Lessee, its agents or contractors, including the plans and specifications therefore, shall conform in all respects to all applicable statutes, ordinances, building codes and rules and regulations.

F. Construction of Improvements: Lessee shall be responsible for all costs of construction of the Leasehold Improvements, including survey work and site work. Lessee agrees to commence construction within the later of ninety (90) days after the date that Lessee obtains all necessary permits and approvals by all governmental bodies in charge of the approval process for the construction of the Leasehold Improvements. Construction of the Leasehold Improvements shall be continuous and expedited so that the Leasehold Improvements shall be completed as soon as practical. Lessor hereby approves Lessee or an affiliate of Lessee to construct the Leasehold Improvements without further approval or consent from Lessor other than customary permitting issues. Lessee shall maintain (or in the event Lessee hires a contractor to construct the Leasehold Improvements, cause its general contractor to maintain and to require the general contractor to require all other contractors working on the Leased Premises to maintain) automobile, general liability and worker's compensation/employee's liability insurance coverage satisfactory to Lessor. All construction shall in all respects conform to and comply with all applicable statutes, ordinances, building codes, rules and regulations of such authorities as may have jurisdiction over any aspect of said construction. Lessee, at its sole cost and expense, shall also procure all building, safety, fire and other permits necessary for any construction.

Lessee shall provide Lessor with a bond securing the performance of Lessee, or its contractors, in constructing the Leasehold Improvements according to the specifications of the approved plans. The performance bond shall be for an amount equal to the amount of the contract of construction, be issued by a surety reasonably acceptable to Lessor, be in a form that is reasonably acceptable to Lessor and be for the benefit of Lessor.

G. Aviation Restrictions on Land Development. Lessee shall comply with FAA regulations that impact development on land parcels adjacent to or at runway ends and comply with Facility Procedures (TERPS) and FAA Part 77 regulations. Any development must be consistent with criteria and standards set by FAA rules and regulations. FAA regulations require submission of form 7460-1 to the FAA for any construction or alteration that impacts airport

operations. Lessee is responsible for completing and submitting Form 7460-1 to the FAA for the construction of the Leasehold Improvements.

SECTION 2. USE OF AIRPORT:

A. Use by Lessee: Lessee shall use the Leased Premises for aviation purposes, which shall include a hangar with offices, customary facilities for use by pilots, restrooms, apron, auto parking, and all other directly related ancillary aviation uses. The Leased Premises shall be used solely and exclusively as the base for some or all of Lessee's aircraft.

B. Ingress and Egress: Lessor hereby grants Lessee the right of ingress to and egress from the Leased Premises over taxiways, ramps, airport roadways, including the use of common-use roadways, such right being expressly subject to applicable laws and such rules and regulations as may be reasonably established by the Airport Director with respect to such use.

C. Public Airport Facilities: Lessor hereby grants Lessee the right, in common with others, to use existing and future facilities on the Airport that provide for the landing, taking off and taxiing of aircraft including navigational aids, hazard designation and warning devices, lighting and clear zone areas, subject to applicable fees, if any, as set from time to time by the Lessor.

D. Common Facilities: Lessor hereby grants Lessee the right, in common with others, to use the public portions of the Airport and appurtenances thereto. Lessee shall not conduct its operations in a manner to interfere with the reasonable use by others of common facilities.

SECTION 3. RESTRICTIONS ON USE OF LEASED PREMISES:

A. Commercial Activities: Commercial Aeronautical Activities shall not be conducted from the Leased Premises.

B. Fuel: Lessee may self-fuel only its own aircraft, using its own employees and equipment, pursuant to Airport Rules and Regulations, and Lessee shall not under any circumstances provide fuel to aircraft that are not either owned by it or leased to it on an exclusive basis. Aircraft belonging to or operated by guests or invitees of Lessee shall obtain fuel from the Lessor.

C. Control of Lighting: Lessee agrees to control all future lighting on the Leased Premises to prevent illumination from being a hazard to pilots landing on, or taking off from, or taxiing on the Airport. The determination of hazard shall rest solely upon the judgment of the Airport Director.

SECTION 4. TERM OF LEASE:

A. Term: The term of this Agreement shall be for a period of thirty-five (35) years (the "Initial Term"), commencing on the completion date of the Leased Premises and the

improvements thereon (defined as the day a permanent certificate of occupancy has been issued by the appropriate governmental authority) (the "Commencement Date") unless sooner terminated as provided herein. Lessee shall have the option to extend this Agreement beyond the Initial Term for one (1) five (5) year term (the "Renewal Term") upon the same terms and conditions as contained herein, except that the amount of Rent being paid at the end of the Initial Term and the first Renewal Term shall be increased by twenty five percent (25%) and then escalated during each Renewal Term as set forth in Section 5(D). For purposes of this Agreement, the word "Term" shall be deemed to include the Initial Term and any properly exercised Renewal Term, unless the context clearly indicates otherwise. Lessee shall have until ninety (90) days prior to the end of the Initial Term and the first Renewal Term to give written notice to Lessor of Lessee's intent to renew.

B. Holding Over: If Lessee remains in possession of the Leased Premises after expiration of the Term hereof with Lessor's acquiescence and without any express agreement of parties, Lessee shall be a tenant at will at 125% of the rental rate in effect at the end of such term. Lessee shall be bound by the terms and conditions of this Agreement as far as applicable, and there shall be no renewal of this Agreement by operation of law.

SECTION 5. LEASE PAYMENTS:

A. Rent: Lessee agrees to pay Lessor a land rental of twenty cents (\$0.20) per square foot per year, payable in equal monthly installments, as monthly Rent. Lessee shall commence payment of Rent effective upon the execution of this Agreement. The initial monthly Rent shall be _____ (\$_____). If the square footage of the Leased Premises changes from _____ square feet the parties shall amend this Agreement to adjust the Rent.

B. Rent Payment Date: Rent is payable in advance on a monthly basis and shall be paid on the first day of each month beginning on the first full month after the Commencement Date. Rent shall be made payable to the Rutherford Airport Authority c/o Board Secretary and delivered to the Rutherford County Administration Office Building at 289 North Nain Street Rutherford, North Carolina, 28139, by check or the parties may agree to have the Rent paid electronically or via other acceptable means.

C. Late Payments: Lessee agrees to pay a penalty charge to Lessor in an amount equal to five percent (5%) of each monthly payment not received by Lessor within ten (10) days of the date by which payment is due.

D. Rent Escalation: At the end of the third year of the Lease, and the end of each two-year period thereafter, the Rent payable at the end of each period shall be adjusted by an amount equal to the lesser of (i) three percent (3%) or (ii) the increase in the Consumer Price Index during the current period. The Rent so adjusted shall become the adjusted monthly Rent for the following two (2) year period. The Rent shall not be decreased if the Consumer Price Index decreases.

"Consumer Price Index", shall be the Consumer Price Index for Urban Wage Earners and Clerical Worker (1967 = 100) issued by the U.S. Bureau of Labor Statistics. If the Consumer Price Index published by the U.S. Bureau of Labor Statistics is discontinued, then the Consumer Price Index published by the U.S. Department of Commerce shall be used (with proper adjustment); and if the U.S. Department of Commerce Index is discontinued, then Lessor and Lessee shall, in good faith, agree on a suitable substitute.

E. Taxes and Fees: Lessee shall pay or cause to be paid, prior to delinquency, all taxes, fees and assessments, including possessory interest taxes, on the Leased Premises and to the extent levied on the Leasehold Improvements and any other improvements, fixtures and equipment now or hereafter existing on the Leased Premises and on any personal property situated in, on or about the Leased Premises, or in, on or about any buildings or improvements thereon. The failure to pay any tax, license, fee or assessment, the validity of which shall be contested in good faith and with reasonable promptness, shall not be interpreted as a violation of this Section until such contest shall have been resolved in the taxing authority's favor or abandoned or the time for objection or appeal has expired.

F. Collection: Interest accrues on all amounts due from and after the payment due date at the rate of 1.5% per month. If the Airport retains the services of an attorney to collect any amounts due pursuant to this Agreement the Lessee shall be responsible for costs of collection including, but not limited to, the payment of all reasonable attorney fees.

SECTION 6. ALTERATIONS OR FURTHER IMPROVEMENTS:

A. Plans and Specifications: Lessee may make interior, non-structural alterations to the Leasehold Improvements without the consent of the Lessor but must notify the Lessor of such improvements prior to the start of construction. Lessee shall not make any structural or exterior alterations or additions, including landscaping, without the prior written approval by the Airport Director for such work, which approval shall not be unreasonably withheld or delayed. All structural or exterior improvements or alterations shall comply with Sections 1(D) through 1(G) of this Agreement.

B. Bonds:

Prior to the commencement of any construction work upon the Leased Premises Lessee shall obtain a corporate surety bond, satisfactory to Lessor, with Lessee's contractor or contractors as principal, in the sum equal to not less than 100% of the amount of the contract for the completion of such work guaranteeing the payments of wages for services engaged and of bills contracted for materials supplied and equipment used in the performance of such work, and protecting Lessor from any liability (including attorney's fees), and loss for damage arising therefrom.

SECTION 7. UTILITIES:

A. Payment For Utilities: It is understood and agreed that the Rent does not include payment for utilities. Lessee shall throughout the Term of this Agreement pay all utility bills

which may accrue in the Lessee's operations on the Leased Premises, including but not limited to installation of meters, utility connections, etc.

B. Right of Connection: Lessee shall, at Lessee's expense, connect to all utilities at the nearest points of existing utility lines, and shall thereafter maintain, repair and replace all such utilities to and including the points of such connections.

C. Waiver of Damage: Unless caused by the gross negligence or willful misconduct of Lessor or its contractors, agents or employees, Lessee hereby waives and releases Lessor from any and all claims for damage arising or resulting from failures or interruptions of utility services including but not limited to electricity, gas, water, plumbing, sewage, telephone, communications, heat, ventilation, or for the failure or interruption of any public or passenger conveniences for facilities.

SECTION 8. MAINTENANCE AND REFUSE:

A. Maintenance of Leased Premises: Lessee shall, throughout the Term of this Agreement, at its own cost, and without any expense to Lessor, keep and maintain the Leased Premises, including building and improvements of every kind which may be a part thereof, and all appurtenances thereto, including sidewalks adjacent thereto, in good, sanitary and safe order, condition and repair. All such repairs and replacements shall be of quality equal to the original in materials and workmanship. Lessor may enter the Leased Property to determine if maintenance satisfactory to Lessor is being accomplished pursuant to this Agreement. Lessor shall not be obligated to make any repairs, replacement or renewals of any kind, nature, or description, whatsoever to the Leased Property or Leasehold Improvements.

B. Removal and Disposal of Refuse: Lessee shall arrange for such removal and disposal of trash, clippings, refuse, garbage and other debris from the Leased Premises at Lessee's own expense in accordance with applicable laws and ordinances. Trash, clippings, garbage and other debris shall be stored in closed containers suitably screened and protected from public view, pending their removal and disposal. Such storage shall not generate odors, attract rodents or insects, or become offensive in any manner. The containers shall have paved access for the service providing their removal and disposal. The storage area must be kept neat and clean at all times.

SECTION 9. INDEMNIFICATION AND INSURANCE

A. General Indemnification and Hold Harmless: Lessee shall indemnify, defend and hold harmless, on demand, Lessor, its elected or appointed officials, agents, boards, commissions, employees and representatives, for, from and against any and all liabilities, suits, obligations, fines, damages, penalties, claims, costs, charges and expenses, including but not limited to reasonable attorneys' fees, of any character or nature arising out of or resulting from any act or occurrence in or upon the Leased Premises or any part thereof, or otherwise arising from Lessee's operations under and during the Term of this Agreement. In any case in which Lessee provides a defense to the Lessor pursuant to this indemnity, the defense will be provided

by attorneys acceptable to Lessor. Lessee's obligations under this Section shall survive any expiration or earlier termination of this Agreement.

B. Environmental Compliance and Indemnification: Lessee agrees to the terms and conditions contained in "Compliance with Environmental Laws" attached as Exhibit "B" hereto, including the indemnification provisions.

C. Liability Insurance: Lessee shall maintain in force during the Term of this Agreement comprehensive general public liability and property damage insurance, including products liability/completed operations and personal injury liability insurance, in the minimum amount of \$1,000,000.00 with respect to each person, and in the minimum sum of \$1,000,000.00 with respect to each accident or occurrence, and in the minimum sum of \$1,000,000.00 for injury or damage to property. This insurance shall include coverage for contractual liability assumed under the indemnity provisions of this Agreement. Lessor shall be named as an additional insured under such policy or policies of insurance.

Lessee shall maintain aircraft liability insurance covering all aircraft operated by and for Lessee at limits acceptable to Lessor but not less than \$1,000,000.00 each occurrence.

D. Fire Insurance: Lessee shall obtain and provide during the Term of this Agreement, fire and extended coverage insurance covering 100% of the replacement cost of the Leasehold Improvements and the Lessee's property located on the Property. The Lessee shall pay the premiums for such insurance.

E. Worker's Compensation and Employer's Liability Insurance: Lessee shall maintain worker's compensation and employer's liability insurance in the amounts and form required by the laws of the State of North Carolina.

F. Certificates of Coverage: Lessee shall furnish to the Airport Director within thirty (30) days after execution of this Agreement or prior to the initiation of any construction or development on the Leased Premises, which ever shall first occur, a certificate or certificates evidencing such insurance coverage as is required pursuant to this Agreement from companies doing business in North Carolina and acceptable to Lessor covering:

1. The required coverage and policy limits.
2. The location and the operations to which the insurance applies.
3. The expiration date of policies.
4. Certificate to contain Lessee's contractual insurance coverage.
5. The name and address of party to whom the certificates should be issued:

ATTN: County Manager
289 North Main Street
Rutherfordton, North Carolina 28139

6. If such coverage is canceled, reduced or materially changed, Lessee shall, within fifteen (15) days after such cancellation, reduction or material change of coverage, file with the Airport Director a certificate showing that the required insurance has been reinstated or provided through another insurance company or companies.
7. Prior to ten (10) days before the expiration of such certificate, Lessee shall deliver to the Airport Director a certificate renewing or extending the terms for a period of at least one (1) year or a certificate acceptable to Lessor evidencing the required insurance coverage.

G. Blanket Insurance: Nothing in this Section shall prevent the taking out of policies of blanket insurance, which may cover real and/or personal property and improvements in addition to the Leasehold Improvements; provided, however, that in all other respects each such policy shall comply with the other provisions of this Section 9.

SECTION 10. DAMAGE, DESTRUCTION, OR CONDEMNATION OF LEASED PREMISES:

A. Damage of Leased Premises:

1. Repair and Reconstruction. Unless this Agreement is terminated as provided in Section 10(A)(2), then after any damage or destruction to the Leasehold Improvements on the Leased Premises, Lessee shall (i) repair and restore the Leasehold Improvements to substantially the same condition as existed immediately prior to the casualty, or (ii) construct new Leasehold Improvements pursuant to Section 1 of this Agreement.

2. Termination. If the Leasehold Improvements are damaged by fire or other casualty, and the amount of the damage is greater than fifty percent (50%) of the replacement cost thereof, then Lessee may terminate this Agreement by delivery of written notice of termination to Lessor within ninety (90) days after the casualty. Upon such termination, Lessee shall surrender the Leased Premises to Lessor, and neither party shall have any further obligations or liabilities under this Agreement. Upon the termination of this Agreement in accordance with the provisions of this Section 10(A)(2), all insurance proceeds shall be applied: *first*, to satisfy any indebtedness secured by a leasehold mortgage, as provided in Section 31; *second*, to the cost of razing the damaged Leasehold Improvements and removing all debris; and *third*, the remaining balance of such proceeds shall belong to and shall be payable to Lessor and Lessee shall have no right or claim with respect to those proceeds.

B. Condemnation:

1. Total Condemnation. In the event of condemnation, or any taking by eminent domain, by any governmental entity, that renders the Leased Premises unusable for the storage of aircraft and/or use of the Airport Common Areas this Agreement shall terminate on the date of action taken by such governmental entity. The proceeds of any award for the taking shall be distributed as follows:

a. Any award for land making up the Leased Premises, specifically including the value of Lessee's leasehold interest in the Leased Premises, shall belong to the Lessor.

b. Any award for the value of the Leasehold Improvements shall be divided between the Lessor and the Lessee as determined by the parties, or, if the parties are unable to agree, by appraisals obtained by each party. In the event the appraisals differ by less than ten percent (10%) the value shall be the average between the two appraisals. If the appraisals differ by more than ten percent (10%), the appraisers retained by the parties shall retain a third appraiser and the value of the Leasehold Improvements shall be the average of the three appraisals.

c. Lessee may make a separate claim against the condemning authority for any relocation benefits for which it may qualify.

2. Partial Taking. In the event of the condemnation of a portion of the Leased Premises, if the remainder can be used for aircraft storage and use of the Airport Common Areas, as agreed by Lessor and Lessee, rental payments shall abate according to the ratio of square footage so taken. Any condemnation award received for a partial taking shall be payable to the Lessor. If the remaining property cannot be used for aircraft storage, it shall be treated as a total condemnation as set forth in subparagraph 1 above.

3. Temporary Taking. Should any portion of the Leasehold Improvements be condemned for a stated period, and Lessee remains in possession of the Leased Premises during that period, Lessor shall have no interest in such award, and it shall go to Lessee, and the Rent shall not abate.

SECTION 11. RIGHT OF ENTRY / ENCUMBRANCES:

A. Inspection: Lessor or its duly authorized representatives may enter upon the Leased Property and the Leasehold Improvements at any and all reasonable times upon reasonable advance notice during the term of this Agreement for the purpose of determining whether or not Lessee is complying with the terms and conditions hereof or for any other purpose incidental to the rights of Lessor.

B. Encumbrances: The Leased Premises shall be accepted by Lessee subject to any and all then existing easements or other encumbrances. Lessor shall have the right to install, lay, construct, maintain, repair and operate such sanitary sewers, drains, storm water sewers,

pipelines, manholes, connections, water, oil or gas pipelines, communications facilities, navigational aids, and any other equipment or facilities related to the operation of the Airport (including but not limited to roads and other facilities related in to ingress and egress), and any other appliances and appurtenances necessary or convenient in connection therewith, over, in, upon, through, across and along the Leased Premises, or any part thereof, and to enter thereon upon reasonable advance notice (except that no notice shall be required in the event of an emergency) at reasonable times for any and all such purposes; provided, however, that no right of the Lessor provided for in this section shall be so exercised as to interfere unreasonably with the Lessee's operations, and no underground utilities shall be installed underneath any vertical improvements on the Leased Premises.

SECTION 12. EVENTS OF DEFAULT BY LESSEE:

The happening of any one or more of the following listed events and the expiration of any notice and cure periods herein provided (which events, upon such expiration, are hereinafter referred to singularly as "event of default" and plurally as "events of default") shall constitute a breach of this Agreement on the part of Lessee:

(a) The filing by, on behalf of, or against Lessee of any petition or pleading to declare Lessee a bankrupt, voluntary or involuntary, under any Bankruptcy Act or law, which is not dismissed within sixty (60) days after the date of filing.

(b) The commencement in any court or tribunal of any proceeding, voluntary or involuntary, to declare Lessee insolvent or unable to pay its debts, which is not dismissed within sixty (60) days after the date of filing.

(c) The failure of Lessee to pay any rent or any other amount payable under this Agreement within ten (10) days after written notice by the Lessor that the same is due and payable.

(d) The appointment by any court or under any law of a receiver, trustee or other custodian of the property, assets or business of Lessee, who is not dismissed within sixty (60) days after the date of appointment.

(e) Except as expressly permitted in this Agreement, the assignment by Lessee of all or any part of its property or assets for the benefit of creditors.

(f) The failure of Lessee to use the Leased Premises over a continuous period in excess of sixty (60) days for reasons that are not otherwise excused under this Agreement. Any personal property belonging to Lessee and left upon the Leased Premises and any or all of Lessee's improvements and facilities thereon after abandonment shall, at the option of the Lessor, be deemed to be abandoned by Lessee and shall, at the sole option of the Lessor, become the property of Lessor.

(g) Except as specifically provided in Section 12(a)-(f), the failure in any material respect of Lessee to perform, fully and promptly, any act required of it under the terms of this

Agreement, or otherwise to comply with any term or provision hereof within thirty (30) days after written notice by the Lessor to the Lessee to do so, unless such default cannot be cured within such period and Lessee has in good faith commenced and is prosecuting the cure thereof, in which case the Lessee shall have a reasonable extension of such period in order to cure such default.

SECTION 13. REMEDIES UPON DEFAULT:

Upon the occurrence of an Event of Default, Lessor may pursue any one or more of the following remedies separately or concurrently, without prejudice to any other remedy herein provided or provided by law: (a) Lessor may terminate this Agreement by giving written notice to Lessee and upon such termination shall be entitled to recover from Lessee damages as may be permitted under applicable law; or (b) Lessor may terminate this Agreement by giving written notice to Lessee and, upon such termination, shall be entitled to recover from the Lessee damages in an amount equal to all Rent which is due and all Rent which would otherwise have become due throughout the remaining term of this Agreement, or any renewal or extension thereof (as if this Agreement had not been terminated); (c) Lessor, as Lessee's agent, without terminating this Agreement, may enter upon and rent the Leased Premises, in whole or in part, at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Lessor deems proper, with Lessee being liable to Lessor for any deficiency, if any, between Lessee's Rent hereunder and the price obtained by Lessor on reletting, provided however, that Lessor shall not be considered to be under any duty by reason of this provision to take any action to mitigate damages by reason of Lessee's default and expressly shall have no duty to mitigate Lessee's damages. No termination of this Agreement prior to the normal ending thereof, by lapse of time or otherwise, shall affect Lessor's right to collect Rent for the period prior to termination thereof.

SECTION 14. NON-WAIVER OF DEFAULTS:

No Waiver by either party of default by the other party of any terms, covenants, or conditions hereof to be performed by such other party shall be construed to be a waiver of any subsequent default. No term, covenant, or condition hereof can be waived except by written consent of the non-defaulting party. The acceptance of rental or the performance of all or any part of this Agreement by the Lessor for or during any period or periods after default of any of the terms, covenants and conditions herein contained to be performed, kept and observed by the Lessee, shall not be deemed a waiver of any right on the part of the Lessor to declare a default or cancel this Agreement for a subsequent breach thereof.

SECTION 15. LESSEE'S ENCUMBRANCES:

A. Liens: Lessee shall keep the Leased Premises and all improvements thereon free from any and all liens including those arising out of any work performed, materials furnished or obligation incurred by Lessee, or its employees, agents, or contractors. Notwithstanding the foregoing, if any Lien is filed against the Leased Premises for work claimed to have been done for, or materials claimed to have been furnished to the Lessee, Lessee shall either cause the same

to be discharged of record within thirty (30) days after the date of filing, or, if Lessee, in Lessee's discretion and in good faith, determines that the lien should be contested, shall furnish such security as may be necessary or required to prevent the pendency of such contest, and Lessee shall indemnify and hold Lessor harmless from and against any and all costs, expenses, claims or losses resulting there from by reason thereof. If Lessee shall fail to discharge said Lien, or, in the event the lien cannot be discharged within the time period, if Lessee shall fail to undertake the steps necessary to secure the discharge of such lien, then, Lessor may, but shall not be obligated to discharge the same, either by paying the amount claimed to be due or by procuring the discharge of such lien, and Lessee shall, within ten (10) days after written demand by Lessor, reimburse Lessor for all of its costs and expenses arising in connection with the lien, including reasonable attorney fees.

SECTION 16. TERMINATION:

A. Termination at end of Term: Lessee shall have the right to remove during the Term hereof any and all fixtures which Lessee may have placed or installed upon the Leased Premises. Lessee shall, upon termination of this Agreement in any manner, quit and deliver up the Leased Premises to Lessor peaceably, quietly, and in as good order and condition as the same now are or may be hereafter improved by Lessee or Lessor, with the exception of reasonable use and normal wear.

B. Early Termination by Lessor: Should this Agreement terminate by the action of the Lessor, for reasons other than event of default by Lessee, prior to the expiration of the Term, including option periods, the Lessor shall reimburse Lessee an amount (the "Unamortized Investment") equal to the product of (i) Lessee's Investment, as that term is defined in Section 16(C) of this Agreement, which shall be agreed to promptly after the Commencement Date by the parties and (ii) a fraction, the numerator of which will be the number of complete months remaining until the completion of the _____ year of the Term on the date of termination and the denominator will be ____ months.

C. Lessee's Investment: Lessee's Investment shall mean an amount equal to the sum of (i) Lessee's actual documented costs, both direct and indirect and both hard and soft, in providing the Leasehold Improvements plus (ii) the cost of any alterations or improvements approved by the Lessor pursuant to Section 6(A), if any. In the event Lessee should utilize any components or materials already owned by it in constructing the Leasehold Improvements, its "cost" for purposes of defining Lessee's Investment shall mean the lesser of (i) Lessee's cost basis in such components or materials for federal income tax purposes at the time of said construction is completed, or (ii) the fair market value of such components or materials.

SECTION 17. LESSOR'S LIEN:

If Lessee is in default under any covenant, term or provision of the Agreement after any applicable cure period, or has abandoned the Leased Premises, in addition to any other rights pursuant to this Agreement, Lessee hereby grants to Lessor a lien upon any improvements, personal property and trade fixtures of Lessee upon the Leased Premises, which lien Lessor may satisfy by selling said improvements, personal property or trade fixtures at public or private sale

without notice to Lessee and from the proceeds of said sale satisfy first any costs of storage, removal and sale, and any other debts due from Lessee to Lessor, and secondly, satisfy the total amount of unpaid rent due hereunder and hold any balance for the account of Lessee. This lien shall inure to Lessor's benefit whenever Lessee is in default hereunder and when Lessor exercises any right, which Lessor may have at law, in equity or under this Agreement.

SECTION 18. QUIET ENJOYMENT:

Lessee, upon payment of the fees and all other payments and charges to be paid by Lessee under the terms of this Agreement and upon observing and keeping the agreements and each of the covenants of this Agreement on the part of Lessee to be observed and kept, shall lawfully and quietly hold, occupy and enjoy the Leased Premises during the term of this Agreement.

Lessee shall not commit or suffer to be committed in or upon the Leased Premises any other act or thing which may unreasonably disturb the quiet enjoyment of any other tenant at the Airport or adjoining property to the Airport.

SECTION 19. SALE, ASSIGNMENT, TRANSFER AND SUBLETTING:

Lessee shall not sell, assign, or transfer this Agreement without the prior written consent of the Lessor, which consent may be withheld by Lessor for any reason in its sole and absolute discretion. Lessee shall not sublease the Leased Premises or any portion thereof, nor shall Lessee sublet any privileges granted with respect to the operation of said Leased Premises or any portion thereof, without the prior written consent of the Lessor, which consent may be withheld by Lessor for any reason in its sole and absolute discretion. No assignment or sublease shall serve to release the Lessee from any of its obligations, duties or responsibilities under this Agreement unless the Lessor agrees thereto in writing. No assignee for the benefit of Lessee's creditors, and no trustee, receiver, or referee in bankruptcy shall acquire any rights under this Agreement by virtue of this Section. Subject to the terms and conditions of Section, the provisions of this Agreement shall bind and inure to the benefit of the successors and assigns of the parties hereto.

SECTION 20. PUBLIC USE AND FEDERAL GRANTS:

A. Grant Agreements: The parties acknowledge that the Leased Premises and the Airport are subject to the terms of those certain sponsor's assurances made to guarantee the public use of the Airport as incidental to grant agreements between Lessor and the United States of America as amended, and that this Agreement is subordinate to those obligations.

B. Federal Grants and Public Use: The parties acknowledge that the Airport will be operated as a public airport, subject to the provisions of the Federal Aviation Act so that nothing contained in this Agreement shall be construed to grant or otherwise authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958. Lessor reserves the right to develop or improve, as it sees fit, the Airport, its landing areas and taxiways, regardless of the desires or views of Lessee and without interference or hindrance therefrom.

This Agreement shall be subordinate to the provisions of any existing or future agreement between the Lessor and the United States of America, including instrumentalities thereof, relative to the operation and maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds in developing the Airport.

C. Modifications to Comply with State or Federal Laws: Should the United States or any instrumentality thereof having authority to do so, or the State of North Carolina, require that any provision of this Agreement that is in violation of any federal or state law or regulation or any provision of an existing grant agreement between the Lessor and the United States or any instrumentality thereof, or the State of North Carolina, be changed or deleted or should any such change or deletion be required in order for the Airport to continue to retain its eligibility to receive federal funds or to participate in federal or state programs or to avoid forfeiture of previous financial assistance, the Lessor may give the Lessee notice that it elects that any such change or deletion be made. Lessee shall then elect either to consent to any such change or deletion or to terminate this Agreement. Such election shall be made in writing and delivered to the Lessor within thirty (30) days of the date the Lessor gave notice to the Lessee of its election that any such change or deletion be made.

D. Airport Rules and Regulations: The Lessee agrees to abide by all rules and regulations concerning operational safety, parking of aircraft and other vehicles, fire prevention and all other pertinent rules and provisions as promulgated by Lessor, the Airport, and the Airport Director, copies of which rules are available to Lessee in the office of the Airport Director.

E. FAA Rules and Regulations: Lessee shall at all times conduct its business in a lawful manner and at all times conform to the rules and regulations of the Federal Aviation Administration in so far as applicable to Lessee's possession of the Leased Premises and in the conduct of its business and shall comply with the applicable Federal Aviation Administration Required Contract Provisions, attached hereto as Exhibit "C".

F. Americans with Disability Act: Lessee shall fully comply with all applicable provisions of the Americans With Disabilities Act of 1990, P.L. 101-336, 104 Stat. 327 (ADA), expressly including, but not limited to, all requirements otherwise imposed on the Lessor regarding the Leased Premises and invitees of Lessee, insofar as the Leased Premises is considered a place of public accommodation and invitees or employees are covered by the services, programs and activity provisions of Title II of ADA.

G. Non-Discrimination: Lessee for itself, its successors and assigns, agrees that in its operation and use of the Leased Premises no person shall be excluded from participation in, denied the benefit of, or be otherwise subjected to discrimination in the use of the Airport's facilities because of his or her race, color, sex or national origin and that Lessee shall not, on the grounds of race, color or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by 49 CFR Part 21 of the Department of Transportation Regulations. A breach of this provision shall constitute an event of default under the terms of this Agreement.

SECTION 21. SIGNS:

Lessee is granted the right to install reasonably compatible identification signs on and about the Leased Premises, subject to the prior written approval of the Aviation Director, not to be unreasonably withheld. All signs shall be installed and maintained in compliance with all governmental rules and regulations governing such signs, including Rutherford County Development Ordinances and FAA requirements and standards as to signs. Advertising on the Leased Premises is also subject to the Rutherford County Development Ordinances.

SECTION 22. RELATIONSHIP BETWEEN THE PARTIES:

Lessor is neither a joint venture with nor a partner or associate of the Lessee with respect to any matter provided for in this Agreement. Nothing herein contained shall be construed to create any such relationship between the parties or to subject Lessor to any obligation of the Lessee whatsoever.

SECTION 23. TIME OF THE ESSENCE:

Time is expressly to be of the essence in this Agreement.

SECTION 24. GOVERNING LAW AND VENUE:

This Agreement, its execution, interpretation and performance, shall be governed by and construed in accordance with the laws of the State of North Carolina. Any controversy or claim arising out of or in any way related to this Agreement or the relationship established by it, or the alleged breach thereof, whether at common law, in contract, in tort, or under statute, shall be governed by the laws of the State of North Carolina. Venue for any case or controversy in any way arising from or related to this Agreement shall be exclusively in Rutherford County, North Carolina or the United States District Court for the Western District of North Carolina, except for the enforcement of judgments issued from that court.

SECTION 25. NOTICES:

All notices requests, or demands herein provided to be given or made, or which made be given or made by either party to the other, shall be given and made only in writing and shall be deemed to have been duly given (i) on the date delivered when sent via nationally recognized overnight courier (e.g. Federal Express), properly addressed and postage prepaid; or (ii) upon delivery, if delivery is rejected when delivery was attempted of properly addressed certified mail, postage prepaid with return receipt requested. The proper address to which notices, requests, or demands may be given or made by either party shall be the address set forth below or to such other address or to such other person as any party may designate. Such address may be changed by written notice given to the other party in accordance with this Section.

(A) LESSOR:

ATTN: County Manager
289 North Main Street
Rutherfordton, North Carolina 28139

Copy:

(B) LESSEE:
ADDRESS

SECTION 26. OBSTRUCTION LIGHTING:

Lessee agrees to install and maintain, including the furnishing of electrical power, obstruction lights on all structures on or within the Leased Premises required under all applicable FAA criteria.

SECTION 27. AMENDMENT OF LEASE:

The terms of this Agreement may not be changed, modified, waived, discharged or terminated orally, but only be an instrument or instruments in writing signed by both Lessor and Lessee.

SECTION 28. AUTHORIZATION TO EXECUTE AGREEMENT:

Lessor and Lessee certify that each of the individuals executing this Agreement are duly authorized to do so on behalf of each such party.

SECTION 29. LEASEHOLD MORTGAGEE

Lessee is hereby given the right by Lessor, subject to approval by the Lessor, to mortgage its interest in this Agreement and assign its interest in this Agreement as collateral security for such mortgage upon the condition that all rights acquired under such mortgage shall be subject to each and all of the covenants, conditions and restrictions set forth in this Agreement, and to all rights and interests of Lessor herein, none of which covenants, conditions or restrictions is or shall be waived by Lessor by reason of the rights given Lessee to mortgage its interest in this Agreement, except as expressly provided in this Section 29 and upon the further condition that the mortgagee or beneficiary of such mortgage or assignment shall be an institution. For purposes of this Section 29, an "Institution" shall mean a bank, savings and loan association, trust company, insurance company, public pension fund or retirement fund, or a special purpose entity formed to originate or hold commercial mortgages in connection with a securitization transaction.

If Lessee shall mortgage all or part of its interest in this Agreement and if the holder of such mortgage shall, within thirty (30) days of its execution, send to Lessor a true copy thereof together with written notice specifying the name and address of the mortgagee and the pertinent recording data with respect to such mortgage, Lessor agrees that so long as the leasehold mortgage remains unsatisfied of record or until written notice of satisfaction is given by the holder to Lessor, the following provisions shall apply:

A. Mortgage Consent. Except for the right of Lessor to unilaterally amend this Agreement specifically set forth herein, there shall be no cancellation, surrender or modification of this Agreement by joint action of Lessor and Lessee without the prior written consent of the leasehold mortgagee.

B. Notices to Mortgagee. Lessor shall, upon serving Lessee with any notice of default, simultaneously serve a copy of such notice upon the holder of the leasehold mortgage. The leasehold mortgagee shall have the same period, after service of such notice upon it, to remedy or cause to be remedied the defaults complained of, and Lessor shall accept such leasehold mortgagee's acts if they had been performed by Lessee. In the event Lessor desires to terminate this Agreement as a result of a default, Lessor shall provide the leasehold mortgagee with written notice (the "Termination Notice") of its intent to terminate this Agreement. If Lessor desires to terminate this Agreement a result of a monetary default, Lessor shall grant the leasehold mortgagee the right to cure or undertake the elimination of such default within thirty (30) days after the leasehold mortgagee's receipt of the Termination Notice. If Lessor desires to terminate this Agreement as a result of a non-monetary default (including without limitation any default caused by Lessee's failure to discharge or cause to be discharged any lien, charge or encumbrance junior in priority to the leasehold mortgage), Lessor agrees not to terminate this Agreement if (a) the leasehold mortgagee shall, within thirty (30) days after receipt of the Termination Notice commence and diligently prosecute such actions as may be necessary to cause the foreclosure of its leasehold mortgage (including without limitation seeking relief from the automatic stay provisions of Section 362 of the Bankruptcy Code or any successor statute in any bankruptcy proceeding affecting such foreclosure); (b) all rents and other charges payable by Lessee under this Agreement shall be brought current within fifteen (15) days of the receipt of the Termination Notice and shall be kept current throughout such foreclosure proceedings; and (c) the leasehold mortgagee shall, within thirty (30) days of receipt of the Termination Notice, commence and diligently prosecute all actions to perform all non-monetary covenants and obligations of Lessee under this Agreement reasonably capable of performance by the leasehold mortgagee throughout such foreclosure proceedings.

C. Insurance. Lessor agrees that the name of the leasehold mortgagee may be added to the "Loss Payable Endorsement" of any and all insurance policies required to be carried by Lessee under this Agreement on the condition that the insurance proceeds be applied in the manner specified in this Agreement and that the leasehold mortgage or collateral document so provide.

D. New Lease. Lessor agrees that in the event of termination of this Agreement by reason of any default by Lessee, and the continued payment of Rent by the mortgagee, that Lessor will enter into a new lease for the Leased Premises with the leasehold mortgagee or its nominee, subject to the consent of Lessor to the nominee with such consent not to be

unreasonably withheld, for the remainder of the Term effective as of the date of such termination, at the Rent and other charges, and upon the terms, provisions, covenants and agreement contained in this Agreement, subject only to the rights, if any, of the parties then in possession of any part of the Leased Premises, provided:

1. The mortgagee or its nominee shall make written request upon Lessor for the new lease and the written request shall be accompanied by any then due payment of Rent and other charges under this Agreement; and the mortgagee or nominee shall execute and deliver the new lease within fifteen (15) days after Lessor has delivered it.

2. The mortgagee or its nominee shall pay to Lessor, at the time of execution and delivery of the new lease, any and all sums which would then be due pursuant to this Agreement but for such termination and, in addition thereto, any reasonable expenses, including reasonable attorney's fees, which Lessor shall have incurred by reason of such default, including the costs of negotiation, approval and recording the new lease.

3. The mortgagee or its nominee shall perform and observe all covenants in this Agreement to be performed by Lessee and shall further remedy any other conditions which Lessee was obligated to perform under the terms of this Agreement.

4. Lessor shall not warrant possession of the Leased Premises to Lessee or the leasehold mortgagee under the new lease.

5. The new lease shall be expressly made subject to the rights, if any, of Lessee under this Agreement.

6. The tenant under the new lease shall have the same right, title and interest in and to the Leased Premises as Lessee has under this Agreement.

E. Confirming Documentation. Lessor shall, upon request, execute, acknowledge and deliver to each leasehold mortgagee an agreement prepared at the sole cost and expense of Lessee, in form satisfactory to the leasehold mortgagee and to Lessor, between Lessor, Lessee and the leasehold mortgagee confirming the provisions of this Section 29. Any additional reasonable costs incurred by Lessor in connection with the agreement, including reasonable attorneys' fees, shall be paid by Lessee or the leasehold mortgagee.

The term "**mortgage**," as used in this Section 30, shall include whatever security instruments are used in the State of North Carolina, as well as financing statements, security agreements and other documentation required pursuant to the Uniform Commercial Code.

SECTION 30. SURRENDER AND MERGER

If the interests of both Lessor and Lessee in the Leased Premises, or in the Leasehold Improvements, shall become vested in the same owner, this Agreement shall not be terminated by the operation of the doctrine of merger, but may be terminated only by a written instrument consented to by the holders of all leasehold mortgages or deeds of trust encumbering Lessee's leasehold interest in the Leased Premises,

SECTION 31. FORCE MAJEURE

Neither party shall be deemed in default with respect to any of the terms, covenants and conditions of this Agreement, if the party fails to perform and its failure is due in whole or in part to any strike, lockout, labor trouble (whether legal or illegal), civil disorder, inability to procure materials, failure of power, restrictive governmental laws and regulations, riots, insurrections, war, fuel shortages, accidents, casualties, Acts of God, acts caused directly or indirectly by the other party (or the other party’s agents, employees or invitees) or any other cause beyond the commercially reasonable control of the nonperforming party, excluding pandemics and their related effects; provided, however, that nothing in this Section shall excuse Lessee’s failure to pay rent due to Lessor.

IN WITNESS WHEREOF, the parties have executed this agreement this ___ day of _____, 20__.

RUTHERFORD COUNTY AIRPORT AUTHORITY

By: _____

Printed Name: _____

Title: _____

Sworn to and subscribed before me this the ___ day of _____, 20__.

Approved as to Form:

Authority Attorney

Date: _____

LESSEE NAME

By: _____

Printed Name: _____

Title: _____

Sworn to and subscribed before me this the ___ day of _____, 20__.

This instrument has been pre-audited in the manner required by the Local Government Budget and Fiscal Control Act.

Rutherford County Airport Authority

Finance Director

Exhibit "A"
(SITE PLAN)

SAMPLE

EXHIBIT "B"

COMPLIANCE WITH ENVIRONMENTAL LAWS

Lessee shall, at Lessee's own expense, comply with all present and hereinafter enacted Environmental Laws, and any amendments thereto, affecting Lessee's operation on the Leased Premises.

A. Definitions:

1. " Environmental Laws " shall mean those laws promulgated for the protection of human health or the environment, including but not limited to the following as the same are amended from time to time: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C Section 6901 et seq.; the Safe Drinking Water Act, 42 U.S.C. Section 300f et seq.; the Clean Water Act, 33 U.S.C. Section 1251 et seq.; the Clean Air Act, 42 U.S.C. Section 7401 et seq.; the Occupational Safety and Health Act of 1970, as amended, 84 Stat. 1590, 29 U.S.C. Sections 651-678, and the regulations promulgated thereunder and any other laws, regulations and ordinance (whether enacted by the local, state or federal government) now in effect or hereinafter enacted that deal with the regulation or protection of human health and the environment, including the ambient air, ground water, surface water, and land use, including substrata soils.
2. The term "Regulated Substances" includes:
 - a. Those substances identified or listed as a hazardous substance, pollutant, hazardous material, toxic substance, solid waste, regulated substance, or petroleum in the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C Section 1801 et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq.; and in the regulations promulgated thereto; and Underground Storage Tanks, U.S.C. Sections 6991 to 6991i. Those substances listed in the United States Department of Transportation Table (49 C.F.R. Section 172.101 and amendments thereto) or by the Environmental Protection Agency as hazardous substances (40 C.F.R. Part 302 and amendments thereto); and,
 - b. All substances, materials and wastes that are, or that become, regulated under, or that are classified as hazardous or toxic under any environmental law during the term of this Agreement.
3. The term "release" shall mean any releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, disposing, or dumping.

B. Compliance:

1. Lessee shall not cause or permit any Regulated Substance to be used, generated, manufactured, produced, stored, brought upon, or released on, or under the premises, or transported to or from the Leased Premises, by Lessee, its agents, employees, contractors, invitees for a third party in a manner that would constitute or result in a violation of any

Environmental Law or that would give rise to liability of Lessor under an Environmental Law. Lessee shall indemnify, defend and hold harmless, on demand, Rutherford County Airport Authority (the "Lessor" or "Authority"), its successors and assigns, its elected and appointed officials, employees, agents, boards, commissions, representatives, and attorneys, for, from and against any and all liabilities, obligations, damages, charges and expenses, penalties, suits, fines, claims, legal and investigation fees for costs, arising from or related to any claim or action for injury, liability, breach of warranty or representation, or damage to persons, the environment or premises and any and all claims or actions brought by any person, entity or governmental body, alleging or arising in connection with contamination of, or adverse effects on, human health or the environment pursuant to any Environmental Law, the common law, or other statute, ordinance, rule, regulation, judgment or order of any governmental agency or judicial entity, which are incurred or assessed as a result, whether in part or in whole, of any use of the Leased Premises by Lessee during the term of this Agreement or any previous lease for uses of the premises by Lessee or its owners or affiliated entities, or its agents, employees, invitees, contractors, visitors or licensees. Lessee's obligations and liabilities under this Article shall continue so long as the Authority bears any liability or responsibility under the Environmental Laws for any use of the Leased Premises during the term of this Agreement or any previous use of the Leased Premises by Lessee. This indemnification of the Authority by Lessee includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial actions, removal or restoration work required or conducted by any federal, state or local governmental agency or political subdivision because of Regulated Substances located on the Leased Premises or present in the soil or round water on, under or about the Leased Premises.

2. Without limiting the forgoing, if the presence of any Regulated Substance on, under or about the Leased Premises caused or permitted by Lessee or by any person or entity under Lessee's control results in any contamination of the demised or any adjacent premises, Lessee shall promptly take all actions at its sole cost and expense as are necessary to mitigate any immediate threat to human health or the environment. Lessee shall then undertake any further action necessary to return the Leased Premises to the condition existing prior to the introduction of any regulated substance to the Leased Premises; provided that the Authority's approval of such actions without regard to the potential legal liability of any other person, however, any remedial activities by Lessee shall not be construed as to impair Lessee's rights, if any, to seek contribution or indemnity from another person.
3. Lessee shall, at Lessee's own cost and expense, make all tests, reports, studies and provide all information to any appropriate governmental agency as may be required pursuant to the Environmental Laws pertaining to Lessee's use of the Leased Premises. This obligation includes but is not limited to any requirements for a site characterization, site assessment and/or a cleanup plan that may be necessary due to any actual or potential spills or discharges of regulated substances on, or under the premises, during the term of this Agreement. At no cost or expense to the Authority, Lessee shall promptly provide all information requested by the Authority pertaining to the applicability of the

Environmental Laws to the Leased Premises, to respond to any governmental investigation, or to respond to any claim of liability by third parties, which is related to environmental contamination. In addition, the Authority shall have the right to access, within two (2) days of Lessee's receipt of written request, and copy any and all records, test results, studies and/or other documentation, other than trade secrets, regarding environmental conditions relating to the use, storage, or treatment of regulated substances by the Lessee on, under or about the Leased Premises.

4. Lessee shall immediately notify the Airport Director of any of the following: (a) any correspondence or communication from any governmental agency regarding the application of Environmental Laws to the premises or Lessee's use of the Leased Premises, (b) any change in Lessee's use of the premises that will change or has the potential to change Lessee's or the Authority's obligations or liabilities under Environmental Laws, and (c) any assertion of a claim or other occurrence for which Lessee may incur an obligation under this Exhibit.
 5. Lessee shall insert the provisions of this Article in any agreement or contract by which it grants a right or privilege to any person, firm or corporation under this Agreement.
 6. Lessee shall at its own expense obtain and comply with any permits or approvals that are required or may become required as a result of any use of the Leased Premises by the Lessee, its agents, employees, contractors, invitees and assigns.
 7. Lessee shall obtain and maintain compliance with any applicable financial responsibility requirements of federal and/or state law regarding the ownership or operation of any device used for the treatment or storage of a Regulated Substance and present evidence thereof to the Authority, as may be applicable.
 8. Lessee shall take reasonable precautions to prevent other persons not acting under Lessee's authority from conducting any activity that would result in the release of a Regulated Substance on the Leased Premises. Lessee shall also exercise due care with respect to any Regulated Substance that may come to be located on the Leased Premises as a result of the actions of third parties who are not under Lessee's authority.
- C. **Lessor's Insurance**
Lessor agrees that during the term of this Agreement it shall keep and maintain insurance covering any environmental contamination that may be caused, in whole or in part, by Lessor, in such amounts as are determined to be reasonable in the sole discretion of the Lessor and the Airport Director.

EXHIBIT C

REQUIRED FAA CONTRACT PROVISIONS

GENERAL CIVIL RIGHTS PROVISIONS

The lessee and its transferee agree to comply with pertinent statutes, Executive Orders and such rules as are promulgated to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance.

This provision obligates the lessee or its transferee for the period during which Federal assistance is extended to the airport through the Airport Improvement Program.

In cases where Federal assistance provides, or is in the form of personal property, real property or interest therein, structures or improvements thereon, this provision obligates the party or any transferee for the longer of the following periods:

(a) The period during which the property is used by the airport sponsor or any transferee for a purpose for which Federal assistance is extended, or for another purpose involving the provision of similar services or benefits; or

(b) The period during which the airport sponsor or any transferee retains ownership or possession of the property.

CLAUSES FOR TRANSFER OF REAL PROPERTY ACQUIRED OR IMPROVED UNDER THE ACTIVITY, FACILITY, OR PROGRAM

A. The lessee, for himself/herself, his/her heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that:

1. In the event facilities are constructed, maintained, or otherwise operated on the property described in this lease for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, the lessee will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

B. With respect to this lease, in the event of breach of any of the above Nondiscrimination covenants, Rutherford County Airport Authority will have the right to terminate the lease and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the lease had never been made or issued.

TITLE VI LIST OF PERTINENT NONDISCRIMINATION ACTS AND AUTHORITIES

During the performance of this Lease, Lessee, for itself, its assignees, and successors in interest (hereinafter referred to as the “Lessee”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);

49 CFR part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);

The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);

Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq.*), as amended, (prohibits discrimination on the basis of disability); and 49 CFR part 27;

The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq.*), (prohibits discrimination on the basis of age);

Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);

The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);

Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR parts 37 and 38;

The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);

Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;

Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes

discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);

Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

SAMPLE