

## LEASE AGREEMENT FOR PRIVATE AIRCRAFT HANGAR

THIS AGREEMENT, made and entered into as of the 1<sup>st</sup> day of MAY, 2006, by and between the City of Crossville, a municipal corporation, organized and existing under and by virtue of the laws of the State of Tennessee (hereinafter referred to as "Lessor", which expression shall include its successors and assigns), and GRINDSTAFF AIRCRAFT LEASING, INC. (hereinafter referred to as "Lessee", which expression shall include its successors and assigns).

### WITNESSETH:

1. **Consideration.** That each of the aforesaid parties acknowledges the receipt of a valuable consideration from the other and that they and each of them act herein in further consideration of the engagements of the other as herein stated.
2. **Demised Premises.** The Lessor warrants and represents that it is the owner in fee simple of all of that certain land situated in Cumberland County, Tennessee, as set forth in Exhibit "A" ("Premises") and made a part hereof as though fully set forth herein.

The Lessor, for and in consideration of the rents to be paid and the obligations to be performed by the Lessee as hereinafter provided, does hereby demise and lease unto the Lessee, and Lessee does hereby take and hire, upon and subject to the conditions hereinafter expressed, the Premises. Lessee shall also have and is hereby granted the right to traverse all public taxiways, runways, and rampways on property owned by Lessor at the Airport (Airport Property), the right to connect any aprons, taxiways, rampways, and roads at the Airport Property.

### 3. Rental/Term 20 Years/with 10 year Option to Renew.

- A. Lessee covenants and agrees to pay Lessor annual rent for the Premises during the original term of this lease. Lessee shall pay Lessor the first annual rent payment on or before 1 MAY, 2006 and thereafter on or before the first day of MAY in each succeeding year. The amount of the rental payments during the original term of this lease shall be determined in accordance with the following schedule:

B.

FROM	TO	RATE	SQUARE FEET	ANNUAL RENTAL
1 MAY 20 06	1 MAY 20 11	\$ 0.13	8,000.00	\$ 1040.5

The amount of rent payable under this Lease shall be increased during the term hereof every Five (5) years on the 5th, 10th, and 15th anniversary of the Lease, such dates being hereinafter collectively referred to as "Adjustment Dates". Base Rent is hereby defined as thirteen (.13) cents per square foot and as subsequently adjusted as provided herein. On the Adjustment Date, the rental rate for the new Five (5) year term shall be computed by increasing the Base Rent by Five Percent (5%).

Lessee may renew, with written notice to Lessor being given at least sixty (60) days prior to the expiration of the original term, its lease of the Premises for a term of ten (10) years under the same terms and conditions of this Lease Agreement, except for the rent provisions, which annual rent in such renewal term, if any, shall be calculated as follows; rental payments under the renewal term shall be annual payments paid upon the same time of year at intervals as the rent was paid in the original term except that the annual rent shall be equivalent to the mean average rental cost per square foot of all hangar space at the Airport Property, excluding that certain maintenance hangar and, in the event the said mean average annual rental per square foot is increased by the City Council of the City of Crossville during said renewal term, then the annual rental rate for Lessee under this Lease Agreement for said renewal term shall likewise increase.

- C. Said rental payments shall be made to the attention of the City Manager, City of Crossville, 99 Municipal Avenue, Crossville, Tennessee 38555, or its successors. All rent shall be paid in lawful money of the United States of America, and the burden of proof of payment of the rent in case of controversy shall be upon the Lessee.

If any rental payments are not received by the dates due either in the original term or renewal term, the Lessee shall be Liable for a late charge equal to Ten Percent (10%) of the total unpaid balance subject to late charges. The late charges are due with the annual payment. It is understood and agreed that the late charge is not a waiver of any other rights the Lessor has in this Agreement. Failure of Lessee to make any annual payment, together with any late charges, within Sixty (60) days shall be a breach of this Agreement and Lessor shall have the option of terminating this Lease and taking possession of the Premises and all improvements and fixture thereto or pursuing any other remedies under this Lease or at law or equity.

- D. If Lessor deems that there has been a breach of any other term of this Agreement, Lessor shall notify Lessee of such. If Lessee shall fail to cure said breach within Thirty (30) days, the Lessor shall have the right to immediately terminate the Lease and re-enter the premises and dispossess Lessee and, to the extent of ancharges due

or damages, shall give Lessor a lien against all property of Lessee, including aircraft on the premises, at the time Lessor declares a breach and exercises the right of re-entry.

- E. If Lessor is reasonably required to incur any legal costs in enforcing its rights under this Lease or any right under law as a result of any of Lessee's activities or failure to act, the Lessee agrees to pay all costs and expenses including, but not limited to, attorney fees and court costs.
- F. Lessee agrees to conform to all laws, ordinances, and regulations governing the premises and any activities thereon, and shall indemnify and hold harmless Lessor from any liability arising out of the use or occupancy of these premises by Lessee or others during the term of this Lease. Lessee does hereby agree to keep in force at all times during this Lease a policy of insurance in the amount of the insurable value of the improvements on the premises and a liability policy in the amount of One Million Dollars (\$1,000,000.00) with Lessor as a named insured. All casualty proceeds from the casualty policy referenced above must be applied to the repair or restoration of the Premises and the improvements and fixture thereon.
- G. In the event that the improvements are destroyed by fire, storm or other causes, the Lessee shall be obligated to rebuild the improvements as they were before such loss or to such condition as the parties may mutually agree.

4. **Construction of Improvements/Alterations.**

- A. Lessee shall have the right to clear, grade and drain the Premises, and to build, raze in connection with replacement, rebuild, alter, and to repair and/or improve any such buildings and improvements which may now or hereafter be erected on the Premises. Plans or specifications for the initial construction or alteration of all structures shall be subject to prior written approval of the Lessor, said approval not to be unreasonably withheld. Lessee agrees not to conduct or permit to be conducted any activity on the Premises which would interfere with or be a hazard to flight or aircraft either to or from the airport, or interfere with air navigation and communication facilities serving the airport. Lessee agrees that no structure will be erected or objects created on the Demised Premises which would constitute a hazard to air navigation. Lessee may make interior alterations, minor exterior alterations and changes, decorations, and minor additions without prior approval of Lessor as long as it does not materially change previously approved improvements or violate Federal Aviation Administration regulations, "Objects Affecting Navigable Air Space".
- B. It is understood and agreed that this Lease is initially subject to the reasonable approval by the above authorities of the plans and specifications for the initial phase of Lessee's presently proposed improvements, i.e.: construction of an aircraft storage hangar. Lessee shall have the right to modify and resubmit for approval plans and specifications previously disapproved by the above authorities. In the event approval of Lessee's initial

plans and specifications is not obtained, Lessee, at its election, may terminate this Lease without further obligation to Lessor and Lessor shall refund to Lessee any and all rental paid hereunder.

- C. It is covenanted and agreed Lessor shall maintain title and interest in any buildings and improvements on the Premises including, without limitation, all buildings and improvements erected, constructed, built or affixed to the Premises by Lessee. In the event of a default by Lessee, Lessor shall maintain and keep said title and interest.
5. **Maintenance.** Lessee agrees to keep the Premises and improvements and fixtures thereon in good order and repair, ordinary wear and tear and casualty losses excepted, and upon the termination or expiration of this Lease to surrender up the Premises and improvements and fixtures thereon to Lessor in such condition.
6. **Utilities - Installation and Service Charges.** Lessee shall pay all utility installation and service charges incurred in providing and furnishing necessary electric, gas, water, sewage, telephone and other utilities to the Premises and improvements and fixtures thereon, and shall pay all sewer fees, sanitation fees and similar fees and charges payable by the occupant of the Premises and improvements and fixtures thereon during the term hereof.
7. **Advertising.** No outside walls, roofs, or other portion of the Premises or of any improvements thereon shall be leased for or used for any advertising purposes whatsoever, and no sign will be erected on any portion of the same until written approval of Lessor is obtained.
8. **Use of Premises.**
- A. The hangar hereby leased shall be used only for the storage of aircraft owned or leased by the Lessee and uses incidental thereto. Restoration of vintage airplanes, other than as a commercial enterprise, is permitted.
- B. Storage of fuel or other highly flammable liquid, except that in aircraft fuel tanks, attached to the aircraft, is prohibited.
- C. No transfer of fuel shall be permitted inside the hangar.
- D. No spray painting shall be done unless Lessee assumes all liability for any damage resulting to others.
- E. Aircraft maintenance may be performed on aircraft normally stored in said hangar; however, no commercial activities will be conducted on these premises or any activities that directly conflicts with any operation of the local FBO.
- F. No long term maintenance, including building or restoration projects shall be permitted to occupy more than fifty percent (50%) of leased premises.

G. No living quarters shall be permitted, however, an adequate pilot's lounge is permitted.

H. Lessee shall suffer no liens, of any kind or type whatsoever, to attach to, or encumber, the Premises.

9. **Protection from Violation.** The Lessee will forever keep and save harmless the Lessor from any penalty or damages or charges imposed for any violation of any Federal, State, or Municipal laws and ordinances in connection with the use of the Premises by Lessee or others, and the Lessee agrees that the Premises and improvements thereon shall, during the term of this Lease, be used only for proper and legitimate purposes, and that the Lessee will not use the same or any portion thereof for any purpose or use which may be in violation of the laws of the United States or of the State of Tennessee, or of the ordinances and regulations of the City of Crossville, or for any unlawful purpose or use whatsoever. Lessee does hereby consent to the reasonable, periodic inspection of its leased premises by a city official designated by the Mayor. Lessee also agrees that it will not create or allow any nuisance to exist on the Premises and that it will promptly abate all such as may arise, and will not commit or suffer to be committed any waste thereon.
10. **Independent Contractor Status of Lessee.** Lessee, and all persons employed by Lessee, shall construct and maintain the Premises according to Lessee's own methods and entirely free from any manner of direction or control by, or on the part of Lessor or anyone in the employ of Lessor. Lessor shall have the right but no obligation to inspect and reject any construction or maintenance which does not conform to the approved specifications.
11. **Covenants to Run With the Land.** All the covenants and agreements in this Lease shall be construed as covenants running with the land and bind and inure to the benefit of the parties hereto and their respective heirs, successors and assigns. The relationship between the parties hereto is strictly that of landlord and tenant and nothing contained herein is intended, and nothing shall be construed to create or effect a joint venture or partnership between the parties.
12. **Easements, Etc.** The parties acknowledge that it may be necessary to grant or dedicate certain rights-of-way easements, or other similar rights for access, and also easements and other rights to utility companies and others with regard to servicing the improvements to be erected by Lessee on the Premises. The parties agree to execute any and all instruments, reasonable in substance and form, in connection with the granting of such rights-of-way, easements, and rights. Lessee recognizes the existence of and agrees to comply with all existing easements and uses.
13. **Nonassignability.** The Lessee may not assign or transfer this Lease, or any interest therein, or sublet the premises or any part thereof without the prior written consent of the Lessor and approval of such shall not be unreasonably denied or withheld.

- 14. This Lease Agreement contains the complete agreement between the parties. The parties stipulate that neither of them has made any oral representations with respect to the subject matters of this Lease Agreement or any representations except as are specifically set forth herein.
- 15. The provisions of this Lease Agreement shall bind and inure to the benefit of the parties, their successors and assigns.

WITNESS this the date first written above.

**LESSOR:**

City of Crossville

BY: [Signature]

ITS: [Signature]

**LESSEE:**

Grindstaff Aircraft Leasing, Inc.

BY: [Signature]

ITS: Manager

State of Tennessee )  
 )  
 County of Cumberland )

Before me, the undersigned authority, a Notary Public in and for said State and County, personally appeared D. Alan Grindstaff, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be D. Alan Grindstaff of **Grindstaff Aircraft Leasing, Inc.**, a corporation, and that he as such officer, being authorized so to do executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

WITNESS my hand and seal of office this 14<sup>th</sup> day of April, 20086

[Signature]  
 NOTARY PUBLIC

My commission expires: 06/05/06

State of Tennessee        )  
  )  
County of Cumberland     )

Before me, the undersigned authority, a Notary Public in and for said State and County, personally appeared **J. H. Graham, III**, with whom I am personally acquainted, (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Mayor of the City of Crossville, and that he as such Mayor, being authorized so to do executed the foregoing instrument for the purposes therein contained by signing the name of the City of Crossville by himself as such Mayor.

WITNESS my hand and seal of office this the 28<sup>th</sup> day  
of April, 2005.

Sally Oglesby  
NOTARY PUBLIC

My commission expires: 3/4/09



