

NORTH CAROLINA

ROWAN COUNTY

CORPORATE HANGAR LEASE

THIS LEASE AGREEMENT, made this _____ day of _____, 2022, between **Rowan County, North Carolina**, a body politic, hereinafter called the "**Lessor**", and **Charter Jet Transport, Inc.**, a North Carolina corporation, hereinafter called the "**Lessee**".

W ITNESSETH:

WHEREAS, Lessor is constructing a new hangar that includes new space for Lessee and expects such hangar construction to be completed during the Term herein, at which time Lessor and Lessee intend to enter into a new Lease Agreement with new Terms and Conditions; and

WHEREAS, Lessor, in consideration of the agreements and covenants hereinafter mentioned to be fulfilled by Lessee, does hereby lease unto the Lessee, its successors and assigns, that parcel of land containing thereon a corporate aircraft hangar commonly known as the Food Lion hangar consisting of 8,200 square feet together with 2000 square feet of internal office space, together with adequate parking for Lessee's intended use, located at the Rowan County Airport and shown on "Exhibit A", together with a non-exclusive easement for access to the premises from Airport Road for customary business purposes and to use the taxi-ways to and from the leased premises to the runways of the Rowan County Airport for customary air travel purposes pursuant

to local, state and federal air travel regulations. Lessee shall hold the same for the purpose of maintaining a hangar/office facility for the management of aircraft for itself and third-party owners.

1. **LEESEE'S ACCEPTANCE OF PROPERTY**: At the commencement of the term, the Lessee shall accept the leased premises in its existing condition. No representation, statement, or warranty, express or implied, has been made by or on behalf of the Lessor as to such condition, or as to the use that may be made of such property. In no event shall the Lessor be liable for any defect in such property or for any limitation of its use. Lessor acknowledges that Lessee shall own the improvements, which are located upon the leased premises and such shall be taxed as such.

2. **TERM**: The term of this lease shall commence upon the execution thereof and shall remain in full force and effect for a period of three (3) years, and if not sooner terminated, will expire on the third anniversary of the date of execution (the "Initial Term"). It is the intent of Lessor and Lessee, that Lessor shall have constructed a new hangar for Lessee within the Initial Term. In the event such new hangar is not completed by the end of the Initial Term, Lessee, at Lessee's sole option, shall have the right to extend this Lease for two (2) successive periods of one (1) year each, by providing notice to Lessor at least ninety (90) days prior to the expiration of the initial term or any extension thereof (the "Renewal Term"). Rental rate shall be adjusted at each renewal pursuant to Paragraph 3 hereunder. At the expiration of this agreement,

ownership of the hangar shall revert to Lessor unless Lessee negotiates additional extensions or new terms.

3. **RENTAL:** The land as described above is herewith leased to the Lessee at an initial rental of NO CHARGE for Year 1 of the Initial Term in recognition of the substantial investment Lessee is making in the facility and the substantial economic impact to the airport and Lessor's increased tax base, and then Two Thousand Five Hundred Dollars and no/100 (\$2,500.00) per month during Year 2, and then Two Thousand Seven Hundred Fifty Dollars and no/100 (\$2,750.00) for Year 3. Thereafter, the rental shall be adjusted 10% on each annual renewal. Any installment or installments of unpaid rent shall be deemed to constitute a lien upon the hangar previously described and Collection of the same may be enforced in law or equity.

4. **MAINTENANCE:** Lessor shall maintain the structural portions of the hangar, including the hangar door, roof and walls. Lessee shall be responsible for all interior maintenance, including but not limited to plumbing, electrical, ceiling fan(s), floors and any interior office space walls and interior painted surfaces.

5. **UTILITIES:** All utilities are separately metered and Lessee shall connect to and be responsible for payment of all utilities, including but not limited to natural gas, electricity, and water.

6. **DEFAULT:** Any installment of ground lease rent remaining overdue and unpaid for thirty (30) days, as well as any failure to comply with the terms and conditions of this Agreement, shall constitute a default. Lessor shall give written Notice of Default to Lessee and Lessee's Lender, if any, and Lessee shall thereafter have thirty (15) days to cure any monetary default. Lessee shall have sixty (60) days to cure any non-monetary default, whether related to minimum base tax values or otherwise, subject to the same notice provisions contained herein. A failure to cure any properly noticed default shall render this ground lease null and void. Failure to cure any default shall operate as a forfeiture of the hangar by the Lessee to the Lessor which shall thereupon become vested with full and complete ownership and the Lessor shall have the right to release or resell the said hangar retaining all proceeds therefrom to the exclusion of the Lessee.

7. **INSURANCE:** Lessor shall, at its own expense, at all times maintain a policy of fire and extended coverage insurance on the hangar structure for replacement value. Lessor shall not, to the extent other hangar owners or lessee's and aircraft owners are required to maintain similar insurance coverage policies, be liable for any damage to Lessee's aircraft, fixtures, equipment or other contents of the Lessee's hangar, regardless of the cause thereof and accordingly, the Lessee shall, at its own expense, at all times maintain and enforce a policy of insurance (1) covering all contents of the hangar, including aircraft, and (2) maintain general liability insurance naming the Lessor, Rowan County, as an additional insured against liability for injury to or the death of any person or loss or property damage occurring on or about the demised premises,

which insurance shall be in an amount of not less than One Million and no/100 Dollars (\$1,000,000,00), combined, single limit for bodily injury and property damage. Lessee agrees to provide proof of such coverage in the form of a Declaration of Coverage Page acceptable to Lessor. Such policy shall also provide that insurer notify Rowan County no less than thirty (30) days prior to cancellation of the policy. Should the policy be terminated, this lease agreement shall be declared null and void and provisions of Paragraph 4 above shall apply.

8. **SIGNAGE AND EXTERIOR APPEARANCE:** The Lessee shall be permitted to place its sign upon the exterior portion of the hangar premises, however, the size, manner and installation shall be subject to Lessor's approval and applicable local zoning ordinances and related sign ordinances. All signage shall comply with any local zoning and/or signage ordinance; however, in no event shall the size of the sign exceed the maximum standards allowable. The Lessee shall at all times maintain the aircraft hangar in good condition. Lessee shall have the right to make any necessary improvements or renovations to the airplane hangar located upon the premises and any failure to meet the then applicable code standards shall not cause a forfeiture; provided, Lessee commences promptly any necessary upgrades and diligently pursues such work to its conclusion.

9. **USE OF LEASED PREMISES:**

(a) The hangar and related enclosed space, located upon the leased premises, shall be used as an office and hangar for private aircraft.

(b) Hangars are to be used primarily for aircraft storage, including the use for an aircraft related activity, such as repair on an aircraft owned or leased by the undersigned party to this Agreement

(c) Any manufacturing activity contemplated herein shall not interfere with the reasonable use of other hangars as to noise, odor or traffic, and shall not involve the storage of flammable substances or liquids unless approved as to type and container by Lessor.

10. **TAXES:** The hangar which is the subject to this Agreement is in all respects exempt from ad valorem taxes. The Lessee shall pay all taxes levied upon all personal and business property located within the confines of the hangar itself and shall meet or exceed any minimum base tax values that are required pursuant to an Economic Development Grant Agreement between Lessor and Lessee.

11. **RIGHT OF INSPECTION:** Upon reasonable notice, Rowan County shall have the unqualified right to make routine inspections of the hangar, interior and/or exterior, in order to insure compliance with this Agreement or to perform maintenance and such repairs as may be required.

12. **SUBLEASE, SALE AND ASSIGNMENT:** The Lessee shall have the right to sublease hangar space and/or assign this hangar lease to any third party under an aircraft management agreement with Lessee; provided, however, Lessor is prohibited from subleasing to any third party for any duration where such third party aircraft is not

subject to aircraft management agreement. This lease may be assumed by an entity purchasing Lessee or the surviving entity of a merger between Lessee and a third party entity; provided, however, Lessee shall provide Lessor at least sixty (60) days written notice of its intent to sell or merge. Any assumption under this section shall be with the understanding that all conditions remain in full force and affect. Any extensions of the existing Lease term, or new Lease terms, for the benefit of a purchaser or assignee shall be at prevailing fair market rate at the time of granting of any extensions or new Lease terms.

13. **EXCULPATORY PROVISIONS:** The Lessor shall not be responsible or liable to the Lessee for any injury or damage resulting from acts or omissions of persons on or occupying the leased property, or hangars adjoining the leased property, or any part of the building of which the leased property is a part, except for the gross negligence or reckless disregard of Lessor.

14. **INDEMNITY:** The Lessee shall indemnify the Lessor against all liabilities, expenses, including reasonable attorneys' fees, and fees incurred by the Lessor as a result of (a) failure by the Lessee to perform any covenant required to be performed by the Lessee hereunder; (b) any accident, injury, or damage caused by an act or omission of Lessee, its agents, subtenants or employees, and occurrences which shall happen in or about the leased property resulting from the condition, interior maintenance, or operation of the leased property; (c) failure to comply with any requirements or any governmental authority, and, (d) any mechanic's lien, or security

agreement, or any materials used in the construction or alteration of any building or improvement thereon.

15. **NOTICE:** Notice shall be given by certified mail, return receipt requested, to the individual and to the address provided by the parties.

LESSEE:

Charter Jet Transport, Inc.
ATTN: Brandon Atkinson
3900 Paul J. Helms Drive
Monroe, NC 28110

LESSOR:

Rowan County, North Carolina
ATTN: County Manager
130 West Innes Street
Salisbury, North Carolina 28144

16. **RECORDING:** Either party may record this lease or memorandum thereof.

17. **HAZARDOUS MATERIALS:** Lessor represents that, to the best of Lessor's knowledge and belief, the Leased Premises does not contain any Hazardous Materials. Lessor shall, at its sole cost and expense, promptly take all Corrective Actions (as herein defined) necessary to comply with all present and future laws, rules, ordinances or regulations of any governmental authority having jurisdiction over the Leased Premises with respect to the presence or removal of Hazardous Materials present in the Premises other than as a result of the acts or omissions of Tenant, its employees, agents or contractors. As used herein, the term "Hazardous Materials" shall mean pollutants, contaminants, toxic or hazardous wastes, or any other substances, the use

and/or the removal of which is required as of the date of this Lease or the use of which is restricted, prohibited or penalized by an federal, state or local laws, ordinances or other statutes of a governmental or quasi--governmental authority, relating to pollution or protection of the environment and in affect as of the date this Lease. "Corrective Actions" include, without limitation, the investigation of the environmental condition, the preparation and delivery of any notices, studies, or reports, and the performance of any cleanup, disposal, removal, remedial, or restoration work.

18. **QUIET ENJOYMENT:** So long as Lessee observes and performs the **covenants** and agreements contained herein, it shall at all times during the Lease term peacefully and quietly have and enjoy possession of the Premises, but always subject to the terms hereof. Provided, however, that in the event Lessor shall sell or otherwise transfer its interest in the Premises, Lessee agrees to attorn to any new owner or interest holder and shall, if requested by Lessor, execute a separate agreement reflecting such attornment, provided that said agreement requires the new owner or interest holder to recognize its obligations and Lessee's rights hereunder.

19. **GOVERNING LAW AND ENTIRE AGREEMENT:** This Lease shall be governed by the laws of the State of North Carolina, and the provisions contained herein represent the entire agreement between the parties. Any modification of such provisions shall be in writing and executed by the parties hereto.

20. **FAA SUBORDINATION:** This lease shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States, relative to

the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

IN TESTIMONY WHEREOF, said parties have executed this contract in duplicate originals, one of which is retained by each of ft parties.

LESSOR:

Rowan County, North Carolina, a body politic

By:

Chairman of the Board of Commissioners (SEAL)

ATTEST:

By: _____
Clerk to the Board

Reviewed as to form:

Rowan County Attorney

LESSEE:

Charter Jet Transport, Inc.
BY:

DocuSigned by:

_____, (SEAL)
0D54AC0C73647B
Its: _____ President

EXHIBIT "A"
LEASED AREA