

SAMPLE LEASE AGREEMENT

This Lease Agreement is made and entered into this ___ day of _____, 2011, by and between the Monroe County Board of Aviation Commissioners, hereinafter referred to as Lessor, and _____ hereinafter referred to as Lessee.

WITNESSETH

Whereas, the Lessee desires to construct an aircraft hangar and apron on the Lessor's real estate; and whereas, the Lessor is willing to permit the Lessee to improve existing real estate and construct new hangars and facilities; and whereas, the parties hereto have agreed that the Lessee will accept the land herein described in the condition it is in at the date of the execution of this Lease and will at Lessee's expense place the improvements and buildings on said real estate subject to the final plans and specifications being approved in writing by the Lessor.

Now, therefore, it is mutually agreed as follows:

ARTICLE I

LEASE OF THE PREMISES

Section 1. The Demised Premises. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, subject to the terms and provisions of this Lease, the following described real estate:

Approximately. ___ acres (more or less) of land. This partial of land is located _____ and is depicted on Exhibit "A" and described in Exhibit "B" attached hereto and incorporated herein.

ARTICLE II

TERM

Section 1. The Term. The term of this Lease will begin on the first day of _____, and will run for twenty years through the last day of _____, with one option to renew the Lease for 10 additional years.

Section 2. Rent Adjustment. The minimum rent provided for in Article III below shall be adjusted on the first day of _____, and at the beginning of each five-year period thereafter, including option periods, if exercised and permitted. The rent adjustments are due to changes in the purchasing power of the United States Dollar.

It is necessary to establish a base in order to provide for this adjustment. This base has been the Consumer Price Index (CPI) for All Urban Consumers (All Items), and this base shall be retained for the purposes of this Amended Lease. The rent has been under the original Lease, and shall be adjusted at the end of each five year or sixty month period, including any exercised option period, that this Amended Lease remains in effect. The rent adjustment will be equal to the percentage change in the index from the effective date of the original Lease. As an example, if the index increased by ten percent during the first five year period of the Lease, then beginning with the sixty first month of the Lease, the rent would have increased by ten percent per year and remain at that figure until the end of the 120th month. At that time the rent would have again been adjusted according to the change in the index. This adjustment procedure shall continue until this Lease is

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terminated, and shall apply during all periods when the Lease term may be extended. Such term "Index" shall include any substitute or successor of the relevant CPI whether prepared by the Department of Labor or by any other department or bureau of the United States Government. If there is any change in the rent payable under the Amended Lease due to changes in the Consumer Price Index for All Urban Consumers as outlined above, such change is to be considered merely an "adjustment" and not as any increase in rent, and, therefore, it is not to be subject to any Government rent control rules or other law that might subsequently be promulgated. The Consumer Price Index referred to is entitled: The Consumer Price Index - All Urban Consumers, United States City Average, (1982-84 = 100) under expenditure Category "All Items", reflecting the change in prices of goods and services published by the Bureau of Labor Statistics, United States Department of Labor.

Periodically, depending upon the violence in the fluctuation in the value of the United States Dollar, a new base period with an index of 100.0 is established by the U.S. Department of Labor. When this is done a Conversion Factor is also established to be used in converting the New Consumer Price Index to the former one. This factor shall be used to convert to the New Price Index.

Section 3. Early Termination of Lease. Any time after the second year of this Lease term, the Lessor could at its sole discretion and upon giving a written notice ninety (90) days in advance, terminate the Lease. Should the Lease be thereby terminated prior to the last day of _____, or prior to the last day of any extended term of this Lease, the Lessor will reimburse the Lessee for a percentage of the fair market value of the buildings constructed on the leased land. This reimbursement shall be computed as provided for in Section 5 of this Article.

Section 4. Exercise of Option. The Lessee shall exercise the option to renew by delivering written notice as provided to the Lessor at least ninety (90) days prior to the termination of the primary term on the last day of _____, for the (10) ten-year option to renew.

Section 5. Early Termination or Expiration of Lease. If this Amended Lease is terminated by the Lessor (pursuant to Article II, Section 3) prior to its normal expiration date, the Lessor agrees to reimburse the Lessee for a percentage of the fair market value of the buildings constructed on the leased land. The percentage to be used shall start at 100% and decrease by 2.50% for each year that this Lease has been in effect.

Section 6. Fair Market Value. Fair market value shall be determined by MAI designated appraisers, one selected by the Lessor and one selected by the Lessee. If their independent appraisals are within eight percent of each other, the average of the two appraisals will be considered Fair Market Value. If not within eight percent, and the value cannot be resolved between the Lessor and Lessee, the two appraisers will select a third MAI designated appraiser to perform an independent appraisal. Then the highest and lowest of the three appraisals will be rejected and the mid-value appraisal will be considered as the Fair Market Value. It is agreed that the cost of these appraisals will be shared equally by the Lessor and Lessee.

ARTICLE III **RENT**

Section 1. Payments. The Lessee agrees to deliver and pay an annual rent to the Lessor at the Airport Administration Building at 972 South Kirby Road, Bloomington, Indiana 47403. The annual installment of rent for this Lease shall be due and payable in advance on the first day of _____ of each year during the term of this lease. The annual rent due shall be \$_____, but subject to the Rent Adjustment provisions set forth in Article II, Section 2, above.

Section 2. Late Payment. It is understood and agreed that if Lessee shall be late in the delivery and payment of any installment of rent due under the terms of this Amended Lease, Lessee shall pay to Lessor a charge equal to 1.50% of the delinquent amount per month, compounded, and this late payment

fee shall be added to any past due rent until paid in full. It is further understood that failure to pay rent in a timely manner constitutes an event of default and may result in Lessor's termination of the Lease.

ARTICLE IV
USE OF THE PREMISES

Section 1. Use. The buildings, facilities, and land described in this Lease are to be used for the sole purpose of storing aircraft and associated equipment. As such, residential and commercial activities and operations will not be permitted. Activities specifically prohibited, except as may be authorized under separate agreement, include aircraft sales (new and used), aircraft rental, air taxi or charter, flight instruction (air and ground training), aviation fuel sales, car sales and rental, food sales, outside storage or parking of motor homes and trailers, outside storage or parking of boats and aircraft.

Section 2. Operation of Premises. Lessee shall promptly comply with all laws, ordinances and regulations pertaining to the demised premises and promulgated by duly constituted governmental authority affecting the cleanliness, safety, use and occupation at the demised premises, including but not limited to all rules and regulations of the Federal Aviation Administration.

ARTICLE V
INDEMNITY AND INSURANCE

Section 1. Assumption of Liability and Public Liability Insurance for Demised Premises. Lessee assumes all liability for injury to persons or damage to property caused by any person, firm or corporation including Lessee, on the demised premises and agrees to indemnify and hold Lessor harmless from all liability, costs and obligations on account of, or arising out of, any such injuries or damage, however occurring. Damage to property for which the Lessee assumes all responsibility includes, but is not limited to, pollution of the soil, drainage areas, or waste water treatment systems caused by dumping of fuels, lubricants or other materials, whether deliberate or accidental. Lessee agrees to procure and maintain during the entire term of this Lease, including any renewal thereof, a policy or policies of insurance written by a responsible insurance company insuring Lessor and Lessee from any and all claims, demands or actions for injury or death of any one person to the limit of not less than \$1,000,000.00, and for injury to, or death of, more than one person in any one accident or occurrence to the limit of not less than \$1,000,000.00, and for damage to property to the limit of not less than \$250,000.00, made by or on behalf of any person, firm or corporation arising from, or connected with, Lessee's activities at the demised premises, and to furnish Lessor certificates evidencing the existence thereof. Unless Lessor and Lessee agree to the contrary, all proceeds of an insurance claim made on account of damage or calamity to the leased property shall be used to restore the property to its prior condition.

ARTICLE VI
TAXES

Section 1. Real Estate Taxes. Lessee shall pay all real estate taxes and special assessments levied against all or part of the demised premises.

Section 2. Personal Property Taxes. Lessee shall pay all personal property taxes assessed against furnishings and equipment or other property located on the demised premises.

ARTICLE VII
UTILITIES

Section 1. Water, Gas and Electricity. Lessee shall pay charges for all water, gas, and electricity used on or in connection with the demised premises.

Section 2. Trash Removal. Lessee shall pay charges for trash collection and removal from the demised premises.

Section 3. Sanitary Drains. Sanitary drains on the demised property may be connected to the Airport's sewer line. The Lessor shall have the right to assess reasonable charges for use of this system. In no case can oils, hazardous waste, or non-biodegradable items be drained into the system. Should the Lessee violate the provisions of this Lease pertaining to sanitary drains, the Lessor reserves and maintains the right to disconnect the drains from the Airport's sewer line.

ARTICLE VIII
ASSIGNMENT AND SUBLETTING

Section 1. Approval. Lessee may assign or sublet the demised premises or any part thereof with the written consent and approval of Lessor. Such consent cannot be unreasonably withheld.

Section 2. Liabilities. It is understood that any such assignment shall not relieve the Lessee from liabilities on this Lease.

ARTICLE IX
NOTICES

Section 1. Manner of Giving. Whenever under this Lease a provision is made for notice of any kind, such notice shall be in writing and signed by, or on behalf of, the party giving or making the same. If such notice is to Lessee, it shall be deemed sufficient notice and service thereof if sent by registered or certified mail, postage prepaid, to the last post office address of Lessee furnished to Lessor for such purpose. If such notice is to Lessor; then it shall be deemed sufficient if sent to Lessor by registered or certified mail, postage prepaid to Lessor at the address furnished for such purpose, or to the place then fixed for the payment of rent.

ARTICLE X
SURRENDER OF POSSESSION

Section 1. Prompt Surrender. If Lessor exercises the option to purchase the buildings constructed on the land leased herein, or if Lessor by other means obtains ownership of said buildings, Lessee, at Lessor's request, will vacate and surrender said buildings. Any personal property belonging to Lessee, a tenant, or subtenant, if not removed at such termination and if Lessor shall so elect, shall be deemed abandoned and become the property of the Lessor without any payment or offset therefor. If Lessor shall not so elect, the Lessor may remove such property from the demised premises and store such at the Lessee's risk and expense.

ARTICLE XI
QUIET ENJOYMENT

Section 1. Lessor's Warranty. Lessor warrants that Lessee, upon making the payments and upon performance of and keeping to the other covenants and agreements of this Amended Lease on Lessee's part to be performed and kept, shall have peaceful and quiet possession of the demised premises during the term of this Amended Lease and any extension thereof.

ARTICLE XII
REPAIRS, MAINTENANCE AND IMPROVEMENTS

Section 1. Repairs and Maintenance. Lessee shall be responsible for all repairs and maintenance to the demised premises. It is understood that this includes snow removal, grass mowing, and pavement maintenance.

Section 2. Improvements. Lessee is authorized to erect buildings and to make improvements to the premises, subject to the prior written approval of Lessor. In the event that Lessee undertakes improvements, Lessee covenants and agrees that Lessee shall not suffer or permit any mechanic's liens to be filed against the demised premises and shall hold the Lessor harmless therefrom.

ARTICLE XIII
SIGNS

Section 1. Signs. Any and all exterior signs, whether attached to buildings or detached, shall be considered improvements and must be approved in writing by the Lessor.

ARTICLE XIV
GENERAL PROVISIONS

Section 1. Relationship of the Parties. Nothing herein contained shall be deemed or construed by the parties hereto nor by any third party as creating the relationship of principal and agent, or creating a partnership or joint venture between the parties hereto, it being understood and agreed that neither the method of computation of rent nor any other provisions contained herein nor any acts of the parties hereto shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant.

Section 2. Remedies Cumulative - Non-Waiver. The various rights and remedies herein contained and reserved to each of the parties shall not be considered as exclusive of any other right or remedy of such party, but shall be construed as cumulative and shall be in addition to every other remedy now or hereafter existing as law, in equity, or by statute, and said rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefor arises. No delay or omission of the right to exercise any power by either party shall impair any such right for power, or shall be construed as a waiver of any default or as acquiescence therein. One or more waivers of any covenant, term or condition of this Lease by either party shall not be construed by the other party as a waiver of a subsequent breach of the same covenant, term or condition. The consent or approval by either party to or of any act by the other party of a nature requiring consent or approval shall not be deemed to waive or render unnecessary consent to or approval of any subsequent similar act.

Section 3. Law of Indiana Governs. The laws of the State of Indiana shall govern the validity, performance and enforcement of this Lease. The invalidity or unenforceability of any provision of this Lease shall not affect or impair any other provision.

Section 4. Complete Agreement. The headings or the several Articles and Sections contained herein are for convenience only and do not define, limit or construe the contents of such Articles and Sections. All negotiations, considerations, representations and understanding between the parties are incorporated herein, and may be modified or altered only by agreement in writing between the parties.

Section 5. Agreement Binding on Successors. The covenants, agreements and obligations herein contained shall extend to, bind and inure to the benefit not only of the parties hereto but their respective personal representatives, heirs, successors and assigns.

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Section 6. Mandatory Clauses. The parties agree that the terms of this Lease shall be deemed to be subject to and shall be deemed to include any and all additional mandatory lease clauses required by the Federal Aviation Administration, the Department of Transportation or any other governmental agency or laws which may apply to the demised premises.

Section 7. Non-Discrimination. Lessor and Lessee agree that (a) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in the use of said premises, (b) that in the construction of any improvements on, over or under said land and the furnishings of services thereon no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (c) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49 Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation--Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

Section 8. The Lessee further agrees to comply with such enforcement procedures as the United States might demand that the Lessor take in order to comply with the Sponsor's Assurance.

Section 9. It is understood by the Lessee that no right or privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the field from performing any service on its own aircraft with its regular employees (including, but not limited to, maintenance and repair) that it may choose to perform.

Section 10. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right.

Section 11. The Lessor reserves the right to further develop or improve all areas of the Airport as it sees fit, regardless of the desires or views of the Lessee, and without interference or hindrance.

Section 12. The Lessor reserves the right, but shall not be obligated to Lessee, to maintain and keep in repair the landing area of the Airport and all publicly owned facilities of the Airport, together with the right to direct and control all activities of Lessee in this regard.

Section 13. During the time of war or national emergency, the Lessor shall have the right to lease the landing area or any part thereof to the United States Government for military use, and if such lease is executed, the provisions of this Lease insofar as they are inconsistent with the provisions of the lease to the government, shall be suspended.

Section 14. The Lessor reserves the right to take any action it considers necessary to protect the normal approaches to the Airport against obstructions, together with the right to prevent the Lessee from creating, or permitting to be created, any building or other structures on the Airport, which in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

Section 15. This Amended Lease shall be subordinate to the provisions of any existing or future agreement between the Lessor and the United States Government relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition to the expenditure of Federal Funds for the development of the Airport.

ARTICLE XV
DEFAULT AND REMEDIES

Section 1. The Lessor may exercise certain default remedies set forth herein upon the occurrence of one or more of the following events of default:

- a) the making by Lessee of an assignment for the benefit of its creditors;
- b) the levying of a writ of execution or attachment on or against the demised premises as the property of the Lessee and the same not released or discharged within ninety (90) days;
- c) the institution of proceedings in a court of competent jurisdiction for the reorganization, liquidation or involuntary dissolution of the Lessee, or its adjudication as a bankrupt or insolvent, or for the appointment of a receiver of the property of the Lessee;
- d) the failure of the Lessee to pay an installment of rent within ten (10) days after written notice is given by the Lessor, or to perform any other term, covenant, condition or agreement under this Amended Lease within thirty (30) days after written notice of such breach is given by the Lessor;
- e) Lessee causes or permits any adverse claim, lien or interest to be asserted against the leased property, such as a Mechanic's Lien or other encumbrance;
- f) the need to use the property for development, improvement, or operation of the Airport; or,
- g) any event occurs that leads Lessor to reasonably believe that Lessee's ability to perform of the terms, conditions, covenants or agreements in this Lease has become materially impaired.

Section 2. Upon the occurrence of an event of default not timely cured (if curable) by the Lessee, Lessor may exercise any one or more of the following remedies. Examples given by no means limit the applicability of permissible remedies, which are to be broadly construed beyond such examples. The exercise of one remedy will not result in a waiver of or estoppel against Lessor's choice of a different remedy at any time. Such remedies are cumulative and shall include the following:

- a) Lessor may terminate this Lease in accordance with the provisions to that effect herein;
- b) Lessor may opt not to terminate this Lease, but may, nonetheless, bring an action against Lessee asserting legal or equitable claims against Lessee seeking the enforcement by decree of specific performance of, or seeking damages occasioned by the breach of, any one or more terms, conditions, covenants or agreements set forth herein, as for example where Lessor may seek and collect a Judgment against Lessee for any unpaid annual installment of rent, accrued late fees or other debt obligation owed by the terms herein, and/or may seek an order compelling Lessee's performance of any terms, conditions, covenants, or agreements set forth herein;
- c) Lessor may, but with no obligation to do so, perform any of the terms, conditions, covenants or agreements herein in Lessee's stead if Lessee fails in its duty to perform, and Lessor may then demand immediate payment for all costs of doing so, whereupon Lessee shall make full reimbursement therefor to Lessor, as for example where Lessee fails to insure the leased property, and Lessor purchases a policy of coverage, or where Lessee fails to maintain or repair the leased property, and Lessor undertakes and pays for such maintenance or repair; or
- d) Lessor may avail itself of any other remedy available at law or in equity.

Section 3. Lessee shall be liable for, and, upon demand from Lessor, shall reimburse Lessor for any and all court costs, expenses or attorney fees incurred by Lessor by reason of Lessee's breach of any of the terms, conditions, covenants or

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agreements in this Lease, or otherwise incurred by Lessor for the exercise of any of the default remedies set forth herein.

EXECUTION

NOW WITNESS the hands of the parties set below in acknowledgment and agreement to the foregoing terms:

MONROE COUNTY BOARD OF AVIATION COMMISSIONERS

By: _____

Title: _____

Date: _____

By: _____

Title: _____

Date: _____