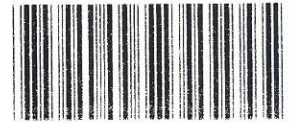


NORTH CAROLINA  
CARTERET COUNTY

FOR REGISTRATION REGISTER OF DEEDS  
Karen S. Hardesty  
Carteret County, NC  
November 24, 2020 01:02:20 PM  
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FEE: \$50.00  
FILE # 1697191



FILE # 1697191

**CARTERET COUNTY-BEAUFORT AIRPORT  
FIXED BASED OPERATION LEASE AGREEMENT**

*Jesse Vinson*

THIS LEASE AGREEMENT (the "Lease"), is entered into this 1st day of October, 2020 by and between CARTERET COUNTY-BEAUFORT AIRPORT AUTHORITY, a body corporate and politic existing pursuant to the laws of the State of North Carolina, hereinafter the "Authority" and CRYSTAL COAST AVIATION, LLC, a North Carolina limited liability company, hereinafter the "Tenant".

RECITALS

WHEREAS, Authority is the owner of a certain tract of land together with the buildings and other improvements thereon known as the Michael J. Smith Field Airport (the "Airport");

WHEREAS, Tenant operates a business of commercial aviation activities for aeronautical purposes or purposes incidental thereto and desires to carry on such activities at the Airport;

NOW, THEREFORE, the parties do mutually undertake, promise, and agree as follows:

1. **Premises.** The Authority hereby leases to Tenant, and Tenant hereby leases from the Authority, the premises (the "Premises") more particularly depicted on **Exhibit A** attached hereto and incorporated herein by reference. The Premises shall mean:

- (i) the terminal building located at 150 Airport Road and its adjacent parking lot
- (ii) the terminal hangar (northern portion of the large hangar along the apron) and its adjacent parking lot, and
- (iii) the tie downs on the apron, except as otherwise specified herein.

For purposes of clarity, the Premises shall not include the administration building or the maintenance hangar, including the tie downs associated with each. Use of Maintenance Hangar or Airport Authority aprons or tie-downs require an additional payment of 25% of the established rate for aircraft parking.

In addition to the Premises, Tenant shall have the non-exclusive right to the use of all Public Airport Facilities which are now or may hereafter constructed or connected with the Airport, except as hereinafter otherwise provided, to be used by Tenant for its Operations and in accordance with the terms of this Lease. For purposes of clarity, "Public Airport Facilities" shall mean all necessary landing area appurtenances, including, but not limited to, approach areas, runaways, taxiways, aprons, aircraft and automobile parking areas, roadways, sidewalks, navigational aids, lighting facilities, terminal facilities, or other public appurtenances to the Airport.

2. **Term.** This Lease shall be for a period of five (5) years commencing on October 1, 2020 (the "Commencement Date"), and ending at the close of business on September 30, 2025 (the "Initial Term").

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If this Lease is then in full force and effect and if the Tenant is not then in default hereunder, Tenant shall have the option to renew this Lease for ONE (1) additional five (5) year period (the "Renewal Term"). Tenant's option to renew this Lease may be exercised by Tenant only by providing written notice of the exercise of the option to Authority at least ninety (90) days prior to the end of the Initial Term. All terms and conditions of this Lease shall remain the same and shall be in full force and effect during the Renewal Term with the exception of Rent which shall be determined by Authority in good faith negotiation with Tenant.

3. **Rent.** The annual rent (the "Rent") to be paid by Tenant to Authority during the term of this Lease shall be as set forth on **Exhibit B** attached hereto and incorporated herein by reference. Rent shall be paid in consecutive monthly installments, commencing on the Commencement Date, and continuing on the first day of each calendar month thereafter during the term of this Lease. Late payments (payments received more than ten (10) days after the due date) shall be subject to a late payment fee of One Hundred Fifty Dollars (\$150.00).

All payments of Rent shall be paid by Tenant to Authority without notice or demand at such place as Authority may from time to time designate in writing as hereinafter provided. All Rent shall be payable in current legal tender of the United States of America as the same is then by law constituted. No extension of time for the payment of any installment of Rent, or sufferance by Authority of any other non-compliance with the provisions of this paragraph, shall be a waiver of the rights of Authority to insist on having all other payments of Rent made in the manner and at the time herein specified. No payment by Tenant or receipt by Authority of a lesser amount than the monthly Rent herein stipulated shall be deemed other than a payment on account of the earliest Rent due, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as rent be deemed an accord and satisfaction and Authority may accept such check or payment without prejudice to its right to recover the balance of the rent or to pursue any other remedy provided for in this Lease. All taxes, charges, and reasonable costs and expenses which Tenant is required to pay hereunder, together with all interest and penalties that may accrue thereon in the event of Tenant's failure to pay such amounts, and all damages, reasonable costs and expenses which Authority may incur by reason of any default of Tenant or failure on Tenant's part to comply with the terms of this Lease shall be deemed to be additional Rent and in the event of non-payment by Tenant, Authority shall have all rights and remedies with respect thereto as it has for the non-payment of the Rent as set forth in this Lease.

#### 4. **Use of Premises; Tenant's Operations.**

a. Tenant is permitted to use the Premises and Public Airport Facilities (as defined in Paragraph 1 above) as a fixed base operator engaged in the business of providing aviation services, activities and related ancillary support (the "Operations"). The Tenant's Operations must, at all times, be conducted in compliance with the Authority's rules and regulations and minimum standards (as they exist now and as they may be amended from time to time by the Authority), all applicable Federal Aviation Administration regulations, orders, and advisory circulars, and all applicable state and federal statutes and regulations.



Tenant shall not use the Premises, except as specifically set forth above without the prior written consent of Authority, which consent shall be determined in Authority's sole and absolute discretion.

b. Tenant's Operations shall be required to include the following activities:

i. Management and provision of appropriate grades and types of aviation fuel, aviation engine oil, lubricants, and other fluids, including maintenance of suitable inventories of each as determined appropriate in coordination with the Authority.

ii. Provision of, at a minimum, one aircraft fueling vehicle for jet fuel and one aircraft fueling vehicle for aviation gasoline. All aircraft fueling vehicles dispensing jet fuel shall have over the wing and single point servicing capabilities, shall be in good working condition, and shall be fully compliant with all applicable state and federal statutes and regulations.

iii. Establish and collect all fuel, ramp, and landing fees, including review of all fees with Authority upon Authority's request. Tenant may waive ramp fees for customers at Tenant's discretion.

iv. Management of aircraft parking aprons to support the parking, tiedown, and maneuvering of aircraft and aircraft fueling vehicles.

v. Provision of line (ground) services such as aircraft marshaling, ramp parking, and tiedown assistance; baggage handling and passenger/crew escorts; aircraft towing services capable of moving Group II aircraft; catering services; and aircraft storage.

vi. Provision of rental vehicle services, courtesy transportation, rental car service, weather information, ramp services, and assistance with lodging for itinerant pilots, crews, and passengers.

vii. Supply of amenities to the terminal lobby, pilot briefing room, and flight planning room.

viii. The use and maintenance of state-of-the-art aviation communications equipment.

ix. A customer service counter, reception center, and business offices within the terminal building.

x. Provision of rental aircraft and flight instruction services to the general public.

xi. Management of vehicular access on and to Premises in accordance with applicable laws and regulations.

xii. Performance of daily foreign object debris (FOD) removal on airfield pavement and shoulders to ensure safe operating conditions for aircraft. FOD removal shall be performed twice per day when required by bird activity.

xiii. Provision of airport security and security plans in coordination with the Authority.

c. Tenant's Operations shall adhere to the following:

i. The height of structures, objects of natural growth, and other obstructions on the Premises shall be restricted and maintained to such a height as to comply with all applicable state and federal laws and regulations.

ii. Any lights maintained on the Premises are to be constructed, focused or arranged in a manner that will prevent from casting of beams in an upward direction so as to interfere with the vision of pilots in aircraft landing or taking off from the Airport.

iii. No use of the Premises shall be made which would interfere with or adversely affect the operation or maintenance of the Airport, or otherwise constitute an airport hazard, as determined in the reasonable discretion of the Authority.

iv. Maintain minimum hours of operation, including for aircraft fueling and line services from 8:00 a.m. to 6:00 p.m. from October 1 to February 28 and 8:00 a.m. to 8:00p.m. from March 1 to September 30, seven days per week, except when necessitated by business or emergency conditions. Exceptions to the aforementioned hours may be granted by the Authority for holidays or when circumstances or events warrant a reduction in operating hours based on written requests made by Tenant. Tenant shall provide staffing on a call-back basis to address after-hour requests for service. All after hours requests shall be addresses within a reasonable period of time not to exceed one hour.

v. Tenant will not exercise or grant any right or privilege which would reasonably operate to prevent any person, firm or corporation operating aircraft at the Airport from performing or causing to be performed any service on their own aircraft (including, but not limited to maintenance and repair), provided however, that such service is performed outside of the Premises and so as not to obstruct use of the Public Airport Facilities. Notwithstanding the foregoing, Tenant shall be entitled to require any third party contractors working on aircraft to check in with Tenant and provide evidence of liability insurance with acceptable limits of coverage as determined in coordination with the Authority.

5. **Acceptance of Premises by Tenant.** Tenant has examined the Premises and accepts it in its present condition (as is, where is) and without any representation on the part of Authority as to the present or future condition of the Premises except as otherwise provided in this Lease.



6. **Maintenance and Repair.**

a. **By Tenant.** Tenant shall maintain the Premises, in good order and condition (ordinary wear and tear excepted), at its sole cost and expense. Tenant further agrees that it shall maintain and keep the Premises in a safe, workable, clean and sanitary condition, in good repair and maintain the Public Airport Facilities free from obstructions and foreign object debris (FOD). Tenant understands and agrees that Authority, by the exercise of reasonable discretion, shall be the sole judge of the quality of maintenance and that, upon written notice by Authority to Tenant, Tenant will be required to perform whatever reasonable maintenance Authority deems necessary. If Tenant does not undertake maintenance within five (5) days after receipt of the written notice, Authority shall have the right to enter the Premises and perform necessary maintenance, the cost of which shall be borne by the Tenant.

b. **By Authority.** Authority shall, at its own expense, during the Term of this Lease, be responsible for repairs and maintenance to the Public Airport Facilities, provided, however, Authority shall not be responsible for repairs and maintenance of those portions that are specifically to be repaired and maintained by the Tenant as herein provided.

c. **Alterations, Additions and Leasehold Improvements.** Tenant, at the sole costs and expense of Tenant, shall have the right to make renovations, additions and improvements of or to the Premises at any time and from time to time during the term of this Lease BUT ONLY IN ACCORDANCE WITH PLANS AND SPECIFICATIONS SUBMITTED TO AND APPROVED IN WRITING BY AUTHORITY. Any and all repairs, replacements, renovations, additions or improvements of or to the Premises which shall be affixed to or become a part of the Premises shall remain to be surrendered as part of the Premises, without cost to Authority, at the expiration or sooner termination of this Lease; provided, however, that at any time prior to the expiration or sooner termination of this Lease, Tenant may remove such trade fixtures installed by Tenant as may be affixed to the Premises, provided that such removal can be effected without materially damaging the Premises, and further provided that such trade fixtures were not installed as replacements for trade fixtures within the Premises as of the commencement date of the Lease. To the extent that trade fixtures are installed as replacements for trade fixtures in place as of the commencement of the Lease which were originally owned by Authority, such replacements shall remain and become the property of Authority.

7. **Utilities.** Tenant, during the full term of the Lease, shall furnish at its own expense all heating, air conditioning, electricity, gas, internet, phone, television, water and other utilities used by it in connection with its occupation and use of the Premises.

8. **Taxes; Permits.** Tenant shall, at its own expense and at all times during the Term of this Lease, pay all taxes and assessments levied against the Premises, as well as all taxes and assessments levied against the personal property used by Tenant in its operation on the Premises. None of the terms, covenants or conditions of this Lease shall be construed as a release of waiver on the part of Authority, of the right to assess, levy or collect any license, personal, intangible, or other tax which shall be lawfully imposed on the business or property of Tenantless. Tenant shall, at its own expense and at all times during the Term of this Lease, pay all fees associated with

obtaining and maintaining the proper permits and licenses related to the Operations and the Airport.

9. **Tenant Reports.** Tenant shall provide the Authority with a written report by the 15<sup>th</sup> day of each month detailing the following information regarding its activities during the previous month:

- (a) Fuel sales during the previous month (type, volume and pricing);
- (b) Weather issues;
- (c) Operational and/or incident issues;

In addition to the above, Tenant shall provide such further detail or additional information reasonably requested by Authority in relation to Tenant's operations at the Airport.

10. **Fuel Flowage Fees.** Authority reserves the right to impose a fuel flowage fee (the "Flowage Fee"). In the event that the Authority elects to impose a Flowage Fee, Tenant shall collect said Flowage Fee and shall, on or before the fifteenth day of each calendar month during the Term hereof, pay the Flowage Fee to Authority. Each such payment of the Flowage Fee hereunder shall be accompanied by a statement, signed by an officer of Tenant setting forth the total amount of all sales and deliveries upon the payment is based. Authority shall have the right to have a reputable accounting firm audit Tenant's books and records related to the Flowage Fee for the sole purposes of verifying accuracy of Tenant's reporting. Such inspections will be made on not less than ten (10) days written notice. If the audit reveals an underpayment of Flowage Fees, Tenant shall pay the underpayment to Authority. Furthermore, should such underpayment by Tenant be equal to or greater than 5%, Tenant shall pay for the reasonable and actual cost of such audit.

11. **Covenant of Quiet Enjoyment.** Tenant, upon payment of the Rent herein reserved and upon performance of each and all of the terms and conditions of this Lease, shall at all times during the Term hereof peaceably and quietly enjoy the Premises without any disturbance from Authority or any person claiming through Authority.

12. **Access to Premises.** Authority and its employees, agents and licensees shall have the right to enter the Premises at any time during the term of this Lease at reasonable times:

- (i) to inspect the condition of the Premises or the compliance by Tenant with this Lease (but no such inspection or failure to inspect shall waive any rights of Authority with respect to any default by Tenant, whether or not any such default was or should have been discovered;
- (ii) to post "For Lease" signs upon or within the Premises during the last one hundred and eighty (180) days of the expiration of the term or during any period of holding over by Tenant;
- (iii) to exhibit the Premises to prospective tenants;
- (iv) to post notices of non-responsibility and/or non-payment; and
- (v) to repair, improve, restore, alter or make additions to the Premises.

Authority shall provide Tenant with reasonable notice, except in cases of emergency to person or property or where an Event of Default has occurred. The foregoing shall not obligate Authority to



take any such action. Authority shall use its best efforts to accomplish the above-contemplated actions promptly, with minimum interference to Tenant's Operations.

13. **Authority's Right to Develop.** Authority reserves the right (i) to further develop, improve, repair, and alter the Airport and all roadways, parking areas, terminal facilities, landing areas, and taxiways as it may reasonably see fit, regardless of the desires or views of the Tenant and free from any and all liability to Tenant for loss of business or damages of any nature whatsoever to Tenant occasioned during the making of such improvements, repairs, alterations and additions, and (ii) to establish such fees and charges for the use of Airport by Tenant and all others as Authority deems advisable.

14. **Authority's Representations.**

- a. Authority shall, during the term hereof, operate and maintain the Airport as a public airport consistent with and pursuant to assurances given by Authority to the United States Government under the Airport and Airways Development Act (P.L. 91-258), as amended.
- b. Authority covenants not grant to any person the rights to conduct Operations, unless such person meets and complies with the Authority's minimum standards, and which shall not be on more favorable terms and conditions than are granted herein to Tenant.

15. **Surrender.** At the expiration of the Term, and except as herein otherwise provided, Tenant will quit and surrender the Premises in as good a state and condition as received, reasonable wear and tear and damage by fire or other casualty excepted; provided, however that the foregoing exceptions shall not be construed to relieve Tenant of any duty to make repairs or replacements under any other provision of this Lease.

16. **Default by Tenant.** The happening of one or more of the following listed events (herein called "Events of Default") shall, in addition to other Events of Default set forth herein, constitute a default in any breach of this Lease:

- a. Failure of Tenant to pay any Rent within ten (10) days after the due date without requirement of notice.
- b. Failure of Tenant to keep, perform, or abide by any other term, condition, or covenant of this Lease for a period of thirty (30) days after written notice given by the Authority to Tenant notifying Tenant of such Default or such shorter period as specifically set forth in this Lease.
- c. The assignment for benefit of creditors, appointment of a receiver, or filing of a Petition of Bankruptcy on behalf of or against the Tenant.
- d. Abandonment or vacation of the Premises by Tenant.

- e. Discontinuing of Operations for a period of thirty (30) days (in the aggregate in any period of twelve (12) consecutive months.
- f. Cancellation and/or revocation of insurance required under Section 22.
- g. The attachment, levy, or sale pursuant to any order or decree entered against the Tenant in any legal proceeding wherein Tenant's interest in this Lease or in the Premises is effected and the failure to vacate such attachment, levy, or sale within fifteen (15) days following the entry thereof.

Upon the occurrence of any such Event of Default, the Authority shall have the right to repossess and gain full control and possession of the Premises and to terminate this Lease. Thereafter, the Authority shall have the right to relet the Premises to a new tenant under terms and conditions reasonably suitable to the Authority. The Authority shall be entitled to claim damages against the Tenant, in the case of an Event of Default, be it relief in equity or at law, in accordance with the relevant and applicable law of damages in the state of North Carolina.

The specified remedies to which Authority may resort under the terms of this Lease as a result of Tenant's default are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Authority may be lawfully entitled in case of any breach or threatened breach by Tenant of any provision or provisions of this Lease.

**17. Default by Authority.** Should Authority be in default under any of the terms of this Lease, Tenant shall give Authority prompt written notice thereof, and Tenant shall allow Authority a reasonable length of time (in any event, not less than thirty (30) days from the date of such notice) in which to cure such default. If Authority in good faith commences to cure any noticed default within thirty (30) days after receipt of notice and thereafter with reasonable diligence proceeds to work towards the cure of such default, the Authority shall have such reasonable amount of time as is necessary to cure such default.

**18. Holding Over.** If Tenant shall be in possession of the Premises after the completion of the Initial Term or any Renewal Term, in the absence of any agreement extending the term of this Lease, the tenancy under this Lease shall become one from month to month, terminable by either party upon thirty (30) days written notice, at a monthly rental equal to 1.15x of the amount of Rent due during the last month of the Term. In addition, Tenant shall also pay all other charges payable under the terms of this Lease, on a pro rata basis, for each month which Tenant remains in possession of the Premises during any holdover period. Such month-to-month tenancy shall be further subject to all other terms and conditions of this Lease.

**19. Early Termination.** Either party shall have the right to terminate this Lease in its entirety by giving thirty (30) days advance written notice to the other of such election to terminate BUT ONLY, in the event that a court of competent jurisdiction shall issue an injunction, order or decree preventing or restraining the use by Tenant of all or any substantial part of the Premises or



preventing or restraining the material use of the Public Airport Facilities for usual airport purposes necessary for Tenant's Operations and such injunction, order or decree remains in force and is not vacated or stayed within a period of ninety (90) days.

20. **Assignment.** Tenant may not assign, mortgage or encumber this Lease or the Premises without the prior written consent of Authority.

21. **Insurance.** Tenant shall procure and maintain in full force and effect at all times and at its sole expense the insurance coverage required under **Exhibit C** attached hereto and made a part hereof, with insurance companies possessing financial ratings acceptable to Authority, and shall provide Authority with certificates of insurance evidencing the required coverage's. Tenant's insurance coverage shall:

- i. be issued by a company licensed to do business in North Carolina and acceptable to the Authority;
- ii. name the Authority, including its officers, directors, and employees as additional insureds;
- iii. include a waiver of subrogation in favor of the Authority, including its officers, directors, and employees; and
- iv. provide that it shall be primary liability insurance without right of contribution as to any other insurance maintained by the Authority;
- v. provide coverage of Tenant's indemnity obligations under Paragraph 22 below;
- vi. provide Authority with thirty (30) days written notice of cancellation or non-renewal or material change in coverage.

Tenant shall provide the Authority with the certificate(s) of insurance evidencing the required insurance during the term of this Lease and any renewal. Failure of Tenant to maintain the required insurance under this Paragraph shall constitute an automatic default without requirement of notice or opportunity to cure.

22. **Indemnification.** Tenant shall indemnify, defend and hold Authority, its directors, officers, agents, and employees (the "Authority Indemnitees") harmless from any and all claims arising from Tenant's Operations, including the conduct of its business and any activities, work or things which may be permitted or suffered by Tenant in or about the Airport (including the Premises) and shall further indemnify, defend and hold Authority Indemnitee harmless from and against any and all claims arising from any breach or default in the performance of any obligation of Tenant to be performed under this Lease or arising from any intentional or negligent act, including an omission to act by Tenant or any of its agents, contractors or employees and from any and all costs, attorney fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Airport (including the Premises) from any cause, and Tenant hereby waives all claims in respect thereof against Authority, excepting where said damage arises out of the gross negligence of Authority.

23. **Compliance with Laws.** Tenant, its officers, directors, employees, agents, and contractors shall comply with the following: (i) all applicable federal, state, and local laws and ordinances,

including directives of the Federal Aviation Administration and Transportation Security Administration applicable to Tenant's Operations; (ii) the Authority's rules and regulations, as the same may be amended from time to time; and (iii) the provisions of the Airport certification manual.

24. **Environmental Matters.** Tenant shall comply with any and all applicable Environmental Laws and Permits (whether obtained by Tenant or the Authority) related to Tenant's occupancy and use of the Premises. Without limiting the generality of the foregoing, Tenant shall comply with the requirements as set forth below:

a. **Duty to Notify.** In the event of any release or discharge, or threatened release or discharge of Hazardous Materials at, on, under, or about the Premises, or any portion thereof, that is caused by Tenant, its agents, invitees, servants or employees, and which is required by applicable Environmental Laws, Environmental Permits, or airport rules and regulations to be reported by Tenant, whether as a result of negligent conduct or otherwise, or in the event any written claim, demand, complaint or action is made or taken against Tenant that pertains to Tenant's release, discharge, or threatened release or discharge of Hazardous Materials, or failure or alleged failure to comply with any Environmental Laws or Environmental Permits at Airport, Tenant shall notify the Authority as soon as reasonably practical of all known facts pertinent to such release or discharge, or threatened release or discharge, claim, demand, complaint, action, or notice, and shall provide the Authority with copies of any and all such claims, demands, complaints, notices, or actions so made. If Tenant is required, by any Environmental Laws, Environmental Permits, or governmental agency, to file any written notice or report of a release or discharge, or threatened release or discharge at, on, under or about Airport, or any part thereof, Tenant shall simultaneously provide a copy of such notice or report to the Authority.

b. **Remediation.** Tenant shall undertake all necessary steps required under applicable Environmental Laws and Environmental Permits, or as directed by a governmental agency, to remedy and remove any Hazardous Material or environmental condition or damage to the extent caused by, or resulting from, the activities, conduct or presence of Tenant, its agents, invitees, servants or employees, whether resulting from negligent conduct or otherwise ("Remediation Work"). Such Remediation Work shall be performed at Tenant's expense. Except in the event of an emergency, such Remediation Work shall be performed after Tenant submits to the Authority a written plan for completing such Remediation Work and receives the prior written approval from the Authority, which approval shall not be unreasonably withheld or delayed. Specific cleanup levels for any Remediation Work by Tenant shall be designed to return the property to conditions suitable for redevelopment by the Authority and meet and satisfy the requirements of all applicable Environmental Laws and Environmental Permits, as determined by the governmental agency responsible for enforcing Environmental Laws or Environmental Permits. Neither an ongoing Remediation Work, including any testing or monitoring, shall either unreasonably or materially impair or interfere with the use of the Premises as an airport. The Authority shall have the right to conduct a reasonable review and inspect all such Remediation Work at any time using consultants and representatives of its choice. Tenant's obligations hereunder shall survive the expiration or early termination of this Lease.



c. Definitions. For the purposes of this Section, the following words and phrases shall have the following meaning:

i. "Environmental Laws" means all applicable federal, state, and local statutes, ordinances, regulations, rules, laws, permits, permit conditions, and orders relating to the generation, use, storage, transportation, or disposal of Hazardous Materials.

ii. "Environmental Permits" means any and all permits, licenses, approvals, authorizations, consents, or registrations required by Environmental Laws, whether federal, state or local, which pertain to the production, use, treatment, generation, transportation, processing, handling, disposal, or storage of Hazardous Materials.

iii. "Hazardous Materials" means friable asbestos or asbestos-containing materials, polychlorinated biphenyls (PCBs), petroleum, or crude oil or any fraction thereof, natural gas, source material, special nuclear material, and byproduct materials regulated under Environmental Laws, pesticides regulated under Environmental Laws, and any hazardous waste, toxic, or dangerous substance or related material, including any material defined or treated as a hazardous substance, hazardous waste, toxic substance, or contaminant (or comparable term) under any of the Environmental Laws.

25. Assignments of Lease to a Lending Institution. Notwithstanding Section 20 of this Lease, Tenant may assign this Lease, without having to obtain Authority consent, to a lending institution as security for the payment of a loan taken out by Tenant to finance the construction of improvements on the Premises; provided that Tenant may not assign this Lease when Tenant is in default under this Lease. Any assignments made to lending institutions (hereinafter referred to as "lender assignees") shall be subject at all times to all covenants and conditions of this Lease and to all the rights and remedies of Authority, and with the understanding that no such assignments shall be construed to encumber in any fashion Authority's fee interest in the Premises. Notwithstanding the above, Tenant shall provide at least ten (10) days notice to Authority of any pending assignment of this Lease.

26. Force Majeure. Neither party shall be liable or responsible to the other party, nor be deemed to have defaulted under or breached this Lease, for any failure or delay in fulfilling or performing any term of this Lease, when and to the extent such failure or delay, results from, is related to, or is contributed to by, acts beyond the impacted party's control ("Force Majeure Events"), which Force Majeure Events expressly include the following: (a) acts of God; (b) flood, fire, earthquake, or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order, law, or actions; (e) embargoes or blockades in effect on or after the date of this Agreement; (f) national or regional emergencies; (g) strikes, labor stoppages or slowdowns or other industrial disturbances; (h) shortage of adequate power or transportation facilities; (i) computer attacks or malicious acts (such as attacks on or through the Internet, any Internet service provider, telecommunications or hosting facility) and accidents; (j) pandemic, epidemic or other state, national or international public health emergency; and (k) other similar events beyond the control of the impacted party.

**27. Easements; Passage of Aircraft.**

a. Authority reserves the right for itself and others to existing utility easements over, under or across the Premises and to run water, sewer, electrical, telephone, gas, drainage and other lines over, under or through the Premises and to grant necessary utility easements therefore, provided that in the exercise of such rights it shall not unreasonably interfere with Tenant's use of the Premises, and that it shall repair any damage to the Premises caused by Authority as a result of the exercise of such reserved rights.

b. Authority reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Premises, for navigation or flight in the said airspace for landing on, taking off from or operation at the Airport.

**28. Federal Funds.** This Lease is subject and subordinate to any existing or future agreements between the Authority and the United States Government or governmental authority, relating to the operation or maintenance of the Airport, the execution of which has been or will be required as a condition precedent to the granting of federal funds for the improvement or development of the Airport. Tenant shall not cause the Authority to violate any assurances made by the Authority to the United States Government in connection with the granting of federal funds. If the Federal Aviation Administration or its successors requires modifications or changes to this Lease as a condition precedent to the granting of funds for the improvement of Airport or otherwise, Tenant agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Lease. This Lease is also subordinate to the rights of the United States Government to operate the entire Airport, or any part thereof, during time of war or national emergency. Such rights shall supersede any provisions of this Lease inconsistent with the operation of Airport by the United States Government.

**29. Signage.** Tenant shall not affix any sign of any size or character to any portion of the Premises without prior written approval of Landlord. All signage shall be in conformity with any federal, state or local regulation. Upon the expiration or earlier termination of this Lease, Tenant shall remove all signage installed by Tenant and repair any damage to the Premises caused by, or resulting from, such removal.

**30. Notices.** All notices required or permitted by the terms of this Lease shall be given by certified mail, return receipt requested, and shall be deemed given when deposited in the United States mail, postage prepaid to the address of either party as set forth herein. All notices sent to the addresses below shall be valid and binding unless and until the other party is duly notified of a changed address using the procedure hereinabove set forth.

If to Authority:                      Carteret County-Beaufort Airport Authority

\_\_\_\_\_  
Attn: Airport Manager



If to Tenant: Crystal Coast Aviation, LLC  
2860 Jetport Road  
Kinston, NC 28504-7344  
Attn: \_\_\_\_\_

31. **Additional Terms.** This Lease is subject to those additional provisions attached hereto as **Exhibit D.**

32. **Miscellaneous.**

a. **Governing Law.** This Lease shall be governed by, construed and enforced in accordance with the laws of the State of North Carolina.

b. **Successors and Assigns.** The covenants, terms, conditions, provisions, and undertakings in this Lease or in any renewals thereof shall extend to and be binding upon the heirs, executors, administrators, successors, and assigns of the respective parties hereto, as if they were in every case named and expressed, and shall be construed as covenants running with the land.

c. **No Discrimination.** Tenant, for itself, its successors in interest and its assigns, as a part of the consideration here of, does hereby covenant and agree as a covenant running with the land that (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the Premises under the provisions of this Lease; (2) that in the construction of any improvement, or over or under the Premises and the furnishing 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; (3) that Tenant shall use the Premises in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation in effectuation of Title VI of the Civil Rights Act of 1964, as said Regulations may be amended. Likewise, Tenant shall comply with the laws of the State of North Carolina prohibiting discrimination because of sex, religion, age or physical handicap. Should the Tenant authorize another person, with Authority's prior written consent, to provide services or benefits upon the Premises, Tenant shall obtain from such person a written agreement pursuant to which such person shall, with respect to the services or benefits which it is authorized to provide, undertake for itself the obligations contained in this paragraph. Tenant shall furnish the original or a true copy of such agreement to Authority.

i. **Automatic Default.** In the event of breach of any non-discrimination covenant in this Lease, Authority shall have the right to terminate this Lease and to re-enter and repossess the Premises and hold the same as if this Lease had never been made or issued. The right granted to the Authority by foregoing sentence shall not be effective until applicable procedures of Title 49, Code of Federal Regulations, Part 21 are followed and completed, including exercised or expiration of appeal rights.

ii. **Additional Rules.** Authority may from time to time be required by the United States Government, or its agencies, to adopt additional or amended provisions

including non-discriminating provisions, concerning the use of operation of Airport. As such, Tenant agrees that it will adopt any such requirement as part of this Lease.

d. Non-Exclusive. It is hereby specifically understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by 49 U.S.C. §§ 40103(e) and 47107(a) (4), as amended from time to time, and the Authority reserves the right to grant to others the privilege and right of conducting any or all activities of an aeronautical nature.

e. No Waiver. No waiver of a breach of any of the covenants or conditions contained in this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenant or condition.

f. Time is of the Essence. Time is of the essence in every particular, especially where the obligation to pay money is involved.

g. Modification. No modification, release, discharge or waiver of any of the provisions hereof shall be of any force, effect or value unless in writing and signed by Authority or the duly authorized agent of Authority.

h. Entire Agreement. This instrument contains the entire agreement between the parties as of this day and the execution hereof has not been induced by representations, promises or understandings not expressed herein, and there are no collateral agreements, stipulations, promises or understandings whatsoever between the parties in any way touching the subject matter of this instrument which are not expressly set forth herein.

i. No Third Party Beneficiary. This Lease is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person or entity other than the parties hereto and their assigns any legal or equitable rights hereunder.

j. Exercise of Review and Consent. In instances where Authority's prior review consent is required under this Lease, Authority's consent shall not be unreasonably delayed or withheld.

*(SIGNATURE PAGE FOLLOWS)*



IN WITNESS WHEREOF, each of the Authority and Tenant have caused this instrument to be executed in its corporate name by its duly authorized officers and its seal to be affixed by authority of its Board of Directors, all on the day and year first above written.



**AUTHORITY:**

Carteret County-Beaufort Airport Authority

By: Patrick Paul Joyce

Name: PATRICK PAUL JOYCE

Title: CHAIRMAN OF BOARD

**TENANT:**

Crystal Coast Aviation, LLC

By: Thomas J. Segrave Jr.

Name: THOMAS J. SEGRAVE JR.

Title: MANAGER

State of North Carolina

County of CARTERET

I, WENDY L. CORDIER, the undersigned Notary Public, do hereby certify that PATRICK PAUL JOYCE personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the

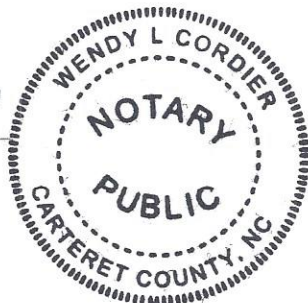
24th day of NOVEMBER, 2020

Wendy Cordier

Notary Public

My Commission Expires:

10/20/2024



State of North Carolina

County of Lenoir

I, Lori E. McCoy, the undersigned Notary Public, do hereby certify that Thomas J. Segrave Jr. personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this the

23 day of November, 2020

Lori E. McCoy

Notary Public

My Commission Expires:

Nov. 17, 2023



IN WITNESS WHEREOF, each of the Authority and Tenant have caused this instrument to be executed in its corporate name by its duly authorized officers and its seal to be affixed by authority of its Board of Directors, all on the day and year first above written.

**AUTHORITY:**

Carteret County-Beaufort Airport Authority

By: Patrick Paul Joyce

Name: PATRICK PAUL JOYCE

Title: CHAIRMAN OF BOARD

**TENANT:**

Crystal Coast Aviation, LLC

By: Thomas J. Segrave Jr.

Name: Thomas J. Segrave Jr.

Title: Manager



## **EXHIBIT A – PREMISES**

(See attached diagram)

### EXHIBIT B – RENT

Year 1	\$42,000.00	\$3,500.00
Year 2	\$42,000.00	\$3,500.00
Year 3	\$45,000.00	\$3,750.00
Year 4	\$45,000.00	\$3,750.00
Year 5	\$48,000.00	\$4,000.00

Rent for the Renewal Term shall be subject to the mutual agreement of the parties.



## EXHIBIT C – INSURANCE

- Comprehensive General Liability – \$1,000,000
- Medical Expense Limit (any one person) – \$5,000
- Personal & Advertising Injury Aggregate Limit – \$1,000,000
- Products/Completed Operations Aggregate Limit – \$1,000,000
- Pollution Liability – \$1,000,000 per loss
- Hangarkeepers Limit – \$1,000,000

Pollution insurance shall provide against loss for bodily injury; property damage, including loss of use of damaged property or of property that has not been physically injured or destroyed; clean-up costs; and defense, including costs and expenses incurred in the investigation, defense, or settlement of claims; all in connection with any loss arising from any discharge of Hazardous Materials by Tenant, its officers, directors, employees, agents, contractors, or invitees.

## EXHIBIT D – ADDITIONAL TERMS

1. Refurbishment or Replacement of FBO Building. As a condition to the Authority's execution of this Lease, Tenant has agreed to spend at least \$150,000.00 (the "Funds") on making capital improvements, refurbishment or replacement of the existing FBO building (the "Work"). The Funds shall either be (i) deposited into an escrow account or (ii) provided for through a performance bond upon such terms reasonably acceptable to the Authority and are to be expended within the first sixty (60) months of the Term of the Lease with at least \$30,000.00 being expended every twelve (12) months.

Notwithstanding the above and during the term of this Lease, the Authority, in its sole and absolute discretion, reserves the right to have the existing FBO building refurbished and/or replaced upon sixty (60) days advance notice to Tenant in which case, Tenant shall vacate the existing FBO building. The parties agree to cooperate in arranging for Tenant to be able to operate out of a temporary facility during the construction. In the event of such election, the parties agree that any portion of the Funds which have not yet been expended shall be applied to the costs of construction of a new FBO building.

2. Construction of Fuel Farm; Removal of Fuel Farm; Operation of Fuel Farm. The Authority is in the process of constructing a new fuel farm at the Airport. As a condition to the execution of this Lease, the parties agree that upon completion of the new fuel farm, Tenant, shall be responsible for its upkeep, maintenance and operation at its sole cost and expense.

Further, Tenant agrees to exercise commercially reasonable efforts to remove the existing fuel farm in a timely manner to the reasonable satisfaction of Authority, which shall include Tenant having soil tests and performing any required remediation and grading to restore the area. Tenant shall provide Authority with a copy of the results from any soil testing

3. Fuel Pricing. Upon Tenant's management of the new fuel farm, Tenant agrees to maintain the current, existing fuel price markup on both aviation gasoline and jet fuel. Any proposed increase in price markup shall be approved by the Authority, in its sole and absolute discretion.
4. CAA Membership. During the Term of this Lease, Tenant shall undertake commercially reasonable efforts to achieve Corporate Aircraft Association membership for its Operations.



