

**CARTERET COUNTY-BEAUFORT AIRPORT AUTHORITY
GROUND LEASE AGREEMENT**

Lessee Name: _____

Mailing Address: _____

City: _____ State: _____ Zip: _____

Home Telephone Number: _____ Mobile Telephone: _____

Email address: _____

Year, Make & Model of Aircraft: _____

N# : _____ Number of Seats: _____

Parcel # Rented: _____ Date: _____

THIS LEASE AGREEMENT (this "Lease") is entered into this ____ day of _____, 20____ (the "Lease Execution Date") by and between CARTERET COUNTY-BEAUFORT AIRPORT AUTHORITY, herein called "Authority", and _____, herein called "Lessee" for the leasing of a lot, more particularly described herein, all upon the following terms and conditions:

1. DEFINITIONS

As used herein, the terms below shall have the following meanings:

- A. **"Airport"** shall mean the Carteret County – Beaufort Airport located in Beaufort, North Carolina;
- B. **"Premises"** means Parcel Lot # _____ located at the Airport, more particularly described on Exhibit A, attached hereto and incorporated herein by reference.
- C. **"Commencement Date"** shall begin at 12:00:01AM, _____.
- D. **"Termination Date"** shall be that date which is TWENTY (20) YEARS from the Commencement Date; however and to the extent that the expiration of said Twenty (20) year period would fall on a day other than the last day of a given month, the Termination Date shall be extended to 11:59:59PM on the last day said month.
- E. **"Lease Year"** means a period of twelve (12) consecutive full calendar months measured from the Commencement Date; however, to the extent that the Commencement Date starts on a day other than the first day of a given month, the Lease Year shall be deemed to include the prorated portion of the first month along with the subsequent twelve (12) consecutive calendar months.
- F. **"Rules and Regulations"** means all rules and regulations issued by the Authority concerning use of the Premises and the Airport generally, as those rules and regulations may from time to time be amended, provided that such regulations apply equally to all Lessees of the Airport except as specifically otherwise provided herein.

2. **PREMISES.** Authority hereby leases to Lessee and Lessee hereby rents from Authority the Premises. In addition, Lessee shall have, at all times, the full and free right of ingress to and egress from the Premises for Lessee, its employees, customers, guests, and other invitees. Such rights shall also extend to persons or organizations supplying materials or furnishing services to Lessee, to include vehicles and equipment reasonably required by such persons or organizations. All subject to compliance with the Rules and Regulations of Authority.

3. **TERM AND RENEWALS.**

- (a) Term. The term of this Lease shall commence on the Commencement Date and continue up to the Termination Date, unless sooner terminated as provided for herein, (the ‘Term”).
- (b) Renewal Terms. On the condition that Lessee is not otherwise in default, it shall have the right to renew the Term for up to **TWO (2) FIVE (5) year periods** (each a “Renewal Term”). To exercise this right to renew the Term, Lessee shall be required to provide at least one hundred and twenty (120) days written notice to Authority. All of the terms of this Lease shall continue to apply during any Renewal Term except in regards to the amount of Rental which shall be adjusted at the commencement of each Lease Year during the Renewal Term(s) to the then-current published rental rate adopted by the Authority. Any reference in this Lease to “Term” shall include a “Renewal Term”.
- (c) Holding Over. If Lessee shall be in possession of the Premises after the Termination Date, in the absence of any agreement extending the Term, 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 **one hundred and twenty-five percent (125%)** of the amount of prorated Rental. In addition, Lessee shall also pay all other charges payable under the terms of this Lease, on a pro rata basis, for each month during which Lessee remains in possession of the Premises. Such month-to-month tenancy shall be further subject to all other terms and conditions of this Lease.

4. **RENT.** Beginning on the Commencement Date and continuing through the initial Lease Year, Lessee agrees to pay Authority, without prior notice, demand, deduction or offset, annual rental in the amount of _____ **NO/100 DOLLARS (\$_____)**, (“Rental”). The first payment shall be due on or before the Commencement Date with all subsequent payments due on or before the first day of each subsequent Lease Year. To the extent that the Commencement Date begins on a day other than the first day of a given Lease Year the initial rent payment shall be for a full Lease Year and prorated rent for the partial month. Annual lease rate is \$0.40 per square foot and shall be adjusted at five (5) year intervals based on the then-current CPI, rounded to the next whole percent.

Any payment of Rental received more than ten (10) days after its due date shall be subject to a late payment fee of \$100.00.

All additional sums, charges, or amounts to be paid by Lessee to Authority in accordance with the terms of this Lease are herein collectively referred to as “Additional Rental”.

5. **USE OF PREMISES.** Lessee shall be permitted to construct Improvements as set forth in Paragraph 7 below in conjunction with use of the Premises for the storage of the Aircraft, its related equipment and gear only and for no other purpose unless otherwise consented to in writing by the Authority. To that end, Lessee shall provide to the Authority’s Airport Manager a copy of the current FAA Registration and/or proof of ownership, suitable to the Authority, for the aircraft to be stored pursuant to this Lease. If Lessee has a temporary registration or if there is any change of aircraft ownership, Lessee shall notify the

Authority within ten (10) days and shall have ninety (90) days in which to acquire a permanent registration or another aircraft; otherwise, Authority shall have the right to cancel this Lease without requirement to notice or opportunity to cure as provided under Paragraph 15. If the registration is not in the name of the Lessee, then Lessee must provide the Authority with a copy of a valid exclusive lease or other documentation establishing an adequate possessory interest in the aircraft.

Lessee's use of the Premises shall be in accordance with the terms of this Lease, the Authority's Rules and Regulations and any federal, state or local governmental ordinance, law or regulation, including those issued by the Federal Aviation Administration. Further, Lessee shall make no use of the Premises which will interfere with or unreasonably disturb adjacent Lessees of the Authority, as determined in the sole and reasonable discretion of Authority and shall not keep, use nor sell anything prohibited by any policy of fire insurance covering the Premises, and shall comply with all requirements of the insurers applicable to the Premises, which are reasonably necessary to keep in force the fire and liability insurance.

6. TAXES AND UTILITIES

- (a) Taxes. Lessee shall be responsible for and shall pay all ad valorem taxes which are assessed against Lessee with respect to, or allocable to, Lessee's Improvements, Airplane and any personal property, including trade fixtures, situate in or on the Premises.
- (b) Utilities. Lessee shall be responsible for all costs and expenses related to the extension, connection and installation of utilities to the Premises, including electricity, water, sewer, internet, telephone and any other utility service desired by Lessee. Such utility service shall be instituted in Lessee's name only and it shall be responsible for the payment of all costs related to the provision of such utility service to the Premises.

7. IMPROVEMENTS.

- (a) Improvements. The parties agree that Lessee shall be permitted to make those improvements to the Premises that are described on **Exhibit B**, attached hereto and incorporated herein by reference. Lessee agrees to diligently pursue obtaining all permits and approvals required and to commence construction of the Improvements described on Exhibit B within ninety (90) days of the execution of this Lease and to complete the same within twelve (12) months. Further, Lessee may be permitted to make additional Improvements to the Premises from time to time, upon first submitting written plans to the Authority for its review and approval. Under no circumstances shall Lessee make any improvements to the Premises without first having received written consent from the Authority. Failure to comply with this section shall be deemed a default under **Section 15** below unless amended in a written amendment signed by the lessor.

Any improvements to be constructed by Lessee are referred to herein as the "Improvements."

- (b) Construction. The construction of the Improvements shall be performed in a workmanlike manner utilizing new quality materials and in accordance with all applicable laws, building codes, and zoning ordinances. Lessee shall promptly and timely pay for all labor and materials used in the construction of the Improvements and shall not allow any labor, material, and/or mechanic's lien to be filed against the Authority or any portion of the Premises resulting from the construction of the Improvements. If, in connection with the foregoing, a lien is filed, Lessee shall have ten (10) days from notice that a lien has been filed in which to either pay such lien or, if disputed, cause such lien to be bonded off and prosecute its contest of the validity of the lien until ultimately resolved.

- (c) Ownership of Improvements. During the Term, Lessee shall have title to the Improvements; however, upon the expiration or sooner termination of the Term (including any renewal), title to any and all Improvements then existing on the Premises shall vest in Lessor, provided, however, that Lessee shall be entitled to remove all of its furniture, fixtures, equipment, signs and other property from the Premises.

8. **REPAIRS AND MAINTENANCE.** Lessee shall, at its sole expense, maintain the Premises (including Improvements), performing all upkeep, maintenance and repairs necessary in order to keep it in a state of good condition and repair.

9. **DESTRUCTION OF PREMISES.**

- (a) In the event that, at any time during the Term of this Lease, the Improvements on the Premises shall be destroyed or damaged in whole or in part by fire or other casualty, then, except as otherwise provided below, Lessee shall cause the Improvements to be repaired, restored, replaced or rebuilt within a period of time which under all prevailing circumstances is reasonable, but in no event more than twelve (12) months after the date of such casualty. In the repair or restoration of the Premises or such other improvements upon the Premises, Lessee shall, as nearly as practicable, repair, restore, replace or rebuild the improvements so damaged or destroyed to the condition and character existing immediately prior to such occurrence or, alternatively, in conformance with such plans and specifications submitted by Lessee to Authority that are approved in its sole and complete discretion. All casualty insurance proceeds received through policies maintained pursuant to this Lease shall be applied to such repair, restoration, replacement and rebuilding. If the insurance proceeds recovered in respect of any such insured damage or destruction, less any cost of recovery shall be insufficient to pay the entire cost of such repair, restoration, replacement or rebuilding, Lessee shall be responsible for making up the deficiency. In the event that Lessee shall fail or refuse to perform its obligations under this Paragraph, Landlord, in addition to its rights and remedies under Paragraph 15 shall be entitled to all insurance proceeds payable as a result of such casualty for use in the repair, restoration, replacement or reconstruction of the Improvements.
- (b) Lessee's Option to Terminate. If the Premises shall be substantially damaged or destroyed by fire or other casualty during the last two (2) years of the initial Term, or during the last two (2) years of any Renewal Term, Lessee may, at its option, elect to end the Term of this Lease by written notice of such election given to Authority within thirty (30) days after such destruction or damage, whereupon this Lease shall terminate on the date which is thirty (30) days after the giving of such notice. The Rent and all other amounts payable by Lessee under this Lease shall be prorated and paid to the date of termination and Authority shall be entitled to all insurance proceeds payable as a result of such casualty.
- (c) Disbursement of Insurance Proceeds in the Event of Repair by Lessee. The Authority shall permit any insurance proceeds paid as a result of damage by fire or other casualty to the Premises to be applied in payment of the cost of such repair, restoration, replacement and rebuilding of the Premises as the same progresses, payments to be made upon receipt of (i) applications for payment properly certified by Lessee's supervising contractor or other appropriate certifying official, (ii) contractors' and subcontractors' waivers of liens and forms required for compliance with the mechanics' lien laws, together with all such invoices, contracts or other supporting data as Authority may require, (iii) contractors' draw request in a form reasonably acceptable to Authority, and (iv) such other documentation as may be reasonably required by Authority. If the insurance proceeds should exceed the cost of repairing or rebuilding the Premises or other improvements upon the Premises, the Lessee shall retain the balance remaining after payment of all costs thereof.

- (d) Prompt Performance of Work by Lessee. All work of repairing, replacing, restoring or rebuilding the Premises by Lessee pursuant to this Paragraph 9 shall be commenced within thirty (30) calendar days after (i) settlement shall have been made with the insurance companies, (ii) the insurance money shall have been paid to the Lessee and (iii) all necessary permits for such work shall have been obtained. All such work shall be governed by the provisions of Article V of this Lease and shall be completed within the time required under Paragraph 9(a). In case any mortgage on Lessee's interest in the Leased Premises shall be in force at the time of any damage to or destruction of the Project or other improvements on the Leased Premises, then, unless Lessee has elected to terminate this Lease pursuant to Paragraph 9(b), Lessee's Mortgagee is hereby authorized to repair, replace, restore or rebuild the improvements on the Premises under the same terms and conditions as are applicable in the case of repair, restoration, replacement or rebuilding by Lessee, provided that such Lessee's Mortgagee complies or causes compliance with all other obligations and covenants of Lessee under this Lease. Lessee's Mortgagee so repairing, restoring, replacing or rebuilding the improvements upon the Premises shall, subject to compliance with all the conditions contained in this Paragraph 9, be subrogated to the rights of Lessee to the insurance proceeds payable as a result of the damage or destruction, and shall be entitled to have all said insurance proceeds paid out in the same manner in every respect as if Lessee's Mortgagee were Lessee under this Lease.
- (e) Abatement. There shall be no abatement of Rental during the period of restoration, repair, replacement or rebuilding of the Premises pursuant to any casualty, except to the extent that Lessor shall have received and applied to payment of Rental the proceeds of any business interruption insurance.

10. INDEMNITY AND INSURANCE

- (a) Indemnity by Lessee. Lessee shall indemnify, hold harmless and defend Authority from and against any and all claims, actions, damages, liability and expense, including, but not limited to, attorneys and other professional fees, in connection with loss of life, personal injury and/or damage to property arising from or out of the occupancy or use by Lessee of the Premises or any part thereof occasioned wholly or in part by any act or omission of Lessee, its officers, agents, contractors, employees, or invitees. Notwithstanding anything herein to the contrary, in no event shall Lessee be liable for loss of life, personal injury, or property damage resulting from any act or omission of Authority, its officers, agents, contractors, employees, invitees, or licensees, or resulting from any act or omission of any third party other than Lessee's officers, agents, contractors, employees, or invitees.
- (b) Lessee's Insurance. At all times after the execution of this Lease, Lessee will carry and maintain, at its expense:
- i. General casualty insurance insuring against fire or other casualties covered by a customary all-risk coverage endorsement, including coverage for wind/hail, in an amount equal to One Hundred Percent (100%) of the replacement cost thereof from time to time, and at all times sufficient to meet the coinsurance requirements under such policy, without allowance or deduction for depreciation and with the lowest deductible which is obtainable at reasonable cost.
 - ii. During any period in which construction, renovation alteration, or substantial repair work is being performed on the Premises (of which Lessee shall notify Authority), Lessee shall maintain in force builder's all-risk coverage, with fire and extended coverages, including endorsements providing explosion, collapse, and

underground coverages, which shall include or shall be written as an endorsement to the casualty coverage required by the preceding subparagraph (i). Such builder's all-risk coverage shall protect the interests of the Authority and Lessee and their respective construction managers and contractors.

iii. Aircraft liability insurance, in an amount of no less than \$1,000,000 each occurrence or accident with \$1,000,000.00 aggregate which shall include coverage for clean-up of hazardous substances for any Aircraft on the Premises.

(c) Policy Requirements. All companies writing any insurance which Lessee is required to carry and maintain or cause to be carried or maintained pursuant to this Paragraph 10, as well as the form of such insurance, shall at all times be subject to Authority's approval, which approval shall not be unreasonably withheld, and any such company shall be licensed and authorized to do business in the State of North Carolina. The policy(s) required to be maintained hereunder by Lessee shall name Authority as an additional insured with loss payable thereunder in accordance with Authority's and Lessee's respective interests. All insurance proceeds for which Lessee is obligated to repair, restore or reconstruct the Improvements under Paragraph 9 above shall be administered and disbursed in accordance with Paragraph 9(c). The policy(s) shall also contain a valid provision or endorsement that any such policy may not be canceled, terminated, changed, or modified except after thirty (30) days written notice is given to Authority (and/or Authority's designee). Lessee shall provide Authority with a certificate evidencing such property and liability insurance promptly upon commencement of Lessee's obligation to procure such policy(s) and throughout the Term. If Lessee shall fail to perform any of its obligations under this paragraph, Authority may perform such obligations by procuring such policies and the costs of such procurement shall be deemed Additional Rental and shall be payable by Lessee to Authority upon Authority's demand.

(d) Waiver of Subrogation. Lessee releases Authority and its respective employees, agents and every person claiming by, through or under either of them from any and all liability or responsibility (to them or anyone claiming by, through or under them by way of subrogation or otherwise) for any loss or damage to any property (real or personal) caused by fire or any other insured peril covered by any insurance policies for the benefit of either party, even if such loss or damage shall have been caused by the fault or negligence of the Authority, its employees or agents, or any employee or agent thereof.

(e) Application of Proceeds for Premises. The proceeds of any and all policies of insurance upon the Premises maintained pursuant to subparagraph (b)(i) above shall be used for the repair, reconstruction, replacement or rebuilding of the Premises. As to all policies other than those specified in subparagraph (b)(i), the proceeds shall be paid to the insured party or parties as their interests shall appear and in proportion to their respective insured losses.

11. **CONDEMNATION**. If all of the Premises, or such part thereof as will make the Premises unusable for Lessee's business operations, should be taken under the power of eminent domain (or a conveyance in lieu thereof), then this Lease shall terminate as of the date possession is taken by the condemnor, and Rental shall be adjusted between Authority and Lessee as of such date. If only a portion of the Premises shall be taken and Lessee can continue use of the remainder (as determined by Lessee in Lessee's sole business judgment), then the Lease will not terminate, but Rental shall abate in a just and proportionate amount to the loss of use resulting from such taking. Authority and Lessee shall each be entitled to recover from the condemning authority such portions of the award for the taking as allowed under applicable law.

12. **SUBORDINATION AND ATTORNMENT**

- (a) Subordination and Estoppel Certificates. Lessee agrees that this Lease will be subordinate to any deed of trust now existing or hereafter executed by Authority or Carteret County covering the Premises, provided that such subordination is expressly contingent upon the non-disturbance of Lessee's possession of the Premises so long as Lessee is not in default. Lessee agrees to execute within twenty (20) days of request therefor, and as often as requested, estoppel certificates setting forth the facts with respect to the date of occupancy, the Commencement and Termination Dates of this Lease, the amount of Rental due and the date to which Rental is paid, whether or not Lessee has **any** defense or offsets to the enforcement of this Lease or knowledge of any default or breach by Authority, and that this Lease is in full force and effect inclusive of all modifications and/or amendments, copies of which Lessee shall attach to such estoppel certificate.
- (b) Modification For Mortgagee. If, in connection with financing or refinancing of the Premises by Authority or Carteret County, their lender shall request Lessee to execute reasonable immaterial lease modifications as a condition to such financing or refinancing, Lessee will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Lessee hereunder, extend or decrease the Term, or adversely affect the leasehold interest created by this Lease. Further, if Authority or Carteret County is unable to obtain financing or refinancing of the Premises except by modifying the terms and provisions of this Lease, and Lessee refuses to agree to such modifications, Authority shall have the right prior to or after occupancy by Lessee of the Premises to cancel this Lease if Lessee refuses to approve in writing any such modifications within thirty (30) days after Authority's request therefor, except, that this Lease may not be canceled for failure of Lessee to approve any modification of the Premises, the Term, Rental, Additional Rental and other charges or any other modification increasing the obligations of Lessee hereunder or adversely affecting its leasehold interest herein. Lessee agrees, not later than twenty (20) days after demand, and without cost, to execute such reasonable documents as may be required by Authority's lender as described herein.
- (c) Attornment. If any person shall succeed to all or part of Authority's (or Carteret County's) interest in the Premises, whether by purchase, foreclosure, deed in lieu of foreclosure, power of sale, termination of lease, or otherwise, and if so requested or required by such successor-in-interest, Lessee shall attorn to such successor-in-interest and shall execute an agreement in confirmation of such attornment as such successor in interest shall reasonably request.

13. **ASSIGNMENT**

- (a) Authority's Consent Require. Lessee shall not assign this Lease in whole or in part without receiving prior written permission and consent from Authority. A transfer of more than 51% of the ownership in the Lessee, if the lessee is a corporation, partnership, co-tenancy, or LLC is not valid and the assignment is rendered void and constitutes a default under **Section 15** below.
- (b) Transfer in Bankruptcy. Authority and Lessee understand that, notwithstanding other provisions contained in this Lease, a trustee or debtor-in-possession under the Bankruptcy Code of the United States may have certain rights to assume or assign this Lease. Authority and Lessee further understand that in any event Authority is entitled under the Bankruptcy Code to adequate assurances of future performance of the terms and provisions of this Lease. At a minimum, any proposed assignee must have demonstrated to Authority's satisfaction a financial condition and resources sufficient to provide commercially reasonable assurance of its ability to perform all of the obligations of Lessee under the Lease.

(c) Subleasing. Lessee may not sublease all or any portion of the Premises without the advance written consent of the Authority.

14. **ENVIRONMENTAL COMPLIANCE AND INDEMNITY.** Lessee shall use the Premises in compliance with all Environmental Laws and shall indemnify and hold Authority harmless from and against any and all Loss arising from Lessee's release or disposal of Hazardous Materials on the Premises in violation of applicable Environmental Laws. The indemnification provisions set forth herein shall survive the expiration of the Term of this Lease and shall apply to events or occurrences during or after the Term due to acts or failures to act by Lessee, its employees, agents and contractors prior to the expiration of the Term (including "releases" or "discharges" of Hazardous Substances prior to the expiration of the Term). Notwithstanding anything herein to the contrary, in no event shall Lessee be liable for any Loss or Environmental Loss arising from or as a consequence of any act or omission of Authority, its officers, agents, contractors, employees, invitees, or licensees, or arising from or as a consequence of any act or omission of any third party other than Lessee's employees, agents, and contractors.

For the purposes of this Paragraph 14, the following capitalized words shall have the meanings set forth below:

(a) "Environmental Laws" shall mean all federal, state and local environmental laws, standards, ordinances and regulations, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 USC §9601 et. seq., the Emergency Planning and Community Right-to-Know Act, 42 USC § 11001 et. seq., the Resource Conservation and Recovery Act, 42 USC §6901 et. seq., the Clean Air Act, 42 USC §7401 et. seq., the Toxic Substances Control Act, 15 USC §2601 et. seq., and the Federal Water Pollution Control Act, 33 USC §1251 et. seq.

(b) "Hazardous Substances" shall mean oil, petroleum products, hazardous substances, hazardous waste, regulated substances, toxic substances, or hazardous air pollutants as defined or described by the Environmental Laws.

(c) "Environmental Loss" or "Loss" shall mean any and all damages, penalties, fines, claims, liens, suits, liabilities, costs (including clean-up costs), judgments and expenses (including any attorneys', consultants' or experts' fees and expenses) of every kind and nature suffered by or asserted against Authority as a result of Lessee's failure to use the Premises in compliance with any Environmental Law or as a result of any requirement pursuant to any Environmental Law which requires the elimination, removal, or treatment of any Hazardous Substance..

15. **DEFAULT**

(a) **"Event of Default" Defined.** 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 and a breach of this Lease by Lessee:

- i. The failure of Lessee to pay any Rental within ten (10) days after the due date thereof without requirement of notice or demand, or the failure of Lessee to pay any other sum due under this Lease, including Additional Rental, within ten (10) days after written notice from Authority.
- ii. Except as may otherwise specifically be provided, the failure of Lessee 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 Authority to Lessee

notifying Lessee of such default unless a shorter period of time is stated herein in which case such shorter period of time shall control.

- iii. The failure of Lessee to keep, perform or abide by any other term, condition, or covenant of this Lease where the specific language of this Lease provides that no notice is required;
 - iv. The assignment for benefit of creditors, appointment of a receiver or filing of a petition in bankruptcy on behalf of or against Lessee, and the failure to have such assignment, appointment or petition stayed or vacated within sixty (60) days following entry thereof.
 - v. Any attachment, levy or sale pursuant to any order or decree entered against Lessee in any legal proceeding wherein Lessee's interest in this Lease or in the Premises is affected, and the failure to vacate such attachment, levy or sale within fifteen (15) days following the entry thereof.
- (b) Remedies. Upon the happening of one or more of the Events of Default, Authority may elect any of the following remedies:
- i. Authority, with or without terminating this Lease, may re-enter the Premises and correct or repair any condition which shall constitute a failure on Lessee's part to keep or perform or abide by any term, condition, or covenant of this Lease. Lessee shall reimburse and compensate Authority as Additional Rental, within ten (10) days after delivery of any statement to Lessee by Authority, for any expenditures made by Authority in making such corrections or repairs.
 - ii. Authority, with or without terminating this Lease, may demand in writing that Lessee vacate the Premises. Lessee shall vacate the Premises and remove all property on the Premises which belongs to Lessee within ten (10) days of receipt of such notice, and Authority shall have the right to reenter and take possession of the Premises at any time following such ten (10) day period.
 - iii. Authority, with or without terminating this Lease, may relet the Premises or any part thereof for such time or times and at such rent-or rents and upon such other terms and conditions as Authority in its sole discretion may deem advisable. If this Lease shall have not been terminated, Lessee shall continue to pay all Rental due under this Lease up to and including the date of the beginning of payment of rent by any subsequent Lessee of part or all of the Premises, and thereafter Lessee shall pay quarterly during the remainder of the Term the difference, if any, between the rent collected from any such subsequent Lessee or Lessees and the Rental specified in this Lease, but Lessee shall not be entitled to receive *any* excess of any such rents collected over the Rental specified herein.
 - iv. Authority may terminate this Lease by giving written notice of termination to Lessee and upon such termination Authority shall have and recover from Lessee all damages Authority may suffer by reason of such Event of Default.

In the event of any reentry of the Premises by Authority pursuant to any of the provisions of this Lease, Lessee hereby waives all claims for damages which may be caused by such reentry by Authority except such claims as arise from the negligence of Authority; and Lessee shall save Authority harmless

from any loss, costs (including reasonable attorneys' fees) or damages suffered by Authority by reason of such reentry. No such reentry shall be considered or construed to be a forcible entry.

No course of dealing between Authority and Lessee, or any delay on the part of Authority in exercising any rights Authority may have under this Lease, shall operate as a waiver of any of the rights of Authority hereunder. Nor shall any waiver of a prior default operate as a waiver of any subsequent default or defaults; and no express waiver shall affect any condition, covenant, rule or regulation other than the one specified in such waiver and that one only for the time and in the manner specifically stated.

The exercise by Authority of any one or more of the remedies provided in this Lease shall not prevent the subsequent exercise by Authority of any one or more of the other remedies herein provided. All remedies provided for in this Lease are cumulative and may, at the election of Authority, be exercised alternatively, successively or in any other manner and are in addition to any other rights provided by law. Further, Authority may recover all damages and expenses (including reasonable attorneys' fees) incurred by Authority as a result of Lessee's default.

16. **AUTHORITY'S DEFAULT; Lessee's Remedies.** In the event that Authority fails to observe or perform any obligation required to be observed or performed by Authority under the terms of this Lease, and Authority fails to cure such breach within thirty (30) days after written notice thereof from Lessee it shall be deemed in default, unless such default is unable to reasonably be cured within said period of time and Authority has notified Lessee in writing of its intent to cure such default. In such event, the Authority shall have a reasonable period of time to cure said default, not to exceed sixty (60) days. Upon Authority's default, Lessee, at its option, may have one or more of the following remedies, in addition to other rights or remedies it may have at law or in equity:

- (a) Lessee may terminate this Lease immediately upon written notice to Authority;
- (b) Lessee may recover all damages and expenses (including reasonable attorneys' fees) incurred by Lessee as a result of Authority's default; however, Lessee shall not be entitled to recover punitive or consequential damages for any breach by Lessor; and,
- (c) Lessee may seek equitable relief including, but not limited to, specific performance.

17. **SURRENDER OF PREMISES.** Upon the expiration or earlier termination of this Lease, Lessee agrees to return the Premises to the Authority and to remove all of Lessee's property, goods and effects from the Premises. Lessee shall leave the Premises in a neat, clean and orderly condition, allowing for ordinary and normal usage during occupancy. Lessee shall be responsible for and shall reimburse the Authority for the costs of any repair for damage to the Premises. The Authority is hereby authorized, without liability to Lessee for loss or damage, and at the sole risk of the Lessee, to remove and store any property, including aircraft, left by Lessee in the Premises at Lessee's expense, or to retain such property, or to sell such property at a public or private sale and apply the net proceeds of such sale to the payment of any sum due to the Authority by Lessee, or to destroy such property.

18. **ENTRY TO PREMISES.** Upon providing Lessee with at least forty-eight (48) hours' prior notice, Authority shall have reasonable access to the Premises at all reasonable times for the purpose of examining or inspecting conditions thereof in order to exercise any right or power reserved to Authority under the terms and provisions of this Lease, subject to applicable insurance laws and regulations. Notwithstanding the above, Lessor shall not be required to give such notice if deemed reasonably necessary to prevent injury, loss or damage to person or property or as part of its monthly inspection of the fire extinguishers required to be maintained in the Premises.

19. **SECURITY.** The Lessee agrees to abide by all Airport security procedures and, if required, to obtain an identification badge issued by the Airport. If identification badges are required, Lessee shall not be allowed in any Airport restricted areas without a valid Airport identification badge.

20. **MISCELLANEOUS**

- (a) Identity of Interests. The execution of this Lease or performance of any act pursuant to the provisions hereof shall not be deemed or construed to have the effect of creating between Authority and Lessee the relationship of principal and agent or of partnership or joint venture, and the relationship between them shall be that only of lessor and lessee or Authority and Lessee.
- (b) Notices. All notices, requests, demands, approvals, or consents required to be given hereunder shall be in writing and sent by (a) personal delivery, (b) registered or certified mail, return receipt requested, postage prepaid or (c) by nationally recognized commercial overnight courier, and shall be addressed as follows:

If to Authority:

Airport Manager
Carteret County - Beaufort Airport Authority
180 Airport Road
Beaufort, NC 28516

If to Lessee:

or to such other address as either party may specify by giving written notice to the other party in the manner hereinabove prescribed. Any such notice, demand, request or other communication shall be deemed to have been given upon the earlier of personal delivery thereof, three (3) business days after having been mailed as provided above, or one (1) business day after deposit for next business day delivery with a commercial overnight courier service, as the case may be.

- (c) Applicable Law and Venue. This Lease shall be construed and interpreted under the laws of the State of North Carolina and the parties agree that the proper venue for any action related to the interpretation or enforcement of this Agreement shall be with the State Courts in Carteret County, North Carolina or that Federal courts within the Eastern District of North Carolina.
- (d) Lease Binding upon Heirs, Etc. The terms, covenants, conditions, provisions and undertakings in this Lease shall extend to and be binding upon the heirs, personal representatives, executors, administrators, successors and assigns of the parties hereto.
- (e) Headings. The paragraph headings hereof are provided for the convenience of reference only and are not intended to define the substantive rights contained in any Article or Section.
- (f) Singular/Plural. Throughout this Lease, wherever the context requires or permits the neuter, masculine and feminine gender shall be interchangeable and the singular number shall be deemed to include the plural, and vice versa.
- (g) Memorandum of Lease. Authority and Lessee agree, upon the demand of the other, to execute a statutory form of memorandum of lease in recordable form.
- (h) "X" if applicable, Corporation or Limited Liability Company as Lessee. Lessee hereby covenants and warrants that: (i) Lessee is a corporation or limited liability company organized

under the laws of the State of _____, (ii) all Lessee's franchise and corporate taxes which are due and payable have been paid; (iii) all future forms, reports, fees and other documents necessary for Lessee to comply with applicable laws will be filed when due; and (iv) the persons executing this Lease on behalf of Lessee are duly authorized by the board of directors/managers of Lessee to execute and deliver this Lease on behalf of the corporation or limited liability company.

- (i) Severability. In the event any term or provision of this Lease shall be adjudged to be partially or completely invalid or unenforceable, then such term or provision shall be severed from this Lease, and the remainder of this Lease shall be valid and enforceable to the fullest extent permitted by law.
- (j) Entire Agreement. This Lease and the exhibits, schedules, and documents attached hereto set forth the entire agreement between the parties with respect to the subject matter hereof. This Lease shall not be modified orally, and may be modified only by a writing signed by the parties.

[the remainder of this page is intentionally left blank]

[Signature Page]

IN WITNESS WHEREOF, Authority and Lessee have caused this instrument to be executed by their duly authorized officers on the day and year first above written.

LESSOR: CARTERET COUNTY – BEAUFORT AIRPORT AUTHORITY

By: _____
Airport Manager

INDIVIDUAL

LESSEE: By: _____

Print Name

By: _____

Print Name

CORPORATION/LLC:

Print Name of Corporation/LLC

By: _____

Name: _____

Title: _____

Exhibit A

Description or Depiction of Premises

Exhibit B
Plans and Specifications