

This Instrument Prepared by:
Tullahoma Municipal Airport Authority, Inc.
807 William Northern Boulevard
P.O. Box 1584
Tullahoma, TN 37388

GROUND LEASE AGREEMENT

THIS AGREEMENT is entered into on this the _____ day of _____, 20__, by and between the TULLAHOMA MUNICIPAL AIRPORT AUTHORITY, INC., a Tennessee non-profit corporation hereinafter referred to as "Landlord" and _____, hereinafter referred to as "Tenant"; and

WHEREAS, Tenant is desirous of leasing a plot of ground on the Tullahoma Municipal Airport known as _____ from the Landlord for the purpose of either utilizing an existing or building a new hangar on said plot of ground to be used for hanging Tenant's airplane(s) or helicopter(s); and

WHEREAS, the parties are desirous of entering into a written agreement setting forth the rights and responsibilities of the parties;

NOW, THEREFORE, THIS AGREEMENT:

1. FOR AND IN CONSIDERATION of the sum of \$_____ per month through December, 20__. Thereafter, this monthly amount shall be adjusted upwards or downwards beginning in January of each subsequent year based on the previous year's inflation index. Such Index to be used shall be the one for all items for the United States city average (CPI-U) as determined and published by the United States Department of Labor, Bureau of Labor Statistics, based on "All Items (1982-84=100)" and shall remain in effect for the term of this lease. Lease payments are payable in advance by Tenant(s) to Landlord on the first day of each month, the Landlord does hereby lease to Tenant(s) that plot of ground designated as _____.

a. For any new construction, all costs associated with the construction of the hangar(s), both direct and indirect as to the hangar and any site prep work, including drainage, shall be the sole responsibility of the Tenant. Final building and site drawings shall be approved in advance by the Landlord and by the Tullahoma Planning and Codes Department. In any event, the failure to said construction within 2 years from the date of this lease shall be suitable grounds for termination of this Lease Agreement by Landlord.

2. All lease payments due under this Lease shall be paid on the first day of each month to the Treasurer of Landlord. Any lease payments not received by Landlord by the 10th day of the month shall be considered delinquent, and a late fee of ten per cent (10%) of the current monthly lease payment shall be assessed for each late payment.

3. The initial term of this Lease shall be for a period of twenty (20) years from the date of the execution of this instrument; however, Tenant shall have the option of renewing this Lease for an additional twenty (20) year term, at a rate agreed upon by both Landlord and Tenant, and upon such other terms and conditions as may be agreed upon by and between the Landlord and Tenant at that time.

4. Tenant agrees that the hangar shall be used primarily for the storage of aircraft (as defined in the Federal Aviation Regulations). If there will be no aircraft stored in the hangar for a period of six (6) consecutive months, written approval must be obtained from the TMAA to exceed this six (6) month period. Exceeding this time period without written approval from the TMAA shall be considered a breach of the Agreement and will result in lease termination.

5. The Tenant may maintain and repair aircraft in the leased hangar space.

6. All new construction, as well as modifications, additions, or renovations, shall be subject to guidelines as established by the Landlord and approved beforehand by Landlord. These guidelines, as adopted by the Landlord and maintained by it, known as *Minimum Development Standards*, shall be followed by Tenant and said guidelines are incorporated herein by reference into this Lease Agreement. In addition, Tenant shall comply with all of Landlord's rules, regulations and standards as are currently in effect or may hereinafter be adopted by Landlord.

7. Tenant is responsible for and shall keep the leased area free of debris and vegetation, and shall maintain the hangar building(s) in a state of good repair.

8. The Tenant shall procure and keep in full force and effect, a policy of liability insurance for personal injury and property damage with minimum coverage limits of at least one million (\$1,000,000) dollars per occurrence. The Tenant shall provide annually, or whenever the Tenant's insurance is renewed, whichever occurs most often, to Landlord a copy of the certificate of insurance that it is in force and effect. Furthermore, both the City of Tullahoma and the Landlord shall be named as additional insureds in said contract of insurance.

9. It is further agreed that Tenant shall indemnify and hold harmless the Landlord and the City of Tullahoma from and against any and all causes of action, claims, demands, liabilities, loss, damage, injuries or expenses of whatsoever kind and nature, including reasonable attorneys' fees which Landlord or the City of Tullahoma may incur or sustain by reason or consequence of any accident, injury, or claim brought as a result of injuries, or damages to third parties while on the leased premises or while engaged in Tenant's business activities.

10. At the termination or expiration of this Lease, or any renewal period thereof, it shall be the absolute and sole responsibility of the Tenant to remove the hangar building(s) located upon the leased premises; however, Tenant shall be permitted to leave the hangar building(s) upon the leased premises, provided that Tenant shall find a suitable tenant, acceptable to Landlord, who will enter into a new lease agreement with Landlord, upon such terms and conditions as Landlord and the proposed Tenant may agree. Tenant shall have 90 days from the expiration or termination of this Lease within which to remove the hangar building(s) or find a suitable tenant, acceptable to Landlord, failing which the Landlord shall have the right and option of either (1) removing the hangar building and restoring the leased premises to its previous condition, or (2) of declaring the hangar building to be abandoned property, in which event the Tenant shall forfeit to Landlord all of its right, title and interest in and to the hangar building.

a. In the event that it shall become necessary for Landlord to remove the hangar building from the leased premises, the Tenant shall be responsible for all expenses

and costs incurred or sustained by reason of the removal of the hangar building and the cleaning up of the leased premises.

b. In the event that Landlord shall elect to declare an abandonment of the hangar building, the Landlord shall provide Tenant with written notice of its intent to declare the property abandoned, advising the Tenant that all of its rights, title and interest in and to the hangar building shall be forfeited to the Landlord unless the hangar building is removed within 90 days of the termination or the expiration of the lease. Such written notice shall be provided to Tenant at least 30 days prior to the date of forfeiture, and Tenant shall be permitted to attempt to find a suitable tenant, acceptable to the Landlord, within the time allowed. Tenant shall continue to be responsible and liable for the lease payments currently in effect at the expiration or termination of this lease, until the leased premises have been returned to Landlord, or re-leased to a suitable Tenant.

11. In the event that Tenant shall desire to exercise the option to enter into an additional twenty (20) year lease, then in such event, Tenant shall notify Landlord of the intention to exercise this option at least 30 days prior to the expiration of this initial lease. Landlord and Tenant shall then enter into a new lease agreement for the ensuing twenty (20) year term, upon such terms and conditions as the parties may agree at that time.

12. Landlord shall have the right and option to terminate this lease in the event that Tenant shall breach or violate any of the terms or conditions of this lease agreement. A notice of breach shall be issued and the Tenant shall have 30 days to correct the breach. Two (2) or more breaches or violations of this lease shall be grounds for lease termination. Also, Tenant shall be given a 90-day grace period within which to bring all delinquent lease payments current, including late fees, before declaring a forfeiture of this lease by reason of non-payment of the rental. In the event that Tenant's insurance shall lapse, without notice and then in such event, Tenant shall immediately cease all operations until insurance is once again in effect. Failure to keep insurance current shall be grounds for termination of this lease agreement.

13. In the event that Tenant desires to terminate this Lease prior to the expiration date, Tenant shall be released from this Lease under the following conditions: Tenant shall notify Landlord, in writing, of the desire to terminate this Lease, and shall immediately proceed to either remove the hangar from the leased premises or sell the hangar building to a third party, acceptable to Landlord, who shall be permitted to enter into an acceptable new lease agreement with Landlord for a new lease term.

a. In the event that Tenant desires to remove the hangar building, Tenant shall completely remove the hangar building, leaving the leased premises clean and clear of all debris and rubbish, following which, the Tenant shall notify Landlord of this fact in order that a member of the Tullahoma Municipal Airport Authority may inspect the leased premises. If the leased premises have been cleared properly, then, in such event, a release shall be executed in duplicate originals by and between Landlord and Tenant.

b. In the event that Tenant shall desire to sell the hangar building(s) to a third party, then, in such event, Tenant shall appear before the Tullahoma Municipal Airport Authority with the new purchaser and make a transfer request. If the purchaser of the hangar building is acceptable to the Tullahoma Municipal Airport Authority then, in

such event, the new purchaser shall enter into a new Lease Agreement under the prevailing terms and conditions that may exist at that time with Landlord and provide a standard certificate of insurance and otherwise comply with the provision hereof. In the event of compliance with these provisions, the original Tenant and Landlord shall execute a release in duplicate originals, and Tenant shall no longer be obligated under the terms and provisions of this Lease Agreement.

14. For any business operations conducted on/from the leased premises, the Tenant agrees to maintain as current, all required City/County/State business licenses, with a copy provided to the TMAA. Furthermore, Tenant agrees that all United States and State of Tennessee Environmental Protection Agencies requirements that apply to the operation of such business shall be complied with and the failure to comply with any environmental protection agency's guidelines that are applicable will be grounds for the termination of this Lease.

15. The terms and provisions of this Lease agreement shall be binding between Tenant and Landlord and their lawful successors in interest, heirs and assigns, executors and administrators, and legal representatives.

16. Tenant shall not be permitted to assign or sub-lease the leased premises, without obtaining the prior, formal written consent of the Landlord.

17. The term Tenant, as used herein, shall mean either the singular or the plural, as the circumstances direct. The term his, as used herein, shall mean either the masculine or female gender, as the circumstances direct.

18. This Lease agreement is contingent upon the formal acceptance of this Lease agreement by the Tullahoma Municipal Airport Authority.

19. Should any of the provisions of this Lease be deemed or declared unenforceable, the remaining provisions shall nevertheless be carried into effect.

20. The Tenant shall permit the Landlord to enter into and upon said premises at all reasonable times for the purpose of inspecting the premises to assure compliance with local, state, and federal statutes, codes and regulations.

21. Should the Tenant breach this lease in any manner, then the Landlord shall have any and all remedies available to it at law or in equity to abate the breach, and/or remedy it for recovery of the balance due under this Lease Agreement and/or any and all damages to which it might become entitled as a result of the actions of or default of Tenant, including any costs incurred by Landlord in enforcing its rights, whether it be reasonable attorney fees, court costs or any other reasonable cost of whatever nature.

22. The tenant for itself, its successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree 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 subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land 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 be otherwise subjected to discrimination, (3) that the tenant 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, Nondiscrimination 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. That in the event of breach of any of the above nondiscrimination covenants, airport owner shall have the right to terminate the lease and to re-enter as if said lease had never been made or issued. The provision shall not be effective until the procedures of Title 49, Code of Federal Regulations, Part 21, are followed and completed, including exercise or expiration of appeal rights.

23. It shall be a condition of this lease that the Landlord reserves unto itself, its successors and assigns, for use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the real property hereinafter described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the airport.

24. The Tenant expressly agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the hereinafter described real property to such height so as to comply with Federal Aviation Regulations, Part 77.

25. The Tenant expressly agrees for itself, its successors and assigns, to prevent any use of the herein described real property which would interfere with or adversely affect the operation or maintenance of the airport or otherwise constitute an airport hazard.

26. This lease and all provisions hereof are subject and subordinate to any terms and conditions of the instruments and documents under which the airport owner City of Tullahoma acquired the subject property from the United States of America and shall be given only such effect as will not conflict or be inconsistent with said terms and conditions, and are subject to any ordinances, rules or regulations which have been, or may hereafter be adopted by the airport owner pertaining to the Tullahoma Municipal Airport.

27. Notwithstanding, anything herein contained that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this agreement are nonexclusive and the Landlord herein reserves the right to grant similar privileges to another Tenant or other Tenants on other parts of the airport.

28. If Tenant is a company or corporation, then Tenant may not permit a stock sale, stock assignment or any other transfer which would result in said Tenant's company/corporation not owning a combined majority interest of the stock ownership in Tenant without the prior written consent of Landlord.

29. As used in this Lease, unless the context indicates otherwise, the gender of all words shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and plural.

Address of tenants:

Email addresses of tenants: _____

Telephone numbers of tenants: _____

LANDLORD:

TENANTS:

Tulahoma Municipal Airport
Authority, Inc.

Name: _____

By: _____
_____ Chairman

Signature

By: _____
_____ Secretary

Name: _____

ATTEST BY:

Signature

Jon Glass, Executive Director, TMAA, Inc.

**GUARANTY
(Company or Corporation Only)**

For value received and in consideration for, and as inducement to TULLAHOMA MUNICIPAL AIRPORT AUTHORITY, INC., as Landlord, to enter into that certain lease (the "Lease") dated ____ day of _____, 2011, with _____ as Tenant(s), executed simultaneously herewith and to which this Guaranty is attached, the undersigned Guarantor(s) hereby guarantee to Landlord, its successors and assigns, the full performance and observance of all of the covenants, conditions and agreements therein provided to be performed and observed by Tenants, its successors and assigns, and expressly agrees that the validity of this Guaranty and the obligations of Guarantor(s) hereunder shall in no way be terminated, affected or impaired by reason of the waiver by Landlord of, or the failure of Landlord to enforce, any of the terms, covenants and conditions of the Lease, or the granting of any indulgence or extension of time to Tenants, all of which may be given or done without notice to Guarantor(s). The undersigned further covenants and agrees that this Guaranty shall remain and continue in full force and effect as to any amendment, modification, renewal or extension of the Lease, to all of which the undersigned hereby consents in advance. No assignment or transfer of the Lease shall operate to extinguish or diminish the liability of the liability of the undersigned under this Guaranty.

IN WITNESS WHEREOF, the undersigned have executed this Guaranty this ____ day of _____, 20__.
