

REAL PROPERTY LEASE

AT

PENSACOLA INTERNATIONAL AIRPORT

BETWEEN

AIR METHODS CORPORATION

AND

CITY OF PENSACOLA, FLORIDA

EFFECTIVE DATE: FEBRUARY ____, 2020

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**PENSACOLA INTERNATIONAL AIRPORT
REAL PROPERTY LEASE**

THIS REAL PROPERTY LEASE (this “Lease”) is hereby made and entered into as of the Effective Date (hereinafter defined), by and between **AIR METHODS CORPORATION**, a Delaware corporation (“the Company”), and the **CITY OF PENSACOLA, FLORIDA**, a Florida municipal corporation (“the City”), in its capacity as owner and operator of **PENSACOLA INTERNATIONAL AIRPORT** (“the Airport”). The City and the Company may, from time to time, be referred to in this Lease individually as “a Party” and collectively as “the Parties.”

RECITALS

WHEREAS, the City is the owner and operator of the Airport (as hereinafter defined); and

WHEREAS, it is in the best interest of the community for the City to encourage air transportation services and other aeronautical uses and activities at the Airport; and

WHEREAS, the City, as lessor, desires to lease to the Company, as lessee, and the Company desires to lease from the City, the Leased Premises for the use, upon the terms, and subject to the conditions hereinafter set forth; and

NOW, THEREFORE, in consideration of the promises, covenants, terms, and conditions herein set forth, the Parties hereby agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.01 DEFINITIONS

The following words and phrases, wherever used in this Lease, shall, for purposes of this Lease, have the following meanings:

“Additional Rent” means, collectively, all amounts payable by the Company under this Lease which are expressly designated as “Additional Rent”, in addition to the Base Rent.

"Affiliate" means any corporation or other entity that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with, the Company.

"Airport" means Pensacola International Airport located in Pensacola, Florida, as it now exists and as it may exist in the future.

"Airport Director" means the person who from time to time holds the position of “Airport Director” or “Interim Airport Director” of the Airport. Said term shall also include any person expressly designated by the City to exercise functions with respect to the rights and obligations of the Airport enterprise.

“Airport Master Plan” means the assembly of appropriate documents and drawings addressing development of the Airport from physical, economic, social, and political jurisdictional perspectives as designated from time to time by the City and the Airport Director as the Airport Master Plan. The Airport Master Plan includes, without limitation, forecasts of aviation demand, an Airport land use plan, an Airport layout plan set, an Airport approach and runway protection zone plan, a terminal area plan, an Airport access and parking plan, a staging plan, a capital improvement plan, and a financial plan.

“Baseline Environmental Conditions Study” means a study or studies prepared pursuant to Article 14 to document Land environmental conditions existing at the time of the study. Exhibit F is the initial Baseline Environmental Conditions Study prepared to document the present environmental condition of the Land.

“Bond Resolution” means Resolution No. 59-88, adopted as of September 8, 1988, as it may be amended or supplemented from time to time, and any other Resolution of the City regulating or authorizing the issuance of Bonds, as amended or supplemented from time to time, other than Special Purpose Facility Bonds (as defined in Resolution No. 59-88), payable from Airport revenue.

“City” means the City of Pensacola, Florida, and any successor to the City in ownership of the Airport.

"Common Airport Facilities" means all necessary landing area appurtenances, including, but not limited to, approach areas, runways, public taxiways, public ramps/public aprons, public

roadways, public sidewalks, navigational and aviation aids, lighting facilities, terminal facilities, and other common or public facilities appurtenant to the Airport.

“Company” means the lessee under this Lease as identified in the first paragraph of this Lease, and any assignee of this Lease pursuant to an assignment permitted by this Lease.

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such entity, whether through the ownership of voting securities or by contract or otherwise.

“Effective Date” means the date upon which this Lease is executed by the last Party to execute this Lease, as shown by the respective dates set forth after the places provided herein below for the Parties’ execution of this Lease.

“Environmental Laws” means, collectively, all federal, state, water management district, and local environmental, land use, safety, and health laws, rules, regulations, and ordinances, and common law, applicable to the Airport, the Company or the Leased Premises, including, but not limited to, the Occupational Safety and Health Act of 1970 (29 U.S.C. § 651 et seq.); the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. § 9601 et seq.); the Hazardous Materials Transportation Act (49 U.S.C. § 5101 et seq.); the Resource Conservation and Recovery Act (42 U.S.C. § 6901 et seq.); the Toxic Substances Control Act of 1976 (15 U.S.C. § 2601 et seq.); the Clean Air Act (42 U.S.C. § 7401 et seq.) (“CAA”); the Safe Drinking Water Act (42 U.S.C. §§ 300f-300j), the Federal Water Pollution Control Act (commonly known as the Clean Water Act) (33 U.S.C. §§ 1251-1387), and Sections 253, 373, 376 and 403, Florida Statutes, as any of the foregoing may hereafter be amended, any rule or regulation pursuant thereto, and any other present or future law, ordinance, rule, regulation, code, permit or permit condition, order, notice of violation, decree, consent agreement, or directive addressing any environmental, safety, or health issue of or by the federal government, or of or by any state or other political subdivision thereof, or any agency, court, or body of the federal government or any state or other political subdivision thereof, exercising executive, legislative, judicial, regulatory, or administrative functions. The term Environmental Laws shall also mean and include the Airport’s Spill Prevention, Control, and Countermeasure Plan (“SPCC”) and all future amendments thereto and the Airport’s Storm Water Pollution Prevention Plan (“SWPPP”) and all future amendments thereto.

“Event of Default” shall have the meaning assigned in Article 17 below.

“Exclusive Use Leased Premises” means the spaces and areas within the Leased Premises for the use and occupancy of the Company to the exclusion of all others, which Exclusive Use Leased Premises is all of the spaces and areas within the Leased Premises other than the Preferential Use Apron Area.

“FAA” means the Federal Aviation Administration of the United States government, or any federal agencies succeeding to its jurisdiction.

“Facilities” means the presently existing office/hangar building containing approximately 9,200 square foot composed of approximately 6,400 square feet of open hangar bay (approximately 80’ x 80’) and approximately 2,800 square feet of office/administrative and shop/storage areas; approximately 24,500 square feet of paved aircraft ramp; surface parking for approximately thirty-four (34) automobiles; a covered parking canopy on the rear of the building; and perimeter security fencing; together with all future modifications, additions, and accessions to and replacements of any of the foregoing.

“Base Rent” means the annual rent for the Leased Premises as specified or determined in this Lease.

“Hazardous Substances” means all hazardous, toxic, or harmful substances, wastes, materials, pollutants, and contaminants (including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, flammable explosives, radioactive materials, paint containing more than 0.5% lead by dry weight (“Lead Based Paint”), infectious substances, or raw materials which include hazardous constituents), and any other substances and materials, that are included under or regulated by Environmental Laws.

“Land” means the land within the Airport as depicted on Exhibit A attached hereto and incorporated herein by reference, consisting of approximately 2.041 acres and located at 55 Service Center Road.

“Leased Premises” means the Land and all improvements now or hereafter existing on the Land, including without limitation the Facilities and the Preferential Use Apron Area, as more particularly described in Section 2.02.

“Lease Term” shall have the meaning assigned in Section 3.01 below.

“Lease Year” means each period of twelve consecutive calendar months that begins on an anniversary of the Effective Date of this Lease or, if the Effective Date of this Lease is not the first day of a month, each period of twelve consecutive calendar months that begins on the first day of the next month after each such anniversary of the Beginning of this Lease; provided, however, that the first Lease Year shall commence on the beginning of this Lease and continue to, but not including, the first day of the next Lease Year.

"Minority Business Enterprise" means a person or entity who qualifies as a small business owned and controlled by socially and economically disadvantaged individuals under the terms of Title I §109 of the Airport and Airway Safety and Capacity Expansion Act of 1987, 49 App. U.S.C. §2210 (a) (17).

“Ordinary Wear and Tear” means normal deterioration of an improvement to real property that occurs solely from the reasonable and intended use of the improvement over time despite the timely and proper performance of reasonable routine maintenance and preventive maintenance.

“Rent” means, collectively, the Base Rent and the Additional Rent.

“Rules and Regulations” means those ordinances, rules and regulations promulgated from time to time by the City or the Airport Director governing conduct on, and operations at, the Airport or the use of any of the land and/or facilities at the Airport.

"Subsidiary" means any corporation or other entity more than fifty percent (50%) of whose outstanding stock (or other form of equity ownership) is, at the relevant time, owned by the Company or by another Subsidiary of the Company.

“TSA” means the Transportation Security Administration under the Department of Homeland Security of the United States government, or any federal agencies succeeding to its jurisdiction.

Section 1.02 CROSS-REFERENCES

All references in this Lease to articles, sections, and exhibits pertain to articles, sections, and exhibits of this Lease unless otherwise specified.

END OF ARTICLE

ARTICLE 2. LEASED PREMISES

Section 2.01 LEASED PREMISES

For the Rent, upon the terms, and subject to the conditions set forth in this Lease, the City hereby leases and demises the Leased Premises to the Company, and the Company hereby leases the Leased Premises from the City, subject, however, to all liens, easements, restrictions and other claims and encumbrances of record, provided that such matters do not prevent the Company from conducting its business on the Leased Premises as contemplated herein.

Section 2.02 AUTOMOBILE PARKING AREA

Motor vehicle (including but not limited to automobiles, trucks and motorcycles) parking on the Leased Premises shall be limited solely to parking by the Company's guests, invitees, customers, and employees in connection with the conduct of the Company's business on the Leased Premises as permitted under Article 4 below and shall be provided by the Company without charge. In no event shall the Company permit parking on the Leased Premises by the general public or by the Company's guests, invitees, customers, or employees not related to the conduct of the Company's business on the Leased Premises.

END OF ARTICLE

ARTICLE 3. TERM

Section 3.01 LEASE TERM

Subject to compliance with the term and conditions of this Lease, the Company shall have the right to occupy and use the Leased Premises for a term of three (3) years beginning on [REDACTED], 2020 and ending on [REDACTED], 2023 (the "Lease Term"). Company shall have the right to extend the Lease Term for two (2) (each an "Extension Option"), additional consecutive periods of three (3) years and one (1) year respectively, (each and collectively, the "Extension Term") on the terms and conditions below. Company's failure to exercise the first (or any subsequent) Extension Option shall terminate any additional Extension Options. Notwithstanding anything to the contrary herein, Company's right to exercise any Extension Option is subject to the satisfaction of each of the following conditions precedent: (a) the Lease shall be in full force and effect; and (b) Company shall have given written notice of exercise of the Extension Option not less than 180 days prior to the expiration of the then expiring Lease Term. From and after the commencement of any Extension Term, all references in the Lease to "Lease Term" shall refer to the original Lease Term as extended by the applicable Extension Term. The parties rights and obligations during any Extension Term shall be subject to all terms and conditions of the Lease, except that the Lease Term shall be extended for the period of the Extension Term and Base Rent shall adjust in accordance Section 5.02.

Section 3.02 COMPANY'S RIGHTS UPON EXPIRATION OR EARLIER TERMINATION OF LEASE

Upon expiration of the Lease Term or earlier termination of this Lease, all of the Company's rights, authority, and privileges to use the Leased Premises, services, facilities and property of the Airport as granted herein shall automatically cease without notice to the Company except such notice, if any, as is expressly required by this Lease with respect to an earlier termination of this Lease.

Section 3.03 SURRENDER OF LEASED PREMISES

Upon expiration of the Lease Term or earlier termination of this Lease, the Company shall surrender the Leased Premises to the City in the same condition as at the beginning of this Lease, except for Ordinary Wear and Tear and except for (i) damage caused by an insured casualty or a condemnation for which the City is fully compensated by insurance proceeds actually received by the City and by deductible amounts actually paid by the Company to the City, with respect to an insured casualty loss, or by a condemnation award pursuant to an order of a court of competent jurisdiction or payment in lieu thereof acceptable to the City, with respect to a condemnation, or (ii) damage caused by the City or its employees, agents, or contractors.

The provisions of this Section 3.03 shall survive the expiration of the Lease Term or earlier termination of this Lease, as the case may be, and shall be fully enforceable by the City against the Company notwithstanding the termination of this Lease.

END OF ARTICLE

ARTICLE 4. USE OF LEASED PREMISES

Section 4.01 PERMITTED USE OF LEASED PREMISES

Continuously during the Lease Term, the Company shall use the Leased Premises for solely for the purpose of operating an air ambulance service and all uses which are necessary for such operation. Without the City's prior written consent, which consent may be given or withheld in the City's sole but reasonable discretion, the Company shall not use, nor suffer or permit others to use, the Leased Premises or any improvements thereon for any use or purposes, commercial or non-commercial, other than the specific authorized use set forth in the preceding sentence of this Section 4.01. If the Company desires to perform any additional commercial aeronautical services or activities on or from the Leased Premises, the Company shall make written application to the City requesting to provide such additional services or activities. If the City in its sole but reasonable discretion desires to permit the Company to perform such additional services or activities, and if the City in its sole but reasonable discretion determines that the Company is qualified to perform such additional services or activities, and if the Company and the City execute a mutually agreeable amendment to this Lease setting forth the terms and conditions by which the Company shall perform such additional services or activities, including any additional rent and fees payable to the City, then, but only then, shall the Company be deemed authorized to perform such additional services or activities.

Section 4.02 STORAGE OF FUEL AND PERSONAL PROPERTY PROHIBITED

The Company shall not use, or suffer or permit the use of, the Leased Premises or any portion thereof for the storage or sale of fuel of any kind, regardless of the time period.

The Company shall not use the Leased Premises or any portion thereof to keep or store, regardless of the time period, any personal property of any nature whatsoever that is not required for the prosecution of the permitted use set forth in Section 4.01 above.

Section 4.03 ADDITIONAL RESTRICTIONS

Notwithstanding any contrary provision in this Lease, the Company shall not, and the Company shall not suffer or permit any of its agents, employees, directors, officers, contractors, customers, guests, invitees, licensees, or representatives to:

- (a) Do, suffer, or permit anything that may interfere with the effectiveness or accessibility of any drainage and sewage system, electrical system, air conditioning system, fire protection system, sprinkler system, alarm system, fire hydrants and hoses, if any, at any time installed or located on or within the premises of the Airport.
- (b) Do, suffer, or permit anything that invalidates or conflicts with any fire or other casualty insurance policies covering the Airport or any part thereof or improvements thereon.
- (c) Keep or store or suffer or permit to be kept or stored, at any time, flammable or combustible liquids except in storage facilities especially constructed for such purposes in

accordance with applicable federal, State, and City laws and ordinances, including the Uniform Fire Code and the Uniform Building Code. For purposes of this Lease, flammable or combustible liquids shall have the same definitions as set forth in the Uniform Fire Code, as that Code may be amended from time to time.

(d) Do, suffer, or permit anything that may be in conflict with 14 CFR Part 139 Airport Certification as that regulation may be amended from time to time, or jeopardize the operating certificate of the Airport.

(e) Do, suffer, or permit anything that may create electrical or electronic interference with communications between the Airport and aircraft, or between aircraft and any navigational controls, whether or not located on the Airport.

(f) Do anything that may interfere with the Airport's Approach Surveillance Radar or the Airport's airspace communications.

(g) Do, suffer, or permit anything that may make it difficult for aircraft pilots to distinguish between the Airport lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

(h) Do, suffer, or permit anything that may be in conflict with 49 CFR Part 1542 Airport Security or the TSA-approved security plan for the Airport.

(i) Engage in any business or activity not specifically permitted by this Lease.

Section 4.04 **REMOVAL OF DISABLED AIRCRAFT**

Except as otherwise agreed to by the Airport Director, the Company shall promptly remove any disabled aircraft that is in the care, custody, or control of the Company from any part of the Airport (other than the Leased Premises), including, without limitation, runways, taxiways, aprons, and gate positions, and place any such disabled aircraft in the Leased Premises or, in the sole discretion of the Airport Director, in such storage areas as may be designated by the Airport Director. The Company may store such disabled aircraft on Airport property, in a storage area on the Airport (other than the Leased Premises) designated by the Airport Director, only for such length of time and on such terms and conditions as may be established by the Airport Director. Nothing herein shall be deemed to limit Company's ability to store any disabled aircrafts in the Leased Premises.

If the Company fails to remove any disabled aircraft promptly, as required hereunder, the Airport Director may, but shall not be obligated to, cause the removal and/or storage of such disabled aircraft, and the Company shall promptly reimburse the City for all reasonable costs of such removal and storage. Further, the Company hereby releases the City from, and agrees to indemnify, defend and hold the City harmless from and against, any and all claims, loss, liability, damages, costs and expenses, including without limitation reasonable attorney's fees, arising from or in any way connected with such removal or storage by the City, including but not

limited to claims for loss of or damage to the disabled aircraft or to any other property of the owner or lessee of such aircraft or of the Company, except to the extent such damage is caused by the gross negligence or willful misconduct of the City.

Section 4.05 NON-EXCLUSIVE RIGHTS AND PRIVILEGES

Notwithstanding anything contained in this Lease that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this Lease are non-exclusive and the City herein reserves the right to grant similar privileges to one or more other operators or lessees on the Airport.

END OF ARTICLE

ARTICLE 5. RENTS, FEES, CHARGES AND SALES TAX

In consideration for the Company's use of the Leased Premises, the rights and privileges granted to the Company hereunder, and for the undertakings of City hereunder, the Company agrees to pay the City, without invoicing, notice, demand, deduction or set-off, the Base Rent, Additional Rent, fees, other charges, and sales and use tax as set forth in this Lease, as from time to time recalculated according to the procedures described below.

Section 5.01 **BASE RENT**

The initial annual base rent ("Base Rent") payable by the Company to the City shall be Seventy-Two Thousand Five Hundred Twenty-One and 59/100 Dollars (\$72,521.59).

Section 5.02 **BASE RENT ESCALATOR**

The annual Base Rent for each Lease Year shall be increased over the annual Base Rent for the immediately preceding Lease Year in direct proportion to the percentage increase, if any, in the "CPI" (as hereinafter defined) for the most recent month that is more than thirty (30) days prior to the commencement of such new Lease Year for which the CPI has been published (the "New CPI") over the CPI for the same month one year earlier (the "Base CPI"). The Base Rent for the immediately preceding Lease Year shall be multiplied by a fraction, the numerator of which shall be the New CPI and the denominator of which shall be the Base CPI. The product of such multiplication shall be the new annual Base Rent for the new Lease Year. In no event, however, shall the annual Base Rent for any Lease Year be less than the annual Base Rent for the immediately preceding Lease Year, nor shall the annual Base Rent for any Lease Year be more than three percent (3%) greater than the annual Base Rent for the immediately preceding Lease Year. As used herein, "CPI" shall mean the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, All Items, not seasonally adjusted, 1982-84 = 100 reference base, published by the Bureau of Labor Statistics of the United States Department of Labor. If the Bureau of Labor Statistics of the United States Department of Labor ceases publishing the CPI or materially changes the method of its computation, components, base year, consumers whose experiences are included therein or other features thereof, a comparable index published by a governmental agency, responsible financial periodical, trade association or educational institution selected by the City, in its sole discretion, shall be substituted for the CPI and used in making the computations required herein. The City's failure to notify the Company of any increase in the Base Rent under this Section shall not relieve the Company of its obligation to pay the full Base Rent required by this Section.

Section 5.03 **BASE RENT PAYMENT**

The annual Base Rent shall be paid by the Company to the City without invoicing, notice, demand, deduction, or set-off, in equal monthly installments payable in advance on or before the first day of each calendar month, beginning on [_____], 2020, and continuing through the remainder of the Lease Term.

Section 5.04 OTHER RENTS, FEES AND CHARGES

Notwithstanding any contrary provision in this Lease, the City reserves the right to charge, in addition to Base Rent, Additional Rent, and other fees and charges under this Lease, such fees and charges for miscellaneous items and services, including, but not limited to current and future taxes, fees, assessments, employee badges, landing fees and other airfield uses for the Company's customers not having an airfield use permit or agreement with the City, parking charges for areas other than the Leased Premises, and airfield drivers' licenses and security classes, that are assessed by the City in connection with the ordinary use of Airport facilities, provided that such fees and charges shall be equally applicable to all similarly situated parties. The City shall give the Company thirty (30) days' notice prior to any the institution of any new fee or charge and any such fee or charge hereunder shall be charged in a universal and non-discriminatory manner to all third parties authorized under the same or similar permitted use of airport property.

Section 5.05 SALES TAX

The Company shall pay to City all sales and use tax imposed by Florida Statutes Section 212.031 and any future amendments thereto, or other applicable Florida law in effect from time to time (collectively, the "Sales Tax"), on the Base Rent and Additional Rent due under this Lease and on any other payments required by this Lease to be made by the Company to or for the benefit of the City which are taxable as rent under applicable Florida law. Such sales or use tax shall be due and payable concurrently with the payment of the Base Rent, Additional Rent, or other payment with respect to which such tax is required to be paid.

Section 5.06 MODE OF PAYMENT

The payment of all Base Rent, Additional Rent, Sales Tax, fees, and charges that become due and payable by the Company under this Lease shall be paid to the City of Pensacola without the City invoicing the Company. Payments shall be mailed or delivered to Office of the Airport Director, Pensacola International Airport, 2430 Airport Boulevard, Suite 225, Pensacola, Florida 32504, or to such other payment address as the City notifies the Company in writing. The City reserves the right to require that payment be made by wire transfer.

Section 5.07 LATE FEE AND INTEREST.

If Base Rent, Additional Rent, or any other fee, charge or payment due and payable under this Lease by the Company to the City is not paid within five (5) calendar days after such Base Rent, Additional Rent, or other fee, charge or payment became due, a late charge of five percent (5%) of the amount due shall be due and payable to the City to compensate the City for its added expenses due to said late payment. Further, any Base Rent, Additional Rent, or other fee, charge or payment due and payable under this Lease by the Company to the City that is not paid within ten (10) calendar days after its date due shall bear interest at ten percent (10%) per annum, or the highest rate allowed by law, whichever is less, from the date due until the date paid in full.

END OF ARTICLE

ARTICLE 6. SECURITY DEPOSIT

Concurrently with Company's execution of this Lease, Company shall deposit with the City the sum of [] ("Security Deposit"), which shall be held by the City, without obligation for interest or segregation, as security for performance of Company's covenants and obligations under this Lease. Upon occurrence of any Event of Default by Company, the City may use such fund to make good any Rent arrearage or any other damage, injury, expense or liability caused by such default. Any remaining balance of such Security Deposit shall be returned by the City to Company no later than thirty (30) days from the date of termination or expiration of this Lease.

END OF ARTICLE

ARTICLE 7. INSURANCE AND INDEMNIFICATION

Section 7.01 **REQUIRED INSURANCE**

Prior to the Effective Date, the Company shall procure and maintain insurance of the types and to the limits specified herein, all of which shall be in full force and effect as of the Effective Date.

As used in this Article, “the City” is defined to mean the City of Pensacola itself, any subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives, and agents.

The Company and the City understand and agree that the minimum limits of insurance herein required may become inadequate during the term of this Lease. The Company agrees that it will increase such minimum limits to the levels required by the City from time to time, within ninety (90) days following the receipt of written notice from the Airport Director.

Insurance shall be procured from an insurer whose business reputation, financial stability, and claims payment reputation are satisfactory to the City in its sole discretion, for the City's protection only. The amounts, forms, and types of insurance required to be provided and maintained by the Company shall conform to the following minimum requirements:

Insurance Requirements		
Type		Amount
(1)	Worker's Compensation and Employer's Liability	Statutory \$1,000,000/\$1,000,000/\$1,000,000
(2)	Broad Form Commercial General Liability Policy to include coverage for the following:	Combined Single Limit for Bodily Injury and Property Damage of \$5,000,000 per occurrence or its equivalent with an aggregate of not less than \$5,000,000
	(A) Premises Operations	
	(B) Independent Contractors	
	(C) Products/Completed Operations	
	(D) Personal Injury	
	(E) Contractual Liability	
	(F) Damage to Leased Premises	
(3)	Property Insurance including flood insurance for physical damage to the property of the Company, including improvements and betterments to the Leased Premises	Coverage for replacement value of property
(4)	Automobile Liability (any automobile)	Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence or its equivalent in excess of umbrella coverage, \$5,000,000 per occurrence or its equivalent in excess of umbrella coverage for vehicle(s) with access to the Air Operations Area.
(5)	Airport Liability including coverage for premises, operations, products and completed operations and independent contractors.	\$10,000,000 per occurrence, combined single limit, written on an occurrence form
(6)	Pollution Legal Liability for transporting or handling hazardous materials or regulated substances	\$3,000,000 per occurrence, with an annual aggregate not less than \$5,000,000
(7)	Environmental Impairment Liability	\$3,000,000 per occurrence, with an annual aggregate not less than \$5,000,000
(8)	Aircraft Liability	\$10,000,000 per occurrence

Section 7.02 POLICY ENDORSEMENTS; COPIES OF POLICIES; CERTIFICATES OF INSURANCE

All insurance policies required by this Lease to be furnished by the Company shall be endorsed to provide that the insurance carrier shall give the City written notice at least thirty (30) days in advance of any cancellation, nonrenewal, or adverse change or restriction in coverage.

Each policy of property insurance shall be endorsed to name the City as an Additional Insured and Loss Payee, as its interest may appear, and each policy of liability insurance shall be endorsed to name the City as an Additional Insured, In addition, this Lease and the Leased Premises shall be separately listed on each insurance policy.

Within five (5) days after the Effective Date (but in any event prior to the Company being permitted to take possession of any portion of the Leased Premises), and thereafter within five (5) days after the City's written requests from time to time, the Company shall furnish true and complete copies of all of the Company's insurance policies, forms, endorsements, jackets, and

other items forming a part of, or relating to, all policies of insurance carried or required by this Lease to be carried by the Company with respect to the Leased Premises.

In addition, within five (5) days after the Effective Date (but in any event prior to the Company being permitted to take possession of any portion of the Leased Premises), and thereafter within five (5) days after the City's written requests from time to time, the Company shall provide to the City Certificates of Insurance evidencing all insurance carried or required by this Lease to be carried by the Company with respect to the Leased Premises. Each Certificates of Insurance shall provide that the insurance carrier shall give the City written notice least thirty (30) days in advance of any cancellation, nonrenewal, or adverse change or restriction in coverage. The City shall be named on each Certificate of property insurance as an Additional Insured and Loss Payee, as its interest may appear, and on each Certificate of liability insurance as an Additional Insured. In addition, this Lease and the Leased Premises shall be separately listed on each Certificate. Certificates of property insurance shall be provided on the "Certificate of Insurance" form equal to, as determined by the City, the most current ACORD 28 form. Certificates of liability insurance shall be provided on the "Certificate of Insurance" form equal to, as determined by the City, the most current ACORD 25 form. Any wording on a Certificate that would make notification to the City of cancellation, nonrenewal, or adverse change or restriction in coverage an option shall be deleted or crossed out by the insurance carrier or the insurance carrier's authorized agent or employee. The name and address of the City on each policy and certificate of insurance required by this Lease shall be: City of Pensacola, Department of Risk Management, Post Office Box 12910, Pensacola, Florida 32521. In addition, a copy of each Certificate of Insurance shall be sent to Pensacola International Airport, Attn: Manager of Properties, 2430 Airport Boulevard, Suite 225, Pensacola, Florida 32504.

The Company shall immediately replace any cancelled, adversely changed, restricted, or non-renewed policies with new policies acceptable to the City and shall provide to the City copies of all such new policies, as well as Certificates of Insurance regarding the new policies, prior to the effective date of such cancellation, nonrenewal, adverse change, or restriction. If the City determines at any time that it lacks sufficient proof, in its sole discretion, that all insurance policies, forms, endorsements, jackets, and other items forming a part of, or relating to, all policies of insurance required by this Lease to be carried by the Company are fully paid and in full force and effect, the Company shall, upon instructions from the City, cease all operations under the Lease until directed by the City, in writing, to resume operations. The Company's required insurance coverages shall be considered primary for all purposes, and all other insurance shall be considered as excess, over and above the Company's coverages.

Notwithstanding the primary coverage responsibility of the Company, the Company shall protect the indirect and direct interests of the City by at all times promptly complying with all terms and conditions of its insurance policies, including without limitation timely and complete notification of claims. All written notices of claims made to carriers that relate to the use, damage, impairment, or condition of the Leased Premises shall be copied to the City's Department of Risk Management at the following address: City of Pensacola, Department of Risk Management, Post Office Box 12910, Pensacola, Florida 32521. An additional copy shall be sent to Pensacola

International Airport, Attn: Manager of Properties, 2430 Airport Boulevard, Suite 225,
Pensacola, Florida 32504.

Section 7.03 INSURANCE OF THE COMPANY PRIMARY

The insurance coverage required of the Company shall be considered primary, and all other insurance shall be considered as excess, over and above the Company's required coverage.

Section 7.04 LOSS CONTROL AND SAFETY

The Company shall retain control over its employees, agents, servants, contractors, customers, guests, and invitees, as well as its and their activities on and about the Leased Premises and the manner in which such activities shall be undertaken; to that end, the Company shall not be deemed to be an agent of the City. Precaution shall be exercised by the Company at all times regarding the protection of all persons, including employees, and property. The Company shall make special effort to detect hazards and shall take prompt action where loss control/safety measures should reasonably be expected.

Section 7.05 ACCEPTABILITY OF INSURERS

Insurance is to be placed with insurers that have a current A.M. Best rating of no less than A: X.

Section 7.06 HOLD HARMLESS

The Company, for itself and its successors and assigns, shall, and does hereby, covenant and agree to, FULLY AND FOREVER RELEASE, INDEMNIFY, DEFEND, and HOLD HARMLESS the City and its elected officials, employees, officers, directors, volunteers, and representatives, individually and collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, arbitration awards, regulatory actions, administrative actions, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including, but not limited to, personal or bodily injury, death, environmental remediation and damage, and property damage, made upon or suffered or incurred by the City directly or indirectly arising out of, resulting from, or related to any breach or default by the Company under this Lease, or the activities, acts or omissions of the Company, its successors or assigns, including any of its or their respective agents, officers, directors, representatives, employees, consultants, contractors or subcontractors, and their respective officers, agents, employees, directors, and representatives under this Lease or at or within the Airport, The indemnity provided for in this Section shall not apply to any liability resulting from negligence or willful misconduct of the City, its officers, or employees.

The City shall, upon notice thereof, transmit to the Company every demand, notice, summons, or other process received in any claim or legal proceeding contemplated herein.

Section 7.07 PAYMENT ON BEHALF OF THE CITY

The Company agrees to pay on behalf of the City, and to provide a legal defense for the City, both of which will be done only if and when requested by the City, for all claims or other actions or items described in Section 7.05, "Hold Harmless." Such payment on behalf of the City shall be in addition to any and all other legal remedies available to the City and shall not be considered to be the City's exclusive remedy.

Section 7.08 NO WAIVER OF SOVEREIGN IMMUNITY

Nothing in this Article shall be deemed a change or modification in any manner whatsoever of the method, conditions, limitations, or restrictions of preserving, asserting, or enforcing any claim or legal liability against the City. This Article shall in no way be construed as a waiver, in whole or in part, of the City's sovereign immunity under the Constitution, statutes and case law of the State of Florida.

Section 7.09 LIMITATION OF LIABILITY. In no event shall either Party, its employees, agents, or contractors be liable under this Lease to the other Party for any consequential, incidental, indirect, exemplary, special or punitive damages, including any damages for business interruption, loss of use, revenue or profit, whether arising out of breach of contract, tort (including negligence) or otherwise, regardless of whether such damages were foreseeable and whether or not either Party was advised of the possibility of such damages.

END OF ARTICLE

ARTICLE 8. COMMON AIRPORT FACILITIES; INSPECTION OF FACILITIES

Section 8.01 USE OF COMMON AIRCRAFT FACILITIES

The City hereby grants to the Company, and to the Company's agents, employees, customers, guests, and invitees, the following general, nonexclusive privileges, uses, and rights, subject to the Rules and Regulations, the payment of all applicable fees and charges, and the terms, conditions, and covenants of this Lease:

(a) The general use by the Company of all Common Airport Facilities.

(b) The right of ingress to and egress from the Leased Premises over and across public roadways serving the Airport for the Company, its agents, employees, customers, guests, invitees, suppliers of services, furnishers of materials, and permitted sublessees/sublicensees.

The privileges, uses, and rights granted or permitted under this Article shall be exercisable only if and to the extent necessary in connection with the Company's business on the Leased Premises permitted under Article 4 above.

Section 8.02 COMPLIANCE

The rights and privileges granted pursuant to Section 8.01 above shall be exercised subject to and in accordance with all laws (including without limitation all Environmental Laws), ordinances, Rules and Regulations, and Airport policies of the United States, the State of Florida, Escambia County, the City of Pensacola and the Airport, including without limitation the rules and regulations promulgated with reference to aviation, navigation, security, and all applicable charter provisions, rules, regulations, and ordinances of the City, now in force or hereafter prescribed or promulgated by charter authority or by law.

Section 8.03 INSPECTION OF FACILITIES AND IMPROVEMENTS

The City reserves the right to enter the Leased Premises during normal business hours with reasonable prior notice to the Company, unless in the event of an emergency in which event no prior notice is required, for the purpose of inspecting same or verifying that Environmental Laws, Rules and Regulations, fire, safety, and sanitation regulations, and other applicable laws, rules and regulations, as well as the provisions contained in this Lease, are being adhered to by the Company. During its presence in the Leased Premises, the City shall make reasonable efforts to avoid undue interference with the Company's operations. Provided that the Company receives adequate prior notice of the City's entry into the Leased Premises, the Company shall use its best efforts to guide, direct, and inform the City's representatives of conditions, situations, and actions that could or might result in loss, injury or damages.

END OF ARTICLE

ARTICLE 9. ACCEPTANCE AND CONDITION OF LEASED PREMISES

THE COMPANY HAS INSPECTED AND EXAMINED ALL OF THE LEASED PREMISES, INCLUDING WITHOUT LIMITATION THE FACILITIES, THE PREFERRED USE APRON AREA, AND ALL OTHER BUILDINGS, STRUCTURES, IMPROVEMENTS, FACILITIES, PAVEMENT, AND INFRASTRUCTURE. THE PARTIES AGREE THAT THIS LEASE IS GRANTED BY THE CITY, AT THE COMPANY'S REQUEST, AND THAT THE LEASED PREMISES AND ALL PORTIONS THEREOF SHALL BE AND HEREBY ARE ACCEPTED BY THE COMPANY IN THEIR "AS IS" CONDITION SUBJECT TO ALL DEFECTS, LATENT AND PATENT.

THE COMPANY HEREBY ACKNOWLEDGES AND AGREES THAT THE CITY LEASES THE LEASED PREMISES, INCLUDING ALL PORTIONS, PARTS, AND COMPONENTS THEREOF, TO THE COMPANY, AND THE COMPANY ACCEPTS THE LEASED PREMISES FROM THE CITY, "AS IS, WHERE IS AND WITH ALL FAULTS" WITHOUT ANY REPRESENTATION OR WARRANTY OF THE CITY, EXPRESS OR IMPLIED, WRITTEN OR ORAL, OF ANY KIND WHATSOEVER, AND SUBJECT TO ALL DEFECTS, LATENT AND PATENT. FURTHER, THE CITY HEREBY EXPRESSLY DISCLAIMS ANY AND ALL EXPRESS AND IMPLIED WARRANTIES AS TO THE CONDITION OF THE LEASED PREMISES AND ALL PORTIONS THEREOF, INCLUDING WITHOUT LIMITATION ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR ANY PARTICULAR PURPOSE, HABITABILITY OR TENANTABILITY. THE COMPANY ACKNOWLEDGES THAT THE CITY HAS MADE NO REPRESENTATIONS OR WARRANTIES RELATING TO THE SUITABILITY OF THE LEASED PREMISES OR ANY PORTION THEREOF FOR ANY PARTICULAR USE OR PURPOSE (INCLUDING WITHOUT LIMITATION THE AUTHORIZED, PERMITTED AND REQUIRED USES SET FORTH IN ARTICLE 4 ABOVE) AND THAT THE CITY SHALL HAVE NO OBLIGATION WHATSOEVER TO REPAIR, MAINTAIN, RENOVATE OR OTHERWISE INCUR ANY COST OR EXPENSE WITH RESPECT TO THE LEASED PREMISES OR ANY PORTION THEREOF EXCEPT AS EXPRESSLY SET FORTH IN THIS LEASE. WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE CITY SHALL NOT BE LIABLE FOR ANY LATENT OR PATENT DEFECTS IN THE LEASED PREMISES OR ANY PART THEREOF, AND THE CITY SHALL NOT HAVE ANY LIABILITY OR RESPONSIBILITY TO THE COMPANY FOR ANY LOSS, DAMAGE OR EXPENSE INCURRED BY THE COMPANY OCCASIONED BY THE CONDITION OR CHARACTERISTICS OF THE LEASED PREMISES OR ANY PART THEREOF.

THE COMPANY'S TAKING POSSESSION OF THE LEASED PREMISES SHALL BE CONCLUSIVE EVIDENCE OF THE COMPANY'S ACCEPTANCE THEREOF IN AN "AS IS" CONDITION AND THAT THE COMPANY DEEMS THE LEASED PREMISES SUITABLE FOR THE PURPOSES FOR WHICH THEY ARE BEING LEASED.

THE COMPANY AGREES THAT NO REPRESENTATIONS REGARDING THE CONDITION OF THE LEASED PREMISES AND NO PROMISES TO IMPROVE THE

SAME, EITHER BEFORE OR AFTER THE EXECUTION HEREOF, HAVE BEEN OR WILL BE MADE BY THE CITY OR ITS AGENTS TO THE COMPANY.

END OF ARTICLE

ARTICLE 10. CONSTRUCTION BY THE COMPANY

Section 10.01 **GENERAL REQUIREMENTS**

The Company shall not construct, alter, remodel, renovate, remove, or demolish improvements on the Leased Premises (including but not limited to hangars, offices, shops, and pavement) without the prior written approval of the City, which approval may be given or withheld in the City's reasonable discretion.

In the event that the Company desires to construct, alter, remodel, renovate, remove, or demolish any improvements on the Leased Premises, it shall submit to the Airport Director plans and specifications and a construction time schedule for such work prepared by Florida-registered architects and engineers, such other information and documents as may be required by the Airport Director, all of which shall be in sufficient detail for the Airport Director, to determine, in his or her sole discretion, whether or not the proposed work is in the best interest of the Airport. The Company shall reimburse the City immediately upon demand for the actual and reasonable out of pocket expenses incurred by the City to review and act upon the Company's request, which expenses may include without limitation the fees and expenses of architects, engineers, attorneys and other professionals. The Airport Director, acting on behalf of the City, shall have thirty (30) days after receipt of such plans and specifications and other requested information and documents to approve or disapprove such work. Such work shall be deemed approved if the Airport Director fails to deliver to the Company written disapproval of such work within such 30-day period.

The Company shall not commence any such work unless and until the City, through the Airport Director, has given its written approval of such work, and the Company has provided to the Airport Director the payment and performance bonds required herein below.

Company shall be solely responsible for payment of all hard and soft costs of such work, and, prior to commencement of any work on the Leased Premises Company shall provide City with reasonably satisfactory evidence of Company's ability to pay the costs of such work as and when due.

Further, prior to the commencement of any such work, the Company shall procure and provide to the Airport Director any and all additional approvals of such work and/or the plans and specifications for such work required by any federal, state, water management district, county, or municipal government, or authority, agency, officer, department, or subdivision thereof, having jurisdiction with respect to such work, and shall obtain and provide to the Airport Director any and all requisite development, building and construction licenses, orders, permits, and approvals. The Company shall be solely responsible for obtaining and paying the costs of obtaining all required licenses, orders, permits, and approvals for such work.

All such work shall strictly conform to the plans and specifications, construction timetable (to the extent reasonably practical) and other documentations submitted to the City by the Company; all conditions and requirements imposed by the City as a condition of its approval, including but

not limited to permissible days and hours of construction; and applicable federal, state, and local laws, codes, ordinances, rules, and regulations, including but not limited to the Rules and Regulations and the federal Americans with Disabilities Act and regulations thereunder. In no event shall the approval of the City required by this Article be deemed to be any acknowledgement by the City that such work or any plans, specifications, or other information or documentation submitted to the City complies or will comply with applicable laws, codes, ordinances, rules, and regulations, including but not limited to those of the City of Pensacola, and shall not relieve Company from obtaining all required governmental authorizations, permits and approvals, including but not limited to authorizations, permits and approvals required by the ordinances, codes, rules and regulations of the City of Pensacola, all of which shall be obtained prior to the commencement of such work. Further, the City, by giving its approval of such work, assumes no liability or responsibility therefor or for any defects in such plans and specifications or for any defects in any of such work.

Upon the commencement of any work permitted under this Article, Company shall thereafter diligently and continuously prosecute such work to completion within a reasonable time. Company shall cause all work on the Leased Premises to be performed and constructed by appropriately licensed contractors, with good quality, new materials, in a good and workmanlike manner, and pursuant to valid building permits. All improvements (expressly excluding, however, movable office furniture and trade fixtures, and trade equipment) installed or constructed on the Leased Premises by the Company shall be deemed to be the sole property of the City and a part of the real estate owned by the City, and shall remain upon and be surrendered with the Leased Premises upon the expiration or termination of this Lease. Company shall indemnify, defend and hold City free and harmless from and against any and all liabilities, claims, demands, lawsuits, administrative proceedings, loss, and damages or any kind, including but not limited to attorneys' fees and costs, arising out of any work done or material supplied to the Leased Premises by or at the request of Company.

Upon completion of all renovations, construction, alterations, or improvements on the Leased Premises, the Company shall provide to the Airport Director an accurate and complete conformed set of "as built" plans and specifications, certified by the appropriate contractor(s) and design professional(s), and a copy of the government-issued Certificate of Occupancy, if required for such work.

Section 10.02 CONSTRUCTION REQUIREMENTS

Promptly after receipt of all approvals by the City required by this Lease and all permits and approvals required by all federal, state, and local governmental units and agencies having jurisdiction, the Company shall proceed with construction of said improvements. Work shall not be performed on days or at times other than those approved in writing by the Airport Director.

The Company shall construct all improvements and additions to the Leased Premises at its own expense. Although the City has the right to review proposed improvement plans, and not approve

the plans if the plans are inconsistent with the airport development plans or construction quality and design control, pursuant to the standards set forth above, if the City does approve the improvement plans, and the Company thereafter constructs the improvements, the improvements shall be commissioned and constructed at the Company's sole initiative and behest, and nothing herein shall be construed as an authorization by City to the Company to construct the improvements, or as an agreement by City to be responsible for paying for the improvements, and neither the Leased Premises, nor the City's interest in said Leased Premises or any improvements constructed thereon, shall be subjected to any construction lien for any improvements constructed by the Company hereunder.

Should the Company construct improvements, alterations, or additions without fulfilling its obligations hereunder, the Company shall remove said improvements, alterations, or additions if so directed by the City, and shall do so at its own expense and within the time limits specified.

The City shall, at any period during construction of the Company's improvements, alterations, or additions, have the right, but not the obligation, to inspect any or all construction work, workmanship, material and installation involved in, or incidental to, the construction or installation of the improvements, alterations, or additions, for conformance with the applicable standards set forth in this Lease, provided that such inspection shall not include internal work that is exclusively of an operations (non-structural) nature, and provided further that no such inspections shall be deemed to constitute consent to or approval of any such work, and provided further that no such inspection shall unreasonably interfere with the construction work.

Immediately upon completion of any improvements, alterations, or additions, the Company shall submit to the City a detailed, certified statement from the construction contractor (s), architect (s), and engineer(s) specifying the total construction costs, both hard costs such as building contractor and material costs and soft costs such as architect fees, financing costs, bond costs, letter of credit fees, attorney fees to review and negotiate construction contracts and resolution of construction issues and for loan closing, and design and closing costs, but excluding debt service.

END OF ARTICLE

ARTICLE 11. LIENS PROHIBITED

Notwithstanding any other provision of this Lease, the City's fee simple estate and interest in the Leased Premises shall not be subject to any lien, statutory or otherwise, by reason of any improvements constructed or altered upon, removed from, or demolished on the Leased Premises or work, labor, services or materials performed upon or supplied to the Leased Premises, by or upon the order or request of the Company or its agents, employees or contractors, or any permitted sublessee of the Company, or anyone acting by, through or under the Company. The Company shall include written notice of the foregoing in all contracts for the furnishing of labor, services or materials to or on the Leased Premises. All persons performing labor or service or furnishing materials to the Leased Premises on the order of the Company must look solely to the Company for payment. The Company shall keep the Leased Premises and improvements free from any construction liens, mechanics liens, vendors liens or any other liens or claims arising out of any work performed, materials furnished or obligations incurred by or at the request of the Company or its employees, contractors, or anyone acting by, through or under the Company, all of which liens and claims are hereby expressly prohibited, and the Company shall defend, indemnify and hold the City harmless from and against any such lien or claim or action thereon, together with costs of suit and reasonable attorneys' fees and costs incurred by the City in connection with any such lien, claim or action. In addition to complying with all requirements of Article 10 above, before commencing any work of any kind on or to the Leased Premises, the Company shall give the City at least ten (10) business days' written notice of the proposed work and proposed commencement date in order to afford the City an opportunity to post appropriate notices of non-responsibility. In the event that any claim or lien shall be recorded against the Leased Premises or improvements in violation of this Article, and such claim or lien shall not be removed (by bonding over or otherwise) or discharged within thirty (30) days of filing, the City shall have the right but not the obligation (1) to pay and discharge said lien without regard to whether such lien shall be lawful or correct, and to receive reimbursement therefor from the Company within five (5) days after delivery of written demand to the Company, or (2) to require that the Company promptly deposit with the City in cash, lawful money of the United States, one hundred fifty percent (150%) of the amount of such claim, which sum may be retained by the City until such claim shall have been removed of record or until judgment shall have been rendered on such claim and such judgment shall have become final, at which time the City shall have the right to apply such deposit in discharge of said judgment, claim, or lien (including interest and penalties, if any) and any costs, including reasonable attorneys' fees and costs, incurred by the City, and shall remit the balance thereof, if any, to the Company; provided that if the amounts held by the City are insufficient to pay such judgment, claim, lien, and costs in full, the Company shall pay such shortfall within five (5) days after delivery of written demand to the Company. The City shall have the right to execute and record in the public records of Escambia County, Florida, a notice of the provisions of this Article meeting the requirements of Section 713.10, Florida Statutes.

END OF ARTICLE

ARTICLE 12. MAINTENANCE AND REPAIR

Section 12.01 TRIPLE NET LEASE

This Lease constitutes a triple net lease of the Leased Premises and, notwithstanding any language herein to the contrary, it is intended and the Company expressly covenants and agrees that all Base Rent, Additional Rent, and other payments herein required to be paid by the Company to the City shall be absolutely net payments to the City, meaning that, during the Lease Term, the City is not and shall not be required to expend any money or do any acts or take any steps affecting or with respect to the use, occupancy, operation, maintenance, preservation, repair, restoration, protection, or insuring of the Leased Premises, or any part thereof, notwithstanding any contrary provision in this Lease.

Section 12.02 COMPANY RESPONSIBILITIES

Notwithstanding the provisions of any previous lease of any of the Leased Premises or any previous course of dealing, course of performance, or understanding between the City and the Company, the Company shall, throughout the Lease Term of this Lease, be solely and entirely responsible for all costs and expenses for, related to or arising out of the use, operation, repair, maintenance and replacement of the Leased Premises, including but not limited to, the Facilities, the Preferential Use Apron Area, all buildings, improvements, pavement, fencing, landscaping, irrigation, foundations, utility lines, doors, locks, windows, ceilings, partitions, walls, interior and exterior lighting, roofs, drainage installations, curbs, islands, sidewalks, driveways, aircraft ramp, parking areas (vehicular and aircraft) and improvements thereon and all components thereof, whether such repair, maintenance or replacement be ordinary, extraordinary, structural, or otherwise. Additionally, without limiting the foregoing, the Company shall:

- (a) At all times perform commercially reasonably routine maintenance and preventive maintenance of the Leased Premises, the Facilities, and all buildings, improvements, and pavement on the Leased Premises and all components thereof and maintain all of the foregoing in a good and clean condition, repair and preservation;
- (b) Replace or substitute any fixtures, equipment and components that have become inadequate, obsolete, worn out, unsuitable, or undesirable with replacement or substitute new fixtures, equipment and components of equal or greater value, free of all liens and encumbrances, that shall automatically become a part of the buildings and improvements;
- (c) At all times keep the Leased Premises' grounds, pavement and exterior of the Leased Premises, its buildings and improvements, fixtures, landscaping, equipment, and personal property in a maintained, clean, and orderly condition and appearance;
- (d) Provide, and maintain in good working order, all obstruction lights and similar devices, fire protection and safety equipment, and all other equipment of every kind and nature required by applicable laws, rules, orders, ordinances, resolutions, or regulations of any competent authority, including the City and the Airport Director, provided that such rules,

regulations, and ordinances shall be applicable in a non-discriminatory manner to all similarly situated parties;

(e) Observe all insurance regulations and requirements concerning the use and condition of the Leased Premises for the purpose of reducing fire hazards and increasing the safety of the Company's operations on the Airport;

(f) Repair any damage to paving or other surfaces of the Leased Premises or the Airport caused by the Company, its employees, agents, sublessees, licensees, contractors, suppliers, guests or invitees as the result of any oil, gasoline, grease, lubricants, flammable liquids, or substances having a corrosive or detrimental effect thereon or as the result of any cause whatsoever;

(g) Comply with the Airport's Storm Water Pollution Prevention Plan and Spill Prevention, Control, and Countermeasure plan and take measures to prevent erosion, including, but not limited to, the planting and replanting of grass on all unpaved or undeveloped portions of the Leased Premises; the planting, maintaining, and replanting of any landscaped areas; the designing and constructing of improvements on the Leased Premises; and the preservation of as many trees as possible, consistent with the Company's construction and operations;

(h) Be responsible for the maintenance and repair of all utility services lines upon and serving the Leased Premises, including, but not limited to, water and gas lines, electrical power and telephone conduits and lines, sanitary sewers, and storm sewers;

(i) Keep and maintain all vehicles and equipment operated on the Airport by the Company in safe condition, good repair, and insured, as required by this Lease;

(j) Replace broken or cracked plate glass, paint/repaint structures upon the Leased Premises, and, where applicable, mow the grass, and keep landscaped areas weeded; and

(k) Provide and use suitable covered metal receptacles for all garbage, trash, and other refuse; assure that boxes, cartons, barrels, or similar items are not piled in an unsightly, unsafe manner on or about the Leased Premises; provide a complete and proper arrangement, satisfactory to the Airport Director, for the adequate sanitary handling and disposal away from the Airport, of all trash, garbage, and refuse resulting from operation of the Company's business.

Section 12.03 SAFE, CLEAN AND ORDERLY OPERATION

During the term of this Lease, the Company agrees to maintain all portions of the Leased Premises, and any improvements, alterations, or additions thereon, in a safe, clean, and neat condition, and not permit any accumulation of wreckage, debris, or trash. The Company agrees to provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, waste and other refuse caused as a result of the Company's operations; to provide and use suitable covered metal receptacles, to be approved by the Airport Director, for all trash, garbage and other refuse on or about the Leased Premises, and not to pile

boxes, cartons, carts, drums, or the like on the outside of the buildings, or dump any waste matter of any nature, in a liquid state or otherwise, on the Leased Premises nor to permit contamination of the City's sewers or the Airport's drainage control reservoir.

The Company agrees to promptly install, without cost or expense to the City, any other device or devices for the handling and disposition of refuse and all manner of waste (liquid or otherwise) as may reasonably be required by the City or the Airport Director from time to time of all Airport tenants, including the Company.

Should the Company fail to comply with the terms and conditions of this Article within a period of thirty (30) days following written notice of such failure, or for those items that cannot be reasonably cured within 30 days, the Company undertakes to cure and diligently pursues such cure, the city reserves the right to take any action to cure said failure. Should the City take action to cure failures, the Company shall pay to the City an amount equal to the City's cost for such actions plus a twenty-five percent (25%) administrative charge. Said payment is Additional Rent and is to be made by the 10th day of the following month in addition to any other payments

Section 12.04 OTHER SERVICES

At its own expense the Company shall provide interior and exterior painting, janitorial, security, trash removal and all other services necessary or desirable for the operation of the Company's business on the Leased Premises permitted under Article 4 above.

Section 12.05 QUARTERLY CONDITION SURVEYS

The City's Airport Properties Manager, together with a representative of the Company may, at the City's option, inspect the Leased Premises quarterly to observe and note its condition, cleanliness, and existing damage and to determine required repairs and maintenance, provided that such inspections do not materially interfere with the Company's use of the Leased Premises. Neither the City's inspection of the Leased Premises nor the City's failure to inspect the Leased Premises shall relieve the Company of any of its obligations under this Lease or applicable law.

Section 12.06 ADEQUACY OF COMPANY'S MAINTENANCE PERFORMANCE

The adequacy of the Company's performance of its obligations under this Article shall be determined by the Airport Director, whose reasonably exercised judgment shall be conclusive; provided that the Airport Director's failure to notify the Company of any deficiencies in the Company's performance or to enforce any of the Company's obligations under this Lease shall not relieve the Company of any of its obligations under this Lease or applicable law. In the event that the Company refuses or fails to commence any maintenance, repair or replacements within thirty (30) days after written notice from the Airport Director and thereafter diligently pursue the same to completion or, in the event of exigent circumstances, such lesser time as the Airport Director specifies in such written notice, then and in any such event the City shall have the right, but not the obligation, to perform such maintenance, repair or replacement on behalf of and for the Company. The costs of such maintenance, repair or replacement, plus five (5.0%) percent for administration, shall be reimbursed by the Company to the City no later than 30 days following receipt by the Company of written demand from the City for same.

Section 12.07 UTILITIES

The Company shall, at no cost to the City, arrange for all utilities necessary to serve the Leased Premises and promptly pay when due all the utilities costs incurred with respect to the Leased Premises. The Company shall pay or cause to be paid any and all charges for water, heat, gas, electricity, sewer, telephone, internet, cable, and any and all other utilities used on the Leased Premises throughout the Lease Term, including, but not limited to, any connection fees and any and all additional third party costs related to utility connection, metering, maintenance, repair, and usage.

The Company shall be responsible for the maintenance and repair of all exterior telephone, internet, cable, water, gas, sewer, and electrical utility lines required for the Leased Premises commencing at the point(s) where said utilities enter upon the Leased Premises. The City shall have no obligations related to said maintenance and repair. The Company shall coordinate any required maintenance and repair with the appropriate utility company and the office of the Airport Director.

The City reserves to itself the right, at its expense, to install, maintain, repair, replace, or remove and replace water and sewer pipes, electrical lines, cable lines, internet lines, gas pipes, and any other utilities or services located on the Leased Premises as necessary or appropriate, in the City's judgment, to make such utilities available to the City or other tenants, together with the right to enter the Leased Premises at all reasonable times in order to accomplish the foregoing, provided, however, that (i) the City shall take reasonable precautions to avoid the disruption of the Company's authorized activities; (ii) the alteration and additions after installation do not lessen the utilities previously available to the Company; (iii) the City and/or the ultimate user of such utilities will be responsible to repair and maintain such utilities; and (iv) such utilities will be separately metered for different users.

Throughout the Lease Term, the Company shall not render any utility lines inaccessible.

Section 12.08 UTILITIES SUPPLY OR CHARACTER

The City shall not be liable in any way to the Company for any failure or defect in the supply or character of electrical energy, internet service, cable service, gas, water, sewer, or other utility service furnished to the Leased Premises by reason of any requirement, act, or omission of the City in its capacity as a utility provider or of any public utility providing such service or for any other reason. The City shall have the right to shut down electrical and other utility services to the Leased Premises when necessitated by safety, repairs, alterations, connections, upgrades, relocations, or reconnections or for any other reason with respect to any such utility system regardless of whether the need for such utility work arises with respect to the Leased Premises or any other facility at the Airport, without incurring any liability therefor to the Company.

Whenever reasonable under the circumstances, the City shall give the Company not less than two (2) days' prior notice of any such utility shutdown. The City shall not be liable to the Company for any losses, including the loss of income or business interruption, resulting from any interruptions or failure in the supply of any utility to the Leased Premises.

END OF ARTICLE

ARTICLE 13. TITLE TO IMPROVEMENTS AND PERSONAL PROPERTY

Section 13.01 TITLE TO IMPROVEMENTS

Title to all buildings, structures, pavement, and other improvements presently existing upon the Leased Premises or any part thereof is vested in the City, and the City is and shall remain owner of all such improvements. Any attempted conveyance, transfer, or assignment by the Company of any improvements owned by the City, whether voluntary, by operation of law, or otherwise, shall be void and of no effect.

Title to all buildings, structures, pavement, and other improvements constructed or installed on the Leased Premises by the Company during the Lease Term, including but not limited to additions and accessions to and modifications of any improvements, shall become vested in the City immediately and automatically upon completion thereof, without notice to the Company or any action by the City. Notwithstanding the foregoing, the City may, in its discretion, require the Company to remove any or all of such improvements constructed by the Company from the Leased Premises upon expiration of the Lease Term or earlier termination of this Lease; provided; however, that the City must give the Company notice of such election at the time that the City approves of such improvements. In the event the City so elects, then prior to the termination or expiration of the Lease, the Company shall remove such improvements at the Company's sole cost and risk, in compliance with all applicable laws and regulations and, to the degree reasonably possible, shall restore the Leased Premises to the condition that existed prior to the construction of same. Further, and in any event, should the Company fail to undertake such removal, the City may undertake such removal and dispose of such Improvements, all at the Company's expense, and the Company shall promptly reimburse the City upon demand for all removal and disposal costs incurred by the City. The provisions of this Section shall survive the expiration of the Lease Term or the earlier termination of this Lease.

Section 13.02 TITLE TO PERSONAL PROPERTY

Except as otherwise provided in this Section 13.02, all trade fixtures and equipment and other business personal property installed or placed by the Company, at its sole expense, in the Leased Premises that can be removed without structural damage to the Leased Premises or any other City-owned property shall remain the property of the Company, subject, however, to the provisions of this Section 13.02, unless otherwise provided in subsequent agreements between the Company and the City. The Company shall have the right at any time during the Lease Term and prior to its expiration or earlier termination of this Lease to remove any and all of said property from the Leased Premises provided that at the time of removal there exists no Event of Default hereunder or any event or state of facts which with the giving of notice or lapse of time, or both, would constitute an Event of Default. The Company shall promptly repair or pay for all damages, if any, resulting from such removal. All City property damaged by or as a result of removal of the Company's property by the Company shall promptly be restored at the Company's expense to substantially the same condition as, or better condition than, it was prior to such damage.

Notwithstanding the foregoing, any and all property not removed by the Company prior to the expiration of the Lease Term or the earlier termination of this Lease shall become a part of the land upon which it is located and title thereto shall automatically vest in the City without notice to the Company or any action by the City. The City reserves the right to remove and dispose of any or all of such property not removed by the Company prior to the expiration of the Lease Term or earlier termination of this Lease, without any liability or obligation to the Company, and if such removal is accomplished by the City within the 90-day period following expiration of the Lease Term or earlier termination of this Lease, as the case may be, such removal by the City shall be at the Company's expense, and the Company shall reimburse the City for such expenses promptly upon demand. During the time that any such property of the Company remains on the Leased Premises and until the expiration of such 90-day period or the removal of such property, whichever first occurs, the Company shall continue to pay Rent on that portion of the Leased Premises that the City is not reasonably able to re-let due until such property is removed at the per square foot rental rate in effect on the expiration of the Lease Term or earlier termination of this Lease, as the case may be.

The provisions of this Section shall survive the expiration of the Lease Term or earlier termination of this Lease, as the case may be, and shall be fully enforceable by the City against the Company notwithstanding the termination of this Lease.

END OF ARTICLE

ARTICLE 14. ENVIRONMENTAL COMPLIANCE

Section 14.01 ENVIRONMENTAL LAWS

The Company shall, at all times, abide by all Environmental Laws applicable to, concerning, or arising from the Company's actions or inactions resulting directly or indirectly from its occupancy, use, or lease of the Leased Premises, including, without limitation, state and federal laws regulating storm water runoff contamination and pollution prevention, numeric nutrient criteria requirements, state and federal laws regulating soil, water, and groundwater quality, and state and federal laws regulating air quality. Prior to the beginning of any Lease Term, the Company shall identify in writing to the Airport Director and its Fire Department all Hazardous Substances that are or may be used in the course of its occupation of the Leased Premises. This list shall be updated by Company in March of each year and include quantities of materials stored on the Leased Premises. The City shall have the right to inspect the Leased Premises at any reasonable time to ensure compliance with Environmental Laws and the provisions of this Article.

The City, acting through its Airport Director, has the right to limit the amount of Hazardous Substances used and stored on the Leased Premises, provided that such limit does not unreasonably interfere with the Company's use of the Leased Premises for the purposes set forth herein.

The Company shall comply with the Airport's Spill Prevention, Control, and Countermeasure plan and Storm Water Pollution Prevention Plan and all amendments thereto irrespective of whether it has its own Spill Prevention, Control, and Countermeasure plan or Storm Water Pollution Prevention Plan.

The Company shall not, directly or indirectly, allow the disposal or discharge of Hazardous Substances on the Leased Premises or other Airport property.

Section 14.02 BASELINE ENVIRONMENTAL CONDITIONS STUDIES

Prior to each initial occupation of the Leased Premises or any portion thereof by the Company or any assignee of this Lease or any sublessee of any portion of the Leased Premises, and immediately following each vacating, abandonment or surrender of the Leased Premises or any portion thereof by the Company or any such assignee or sublessee, the City shall cause to be completed a Baseline Environmental Conditions Study (that will include the elements of a Phase II Environmental Site Assessment) of the Leased Premises or pertinent portion thereof by a licensed professional retained by the City. The pre- and post- baseline environmental conditions studies shall be prepared as follows:

(a) OCCUPANCY BY THE COMPANY

The City, at the City's sole cost and expense, shall cause a Baseline Environmental Conditions Study of the Leased Premises to be completed by a licensed professional agreed to by both

parties at least thirty (30) days prior to the beginning of the Lease Term. The Company shall have fifteen (15) days after receipt of the completed study to review and comment on the completed study. Completion of the study and final acceptance of the study by the City shall be a condition precedent to the Company's occupying the Leased Premises. The City and the Company agree that the close-out Baseline Environmental Conditions Study prepared in accordance with the requirements of the lease of the Leased Premises in effect immediately prior to this Lease shall serve as the initial Baseline Environmental Conditions Study required by this paragraph.

(b) ASSIGNMENT

At least sixty (60) days prior to any assignment, which is not a Permitted Assignment (defined below) of this Lease or any portion thereof pursuant to the provisions of Article 19, the Company shall notify the City of its intent to assign. The Company, at the Company's sole cost and expense, shall cause a Baseline Environmental Conditions Study of the Leased Premises (or that portion to be assigned, if it is a partial assignment) to be completed at least thirty (30) days prior to assignment of the Lease. The Company shall have fifteen (15) days after receipt of the completed study to review and comment on the completed study. Completion of the study and final acceptance of the study by the City shall be a condition of approval of any assignment. All assignments must contain all of the environmental compliance requirements of this Article 14, shall not permit any further assignment or sublease of this Lease, and shall include a provision stating that the provisions of this Article shall survive the termination of any assignment.

(c) SUBLEASE

At least sixty (60) days prior to any sublease of the Leased Premises or any portion thereof pursuant to the provisions of Article 19, the Company shall notify the City of its intent to sublet. The Company, at the Company's sole cost and expense, shall cause a Baseline Environmental Conditions Study of the Leased Premises (or that portion to be subleased, if it is a partial sublease) to be completed at least thirty (30) days prior to any sublease. The Company shall have fifteen (15) days to review and comment on the completed study. Completion of the study and final acceptance of the study by the City shall be a condition of approval of any sublease. All subleases must contain all of the environmental compliance requirements of this Article 14, shall not permit any further assignment or sublease of this Lease, and shall include a provision stating that the provisions of this Article shall survive the termination of any sublease.

(d) VACATING, ABANDONMENT OR SURRENDER

Within thirty (30) days after notice that the Company, an assignee or a sublessee has vacated, abandoned or surrendered the Leased Premises or any portion thereof, the Company, at the Company's sole cost and expense, shall cause to be completed a Baseline Environmental Conditions Study of the Leased Premises, on that portion of the Leased Premises which has been vacated, abandoned or surrendered. The Company or its sublessee or assignee shall have fifteen (15) days to review and comment on the completed study.

Section 14.03 REMEDIATION OF ENVIRONMENTAL CONDITIONS

In the event any Baseline Environmental Conditions Study that is conducted following the vacating, abandonment or surrender of the Leased Premises or any portion thereof by the Company, an assignee or a sublessee identifies an environmental condition that was not identified by a prior Baseline Environmental Conditions Study and that requires assessment or remediation, the City shall perform such assessment or remediation at the Company's sole cost and expense, and the Company shall pay or reimburse to the City the reasonable cost of such assessment or remediation promptly upon demand and shall release, indemnify, defend, and hold the City harmless in accordance with Article 7 and shall comply with all other terms of this Lease. Notwithstanding anything to the contrary set forth herein, the Company's obligations under Section 14.03 shall not apply in the event that the City or the Company has reasonable, objective evidence that the new environmental condition was caused by another user or occupant of the Airport.

Section 14.04 ENVIRONMENTAL REPORTS

The Company promptly shall provide to the Airport Director, on an ongoing basis and as updates are required, copies of all Company environmental permits and reports related to the Leased Premises, as well as any notices, orders, decrees, citations, or inspection reports issued by environmental regulatory authorities.

Section 14.05 SURVIVAL OF OBLIGATIONS

The obligations of this Article shall survive the expiration, termination, and full or partial assignment of this Lease, as well as the sublease of all or any portion of the Leased Premises.

END OF ARTICLE

**ARTICLE 15. SUBORDINATION OF AGREEMENT AND RIGHT OF
RECAPTURE**

Section 15.01 SUBORDINATION TO AGREEMENTS WITH THE UNITED STATES

This Lease shall be subordinate to the provisions of any existing or future obligation to or agreement with the United States of America relating to the Airport. Should the effect of such obligation or agreement be the taking of a material portion of the Leased Premises, or a substantial alteration or destruction of the commercial value of the leasehold interest granted herein, the City shall not be held liable therefor but, in such event, the Company, as its sole and exclusive remedy, may cancel this Lease upon one-hundred twenty (120) days' written notice to the City. Notwithstanding the foregoing, the City agrees that, in the event it becomes aware of any such proposed or pending obligation, agreement or taking, the City shall endeavor in good faith to give reasonable notice thereof to the Company and to attempt to minimize, to the extent reasonable in the City's judgment, the adverse consequences to the Company.

Section 15.02 SUBORDINATION TO BOND RESOLUTION

This Lease shall be subject and subordinate to the provisions of each and every Bond Resolution.

END OF ARTICLE

ARTICLE 16. SECURITY

Section 16.01 **GENERAL**

The Company shall comply with all rules, regulations, statutes, orders, directives or other mandates of the United States, the State of Florida, Escambia County and the City of Pensacola, including without limitation the Rules and Regulations, as they relate to Airport security requirements. The Company understands that the Airport is required to maintain an Airport Security Plan in compliance with Title 49 CFR Part 1542 and the Company shall comply with the Airport's security plan as it now exists or as it may be amended in the future and as it applies to the Company, the Leased Premises or its operations or activities on the Airport, and shall take such steps as may be necessary or as directed by the City to ensure that employees, agents, contractors, suppliers, guests and invitees observe these requirements.

Section 16.02 **AIRPORT ACCESS LICENSE/PERMIT**

The City reserves the right to establish a licensing or permit procedure for vehicles requiring access to the Airport Operations Area and to levy directly against the Company or its contractors or suppliers a reasonable regulatory or administrative charge for issuance of such Airport access license or permit.

END OF ARTICLE

ARTICLE 17. EVENTS OF DEFAULT; REMEDIES; TERMINATION

Section 17.01 COMPANY EVENTS OF DEFAULT

The occurrence of any one or more of the following events (each such event being referred to in this Lease as an “Event of Default”) shall constitute a material default and breach of this Lease by the Company:

- (a) The Company fails to make any monetary payment required to be made by the Company hereunder, within three (3) days after the date when due; or
- (b) The Company fails to observe, keep, or perform the terms, covenants, agreements, and conditions of any of Articles 4, 6, 7, 10, 19, or 23, or Sections 21.03 or 26.24 of this Lease; or
- (c) The Company fails to observe or perform any covenant, condition or provision of this Lease to be observed or performed by the Company, other than as described in subparagraph (a) or (b) above or subparagraphs (d), (e), (f), (g), or (h) below, and such failure shall continue for a period of thirty (30) days after written notice thereof by the City to the Company; provided, however, that if the nature of such failure is such that more than thirty (30) days are reasonably required for its remedy or cure, then such 30-day period shall be extended for up to thirty (30) additional days provided that the Company begins such remedy or cure within such 30-day period and thereafter diligently and continuously prosecutes such remedy or cure to completion within such additional 30-day period; or
- (d) The Company files a voluntary petition in bankruptcy or any petition or answer seeking or acquiescing in any reorganization, rehabilitation, arrangement, composition, readjustment, liquidation, dissolution or other relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors; or an order for relief is entered in an involuntary bankruptcy case filed against the Company; or the Company seeks or consents to or acquiesces in the appointment of any trustee, custodian, receiver or liquidator of itself or of all or any part of its assets or any interest therein; or the Company shall make a general assignment for the benefit of its creditors; or the Company commits any act providing grounds for the entry of an order for relief under any chapter of the federal bankruptcy code; or
- (e) A petition or case is filed against the Company seeking any reorganization, rehabilitation, arrangement, composition, readjustment, liquidation, dissolution or other relief under any present or future federal, state or other statute, law or regulation relating to bankruptcy, insolvency or other relief for debtors, or the appointment of any trustee, custodian, receiver or liquidator of the Company or of all or any part of its assets or any interest therein, and such petition, case or appointment is not dismissed within sixty (60) days after such filing or appointment; or

(f) The Company fails to comply with the Airport's Spill Prevention, Control, and Countermeasure Plan or Storm Water Pollution Prevention Plan and all amendments thereto; or

(g) The Company abandons all or any material part of the Company's business on the Leased Premises permitted under Article 4 above or ceases to conduct all or any material part of the Company's business at the Leased Premises permitted under Article 4 above for forty-five (45) days during any period of ninety (90) consecutive days; or

(h) The Company, its assignees, sublessees, contractors or subcontractors, employs or contracts with, for work or services performed on or from the Leased Premises, any unauthorized alien as described by Section 274(e) of the federal Immigration and Nationalization Act.

Section 17.02 **REMEDIES.**

Upon the occurrence of any Event of Default, the City may at any time thereafter, with or without notice or demand (except as expressly specified in Section 17.01 above or elsewhere in this Lease), and without limiting the City in the exercise of any right or remedy that the City may have by reason of such Event of Default:

(a) Terminate the Company's right to possession of the Leased Premises by any lawful means, in which case this Lease shall terminate and the Company shall immediately surrender possession of the Leased Premises to the City. In such event the City shall be entitled to recover from the Company all damages incurred by the City by reason of the Company's default, including but not limited to the cost of recovering possession of the Leased Premises; expenses of re-letting, including necessary renovation and alteration of the Leased Premises, reasonable attorney's fees and any real estate commission actually paid; and the worth at the time of award by the court having jurisdiction thereof of (i) the amount of unpaid Rent and other unpaid amounts under this Lease which had been earned at the time of termination, (ii) the unpaid Rent and other amounts under this Lease which would have been earned after termination until the time of award, and (iii) the amount of unpaid Rent and other amounts which would have been earned under this Lease after the time of award until the last day of the original Lease Term, had this Lease not have been terminated; in all cases less the amount of rent received by City from any reletting of the Premises or any portion thereof. The worth at the time of award of the sums referred to in clauses (i) and (ii) above shall be computed by allowing interest from the due date at the greater of five percent (5%) per annum or the legal rate applicable to money judgments entered by the courts of the State of Florida. The worth at the time of award of the amount referred to in clause (iii) above shall be computed by discounting such amount at a reasonable discount rate based upon all relevant circumstances existing at the time of the award.

(b) Without terminating this Lease, enter and repossess the Leased Premises, remove the Company's property and signs therefrom, and re-let the same for such rent and upon such terms as shall be satisfactory to the City without such re-entry and repossession working a forfeiture of the Rent and other amounts to be paid and the covenants to be performed by the Company during the remaining Lease Term. For the purpose of such re-letting, the City shall be entitled to make any repairs, changes, alterations or additions in or to the Leased Premises that may be necessary

or convenient, and the City shall be entitled to recover from the Company the cost of such repairs, changes, alterations and additions; the expenses of such re-letting; and the difference in value between the Rent and other amounts which would be payable by the Company hereunder for the remainder of the Lease Term and the value of the rent and other amounts to be realized from such re-letting.

(c) Maintain the Company's right to possession, in which case this Lease shall continue in effect whether or not the Company shall have abandoned the Leased Premises. In such event the City shall be entitled to enforce all of the City's rights and remedies under this Lease, including the right to recover Rent and other amounts as they become due hereunder.

(d) Pursue any other remedy now or hereafter available to the City at law or in equity under the laws or judicial decisions of the State of Florida, including without limitation any right or remedy available to a creditor under the Uniform Commercial Code.

(e) The City shall use commercially reasonable efforts to mitigate its damages.

Section 17.03 RIGHTS AND REMEDIES OF THE CITY CUMULATIVE

All rights and remedies of the City herein created or otherwise existing or arising at law or in equity by reason of any Event of Default are cumulative, and the exercise of one or more rights or remedies shall not operate to exclude or waive the right to the exercise of any other. All such rights and remedies may be exercised and enforced concurrently, whenever and as often as deemed desirable. Further, failure by the City to take any authorized action upon the occurrence of an Event of Default shall not be construed to be or act as a waiver of said Event of Default or of any subsequent Event of Default. The City's acceptance of Base Rent, Additional Rent or other amounts or payments by the Company for any period or periods after the occurrence of an Event of Default shall not be deemed a waiver of such Event of Default or a waiver of or estoppel to enforce any right or remedy on the part of the City arising or existing by reason of such Event of Default.

END OF ARTICLE

ARTICLE 18. HOLDING OVER

It is agreed and understood that any holding over by the Company, with the City's written consent, after the termination of this Lease, shall not serve to renew and extend same, but shall operate and be construed as a tenancy from month-to-month, subject to all terms and conditions of this Lease, including without limitation all Rent provisions.

Should the Company hold over without the City's written consent, the Company agrees to pay to the City, as monthly Rent during such period of holding over, for such Leased Premises for each month until the Company completely vacates the Leased Premises, the sum of (i) two hundred percent (200%) of Base Rent payable for the last month of the Lease Term, including without limitation applicable taxes and (ii) all Additional Rent and other fees and charges required by this Lease or by City ordinance to be paid by the Company.

The Company shall be liable to the City for all loss or damage resulting from such holding over against the City's will after the termination of this Lease, whether such loss or damage may be contemplated at this time or not. It is expressly agreed that acceptance of the foregoing rental by the City, in the event that the Company fails or refuses to surrender possession, shall not serve to grant the Company any right to remain in possession beyond the period for which such amount has been paid nor shall it constitute a waiver by the City of its right to immediate possession thereafter.

END OF ARTICLE

ARTICLE 19. ASSIGNMENT AND SUBLEASE

Section 19.01 LEASE ASSIGNMENT

The Company shall not assign this Lease or the Company's interest in or to the Leased Premises, or any part thereof, without first having obtained the City's prior written consent which consent shall not be unreasonably withheld, conditioned, or delayed ; provided, however, that this section is not intended to apply to or prevent the assignment of this Lease, in its entirety, to any corporation or other entity with which the Company may merge or to an Affiliate or Subsidiary (a "Permitted Transfer"). Without limiting the foregoing, it is a precondition to City review and approval of a requested assignment of this Lease that there shall then exist no uncured Event of Default nor any event or state of facts which with notice or the lapse of time, or both, would constitute an Event of Default. Further, the City may, in its sole and absolute discretion, condition its consent to any such assignment upon changes in any terms or conditions of this Lease, including but not limited to changes in the changes in the Rent and other fees and charges payable by the lessee hereunder and may also condition its consent to any such assignment upon the Company's payment to the City of an assignment approval fee acceptable to the City in its sole and absolute discretion, determined on the basis of such factors as the City deems relevant in its sole and absolute discretion, which factors may include, without limitation, the City's estimate of the consideration to be received by the Company in respect of such assignment. Any transfer of Control of the Company and any transfer of more than fifty percent (50%) of the equity ownership of the Company, whether such transfer of Control or equity ownership occurs pursuant to a single transaction or a series of related transactions, shall be deemed to be an assignment of this Lease for purposes of this Section 19.01.

In the event that the Company requests permission to assign this Lease in whole or in part, the request shall be submitted to the Airport Director not less than forty-five (45) days prior to the proposed effective date of the assignment requested, and shall be accompanied by a copy of the proposed assignment agreement(s) and of all agreement(s) collateral thereto, together with the following information and any other information requested by the Airport Director: the identity and contact information of the assignee, whether the requested assignment is a full or partial assignment of this Lease, a statement of the entire consideration to be received by the Company by reason of such assignment, the type of business to be conducted on the Leased Premises by the assignee, and reasonable financial history and financial information of the Assignee.

Section 19.02 LEASED PREMISES SUBLEASE

The Company shall not sublet the Leased Premises or any part thereof, regardless of the time period, without having first obtained the City's prior written consent, which consent shall not be unreasonably withheld, conditioned, or delayed. Without limiting the generality of the foregoing, it is a precondition to consent to sublease of the Leased Premises that there shall then exist no uncured Event of Default nor any event or state of facts that with notice or the lapse of time, or both, would constitute an Event of Default.

In the event that the Company requests permission to sublet the Leased Premises in whole or in part, the request shall be submitted to the Airport Director not less than forty-five (45) days prior to the proposed effective date of the sublease requested, and shall be accompanied by a copy of the proposed sublease agreement(s) and of all agreement(s) collateral thereto, together with the following information and any other information requested by the Airport Director: the identity and contact information of the sublessee, a description of the part of the Leased Premises to be subleased, a statement of the entire consideration to be received by the Company by reason of such sublease (including but not limited to sublease rent and other fees and charges payable by the sublessee), the type of business to be conducted on subleased premises by the sublessee, and reasonable financial history and financial information of the sublessee.

For purposes of this Section 19.02 and Section 19.03 below, “sublease” and related terms shall include, without limitation, any sublease, license, or agreement, regardless of how denominated, that permits a third party to occupy or use all or any part of the Leased Premises other than those persons who use the Leased Premises in the ordinary course of Lessee’s business for the use permitted under Article 4 above.

Section 19.03 CONSUMMATION OF ASSIGNMENT OR SUBLEASE

The City’s consent for the assignment or sublease for which the City’s consent is required and for which such consent has been given shall be by written instrument, in a form reasonably satisfactory to the Airport Director and the City Attorney, and shall be executed by the assignee or sublessee who shall agree, in writing, for the benefit of the City, to be bound by and to perform all the terms, covenants, and conditions of this Lease. Four (4) executed copies of such written instrument shall be delivered to the City. Failure either to obtain the City’s prior written consent or to comply with the provisions of this Lease shall serve to prevent any such transfer, assignment, or sublease from becoming effective and shall constitute an Event of Default by the Company.

The Company agrees and acknowledges that it shall remain fully and primarily liable for all obligations of lessee under this Lease, notwithstanding any full or partial assignment of this Lease or any sublease of all or any portion of the Leased Premises.

Receipt by the City of rents, fees or any other payment from an assignee, sublessee, or occupant of the Leased Premises shall not be deemed as consent to any assignment or sublease, as a waiver of any covenant in this Lease against assignment and subletting, as acceptance of the assignee, sublessee, or occupant as a tenant, or as a release of the Company from further observance or performance of the covenants contained in this Lease. No provision of this Lease shall be deemed to have been waived by the City, unless such waiver is in writing, signed by the Airport Director.

END OF ARTICLE

**ARTICLE 20. DAMAGE OR DESTRUCTION OF LEASED PREMISES;
TAKING BY EMINENT DOMAIN**

Section 20.01 LEASED PREMISES -- DAMAGE OR DESTRUCTION

If at any time during the continuance of this Lease, the Leased Premises shall be so destroyed or so injured by fire or other casualty as to be unfit for full occupancy and use by the Company, and such destruction or injury could reasonably be repaired within one hundred eighty (180) days from the date of such destruction or injury, then the Company shall not be entitled to surrender possession of the Leased Premises; provided, however, that the Company's obligation to pay Rent shall be equitably reduced to the extent of the diminution in use to the Company resulting from such destruction or injury until full use and occupancy is restored to the Company. The City shall repair the damage to the improvements existing as of the Effective Dates and the Company shall repair the damage to all improvements constructed by Company with all reasonable speed at least to the extent of the value and as nearly as possible to the character and quality of the building and improvements existing immediately prior to such occurrence.

If the Leased Premises shall be so destroyed or injured by fire or other casualty that such destruction or injury could not reasonably be repaired within one hundred eighty (180) days from the date of such destruction or injury, either Party shall have the option, upon written notice given to the other Party within thirty (30) days from the date of such destruction or injury, to terminate this Lease, and upon giving of such notice this Lease shall be terminated as of the date of such destruction or injury. In the event neither Party elects to terminate this Lease in accordance with the foregoing options, the Company shall repair the damage and restore or rebuild the building and improvements as promptly as reasonably possible.

Notwithstanding the foregoing provisions of this Article, in the event of damage or destruction, as aforesaid, such that fifty percent (50%) or more of the total floor area of the Facilities is rendered unfit for occupancy and use by the Company, then either Party shall have the option, upon written notice given to the other Party within thirty (30) days from the date of such destruction or injury, to terminate this Lease, and upon the giving of such notice this Lease shall be terminated as of the date of such destruction or injury.

Section 20.02 TAKING BY EMINENT DOMAIN

In the event that the Leased Premises or any portion thereof shall be taken for public or quasi-public use or condemned under eminent domain, the Company shall not be entitled to claim or have paid to the Company any compensation or damages whatsoever for or on account of any loss, injury, damage or taking of any right, interest or estate of the Company, and the Company hereby relinquishes and assigns to the City any rights to such damages; provided, however, that nothing herein contained shall be construed to prevent the Company from asserting against the condemn or any separate claim for damages to the Company occurring by reason of said condemnation, including without limitation loss or damage to leasehold improvements,

personal property, business, fixtures, goodwill, cost of removing fixtures or equipment or loss of future profits.

In the event of any such taking or condemnation referred to in the preceding paragraph, then if and when there is an actual taking, in whole or in part, of physical possession of the Leased Premises which shall render the Leased Premises unfit for the use and occupancy by the Company substantially as used and occupied prior to such taking, the Company may terminate this Lease. The Leased Premises shall be deemed to be unfit for use by the Company if the area of the portion thereof remaining after such taking is less than sufficient to accommodate the operations carried on by the Company just prior to such taking. If the Company elects to terminate this Lease as provided above, it shall give written notice to the City within thirty (30) days after the later of (a) the entry of the final order of court authorizing the taking or appropriation or the date of settlement, as the case may be, or (b) the taking of physical possession by the condemner. In the event there is a partial taking of the Leased Premises, but this Lease is not terminated as herein provided, then this Lease shall continue in full force and effect without abatement or reduction in Rent.

END OF ARTICLE

ARTICLE 21. FEDERAL, STATE, AND LOCAL REGULATIONS

Section 21.01 COMPLIANCE WITH RULES AND REGULATIONS

The Airport Director is charged with administering the provisions of this Lease, and is authorized from time to time to promulgate and enforce such Rules and Regulations and policies as the Airport Director deems necessary. All such Rules and Regulations and policies so promulgated shall not be inconsistent with any legally authorized rule or regulation of the FAA, or any other federal or State of Florida agency, which is binding in law on the Company, as the same now are or may from time to time be amended or supplemented, nor inconsistent with the reasonable exercise by the Company of any right or privilege granted under this Lease.

The Company shall not, and the Company shall not suffer or permit any of its officers, representatives, agents, employees, guests, patrons, contractors, subcontractors, licensees, subtenants, invitees, or suppliers to, violate or to cause another person to violate any of the Rules and Regulations.

Section 21.02 COMPLIANCE WITH LAW

The Company shall not use the Airport or any part thereof, or knowingly permit the same to be used by any of its employees, officers, agents, subtenants, contractors, invitees, or licensees for any illegal purposes.

At all times during the Lease Term, the Company shall, in connection with its activities and operations at the Airport:

Comply with and conform to all applicable current and future statutes and ordinances, and regulations promulgated thereunder, of all federal and State of Florida agencies of competent jurisdiction that apply to or affect, either directly or indirectly, the Company or the Company's operations and activities under this Lease. Without limiting the generality of the foregoing, the Company shall comply with the United States of America, United States Department of Homeland Security, United States Citizenship and Immigration Services E-Verify in order to implement the legal requirements of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, as amended, and with all applicable provisions of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101), as may be amended from time to time, and federal regulations promulgated thereunder that may be applicable as a result of activities conducted by the Company.

Subject to the prior written approval of the Airport Director, make, at its own expense, all improvements, repairs, and alterations to the Leased Premises and all buildings and improvements thereon and to its equipment and personal property that are required to comply with or conform to any of such statutes, ordinances, or regulations.

Regarding the City, be and remain an independent contractor with respect to all installations, construction, and services performed by or on behalf of the Company hereunder.

The Company, for itself and its successors and assigns, shall, and does hereby, covenant and agree to FULLY AND FOREVER RELEASE, INDEMNIFY, DEFEND, and HOLD HARMLESS the City and its elected officials, employees, officers, directors, volunteers, and representatives, individually and collectively, from and against any and all penalties, fines, and demands of any kind (including but not limited to costs of investigation, attorneys' fees, court costs, and expert fees) arising out of the Company's acts or omissions resulting in any alleged violation of any rule, regulation, statute, order, directive, or mandate of the United States, the State of Florida, Escambia County, or the City of Pensacola, including but not limited to any alleged violation of Title 49 CFR Part 1542, "Airport Security", and any other or successor or amended regulations related to Airport security.

Section 21.03 COMPLIANCE WITH ENVIRONMENTAL LAWS

At all times during the Lease Term, the Company shall not cause, permit or allow any Hazardous Substances to be placed, stored, dumped, dispensed, released, discharged deposited, used, transported or located on any portion of the Premises; provided, however, that quantities of such Hazardous Substances may be used or stored by Company on the Leased Premises in the ordinary course of business on the condition that such quantities and the use thereof are:

- (a) Identified in the Hazardous Substances listing described in Section 17.01,
- (b) Permitted by or are exempt from applicable governmental regulations, and
- (c) Are transported, stored and utilized in accordance with applicable governmental regulations and the best practices of the Company's industry.

To the extent caused by or resulting from the acts of the Company, its agents, servants, employees, or contractors, Company agrees that it shall, to the extent necessary to bring the Leased Premises into compliance with any and all applicable Environmental Laws regarding Hazardous Substances and clean-up thereof, investigate and promptly (but in any event within the time period permitted by applicable Environmental Laws) clean up Hazardous Substances found in, on, under, around, or within any portion of the Leased Premises and, with respect to such matters as described herein for which Company is responsible, to remediate the Leased Premises, and to pay for all reasonable clean-up and remediation costs at no cost to the City. All clean-up and remediation shall be performed to meet pre-existing conditions, and in no instance shall clean-up or remediation or related agreements with state or federal regulators include restrictions placed on the use of the Leased Premises or any part thereof.

Company shall perform Environmental Reporting required under this Section as described in Section 14.04.

Section 21.04 NONDISCRIMINATION

As a condition of the use and occupancy of the Airport and its facilities, the Company shall be subject to the following:

(a) In the event that facilities are constructed, maintained, or otherwise operated in or on the space assigned to the Company for a purpose for which a U.S. Department of Transportation (DOT) program or activity is extended or for another purpose involving the provision of similar services or benefits, the Company shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, CFR, U.S. DOT, 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 such regulations may be amended from time to time.

(b) No person on the grounds of race, color, national origin, sex, or physical handicap, religion, or ancestry shall be excluded by the Company from participating in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities assigned to the Company.

(c) In the construction of any improvements on, over, or under the space assigned to the Company, and the furnishing of services thereon, no person on the grounds of race, color, national origin, sex, or physical handicap shall be excluded by the Company from participating in, denied the benefits of, or otherwise be subject to discrimination.

(d) The Company shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, CFR, U.S. DOT, 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 such regulations may be amended.

(e) The Company shall insert the substance of the provisions of the Section 21.05 in any lease, sublease, assignment, agreement, or contract by which the Company grants a right or privilege to any person, firm, or corporation to render accommodations or services to the public on the Company's Leased Premises.

(f) The Company shall fully indemnify, defend, and hold harmless the City, its elected representatives, officers, agents, volunteers, and employees from and against all penalties, fines, demands, fees, costs and expenses of any kind (including, but not limited to, costs of investigation, attorney fees, court costs, and expert fees) arising out of any act or omission of the Company, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under the Company's direction and control, resulting in alleged violations of any rule, regulation, statute, order, directive or other mandate of the United States, the State of Florida, Escambia County or the City of Pensacola, including without limitation the Rules and Regulations and Title 49 CFR Part 1542, "Airport Security," and any successor regulations related to Airport security.

(g) If the City incurs any such fines, penalties, fees, costs or expenses imposed by Federal, state, county, or municipal authorities as a result of the acts or omissions of the Company, its

partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then the Company shall promptly upon demand pay or reimburse the City, as Additional Rent, for all such costs and expenses.

Section 21.05 BREACH OF NONDISCRIMINATION

In the event of a breach of any of the nondiscrimination covenants set forth above, the City will have the right to terminate this Lease and the Company's right to use Airport services and facilities and to re-enter and repossess the space and the Facilities thereon that had been assigned to the Company, and hold the same as if such assignment had never been made. This provision regarding termination of the Company's rights to use Airport services and facilities shall not become effective until the procedures of Title 49, CFR, Part 21 are followed and completed, including the expiration of appeal rights, by either the Company or the City.

Section 21.06 FAIR AND EQUAL FURNISHING OF SERVICES

As a condition of the use of Airport services and facilities, the Company shall furnish its accommodations or services on a fair, equal, and not unjustly discriminatory basis to all users thereof, and it shall charge fair, reasonable, and not unjustly discriminatory prices for each unit or service. In the event of noncompliance with this section, the City may terminate this Lease and the Company's right to use Airport services and facilities.

Section 21.07 AFFIRMATIVE ACTION PROGRAM

As a condition of the use of Airport services and facilities, the Company shall implement an affirmative action program as required by FAA regulations, Title 14, CFR, Part 152, Subpart E, "Nondiscrimination in Airport Aid Program," or as otherwise approved by the FAA, to ensure that no person shall, on the grounds of race, creed, color, national origin, sex, or physical handicap, be excluded from participating in any employment activities covered in such Subpart E. The Company shall not exclude any person on such grounds from participating in or receiving the services or benefits of any program or activity covered by Subpart E. The Company shall require that its covered suborganizations provide assurances to the Company that they similarly will implement affirmative action programs and that they will require assurances from their suborganizations, as required by Title 14, CFR, Part 152, Subpart E to the same effect.

Section 21.08 MINORITY BUSINESS ENTERPRISE

As a condition of its use of Airport services and facilities, the Company shall comply with the requirements of Title 49, CFR, Part 23, "Participation by Minority Business Enterprise in Department of Transportation Programs" as this Part 23 may be amended from time to time.

Section 21.09 RIGHTS OF THE FEDERAL GOVERNMENT

Any use of Airport services and facilities by the Company shall be subject to whatever right the U.S. government now has or in the future may have or acquire affecting the control, operation, regulation, and taking over of the Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

Section 21.10 LICENSES AND PERMITS

The Company shall obtain in a timely manner and thereafter maintain in full force and effect during the Lease Term all licenses, permits and other approvals required by the federal, state, county, and municipal authorities in order to engage in the Company's business on the Leased Premises as permitted under Article 4 above.

Section 21.11 NONEXCLUSIVE RIGHTS

It is understood and agreed that nothing herein contained shall be construed to grant the Company any exclusive right or privilege within the meaning of Section 308 of the Federal Aviation Act for the conduct of any activity on the Airport, except that, subject to the terms and provisions hereof, the Company shall have the right to exclusive possession of the Exclusive Use Leased Premises leased to the Company under the provisions of this Lease.

END OF ARTICLE

ARTICLE 22. TAXES

Section 22.01 PAYMENT OF TAXES

The Company shall pay all taxes that may be levied upon, assessed, or charged the Company or its personal property located on the Airport by the United States, the State of Florida or any of its political subdivisions, or Escambia County or the City, and shall obtain and pay for all licenses and permits required by law.

Section 22.02 REAL PROPERTY TAXES

The Company shall be responsible for all real property taxes applicable to the Leased Premises during the Lease Term. If any such taxes paid by the Company shall cover any period of time prior to or after the expiration of the Lease Term, the Company's share of such taxes shall be equitably prorated to cover only the period of time within the tax year during which this Lease shall be in effect, and the City shall reimburse the Company to the extent required. If the Company shall fail to pay any such taxes, the City shall have the right, but not the obligation, to pay the same, in which case the Company shall repay such amount to the City with the Company's next Base Rent installment, together with interest at the highest rate allowed by law.

Section 22.03 DEFINITION

As used herein the term "real property tax" shall mean all ad valorem and non-ad valorem taxes and assessments (including interest and penalties thereon) which are imposed against any legal or equitable interest of the City or the Company in the Leased Premises or any portion thereof by the City, Escambia County or the State of Florida or by any school, agricultural, lighting, fire, mosquito control, water, drainage or other improvement, benefits or tax district thereof, and which are collected by the Escambia County, Florida, Tax Collector, together with any tax imposed in substitution, partially or totally, of any tax previously included within the definition of "real property tax" and any additional tax the nature of which was previously included within the definition of "real property tax".

Section 22.04 CONTEST

The Company may contest the legal validity or amount of any taxes, assessment, or charges for which the Company is responsible under this Lease, and may institute such proceedings as the Company considers necessary. If the Company protests any such tax, assessment or charge, the Company may withhold or defer payment or pay under protest but shall indemnify and hold the City and the Leased Premises harmless from and against any claim or lien against the City or the Leased Premises arising out of the Company's failure to pay the contested taxes, assessments or charges.

Section 22.05 PERSONAL PROPERTY TAXES

The Company shall pay prior to delinquency all taxes assessed against and levied upon trade fixtures, furnishings, equipment and all other personal property of the Company contained in the Leased Premises. When possible, the Company shall cause said trade fixtures, furnishings, equipment and all other personal property to be assessed and billed separately from the Land and

Leased Premises. If any of the Company's said personal property shall be assessed with the Land or Leased Premises, the Company shall pay the taxes attributable to the Company within ten (10) days prior to the delinquency date for payment of such taxes.

END OF ARTICLE

ARTICLE 23. ENCUMBRANCE OF LEASEHOLD ESTATE AND NOTICE TO MORTGAGEES

Company shall not encumber by mortgage or other security instrument, by way of collateral assignment, or otherwise, Company's interest in this leasehold estate without the prior written consent of City in its sole discretion, and any such encumbrance made without City's prior written consent shall be void and of no force or effect. In no event shall City be required to encumber or subordinate City's fee simple estate in the Leased Premises.

Provided that City has given its prior written consent to such encumbrance and that Company's lender who has been granted a lien on or security interest in the Company's leasehold estate in the Leased Premises ("Lender") has provided City written thereof, including Lender's address for receipt of notices:

(a) Lender shall have the right:

1. To do any act or thing required of Company hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Company's rights hereunder as if done by the Company; and
2. To realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale") or to acquire by deed-in-lieu, and to transfer, convey, or assign the title of Company to the leasehold estate created hereby to any purchaser at any such foreclosure sale or transfer from Lender if Lender acquires by a deed-in-lieu and to acquire and succeed to the interest of Company hereunder by virtue of any such foreclosure sale or deed-in-lieu.

(b) In the event of a default by the Company under this Lease, the rights of City may not be exercised until written notice of such default is delivered to Lender, or to the person or firm designated by any such Lender, by written notice to City, to accept such notices, and any applicable cure period has expired. Lender shall have the same notice and cure rights as are provided to Lessee under this Lease, except that Lender shall have the right to cure a monetary default as described in Section 17.01(a) within ten (10) days from delivery of said notice.

(c) Lender shall not be liable to the City as an assignee of this Lease unless and until such time as such Lender shall acquire the rights of Company hereunder through foreclosure or other appropriate proceedings in the nature thereof, or by deed-in-lieu, or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law.

(d) No modification or voluntary surrender by the Company of this Lease shall be made without the consent of Lender if Lender has requested such authority to consent by written notice delivered to City.

(e) The City agrees to provide an estoppel certificate upon written request of Lender acknowledging that (to the extent true and noting any exceptions) this Lease is in full force and effect; that there are no defaults that exist under the Lease; that the Rent is current; and such other matters as Lender may reasonably require.

(f) Notwithstanding the foregoing, the ultimate transferee of Lessee's leasehold estate under the Lease, in the event of foreclosure, deed-in-lieu or otherwise, is subject to the written approval of the City, such approval not to be unreasonably withheld, conditioned or delayed. As a minimum, such ultimate successor must be able to demonstrate sufficient financial ability to conduct the operations permitted under Article 4 above and have at least five (5) years' experience in the operation of a business of a similar size and offering similar services as that conducted by the Company under this Lease as permitted under Article 4 above.

END OF ARTICLE

ARTICLE 24. INTENTIONALLY OMITTED

END OF ARTICLE

ARTICLE 25. AIRPORT DEVELOPMENT RIGHTS

The City reserves the right to further develop or improve all areas within the Airport, including landing areas, as the City may determine in its sole discretion to be in the best interests of the Airport, regardless of the desires or views of the Company, and without interference or hindrance from the Company; provided that such development or improvement shall not unreasonably interfere with the Company's use of the Premises for the purposes stated herein.

Except as may be required by this Lease or any other agreement between the parties, the City reserves the right, but shall not be obligated to the Company, to keep and repair all areas, including landing areas, of the Airport.

END OF ARTICLE

ARTICLE 26. GENERAL PROVISIONS

Section 26.01 ACKNOWLEDGMENT

The Parties hereto acknowledge that they have thoroughly read this Lease, including any exhibits or attachments hereto, and have sought and received whatever competent advice and counsel necessary for them to form a full and complete understanding of their rights and obligations hereunder. The Parties further acknowledge that this Lease is the result of extensive negotiations between the Parties and shall not be interpreted against the City by reason of the preparation of this Lease by the City.

Section 26.02 AUTHORITY OF THE AIRPORT DIRECTOR

The Airport Director or his designee may exercise all rights and obligations of the City under this Lease, unless otherwise specifically provided in this Lease or required by law.

Section 26.03 CAPACITY TO EXECUTE

The individuals executing this Lease personally warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting hereunder.

Section 26.04 COMPLIANCE WITH TITLE 14, CFR PART 77

The Company agrees to comply with the notification and review requirements covered in Title 14, CFR, Part 77, "Objects Affecting Navigable Airspace," in the event that future construction of a building is planned for the Leased Premises, or in the event of any planned modification or alteration of any existing or future building or structure situated on the Leased Premises.

Further, the Company shall conduct its operations within the Leased Premises in compliance with Title 14, CFR, Part 77.

Section 26.05 DELIVERY OF NOTICES

Any notices permitted or required by this Lease shall be in writing and delivered personally or sent by registered or certified U. S. mail, postage prepaid, or by courier service, such as FedEx or UPS. Any such notice shall be deemed to have been delivered to and received by the addressee (i) upon personal delivery to the Company's address below between 9:00 a.m. and 5:00 p.m. on any business day (i.e., any day other than a Saturday, Sunday, or a federally-designated official holiday), (ii) the next business day after deposit with a courier service such as FedEx or UPS, or (iii) five (5) business days after deposit in the U. S. mail.

Notices to the City shall be addressed to:

Airport Director
City of Pensacola
Pensacola International Airport
2430 Airport Boulevard, Suite 225
Pensacola, Florida 32504

Notices to the Company shall be addressed to:

Air Methods Corporation
5500 S. Quebec St., Ste. 300
Greenwood Village, CO 80111
Attention: Vice President, _____ Region,
with copy, which shall not constitute notice,
to Legal Dept. _____

The parties may from time to time designate, in writing, changes to the addresses stated.

Section 26.06 EMPLOYEES OF THE COMPANY

The Company shall require all of its employees, subcontractors, and independent contractors hired by the Company and working in view of the public to wear clean and neat attire and to display appropriate identification. Company employees shall obtain identification badges from the City. The Company shall be responsible for paying the cost of TSA-required employee background checks and badging.

Section 26.07 ENTIRE AGREEMENT

This Lease constitutes the entire agreement between the Parties on the subject matter hereof and may not be changed, modified, discharged, or extended except by written instrument duly executed by the City and the Company, and all prior and contemporaneous agreements and understandings, written as well as oral, are hereby superseded. The Company agrees that no representations or grants of rights or privileges shall be binding upon the City unless expressed in writing in this Lease.

Section 26.08 ESTOPPEL AGREEMENTS

By applying for estoppel agreements, the Company agrees to reimburse the City for its actual and reasonable out-of-pocket costs for consultants, attorneys, and experts to evaluate the request, to advise the City with respect thereto, and/or to review or prepare appropriate documents.

Section 26.09 FORCE MAJEURE

Neither the City nor the Company shall be deemed to be in violation of this Lease if it is prevented from performing any of its obligations hereunder by reason of strikes, boycotts, labor disputes, embargoes, shortages of material, acts of God, acts of the public enemy, acts of superior governmental authority, weather conditions, tides, riots, rebellion, sabotage, or any other circumstances for which it is not responsible or which is not in its control; provided, however, that these circumstances shall not excuse the Company from making, as and when due, any monetary payment required under this Lease or by the Rules and Regulations, including but not limited to Base Rent, Additional Rent, airport rentals, fees, and charges, Taxes under Article 22, and insurance premiums.

Section 26.10 GENDER

Words of either gender used in this Lease shall be held and construed to include the other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

Section 26.11 GENERAL INTERPRETATION

Insofar as this Lease grants, permits, or contemplates the use of space or facilities or the doing of any other act or thing at the Airport by the Company, such use or the doing of such act or thing by the Company is to be in connection with the operation of its Full Service General Aviation Fixed Base Operator business. Each of the Parties, however, has entered into this Lease solely for its own benefit; and (without limiting the right of either Party to maintain suits, actions, or other proceedings because of breaches of this Lease) this Lease does not grant to any third person (excepting a successor party to the City or the Company) a right to claim damages or bring any suit, action, or other proceeding against either the City or the Company because of any breach hereof.

Section 26.12 GOVERNING LAW

The laws of the State of Florida shall govern this Lease and all disputes arising hereunder, with venue in Escambia County, Florida.

Section 26.13 HEADINGS

The headings of the articles and sections of this Lease are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provisions of this Lease and shall not be construed to affect in any manner the terms and provisions of this Lease or its interpretation.

Section 26.14 INCORPORATION OF EXHIBITS

All exhibits referred to in this Lease are intended to be and hereby are specifically incorporated and made a part of this Lease.

Section 26.15 INCORPORATION OF REQUIRED PROVISIONS

The Parties hereto incorporate herein by this reference all applicable provisions lawfully required to be contained herein by any governmental body or agency.

Section 26.16 INVALID PROVISIONS

In the event that any covenant, condition, or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such covenant, condition, or provision shall in no way affect any other covenant, condition, or provision herein contained, provided that the invalidity of any such covenant, condition, or provision does not materially prejudice either the City or the Company in its respective rights and obligations contained in the valid covenants, conditions, and provisions of this Lease.

Section 26.17 NONLIABILITY OF INDIVIDUALS

No director, officer, agent, elected official, or employee of either Party shall be charged personally or held contractually liable by or to the other Party under any term or provision of this Lease or because of any breach hereof or because of its or their execution or attempted execution.

Section 26.18 NONINTERFERENCE WITH AIRPORT OPERATIONS

The Company, by executing this Lease, expressly agrees for itself, its successors, and assigns that it will not make use of its Leased Premises in any manner that might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard. In the event that the aforesaid covenant is breached, the City reserves the right to enter the Company's Leased Premises and cause the abatement of such interference or hazard at the expense of the Company.

Section 26.19 NOTICE OR CONSENT

Any notice or consent required herein to be obtained from or given by the City (or the Airport Director) may be given by the Airport Director unless otherwise provided. Consent of the Company when required herein shall not be unreasonably withheld, delayed, or conditioned.

Section 26.20 NONWAIVER

The acceptance of rentals, fees, and charges by the City for any period or periods after a default of any of the terms, covenants, and conditions contained herein to be performed, kept, and observed by the Company shall not be deemed a waiver of any right on the part of the City to terminate this Lease.

Section 26.21 OTHER LAND AND BUILDINGS EXCLUDED

It is agreed and understood that this Lease and any exhibit hereto is not intended to provide for the lease of any building, land, space, or area or to set any rental rates for any building, land, space, or area other than that specifically described herein.

Section 26.22 PATENTS AND TRADEMARKS

The Company represents that it is the owner of, or fully authorized to use, any and all services, processes, machines, articles, marks, names, or slogans used by it in its operations under, or in connection with, this Lease. The Company shall indemnify, defend and hold harmless the City, its elected officials, employees, volunteers, representatives and agents from and against any loss, liability, damage, expense, suit, or claim for damages in connection with any actual or alleged infringement of any patent, trademark, or copyright, or from any claim of unfair competition or other similar claim, arising out of the Company's operations under or in connection with this Lease.

Section 26.23 PUBLIC RECORDS LAWS

The Florida Public Records Law, as contained in Chapter 119, Florida Statutes, is very broad. As a result, any written communication created or received by the City will be made available to the public and media, upon request, unless a statutory exemption from such disclosure exists. The Company shall comply with the Florida Public Records Law in effect from time to time if

and to the extent that the Florida Public Records Law is applicable to the Company. Notwithstanding any contrary provision in this Lease, any failure by the Company to comply with the Florida Public Records Law, if and to the extent that it is applicable to the Company, that continues for seven (7) days after written notice from the City shall constitute an Event of Default by the Company.

Section 26.24 RESERVATIONS RE: AIRSPACE AND NOISE

The City 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 Leased Premises, together with the right to cause in said airspace such noise as maybe 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.

The City reserves the right to establish permissible noise levels for the Airport environs area and hours of material noise generating activities.

Section 26.25 REMEDIES TO BE NONEXCLUSIVE

All remedies provided in this Lease shall be deemed cumulative and additional and not in lieu of or exclusive of each other or of any other remedy available to the City at law or in equity (to the extent not inconsistent with the express provisions hereof) and the exercise of any remedy or the existence herein of other remedies or indemnities shall not prevent the exercise of any other remedy.

Section 26.26 RIGHTS RESERVED TO THE CITY

Nothing contained herein shall impair the right of the City to exercise its governmental and legislative functions. This Lease is made subject to the Constitution and laws of the State of Florida and to the provisions of the Airport Improvement Program grants applicable to the Airport and its operation. The provisions of such Airport Improvement Program grants, insofar as they are applicable to the Company's business on the Leased Premises, the terms and provisions of this Lease, or the Leased Premises, shall be considered a part hereof to the same extent as though copied herein at length to the extent, but only to the extent that the provisions of any such agreements are required generally by the United States at other civil airports receiving federal funds. To the best of the City's knowledge, nothing contained in such laws grants conflicts with the express provisions of this Lease.

Section 26.27 SIGNS

The installation and operation of identifying signs, posters, and graphics on the Leased Premises are subject to the prior written approval of the Airport Director. Such signs shall be substantially uniform in size, type, and location with those of other tenants, and consistent with the City's graphics standards and the Airport Rules and Regulations, and in compliance with all applicable laws and ordinances. The signs are for the purpose of assigning Airport users with wayfinding. Signs that constitute advertising are prohibited and will not be approved.

Sign(s) and location(s) may be changed and altered from time to time with the written approval of the Airport Director, said approval not to be unreasonably denied or delayed. At the expiration of the Lease Term or earlier termination of this Lease the Company, upon written request from the City, shall remove, at the Company's expense, all lettering and signs so erected on the Leased Premises.

Section 26.28 SUCCESSORS AND ASSIGNS

The provisions of this Lease shall be binding upon and inure to the benefit of the successors and assigns of the Parties hereto; provided, however, that this provision shall in no way whatsoever alter the restriction herein regarding assignment and sublease by the Company.

Section 26.29 NO AUTOMATIC RENEWALS

This Lease contains no automatic renewals of the Lease Term.

Section 26.30 TRIAL BY JURY

THE PARTIES TO THIS LEASE DESIRE TO AVOID THE ADDITIONAL TIME AND EXPENSE RELATED TO A JURY TRIAL OF ANY DISPUTES ARISING HEREUNDER. THEREFORE, IT IS MUTUALLY AGREED BY AND BETWEEN THE PARTIES HERETO, AND FOR THEIR SUCCESSORS, HEIRS AND PERMITTED ASSIGNS, THAT THEY SHALL AND HEREBY DO WAIVE TRIAL BY JURY OF ANY CLAIM, COUNTERCLAIM, OR THIRD-PARTY CLAIM, INCLUDING WITHOUT LIMITATION ANY AND ALL CLAIMS OF INJURY OR DAMAGES, BROUGHT BY EITHER PARTY AGAINST THE OTHER ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS LEASE AND/OR THE RELATIONSHIP WHICH ARISES HEREUNDER. THE PARTIES ACKNOWLEDGE AND AGREE THAT THIS WAIVER IS KNOWINGLY, FREELY, AND VOLUNTARILY GIVEN, IS DESIRED BY ALL PARTIES, AND IS IN THE BEST INTEREST OF ALL PARTIES.

Section 26.31 NO PARTNERSHIP

Nothing in this agreement constitutes a partnership or joint venture between the Parties. It is the express intention of the Parties to deny any such relationship.

Section 26.32 THIRD PARTIES

Nothing in this Lease, express or implied, is intended to or shall confer upon any person, other than the Parties and their respective permitted successors and assigns, any right, benefit or remedy of any nature whatsoever under or by reason of this Lease.

Section 26.33 TIME IS OF THE ESSENCE

Time is of the essence of this Lease.

Section 26.34 MEMORANDUM OF LEASE.

Concurrently with the execution of this Lease, the Parties shall execute a short-form memorandum of this Lease satisfactory to the City Attorney, in form suitable for recording, and in substance

sufficient to provide constructive notice to third parties of the material terms and provisions of this Lease. The City shall cause such memorandum to be recorded in the public records of Escambia County, Florida.

Section 26.35 REPRESENTATIONS AND WARRANTIES OF CITY AND COMPANY.

City hereby represents and warrants to the Company that as of the Effective Date:

- a. The City is the fee simple owner and record title holder of the Leased Premises.
- b. The City has the full right and authority to make, execute and perform this Lease and grant the rights contained herein to the Company.

The Company hereby represents and warrants to the City that as of the Effective Date:

- a. The Company has the full right, power and authority to make, execute and perform this Lease.
- b. This Lease is binding upon and enforceable against the Company in accordance with its terms.

END OF ARTICLE

IN WITNESS WHEREOF, the undersigned have duly executed this Lease as of the dates set forth below.

CITY:

CITY OF PENSACOLA,
a Florida municipal corporation

COMPANY:

AIR METHODS CORPORATION

A Delaware corporation

By: _____
Grover C. Robinson, IV, Mayor

By: _____
, its _____

Date: _____

Date: _____

Attest:

Signed by Company in the presence
of:

Ericka Burnett, City Clerk

Print Name: _____

Signed by Mayor in the presence of:

Print Name: _____

Print Name: _____

Print Name: _____

Approved as to form

Susan A. Woolf, City Attorney

Approved as to content:

Daniel E. Flynn, Airport Director

EXHIBIT A - LEASED PREMISES

55 Service Center Road

The site is approximately 2.041 acres on the west side of the airport. It includes of a 9,200 square foot office/hangar of which 6,400 square feet is open bay hangar (80' x 80'). The remaining 2,800 square feet is an office/administrative and shop/storage area. It was originally constructed in 1982 but was significantly renovated in 2005. The site includes 24,500 square feet of paved aircraft ramp, surface parking for 34 vehicles, a covered parking canopy on the rear of the building and perimeter security fencing.

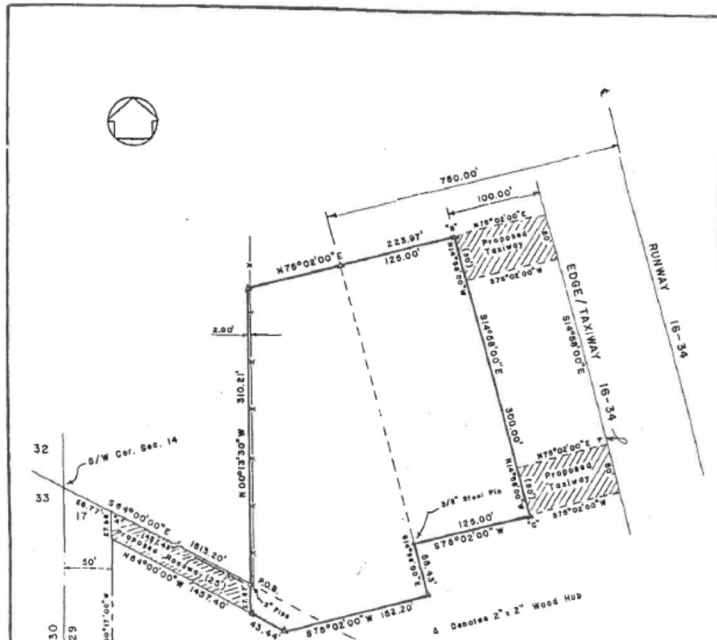


EXHIBIT B - ENVIRONMENTAL BASELINE CONDITIONS STUDY