

LEASE AGREEMENT AT THE PENSACOLA INTERNATIONAL AIRPORT BETWEEN THE  
CITY OF PENSACOLA AND PENSACOLA AVIATION CENTER, LLC

AMENDMENT NO. 11

THIS AMENDMENT NO. 11 TO THE LEASE AGREEMENT of December 1, 1997, (hereinafter referred to as "Amendment No. 10"), is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2\_\_\_\_\_, by and between the City of Pensacola, a municipal corporation of the State of Florida (hereinafter referred to as "City") and Pensacola Aviation Center, LLC, a Florida Limited Liability Company authorized to transact business in the State of Florida with an address of 4145 Maygarden Road, Pensacola, Florida 32504, and the Federal Tax Identification Number of 59-3688156, (hereinafter referred to as "Operator"), (Each at times hereinafter referred to also as "party" or collectively "parties"),

WITNESSETH:

WHEREAS, the City owns, operates, and maintains Pensacola International Airport (hereinafter referred to as "Airport") located in Escambia, County, Florida; and

WHEREAS, City and Operator entered into a Lease Agreement dated December 1, 1997, whereby the City granted Operator the right to conduct commercial aeronautical services/activities described as Full Service Fixed Base Operations at Pensacola Regional Airport; and

WHEREAS, said Lease Agreement was amended on May 29, 1998, February 25, 1999, December 16, 1999, March 26, 2002, December 30, 2003, February 9, 2007, August 24, 2007, July 1, 2011, January 13, 2013, and November 13, 2019; and

WHEREAS, the parties now desire to amend the Lease Agreement upon the terms and conditions hereinafter set forth in order to remove the requirement to construct an additional clear span hangar added under Amendment No. 10, and provide for improvements to an existing clear span hangar and provide for improvements to the fuel farm;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, it is agreed that the Lease Agreement is hereby amended as follows:

1. Article 1 - Leased Premises, Paragraph B as last modified under Amendment No. 10 is hereby amended to read:
  - B. Commencing upon the Date of Beneficial Occupancy (defined in Article V below) of the Operator's new general aviation facility and until the termination of

this Agreement, the premises shall consist of approximately 463,478.4 sq. ft. of ramp area, 106,990 sq. ft. of land for offices and hangars, 29,185.2 sq. ft. of parking area, and 9,147.6 sq. ft. of fuel farm area, all more particularly described and summarized on Exhibit A annexed hereto and made a part hereof. Further, Parcel 4 shown in Exhibit B-2 of the original lease (being Parcel 4 of Exhibit A attached hereto) is hereby modified to reflect the property is located in Escambia County, Florida, which, through a scrivener's error, incorrectly indicated it was located in Santa Rosa County, Florida.

~~Operator shall design and construct an additional common storage hangar the dimensions of which shall be approximately 100' by 200', and located adjacent to Parcel No. 9 of Exhibit A attached hereto. Promptly upon completion of the construction, Exhibit A attached hereto will be updated to reflect the additional parcel on which the hangar is constructed, and the amount of land covered under this Paragraph B of Article 1 will be updated accordingly.~~

Operator shall design and construct an office addition to the existing 100'x200' hangar located on Parcel No. 9. Promptly upon completion of the construction, Exhibit A will be updated to reflect the additional land on which this improvement is located.

2. Article VI-Rent & Fees, paragraph 2(A) as last modified under Amendment No. 10 is hereby amended to read:

A. Base Ground Rent:

A base ground rent, calculated on a square foot basis, of:

Lease Area	Lease Term	Annual Rate	Annual Rent	Monthly Rent
Existing	Through 12/31/21	\$0.08	\$48,704.09	\$4,058.67
Additional	Through 12/31/21	<del>\$0.32</del> 0.08	To be determined	To be determined

~~Promptly upon completion of the project, Exhibit A will be updated to reflect the additional parcel on which the common storage hangar covered under this Amendment No. 10 is constructed. The existing lease area in effect prior to execution of this Amendment No. 10 will be assessed a rental rate of \$0.08 per square foot as shown above through 12/31/21. The additional lease~~

~~area added under this Amendment No. 10 will be assessed a rental rate of \$0.32 from completion of the project through 12/31/21. Rental rates will be periodically adjusted in accordance with the schedule and process outlined for the Adjustments to Base Ground Rent.~~

Promptly upon completion of the project, Exhibit A will be updated to reflect the additional parcel on which the office addition covered under this Amendment No. 11 is constructed. The additional lease area added under this Amendment No. 11 will be assessed a rental rate of \$0.08 from completion of the project through 12/31/21. Rental rates will be periodically adjusted in accordance with the schedule and process outlined for the Adjustments to Base Ground Rent.

T-hangar Property:

Lease Area	Lease Term	Annual Rate	Annual Rent	Monthly Rent
Existing	Through 12/31/21	\$0.08	\$10,766.88	\$897.24
Additional	Through 12/31/21	\$0.32	To be determined	To be determined

Promptly upon completion of the project, Exhibit A will be updated to reflect the additional parcel(s) on which the T-hangars covered under this Amendment No. 10 are constructed. The existing T-hangar lease area in effect prior to execution of this Amendment No. 10 will be assessed a rental rate of \$0.08 per square foot as shown above through 12/31/21. The additional T-hangar lease area added under this Amendment No. 10 will be assessed a rental rate of \$0.32 from completion of the project through 12/31/21. Rental rates will be periodically adjusted in accordance with the schedule and process outlined for the Adjustments to Base Ground Rent.

Operator shall be responsible for adding the applicable state and local sales tax to all base ground rental payments.

Adjustments to Base Ground Rent. Adjustments to the base ground rental rate will be made on January 1, 2007, and each five years thereafter, using either the National Consumer Price Index for Urban Consumers (CPI-U), or, upon request by the Operator, an appraisal of the property to determine the fair market rental rate.

If using the CPI-U, the ground rental rate shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous five years using May 1 and April 30 as the beginning and ending dates.

If the Operator chooses the appraisal process, the City shall contract with an MAI appraiser that has performed airside appraisals or market rent studies of FBOs at airports within the previous 3 years. The appraisal shall only address the underlying unimproved land, not any of the improvements, to determine the fair market rental rate for the underlying unimproved land only. The Operator shall be responsible for paying one-half of the appraisal cost.

Should Operator disagree with the City's appraisal, Operator may select, at its own cost and expense, an MAI appraiser meeting the same qualifications as set forth above to perform an appraisal to determine the fair market rental rate for the underlying unimproved land. The two appraisers shall jointly select a third MAI appraiser who shall review the work of each appraiser. In the event the two MAI appraisers cannot agree upon the selection of the third qualified MAI appraiser, then the parties shall petition the Escambia County Circuit Court for the appointment of a third qualified MAI appraiser.

The review appraiser shall evaluate each report in all respects, with the validity and reasonableness of the final valuation conclusion being the principal focal point.

The review appraiser should attempt to reconcile any variances between different appraisals. However, the review appraiser is not the appraiser and should not substitute his or her judgment for that of an appraiser. The review appraiser should secure necessary corrective material from an appraiser prior to the final recommendation of the fair market rental rate.

The review appraiser shall make a recommendation of a single value and not a range of values. The review appraiser shall have the ability to derive a value different from the appraisals by using separate parts of the individual appraisals. However, the review appraiser shall not use any data not contained in either appraisal to form their conclusions. The review appraiser is not obligated to select a final fair market rental rate from one of the appraisals.

However, the conclusion of the review appraiser shall not be outside of the range reflected by the two appraisals.

The review appraiser's determination shall be final, binding and non-appealable upon the parties. Each party shall bear the costs incurred by their own appraisers, and each shall bear one-half (1/2) the fees of the third party appraiser, one-half (1/2) the costs incurred by the third appointed appraiser, if any, and one-half (1/2) the court fees incurred if the Circuit Court is petitioned.

Whichever method is selected, the adjusted ground rent will thereafter go into effect in accordance with the following schedule:

First Adjustment - January 1, 2007  
Second Adjustment - January 1, 2012  
Third Adjustment - January 1, 2017  
Fourth Adjustment - January 1, 2022  
Fifth Adjustment - January 1, 2027  
Sixth Adjustment - January 1, 2032

Base Ground Rent will be readjusted using the foregoing appraisal process at the request of Operator in the event the main air carrier operations discontinue use of the Airport and the Airport remains open as a general aviation airport.

Commencing October 1, 2032, Operator's Base Ground Rent shall be comprised of two components as follows:

- 1) Market rent for the land and improvements in place as of the date of this Amendment No. 10; and
- 2) Ground rent for the land added under this Amendment No. 10

In January 2032, the City shall obtain a Market Rent Analysis for the land AND improvements in place as of the date of this Amendment No. 10 and not reduced or removed by subsequent amendments. It is understood that the land shall include Parcels 1 through 11 of Exhibit A attached hereto, encompassing approximately 743,387 square feet. The market rent analysis shall determine the market rental rate for the land and improvements based upon similar airports and operations in the Southeastern United States. The market rent as determined by the Market Rent Analysis shall go into effect October 1, 2032.

Ground rent for the property added under this Amendment

No. 10 will continue at the per square foot annual rate as adjusted on January 1, 2032.

Adjustments to the market rent and to the ground rent will be made each five years thereafter, using the National Consumer Price Index for Urban Consumers (CPI-U). The market rent and the ground rent shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous five years using May 1 and April 30 as the beginning and ending dates. The adjusted rental amounts will go into effect in accordance with the following schedule:

January 1, 2037  
January 1, 2042  
January 1, 2047

3. The purpose of the lease extension granted under Amendment No. 10 was solely to facilitate Operator obtaining financing for the construction of additional facilities, of which the additional T-hangars as outlined in Amendment No. 10 will still be required. In addition to the T-hangars, Operator will also be required to construct an office facility for the current clear span hangar, and provide equipment improvements to the fuel farm facility. In the event that Operator does not construct additional T-hangar facilities with a construction value of at least \$1,000,000, construct an office addition to the existing clear span hangar with a construction value of at least \$600,000, and provide equipment improvements to the fuel farm facility with a value of at least \$300,000 and complete construction within eighteen (18) months of the date of this Amendment No. 11, the lease term extension is void and the term shall revert to September 30, 2032, the expiration date as stated in Amendment No. 6.
4. All other terms and conditions of the Lease Agreement dated December 1, 1997, not amended hereby shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment No. 11 to the Lease Agreement on the date first above written.

ATTEST:

THE CITY OF PENSACOLA, FLORIDA

Ericka Burnett, City Clerk

By: Grover C. Robinson, IV, Mayor

(City Seal)

Pensacola Aviation Center, LLC

By: Member

(SEAL)

(Printed Member's Name)

By: Member

(Printed Member's Name)

Legal in Form and Valid as Drawn:

Approved As To Substance:

City Attorney

Airport Director