**AGREEMENT OF LEASE FOR AVON PARK EXECUTIVE AIRPORT**

**Between**

**CITY OF AVON PARK, FLORIDA,**

**as LESSOR,**

**and**

**FLORIDA AIRPORT MANAGEMENT KAVO, L.L.C.,**

**as LESSEE**

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THIS LEASE AGREEMENT is made as of the \_\_\_\_ day of\_\_\_\_\_\_\_\_\_\_ 2023 (“***Effective Date***”) between the CITY OF AVON PARK, a municipalcorporation of the State of Florida, with offices at 110 E. Main Street, Avon Park, Florida 33825 (hereinafter referred to as the “***Lessor***” or the “***City***”), and Florida Airport Management KAVO, LLC, a limited liability corporation organized and existing under and by virtue of the laws of the State of Florida, having an office at 1535 FL 64, Suite 101, Avon Park, FL 33825 (hereinafter referred to as the “***Lessee***” and, with Lessor, the “***Parties***” and each a “***Party***”). Capitalized terms used in this Agreement have the meaning set forth in Article 1.

**RECITALS**

WHEREAS, Lessor owns the Avon Park Executive Airport, consisting of approximately 400 +/- acres located in Highlands County, State of Florida, being those lands designated in the most recent Airport Layout Plan dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, a copy of which is attached as **Exhibit A**; and

WHEREAS, Lessee is a wholly owned subsidiary of Florida Airport Management, LLC (“***FAM***”), and FAM submitted an unsolicited proposal to the City to lease, design, build, finance, operate and maintain the Airport, and the Parties subsequently agreed to pursue participation the Federal Aviation Administration’s Airport Investment Partnership Program established under 49 U.S.C. § 47134 (“***AIPP***”); and

WHEREAS, Lessor and FAM previously entered that certain Avon Park Executive Airport Management Agreement dated April 22, 2022 (“***Management Agreement***”), pursuant to which FAM manages the Airport on the City’s behalf; and

WHEREAS, the Management Agreement shall automatically terminate if and when Lessor and Lessee enter into another agreement governing the overall lease, operation, and management of the Airport pursuant to the AIPP; and

WHEREAS, on FAA APPROVAL DATE Lessor received approval from the FAA (the “***FAA AIPP Approval***”) of the application for participation in the AIPP dated AIPP APP DATE filed jointly by Lessor and Lessee, and has received certain exemptions from FAA statutory and legal requirements as set forth in the FAA AIPP Approval (“***Revenue Use Exemptions***”); and

WHEREAS, the FAA AIPP Approval included approval of the lease of the Airport from the City to the Lessee pursuant to a lease substantially in the form of this Agreement; and

WHEREAS, Lessor desires that the Airport continue to be operated as a public airport in compliance with all Applicable Laws, regulations, deed restrictions, and in compliance with all applicable FAA and Florida Department of Transportation requirements; and

WHEREAS, Lessee intends and agrees that it shall operate the Airport as a public airport pursuant to the terms set forth in this Agreement and the FAA AIPP Approval; and

WHEREAS, Lessor and Lessee desire that portions of the Airport be further developed for other commercial purposes and uses in accordance with Applicable Laws; and

WHEREAS, Lessor will not become a joint owner with Lessee of the Airport or Airport improvements through this Agreement, and Lessor will not impermissibly pledge its credit to the Lessee in violation of Applicable Laws; and

WHEREAS, Lessor intends that Lessor will not incur any debt or new financial liability in aid of Lessee during the term of this Agreement, and has provided safeguards against Lessee incurring such financial liabilities in case of Lessee’s financial failure; and

WHEREAS, to the extent that Lessee might benefit financially from the Lessor’s assets, the Lessor finds that the public will receive a substantial benefit through Lessee’s experienced, competent, and professional operation, management of the Airport providing Lessor income instead of deficits, and financial stability and responsibly planned future aeronautical growth at the Airport, to meet growing agricultural industry needs which under Lessor’s operation and management has been historically producing a financial detriment to the Lessor instead of benefit; and

WHEREAS, Lessor after careful consideration has concluded that the Airport can best be operated, maintained, improved and developed by private enterprise and private industry, all in accordance with the AIPP, that the lease of the Airport to Lessee on the terms and conditions set forth in this Agreement is in the best interests of the City and of its citizens and is expected to reduce the need for tax revenues to support operation of the Airport, that this Agreement is in the public interest, and Lessor has requested that Lessee operate and engage in further development of the Airport.

NOW, THEREFORE, for good and valuable consideration, including the respective promises and agreements herein contained, Lessor hereby grants to Lessee, and Lessee accepts from Lessor, upon the terms and conditions set forth in this Agreement, the right to design, build, operate, maintain, and lease the Airport, together with the buildings, structures, fixtures, improvements, runways, taxiways, roads, paved areas, facilities, equipment, and personalty and other property of Lessor located or used on or about the Airport, and it is hereby mutually agreed as follows:

# **Definitions and Interpretation**

## Definitions. Defined terms used in this Agreement shall have the meaning set forth below or as elsewhere defined in this Agreement.

### Aeronautical Rates & Charges has the meaning set forth in Section 5.12 of this Agreement.

### Affiliate shall mean any Person that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Lessee and any entity in which the Lessee or a shareholder of the Lessee has an ownership, licensor/licensee or franchiser/franchisee interest or relationship, but if the Lessee shall be a corporation whose voting securities shall be registered with the Securities and Exchange Commission and publicly traded on a regular basis then only such shareholder of the Lessee having an ownership interest greater than five percent (5%). The term “control” (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

### Agreement shall mean this Lease Agreement between Lessor and Lessee, including all Exhibits hereto, as the same may be amended, modified or altered from time to time pursuant to the terms hereof.

### Airport shall mean the Avon Park Executive Airport, the boundaries of which are more particularly shown in **Exhibit A**, including all real property, easements or any other property interest therein as well as all improvements and appurtenances thereto, structures, buildings, fixtures, and all tangible personal property or interest in any of the foregoing; excluding only the site of the Classic Caladiums lease, the ballfields and the site of the City water utility (as each is shown on **Exhibit A**).

### Airport Layout Plan shall mean the airport layout plan for the Airport required by federal law and as approved by the FAA, FDOT and the City and in force from time to time.

### Airport Master Plan shall mean the master plan for the Airport required by federal and State law and as accepted by FDOT and approved by the FAA and the City and in force from time to time.

### Annual Audit shall mean an annual audit to be conducted by an independent certified public accountant licensed in the State of Florida on behalf of the Lessee that has experience in audits of entities that receive State and Federal grants.

### Annual Financial Report shall mean the annual financial report to be prepared by or caused to be prepared by the Lessee each Fiscal Year.

### Applicable Laws means all laws, statutes, ordinances, rules, and regulations (including without limitation Environmental Laws) lawfully adopted, issued or promulgated by any Governmental Authority including, without limitation, those relating to nuisances, financial or business relationships between Lessor and Lessee, or those governing or otherwise applicable to the operation, maintenance, improvement, and development of the Airport, as any of the same may now exist or may hereafter be adopted or amended, modified, extended, re-enacted, re-designated, or replaced from time to time and judicial interpretations thereof.

### Capital Project means any expenditure made by Lessee to acquire, purchase or construct a single capital item or project for the purpose(s) of improving, developing, preserving, or enhancing the aeronautical and non-aeronautical functions of the Airport and having a cost in excess of Fifteen Thousand Dollars ($15,000) and a useful life in excess of one (1) year and shall include associated expenses incurred for development, study, analysis, review, design, or planning efforts.

### City Prior Advances shall mean the funds the City of Avon Park has advanced to the Airport for operations and maintenance expenses of the Airport from other City funds since October 1, 2015 through the Effective Date, as shown in **Exhibit N**.

### City Advances to Airport shall mean funds the City of Avon Park may elect to advance to the Airport from other City funds during the Term of this Agreement.

### City Advances Annual Balance shall mean an annual calculation of: City Prior Advances to Airport *plus* City Advances to Airport *minus* total Lessee payments to the City under this Agreement. Lessee shall include a table showing the City Advances Annual Balance calculation in the Annual Financial Report.

### Commencement Date means the later of (i) the Effective Date of this Agreement or (ii) the date that all Regulatory Approvals have been received.

### Consumer Price Indexor CPI means the consumer price index for all urban consumers (or “***CPI-U***”) published by the U.S. Bureau of Labor Statistics for the most current 12-month period such data is available at the time of the applicable measurement or adjustment under this Agreement. If CPI is no longer calculated by the U.S. Bureau of Labor Statistics, the Lessor Representative shall, in his or her reasonable judgement, select such other index as may be generally published that measures the increase in consumer costs, which index shall be substituted for CPI. Specific dollar amounts referenced in this Agreement as being increased by CPI shall be adjusted by multiplying such amounts by a factor of one (1) plus the percentage increase (but not decrease), if any, in CPI during the most recently ended twelve-month period for which such CPI is available.

### Demised Premises has the meaning set forth in Article 2 of this Agreement.

### Effective Date has the meaning set forth in the initial paragraph of this Agreement.

### Environmental Laws shall mean and include all Federal, State and local statutes, ordinances, regulations and rules relating to environmental quality, health, safety, contamination and clean-up, as they currently exist or may exist in the future, including, without limitation, the Clean Air Act, 42 U.S.C. §7401 *et seq.*; the Clean Water Act, 33 U.S.C. §1251 *et seq.*; the Water Quality Act of 1987; the Federal Insecticide, Fungicide, and Rodenticide Act (“***FIFRA***”), 7 U.S.C. §136 *et seq.*; the Marine Protection, Research, and Sanctuaries Act, 33 U.S.C. §1401 *et seq.*; the Noise Control Act, 42 U.S.C. §4901 *et seq.*; the Resource Conservation and Recovery Act (“***RCRA***”), 42 U.S.C. §6901 *et seq.*, as amended by the Hazardous and Solid Waste Amendments of 1984; the Safe Drinking Water Act, 42 U.S.C. §300f *et seq.*; the Comprehensive Environmental Response, Compensation and Liability Act (“***CERCLA***”), 42 U.S.C. §9601 *et seq.*, as amended by the Superfund Amendments and Reauthorization Act (“***SARA***”), and the Emergency Planning and Community Right to Know Act, and the Radon Gas and Indoor Air Quality Research Act; the Hazardous Material Transportation Act, 49 U.S.C. §9601 *et seq.*; the Toxic Substance Control Act (“***TSCA***”), 15 U.S.C. §2601 *et seq.*; the Occupational Safety and Health Act (“***OSHA***”), 29 U.S.C. §651, *et seq*.; the Atomic Energy Act, 42 U.S.C. §2011 *et seq.*; and the Nuclear Waste Policy Act of 1982, 42 U.S.C. §1010 *et seq.*; all State environmental protection, super lien and environmental clean-up statutes, with implementing regulations and guidelines and all local laws, regulations and ordinances insofar as they are equivalent or similar to the Federal laws recited above or purport to regulate Hazardous Materials, and judicial interpretations of each of the foregoing.

### Existing Agreements shall have the meaning set forth in Section 2.3 of this Agreement.

### Existing Equipment shall have the meaning set forth in Section 2.5 of this Agreement.

### Existing Improvements shall have the meaning set forth in Section 2.4 of this Agreement.

### Expiration Date means (i) the thirtieth (30th) anniversary of the Commencement Date if the First Extension is not exercised, (ii) the fortieth (40th) anniversary of the Commencement Date if the Second Extension is not exercised, (iii) the forty-ninth (49th) anniversary of the Commencement Date if both the First Extension and the Second Extension are exercised, or (iv) any other date if this Agreement is terminated sooner pursuant to the provisions herein.

### FAA means the Federal Aviation Administration created under the Federal Aviation Act of 1958, as amended, or any duly authorized successor agency thereto.

### First Extension shall have the meaning set forth in Article 3 of this Agreement.

### Fiscal Year shall mean the annual accounting period of the City for its general accounting purposes which, at the time of entering into this Agreement, is the period of twelve consecutive months, ending with the last day of September of any year.

### Florida Department of Transportation or FDOT means the executive department of the State that is so designated or any State department that succeeds to FDOT.

### GAAP means generally accepted accounting principles as in effect from time to time in the United States applied on a consistent basis.

### Governmental Authoritymeans any Federal, State, county, municipal or other governmental entity (including the City in its governmental capacity), or any subdivision thereof, with authority over the Airport.

### Grant Agreement means a written contract between Lessor or Lessee and any of the following: (i) the United States of America, (ii) any federal agency or department, including but not limited to the FAA or TSA, (iii) FDOT, (iv) a not for profit Person, or (v) a private Person, in each case, for financial assistance for Capital Projects at the Airport, its operation, or its maintenance.

### Hazardous Materials shall mean and include any materials, substances, chemicals, or elements in any physical state (liquid, solid, gaseous/vapor) that are prohibited, limited, or regulated by Environmental Laws, or any other substances, chemicals, materials, or elements that are defined as “hazardous” or “toxic,” under Environmental Laws, or that are known or considered to be harmful, hazardous, or injurious to human health or safety or the environment.

### Indemnified Party or Indemnified Parties means the City, its successors, and assigns, and each of its Council members, officers, officials, employees, agents, contractors, subcontractors, and volunteers.

### Initial Term shall have the meaning set forth in Article 3 of this Agreement.

### Leasehold Mortgage shall have the meaning set forth in Section 12.1 of this Agreement.

### Lessee Equity Investment means the amounts Lessee or an Affiliate of Lessee has paid from its own funds for the following:

#### Pursuit costs for securing this Agreement as shown in Exhibit Q.

#### Operations and maintenance of the Airport during the term of the Agreement in accordance with the annual Airport Budget.

#### Airport Capital Projects to which the City does not hold title.

### Lessee Parties means the Lessee and its directors, members, officers, employees, agents, contractors, subcontractors and subtenants.

### Lessee’s Representative means a Person designated by Lessee to act as a liaison between Lessee and Lessor during the Term of this Agreement.

### Lessor Parties means the City, and each of its Council members, officers, officials, employees, agents, contractors, and subcontractors.

### Lessor’s Representative means a Person designated by Lessor to act as a liaison between Lessor and Lessee during the Term of this Agreement.

### Net Revenue shall mean all amounts collected or received as rent, fees, or other charges by Lessee under an agreement, sublease or for services provided at the Airport, less Lessee’s actual and reasonable costs of providing such facilities or services.

### Person means a firm, association, partnership, limited liability company, trust, corporation, and other legal entity, including a Governmental Authority, as well as a natural person.

### Pre-Existing Environmental Condition means the presence in soil, rock, bedrock, sediment, surface water, groundwater, drinking water, or other environmental media (including soil vapors or gases) on, under, in, or around the Demised Premises of any Hazardous Materials or any substance, material, or matter regulated under Environmental Laws or any substance, material, or matter for which liability or standards of conduct may be imposed under Applicable Laws and which Lessee demonstrates were present on or before the Commencement Date, and including any subsequent migration, movement, or transformation of such substances, materials, matter, or Hazardous Materials after the Commencement Date.

### Regulatory Approvals means all FAA, FDOT, and Avon Park City Council approvals required for the transfer of the leasehold of the Airport from Lessor to Lessee.

### Rent means Annual Base Rent, as increased periodically, and Additional Rent, Transaction Rent and all other amounts due from Lessee to Lessor under this Agreement, each as set forth in Article 4 of this Agreement.

### Revenue Use Exemptions means, pursuant to the AIPP, the exemptions granted to the City and Lessee by the FAA from certain statutory and contractual requirements pertaining to the use of revenue generated on the Airport.

### Second Extension shall have the meaning set forth in Article 3 of this Agreement.

### State shall mean the State of Florida.

### State of Good Repair means safe, fully functional, not in need of repair, and meeting or exceeding the minimum threshold for FAA and FDOT standards or other applicable regulations or standards.

### Term shall mean the period between the Commencement Date and the Expiration Date.

### Third-Party Environmental Condition means the presence in soil, rock, bedrock, sediment, surface water, groundwater, drinking water, or other environmental media (including soil vapors or gases) on, under, in, or around the Demised Premises of any Hazardous Materials or any substance, material, or matter regulated under Environmental Laws or any substance, material, or matter for which liability or standards of conduct may be imposed under Applicable Laws, and the presence of which Lessee demonstrates were or are caused or permitted by any Person not affiliated with Lessee or any Lessee Party, and whether or not such substances, materials, matter, or Hazardous Materials were or are present on, before, or after the Term Commencement Date.

### Transportation Security Administration or TSA means the Transportation Security Administration created under the Aviation and Transportation Security Act (“***ATSA***”), Public Law 107-71 of 2001, as amended, or any successor agency thereto.

Additional capitalized words and phrases used in this Agreement but not defined in this Article 1 shall have the meanings set forth in the Recitals or other Articles, as applicable.

## Interpretation.

### References in the text of this Agreement to articles, sections, or exhibits pertain to articles, sections or exhibits of this Agreement unless otherwise specified.

### The terms “hereby,” “herein,” “hereof,” “hereto,” “hereunder,” and any similar terms used in this Agreement refer to this Agreement.

### Any headings preceding the text of the articles and sections of this Agreement, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction, or effect.

### Words importing the singular shall include the plural and vice versa and the use of the masculine gender shall include the feminine and neuter genders and vice versa.

## Incorporation of Exhibits.

The following Exhibits are hereby made a part of this Agreement:

Exhibit Title

Exhibit A Airport Layout Plan and Description of Demised Premises

Exhibit B Airport Master Plan

Exhibit C Existing Agreement Inventory

Exhibit D Existing Improvement Inventory

Exhibit E Existing Equipment Inventory

Exhibit F Existing Grant Inventory

Exhibit G Reserved

Exhibit H-1 General Required Federal Provisions

Exhibit H-2 Construction Required Federal Provisions

Exhibit I Required Sublease Provisions

Exhibit J Approvals Requiring City Council Action

Exhibit K Master Procurement Policy

Exhibit L Environmental Baseline Investigation

Exhibit M Conservation Easement

Exhibit N City Prior Advances to Airport

Exhibit O Rates and Charges Policy

Exhibit P Transition Plan

Exhibit Q Lessee Pursuit Costs

Exhibit R Performance Standards

# **Grant of Rights to Lessee**

## Lease of Demised Premises. Lessor, for and in consideration of the rents, covenants and agreements hereinafter reserved on the part of Lessee, its successors and assigns, to be paid, kept and performed, hereby agrees to lease to Lessee, and Lessee does hereby lease and accept from the Lessor, the real property known as the Avon Park Executive Airport, together with the buildings, structures, fixtures, improvements, runways, taxiways, roads, paved areas, facilities, equipment, and personalty and other property of Lessor located or used on or about the Airport, excluding and subject only to easements and other matters of record, the Classic Caladiums leasehold, the ballfields and the City’s water utility, all as more specifically bounded and described in **Exhibit A** (the “***Demised Premises***”). In the event that additional real property is acquired by the City for airport purposes and included within the boundary of the Airport (“***Additional Property***”), such Additional Property may be added to the Demised Premises by an amendment to this Agreement executed by both the Lessor and Lessee as set forth in Section 19.9. Any proposed amendments to the Airport Layout Plan must be approved by the Lessor before submission to the FAA and FDOT for approval by the FAA and FDOT. The Lessee acknowledges that it has had the opportunity to inspect the Demised Premises and, subject to the provisions of Section 17.4 regarding site investigation and preparation of an Environmental Baseline Investigation, Lessee takes the Demised Premises “AS-IS, WHERE-IS” with all faults and without representations or warranties by the City as to the condition, fitness or any other matter with respect to the Demised Premises. For the avoidance of doubt, this grant of lease from Lessor to Lessee is subject and subordinate to that certain City of Avon Park Compensation Parcel Conservation Easement (the “***Conservation Easement***”), attached to this Agreement as **Exhibit M**, granted by the City to the United States Fish and Wildlife Service (“***FWS***”) for the benefit of certain endangered species, and Lessee agrees that FWS or its agent may enter onto the Airport and inspect that portion of the Airport subject to the Conservation Easement in order to exercise the FWS’s rights and obligations pursuant to the Conservation Easement, subject to reasonable safety and security requirements that may be imposed by Lessee.

## Right to Operate. Subject to the specific conditions and obligations set forth in Article 5 and this Agreement, Lessor hereby grants Lessee the right and obligation to operate and manage the Airport at all times as a public-use airport. Lessee agrees and acknowledges that it has a responsibility and obligation under this Agreement to maintain and continue the operation of the Airport for public, aviation use.

## Existing Agreements.

### Effective as of the Commencement Date, Lessor shall transfer or assign all of its interests, rights, and obligations in the existing leases and agreements in effect at the Airport that are listed on **Exhibit C** (“***Existing Agreements***”) to Lessee, subject to reverter as provided in Section 5.17. Lessor shall take all necessary steps to accomplish such assignment and transfer, including any recording or authorization required under Applicable Laws. Lessee acknowledges that it will have no interest in any existing leases or agreements between Lessor and a third party that are not set forth on **Exhibit C**.

### Lessor shall transfer any and all security deposits and prepaid rents under the Existing Agreements (to the extent not theretofore applied), if any, in its possession as of the Commencement Date and Lessee hereby assumes all obligations of the Lessor thereunder as if Lessee were an original signatory thereto arising on and after the Commencement Date. Lessee acknowledges and agrees that it has had an opportunity to review the Existing Agreements and that it shall faithfully comply with Lessor’s former obligations under the Existing Agreements.

### Lessor represents, to the best of its knowledge, that, as of the Effective Date:

#### all obligations of Lessor under the Existing Agreements required to be performed prior to the Effective Date have been performed or will be performed prior to the Commencement Date, at Lessor’s expense;

#### no counterparties have been granted any rent-free occupancy, no rents have been paid more than one month in advance, and no counterparty will have any right of set-off or counterclaim;

#### all of the Existing Agreements are in compliance with the permitted uses of the Demised Premises and in compliance with all Applicable Laws and are in full force and effect and are valid and subsisting;

#### neither the Lessor nor any counterparty is in default under the Existing Agreements;

#### the Existing Agreements constitute all of the leases, permits, contracts, and agreements affecting the Demised Premises (except for any existing Grant Agreements) and no modifications or amendments thereto not provided to Lessee have been entered into as of the date hereof, nor will any modifications or amendments thereto be entered into except as set forth herein or as otherwise approved by Lessee; and

#### Lessor has the authority to assign the Existing Agreements without the consent of any other party to the Existing Agreements or will secure such consent before assignment.

### The assignment hereunder includes any and all claims, rights or causes of action existing in favor of Lessor against any Person arising out of any of the Existing Agreements for the payment of rents, fees, charges or other monies payable thereunder which are due and payable prior to the Commencement Date of this Agreement or which are due and payable subsequent to the said Commencement Date but cover activities, operations, occupancy, services, or other operations which have occurred or been performed prior to the Commencement Date of this Agreement but are payable thereafter. With respect to any Existing Agreements which provide for payment in such a manner so that the precise amount due cannot be determined until the end of any fixed periods as may be specified thereunder, a proper apportionment shall be made between the Lessor and Lessee as to the amounts due to the Lessor and Lessee. Lessee shall be responsible for and shall indemnify and hold harmless Lessor from and against all claims and demands of the parties to said Existing Agreements arising out of the performance or non-performance thereof from and after the Commencement Date of this Agreement through the Expiration Date. Lessor shall be responsible for and shall indemnify and hold harmless the Lessee from and against all claims and demands of the parties to said Existing Agreements arising out of the performance or non-performance thereof prior to the Commencement Date of this Agreement. Lessor shall be responsible for and shall indemnify and hold harmless Lessee from and against all claims of whatever nature arising prior to the Commencement Date of this Agreement.

## Existing Improvements. Subject to the specific conditions set forth in this Agreement, Lessor hereby grants Lessee the right and obligation to use, lease, repair, operate, finance, and maintain the permanent improvements and fixtures on the Airport and specifically set forth on **Exhibit D** (“***Existing Improvements***”). All Existing Improvements shall remain property of Lessor for the Term of this Agreement. Lessee agrees and acknowledges that it has had an opportunity to examine and inspect the Existing Improvements and accepts them in “AS-IS, WHERE-IS” condition. Lessee shall not remove, demolish, or otherwise substantially modify the Existing Improvements except to the extent either (x) (a) such actions are set forth in an approved Airport Master Plan, (b) the Existing Improvement to be demolished is not subject to a lease or sublease to a third party, and (c) if such Existing Improvement is necessary for the operation of the Airport, a replacement is in service before the demolition or (y) the Lessor provides its prior written consent.

## Equipment. Within thirty (30) days of the Commencement Date, Lessor agrees to transfer or assign its interests or rights in the equipment at the Airport that is listed on **Exhibit E** (“***Existing Equipment***”) to Lessee. Lessee shall become the owner of the Existing Equipment (except as otherwise specified) and shall have sole responsibility for repair, maintenance, and upkeep of the Existing Equipment. Lessee agrees and acknowledges that it has had an opportunity to examine and inspect the Existing Equipment and accepts it in “AS-IS, WHERE-IS” condition. Lessee further acknowledges that it shall not sell or dispose of the Existing Equipment, nor remove the Existing Equipment from service at the Airport (except for regular repair or maintenance purposes) without written permission of Lessor. Lessee further acknowledges that it will have no interest in any equipment owned by Lessor and located at the Airport and not set forth on **Exhibit E**. Upon expiration or termination of this Agreement, the Existing Equipment shall remain property of Lessee unless otherwise specified on **Exhibit E**. The rest of this Section 2.5 notwithstanding, Lessor shall retain title to, and ownership of, any Existing Equipment purchased pursuant to any Grant Agreement; provided, however, that Lessee may use and shall operate and maintain such Existing Equipment.

## Employees. Lessor represents and warrants to Lessee that, as of the Effective Date, there are no employees at the Airport of Lessor covered by a collective bargaining agreement.

# **Term**

## Initial Term. The initial term of this Agreement (“***Initial Term***”) shall begin on the Commencement Date and continue for a period of thirty (30) years, unless sooner terminated pursuant to the provisions of this Agreement.

## First Extension. Subject to the conditions set forth in this Section 3.2, Lessee shall be entitled to extend the Term of this Agreement by an additional ten (10) years beyond the end of the Initial Term (“***First Extension***”). In order for the First Extension to become effective:

### No later than 180 days nor earlier than 365 days before the expiration of the Initial Term, Lessee must give written notice to Lessor of its intent to exercise the First Extension.

### Avon Park City Council (or any successor governing body of Lessor) must approve the First Extension, which approval will not be unreasonably withheld if the following conditions are met by Lessee:

### (i) Lessee must not be delinquent in its payment of Rent or any other charges due to Lessor under this Agreement.

### (ii) Lessee must not be in violation, default, or breach of any of the terms and conditions of this Agreement.

### (iii) Lessee must not be in violation of any Applicable Laws, including without limitation any assurances under any Grant Agreement.

### (iv) An inspection by the City or its agent shall confirm that the Demised Premises are being operated and maintained in accordance with the terms of this Agreement.

### (v) Lessee has substantially complied with, and is then in substantial compliance with, the Performance Standards set forth at Exhibit R.

### (vi) The results of the most recent preceding two (2) tenant surveys and FDOT annual inspections required under the Performance Standards show Lessee has received no less than “satisfactory” ratings from at least 65% of the tenants surveyed and from the FDOT annual surveys.

### (vii) Lessee has been making satisfactory progress, as determined by the City, on undertaking and completing the projects as set forth in the then-effective Master Plan approved by the City. Should the City determine that Lessee’s progress has not been satisfactory, City will give notice of such determination to the Lessee and Lessee shall have ninety (90) days to commence and thereafter diligently pursue such projects.

## Second Extension. If Lessee exercises the First Extension, then, subject to the conditions set forth in this Section 3.3, Lessee shall be entitled to extend the Term of this Agreement by an additional nine (9) years beyond the end of the First Extension (“***Second Extension***”). In order for the Second Extension to become effective:

### No later than 180 days nor earlier than 365 days before the expiration of the First Extension, Lessee must give written notice to Lessor of its intent to exercise the Second Extension.

### Avon Park City Council (or any successor governing body of Lessor) must approve the Second Extension, which approval will not be unreasonably withheld if the following conditions are met by Lessee:

### (i) Lessee must not be delinquent in its payment of Rent or any other charges due to Lessor under this Agreement.

### (ii) Lessee must not be in violation, default, or breach of any of the terms and conditions of this Agreement.

### (iii) Lessee must not be in violation of any Applicable Laws, including without limitation any assurances under any Grant Agreement.

### (iv) An inspection by the City or its agent shall confirm that the Demised Premises are being operated and maintained in accordance with the terms of this Agreement.

### (v) Lessee has substantially complied with, and is then in substantial compliance with, the Performance Standards set forth at Exhibit R.

### (vi) The results of the most recent preceding two (2) tenant surveys and FDOT annual inspections required under the Performance Standards show Lessee has received no less than “satisfactory” ratings from at least 65% of the tenants surveyed and from the FDOT annual surveys.

## Holding Over.

### In the event that Lessee, at the request of or without objection by Lessor, shall continue to occupy the Demised Premises beyond the Term of this Agreement, such holding over shall not constitute a renewal of this Agreement, but shall be considered a month-to-month tenancy only, with or without the consent of the Lessor. The month-to-month tenancy shall be subject to all terms and conditions of this Agreement. No such holding over shall be deemed to operate as a renewal or extension of the Term. Such month-to-month tenancy may be terminated by Lessor or Lessee by giving thirty (30) days prior written notice of said termination to the other party at any time.

## If Lessee (excluding any sublessee under an approved sublease) shall hold over in any portion of the Demised Premises after the termination of this Agreement and the Lessor objects or does not consent to such holdover, Lessee shall occupy such portion of the Demised Premises as a tenant at will. During such tenancy, Lessee shall pay to Lessor one hundred fifty percent (150%) of Base Annual Rent for each period beginning after such termination, and the Lessor reserves the right to determine Base Annual Rent according to any methodology permitted under Applicable Laws.

# **Rent and Credits for Investments**

## Base Annual Rent. In consideration for the lease of the Demised Premises and grant by the City to Lessee of the other rights under this Agreement, beginning on the Commencement Date and for each year during the Term, Lessee agrees to pay Lessor annual rent of $XXXXXXXXX[[1]](#footnote-1) (“***Base Annual Rent***”). Base Annual Rent, as increased as provided herein, is due on the first day of each Fiscal Year. If the Commencement Date occurs on a day other than the first day of a Fiscal Year, Lessee will pay a prorated portion of Base Annual Rent due for the first year of the Initial Term.

## Increases to Base Annual Rent.

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## (a) The Base Annual Rent shall increase on the anniversary of the Commencement Date and every year thereafter (including the First Extension and the Second Extension, if applicable) by a rate computed by multiplying the then-effective Base Annual Rent by a fraction, the denominator of which is the CPI for the third month preceding the Commencement Date, and the numerator of which is the CPI for the third month immediately preceding the date when such increase to the Base Annual Rent is scheduled to take effect.

### (b) Base Annual Rent shall be adjusted on the fifth (5th) anniversary of the Commencement Date and every five (5) years thereafter, including each of the First Extension and the Second Extension (each a “***Readjustment Date***”) to “fair market rent” determined as follows: Lessee shall select an appraiser that meets all applicable FAA and FDOT standards and shall provide the City with the name and qualifications of its proposed appraiser no less than two hundred and ten (210) days prior to the applicable Readjustment Date. The City may accept or reject Lessee’s proposed appraiser, in its reasonable discretion, until no less than one hundred and eighty (180) days prior to the Readjustment Date, after which Lessee’s proposed appraiser shall be deemed accepted. Without cost to the City, Lessee shall cause its appraiser to prepare an appraisal of the Demised Premises and deliver the final product to the City no later than sixty (60) days prior to the Readjustment Date. The City may either accept the results of such appraisal or reasonably request changes to be made. The City reserves to the right to obtain a separate appraisal at its sole cost. No less than thirty (30) days prior to the Readjustment Date, the City shall notify Lessee of the adjusted Base Annual Rent utilizing the results of the appraisal(s). In all cases, the appraisers used by both parties shall be duly licensed and have at least ten (10) years’ experience in the appraisal of similar general aviation airport and commercial/industrial real property in the State and shall be members of reputable professional organizations such as the Appraisal Institute and a professional credential equal to a Member of the Appraisal Institute (MAI).

### The City may also establish a Readjustment Date in addition to every five years in the event that Lessee is awarded a grant by a Governmental Authority for improvements to the Airport upon completion of such improvements.

The “fair market rent” shall be the amount that a ready and willing tenant would pay, as of the applicable Readjustment Date as annual rent for the Demised Premises if the same were exposed for lease on the open market for a reasonable period of time, all in accordance with guidelines and requirements as established by the FAA from time to time. If a single appraiser is chosen, then such appraiser shall determine the fair market rent. Otherwise, the fair market rent shall be the arithmetic average of the two (2) of the three (3) appraisals which are closest in amount, and the third appraisal shall be disregarded. Lessor and Lessee shall instruct the appraiser(s) to complete their determination of fair market rent not later than five (5) months prior to the applicable Readjustment Date.

After calculation of the increases in rentals under this Section 4.2, the resulting amount shall then become the new “Base Annual Rent.”

## Additional Rent. Lessee shall pay to Lessor the following amounts as “***Additional Rent***” on the same schedule as the Base Annual Rent, unless a different schedule is otherwise specified. The payment for Additional Rent shall identify the specific items that are being reimbursed to the City in adequate detail for the City to credit the appropriate City account.

#### On or prior to the Commencement Date, fifty percent (50%) of the fees and expenses incurred by the City (net of any expenses paid with applicable grant funds) in the review, negotiation and execution of this Agreement, including legal, financial and outside advisor fees.

#### Any amounts paid or debts incurred by the City for or related to the Airport on and after the Commencement Date either as a result of Lessee’s failure to comply with its obligations under this Agreement or at the request of Lessee; provided, however, that the City shall not be required to pay any amounts or incur any debts if Lessee fails to comply with its obligations under this Agreement.

#### City Advances to Airport, which may be paid in a lump sum or amortized as follows, provided that any such amortization shall include payment of interest at the then-effective rate established by the United States Department of the Treasury:

##### City Advances to Airport for operations or routine maintenance expenses, paid in equal annual amounts over the shorter period of ten years or the remaining years of the Initial Term, starting in the year after the City Advance is made.

##### City Advances to Airport for Capital Projects to which the City does not hold legal title, paid in equal amounts over the remainder of the Initial Term, starting in the year after the City Advance is made.

##### City Advances to Lessee for use at the Airport which take the form of a loan, paid in accordance with the terms of the loan agreement.

#### City Prior Advances to the Airport (Loans) in the aggregate principal amount of $975,756 as follows:

##### Resolution 15-09, dated May 18, 2015, in the original amount of $470,000 from the Sanitation Fund, with remaining annual payments of $16,910.00, as shown in **Exhibit N**.

##### Resolution 15-10, dated May 18, 2015, in the original amount of $300,000 from the General Fund, with remaining annual payments of $15,799.94, as shown in **Exhibit N**.

##### Additional City Prior Advances in the amount of $143,230.58 advanced under the Management Agreement, as shown in **Exhibit N**.

## Credits for Investment in the Airport.

### Subject to the specific conditions set forth in this Section 4.4, Lessee shall be entitled to credits against Rent for private capital expended by Lessee and invested in the Airport (“***Rent Credits***”). Any amount or expenditure that Lessee intends to claim as a Rent Credit must meet all of the following criteria:

#### The amount of any credit shall be directly spent by Lessee from Lessee’s (or an Affiliate’s) own funds or loans provided by an institutional lender (as defined in Section 12.1(a)) to Lessee to be repaid from Lessee’s own funds;

#### The amount of any credit shall be spent on an aeronautical Capital Projects or on the acquisition of Additional Property pursuant to Section 19.9 for aeronautical purposes, and title to such Capital Project or Additional Property will become immediately held by the Lessor under the Agreement; and

#### The amount of any credit shall be specifically identified as a Rent Credit and approved in advance of the actual expenditure, in writing, by Lessor.

### Expenditures made by Lessee and subsequently reimbursed to Lessee through any Federal, State, or local grant program or economic development initiative shall not be eligible for a Rent Credit.

### Lessee shall have sole responsibility for tracking and accounting for Rent Credits and related expenditures. Lessee shall provide such documentation to Lessor as Lessor may reasonably request to demonstrate that a requested Rent Credit meets all of the requirements of this Section 4.4 within a reasonable time period upon Lessor’s written request. Rent Credits shall first be applied against any outstanding Additional Rent owed by Lessee. If Lessee intends to apply a Rent Credit against any or all of the Rent for a particular annual payment, Lessee must provide Lessor with a written statement including:

#### The amount of Rent Credit to be applied towards the annual payment;

#### The Capital Project or Additional Property upon which the expenditures were made;

#### Receipts, invoices, or other documents demonstrating that Lessee has made the expenditures or incurred other costs properly treated under GAAP as the cost of a Capital Project (e.g., the allocable costs of staff time devoted exclusively to oversight of Capital Projects and the like) intended to be applied as Rent Credit;

#### If the Rent Credit in any year is greater than the Rent due, then the total remaining amount of the Rent Credit remaining and available to Lessee shall continue to be available for application against future payments of Rent; provided, however, in no event shall Lessor be obligated to pay Lessee for any unapplied Rent Credits; and

#### The Lessee shall include a supplementary chart of all claimed Rent Credits in the Annual Financial Report and as part of the Annual Audit.

### Lessee understands and agrees that any unused Rent Credit remaining as of the Expiration Date will not be reimbursed, paid, or otherwise compensated by Lessor.

## Place of Payment. Rent shall be payable to Lessor at the address below or any other address or by wire or ACH payment as directed by the Lessor to Lessee in writing.

### City of Avon Park

### 110 E. Main Street

### Avon Park, FL 33825

## Late Fees. Any Base Annual Rent or Additional Rent remaining unpaid after the due date shall incur interest at a rate of five percent (5%) per month until paid by Lessee.

## Transaction Rent. In the event of a Sale or Refinancing, as defined herein, Lessee shall pay to Lessor as Transaction Rent (i) an amount equal to fifty percent (50%) of the Sale Proceeds, subject to the following sentence, and (ii) an amount equal to fifty percent (50%) of the Net Refinancing Proceeds of each Refinancing, any such amount to be paid simultaneously with the occurrence of the Sale or Refinancing (“***Transaction Rent***”). After the first ten (10) years of the Term, the Transaction Rent shall be reduced to forty percent (40%) of the Sale Proceeds, and each five (5) years thereafter, the Transaction Rent due on sale shall be reduced by an additional five percent (5%) until the twenty-fifth (25th) year of the Term and thereafter, when Transaction Rent shall be twenty-five percent (25%) of Sale Proceeds.

### Not less than five (5) days prior to the anticipated closing of a Sale or Refinancing (whether or not Lessee anticipates that the Sale or Refinancing will result in the obligation to pay Transaction Rent to Lessor), Lessee shall deliver a statement in reasonable detail to Lessor setting forth the estimated amount of Transaction Rent anticipated to be due upon the closing of such Sale or Refinancing, and the calculation thereof, based on costs and other amounts that are known to Lessee (or Lessee’s good faith estimates thereof) as of the time of such statement. Such statement shall include an itemized estimate of the following (to the extent applicable): (a) the amount of the gross Sale Proceeds (without any deduction as provided for in the definition of “Sales Proceeds” contained in this Section below) or Refinancing Proceeds; (b) with respect to a Refinancing, (i) the outstanding principal amount of the debt to be repaid with the Refinancing Proceeds, (ii) each of the other amounts deducted by Lessee from the amount of Refinancing Proceeds in accordance with the definition of “Net Refinancing Proceeds” set forth below in calculating the Net Refinancing Proceeds, together with reasonable supporting documentation therefor, (iii) the amount of Net Refinancing Proceeds resulting from the transaction, and (iv) the amount of Transaction Rent to be due in connection with the such Refinancing; and (c) with respect to a Sale, (i) each of the amounts deducted by Lessee from the amount of gross Sale Proceeds in accordance with the definition of “Sale Proceeds” set forth below in calculating the Transaction Rent, together with reasonable supporting documentation therefor, (ii) the amount of Sale Proceeds resulting from the transaction, and (iii) the amount of Transaction Rent to be due in connection with such Sale. On the day of closing of the applicable Sale or Refinancing, Lessee shall deliver to the Lessor an updated version of such statement, certified as correct by an authorized officer of Lessee, together with the amount of Transaction Rent (if any) due in connection with such Sale or Refinancing.

### As used in this Section, “Refinancing” shall mean any direct or indirect financing or refinancing of Lessee’s leasehold interest in the Demised Premises, or any portion thereof (including any mortgage financing or refinancing, sale-leaseback, mezzanine financing, or other transaction of a similar nature), other than (i) any financing received from the direct or indirect holder of any equity interests in Lessee or an Affiliate, such as a member or partner loan, provided that such loan does not constitute a permitted leasehold mortgage, (ii) equipment and other purchase money financing, (iii) any loans or financing transactions, other than a sale-leaseback, to the extent the proceeds thereof are not used to repay all or any portions of the outstanding balance of a prior direct or indirect financing of Lessee’s leasehold interest in the Demised Premises, or any portion thereof, and (iv) any financing obtained by a purchaser of the leasehold interest in the Demised Premises to finance such purchase.

### As used in this Section, “Refinancing Proceeds” shall mean the gross proceeds of a Refinancing.

### As used in this Section, “Sale” shall mean any direct or indirect, voluntary or involuntary (i) sale, transfer or assignment including sales, assignments and transfers by operation of law, by merger, or consolidation, or otherwise (any of the foregoing a “Transfer”) by Lessee of all or any portion of Lessee’s leasehold interest in the Demised Premises, including an assignment of this Agreement; (ii) the acquisition by a direct or indirect owner of an equity interest in Lessee (or its Affiliate) of more than fifty percent (50%) of the equity interests in Lessee; (iii) any transfer of equity interests in Lessee which, when taken together with all Transfers of equity interest in Lessee between such parties or their Affiliates, aggregates to a Transfer of more than fifty percent (50%) of the equity interests in Lessee, or otherwise results in a change in control of Lessee; (iv) in the case of a Transfer of any indirect ownership of any equity interests in Lessee, any such Transfer which, when taken together with all Transfers of indirect ownership of any equity interests in Lessee between such parties or their Affiliates aggregates to a Transfer of indirect ownership of more than fifty percent (50%) of the equity interest in Lessee, or otherwise results in a change of control of either Lessee or such indirect owner of more than fifty percent (50%) of the equity interest in Lessee; and (v) in the case of a Transfer of either direct or indirect ownership of not more than fifty percent (50%) of the equity interest in Lessee by any one Person, the Transfer of all or a portion of such ownership as part of a series of related transactions with other direct or indirect owners of an equity interest in Lessee such that the cumulative effect of such related transactions is to Transfer to a Person or its Affiliates ownership (whether direct or indirect) of more than fifty percent (50%) of the equity interest in Lessee or control of either Lessee or such indirect owners of more than fifty percent (50%) of the equity interests in Lessee.

### As used in this Section, “Sale Proceeds” shall mean the gross proceeds of a Sale less (x) the gross price paid by the owner which is selling Lessee’s leasehold interest in the Demised Premises or such portion thereof or such equity interest (direct or indirect) in Lessee, as the case may be, which is the subject of the Sale for which Sale Proceeds are being determined, to acquire the same, whether in the form of cash or in the form of the assumption of then-outstanding indebtedness encumbering Lessee’s leasehold interest in the Demised Premises or such portion thereof or such equity interest (direct or indirect) in Lessee (as the case may be) so purchased, (y) any prepayment penalties, yield maintenance premiums or other similar amounts required to be paid by Lessee to the holder of the debt which is to be repaid with the proceeds of such pending Sale by reason of the prepayment of such debt prior to its stated maturity, and (z) the reasonable and actual documented customary closing costs paid to third parties which are not an Affiliate of Lessee in connection with such Sale (including any transfer taxes, brokerage fees or commissions, reasonable attorney’s fees, and other closing costs) provided that the reduction on account of all of the payments and costs described in this clause (z) shall not exceed, in the aggregate, two percent (2%) of the gross proceeds of such Sale. With respect to the first Sale of Lessee’s leasehold interest in the Demised Premises or a portion thereof or an equity interest (direct or indirect) in Lessee (as the case may be), there shall be substituted for the amount described in the foregoing clause (x) the greater of either (i) the fair market value of Lessee’s leasehold interest in the Demised Premises or such portion thereof or such equity interest (direct or indirect) in Lessee (as the case may be), based on an appraisal of the fair market value of Lessee’s leasehold interest in the Demised Premises satisfactory to the Lessor, a copy of which appraisal has been provided by Lessee to the Lessor. In the case of a Sale of less than the entire Lessee’s leasehold interest in the Demised Premises or less than the entire equity interest in Lessee, the amounts described in the foregoing clause (x) and in the immediately preceding sentence shall be calculated on a pro rata basis to reflect the portion of such leasehold interest in the Demised Premises or such equity interest which is the subject of such Sale.

### Lessee shall provide written notice to Lessor prior to commencing any negotiations for sale of its leasehold interest to a separate entity. Any sale of Lessee’s leasehold interest under this Agreement shall be subject to the Lessor’s prior written consent as provided in Section 38 of this Agreement.

## Reinvestment of Portion of Net Revenue. Subject to the terms and conditions of this Agreement, Lessee may retain a portion of the Net Revenue generated from its activities authorized under this Agreement at the Airport, with such portion to be based upon the amount of Net Revenue, with such Net Revenue to reset at the beginning of each Fiscal Year. The portion of Net Revenue not retained by Lessee must be reinvested into the Airport’s aeronautical facilities by Lessee under this Agreement, and Lessee must provide information on the use of such Net Revenues in the annual budget and Annual Financial Report as specified in Article 6. The portion of Net Revenues available to Lessee shall be as follows:

### For all Net Revenue between One Dollar ($1.00) and Two Hundred Fifty Thousand Dollars ($250,000), Lessee shall be entitled to retain ninety percent (90%) of such Net Revenues;

### For all Net Revenue between Two Hundred Fifty Thousand and One Dollars ($250,001) and Five Hundred Thousand Dollars ($500,000), Lessee shall be entitled to retain eighty percent (80%) of such Net Revenues;

### For all Net Revenue between Five Hundred Thousand and One Dollars ($500,001) and One Million Dollars ($1,000,000), Lessee shall be entitled to retain sixty percent (60% of such Net Revenues);

### For all Net Revenue between One Million and One Dollars ($1,000,001) and Two Million Dollars ($2,000,000), Lessee shall be entitled to retain fifty percent (50%) of such Net Revenues;

### For all Net Revenue between Two Million and One Dollars ($2,000,001) and Three Million Dollars ($3,000,000), Lessee shall be entitled to retain thirty percent (30%) of such Net Revenues; and

### For all Net Revenue above Three Million and One Dollars ($3,000,001), Lessee shall be entitled to retain fifteen percent (15%) of such Net Revenues.

### The Net Revenues that are not retained by Lessee pursuant to clauses (a) through (f) above shall be deposited in a special account and expended by the Lessee (or the Lessor) solely for the capital and operating costs of the Airport or other local facilities owned or operated by the Lessor or the Lessee and directly and substantially related to the air transportation of passengers or property. Upon expiration or earlier termination of this Agreement, all Net Revenue in such special account shall become property of the City.

# **Operation and Management of Airport**

## General Obligation. Lessee agrees to operate and manage the Airport as a public use airport in accordance with (a) the City’s State of Florida Airport License (which Lessee shall maintain in force at all times during the Term), (b) the obligations of the Lessor and Lessee to the Federal Government under all Applicable Laws, (c) all existing Grant Agreements in effect at the time of execution of the Agreement (as set forth on **Exhibit F**) and any future Grant Agreements (except as such Grant Agreements may be modified by the Revenue Use Exemptions), (d) all Applicable Laws, and (e) the provisions of this Agreement. Lessee expressly accepts and shall assume legal responsibility for compliance with all Grant Assurances of Lessor in force on the Commencement Date and those assumed by Lessee on and after the Commencement Date (except as such Grant Agreements may be modified by the Revenue Use Exemptions.) In furtherance of this general covenant, but without limiting its general applicability, the Lessee specifically agrees to:

### operate the Airport for the use and benefit of the public;

### make available all Airport facilities and services to the public on fair and reasonable terms and without unjust discrimination, in accordance with 49 USC 47134(c)(1); and

### provide space on the Airport, to the extent available, and to grant rights and privileges for use of the landing area facilities of the Airport to all qualified Persons desiring to conduct aeronautical operations on or at the Airport.

## Airport License. Lessee shall be responsible for obtaining the annual renewal of the State of Florida Airport License for the Airport from FDOT.

## Maintenance, Improvement and Modernization of the Airport. Lessee shall maintain, improve and modernize the Airport and keep the Airport in compliance with all applicable FAA and FDOT requirements at all times during the Term of this Agreement. On or prior to the Commencement Date, Lessee will provide Lessor and the FAA with a five-year capital improvement plan. Lessee shall maintain a five-year capital improvement plan, and regularly provide Lessor and the FAA with proposed updates to such capital improvement plan. Such capital improvement plan shall identify the sources of funds to be used for capital development, including Airport revenues provided by the Lessor and Lessee. If funds are to be borrowed, Lessee shall identify the expected sources, anticipated repayment terms and the source of revenues to be used for repayment, as well as financial security provisions. Submission of the capital improvement plan shall represent a commitment by Lessee to use commercially reasonable efforts to undertake the projects within the time periods specified in such capital improvement plan.

## No Exclusive Right. It is specifically understood and agreed that nothing contained in the Agreement shall be construed as granting or authorizing the granting of an exclusive right that would be prohibited by Section 308(a) of the Federal Aviation Act. Furthermore, Lessee shall not take any action nor enter into any agreement or sublease which would have the effect of creating such an exclusive right on the Airport. The Parties acknowledge and agree that the lease of the entire Airport by Lessor to Lessee under the AIPP is a permitted exception to said prohibition on the grant of exclusive rights.

## Aerial Approaches. Lessee shall ensure that the aerial approaches to the Airport are protected from hazards and obstructions, including but not limited to vegetation, on-Airport structures, and wildlife, and shall comply with all applicable FAA regulations under 14 C.F.R. Part 77. Lessee’s obligation under this Section notwithstanding, Lessor reserves the right to take all actions, at Lessee’s cost, necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the Lessee from erecting, or permitting to be erected, any building or other structures on the Airport which, in the opinion of the Lessor, limits the usefulness of the Airport or constitutes a hazard to aircraft.

## Grant Agreements.

### On the Commencement Date, Lessee shall become the federal or state obligated sponsor of the Airport for all existing Grant Agreements and shall be the obligated sponsor for all future Grant Agreements. Accordingly, it is understood that as between Lessor, Lessee and the federal or State counterparties to the Grant Agreements, Lessee shall assume responsibility for compliance with all existing and future Grant Agreements, except as expressly provided in the revenue use exceptions approved by the FAA in the AIPP Approvals. Notwithstanding the foregoing, Lessor hereby reserves such rights and authority so as to ensure that the Airport will be operated and maintained in accordance with Applicable Laws, including without limitation all contractual assurances entered into, or hereinafter entered into, in Grant Agreements between Lessor or Lessee and FAA and/or FDOT.

### Lessee shall indemnify and hold harmless Lessor against the loss of any grant funds, and shall pay the Lessor the amount of such funds lost, if such loss is caused in whole or in part by Lessee’s noncompliance with any conditions of any Grant Agreements or mismanagement of the Airport.

### This Agreement shall be subject and subordinate to any and all applicable provisions of Grant Agreements now or hereafter entered into by the City for improvement of the Airport.

## Non-Aeronautical Construction and Operations. Lessee acknowledges and agrees that the approval and formal release of the FAA and FDOT will be necessary for any nonaeronautical construction or use on those portions for the Demised Premises presently shown on the FAA-approved Airport Layout Plan for the Airport as dedicated exclusively for aviation purposes. Lessee shall be primarily responsible to seek and secure any necessary approvals, including but not limited to a formal release from the FAA and FDOT and shall provide notice to Lessor as soon as reasonably practical of its intention to seek any such approvals. Lessee shall be primarily responsible for the preparation of materials or documents necessary to seek such approval, and Lessor shall be responsible for submission of any final request for non-aeronautical use and/or release to the FAA or FDOT under this Section 5.7.

## Transition Plan. The Parties acknowledge and agree that pursuant to the Management Agreement, Lessee has submitted, and Lessor has approved, a written plan describing those Capital Projects and improvements to the Airport (if any) necessary for safe and secure operation of the aeronautical facilities at the Airport to be undertaken by Lessee within five (5) years of the Effective Date of the Management Agreement (the “***Transition Plan***”). The Transition Plan is attached hereto as **Exhibit P**. Lessee is obligated to construct such Capital Projects and undertake such other improvements as reflected in the Transition Plan.

## Aeronautical Operations. Lessor and Lessee agree, and Lessee hereby covenants with Lessor, that Lessee shall operate and maintain the Airport as a public airport and in accordance with all Applicable Laws and shall further operate the Airport in compliance with all Grant Agreements and State licensing requirements. Lessee shall have the right to engage in any or all purposes permitted pursuant to Applicable Laws and Grant Agreements, including, but not limited to the following non-exclusive rights and privileges:

### the handling and accommodation of operators, crews and travelers arriving at or departing from the Airport by aircraft, including appropriate security procedures;

### the storage, parking, maintenance and servicing of aircraft in covered and open areas;

### the sale, maintenance, repair, servicing, overhaul, conversion and modification of aircraft, and aircraft engines, assemblies, accessories and component parts;

### the storage and sale of aviation fuel and for the fueling of aircraft, subject to Article 18 regarding Tanks;

### the charter and leasing of aircraft;

### schools for the training of aeronautical pilots, mechanics, repairmen, navigators, and dispatchers and other aeronautical personnel;

### the storage, parking, maintenance, servicing and fueling of automotive vehicles, automotive equipment and other equipment owned or operated by the Lessee in connection with the operation of the Airport or by other persons using the Airport for other purposes authorized hereunder;

### the operation of stores, concessions and other consumer service activities, reasonably appropriate for the accommodation of operators, crews, and travelers arriving at or departing from the Airport by aircraft, and other persons doing business with or who are the guests of Lessee, or other users of the Airport;

### the fabrication, manufacture, testing and development of aeronautical products or aeronautical materials which will be tested, used or installed in aircraft at the Airport;

### all operational, administrative, office and other such related functions in connection with the activities authorized hereunder;

### scheduled aircraft operations;

### air transport operations;

### sightseeing operations; and

### any and all commercial, hotel, office, farming, industrial, and/or manufacturing purposes and uses that are not incompatible with the continuing operation of the Airport as a public airport and are in compliance with all Applicable Laws, including without limitation those relating to the cultivation and processing of agricultural products. Lessee shall not permit the cultivation or processing of controlled substances at the Airport.

## Maintenance and Operating Obligations. Lessee agrees that it will keep the Airport open for operations, subject only to Force Majeure (as defined in Article 30), or restrictions imposed by a Governmental Authority with jurisdiction over the Airport and will operate the Airport to meet the reasonable requirements of the users of the Airport, it being understood that this does not require that the landing areas be open for use at all times or that any specific service will be available at all times. Lessee shall maintain the safety and security of the Airport at the highest possible levels and ensure that all Airport tenants, users and the general public are aware of and comply with all applicable safety and security measures undertaken by Lessee or required by Applicable Laws. Lessee shall consult regularly with the FAA and TSA regarding maintenance of such safety and security standards. It is specifically agreed that nothing contained herein shall preclude Lessee from subcontracting the performance for any such work or services to others, provided that the overall administration and control of the Airport is exercised by Lessee. Lessee shall have the following specific obligations to be performed in accordance with Applicable Laws, Grant Agreements, and all applicable FAA standards (including but not limited to any applicable regulatory requirements, Advisory Circulars, and Airports Standard Operating Procedures), but this list is not intended to limit the generality, obligations, or rights of Lessee under this Agreement:

### Operate and maintain the landing area, runways, taxiways, and appurtenant areas in a safe and usable condition;

### Furnish or supervise systems for provision of adequate aviation fuel, water, and other utility systems as deemed necessary or appropriate under the circumstances;

### Operate and maintain the Terminal building, vehicle parking areas, and roadways;

### Provide appropriate personnel for the efficient and effective operation and maintenance of the Airport, and its security and to meet emergencies at all times, with the understanding that Lessee shall benchmark its staffing and budget to similar airports, as designated from time to time by FDOT;

### Furnish, supply, and maintain such equipment, material and tools customarily used for airport purposes and reasonably necessary or appropriate for the proper operation of the Airport, including maintenance of such equipment belonging to Lessor, at Lessee’s expense, and which equipment shall be under the exclusive control of Lessee during the term of this Agreement;

### Arrange and pay for all water, sewer, electric, gas, telephone, internet, stormwater drainage, and other utilities necessary at the Airport, and shall coordinate all such activities with Lessor to the extent necessary; provided, however, that Lessee shall not drill any wells for potable water or other water use that would reduce the City’s current or future water use allocations. Lessor agrees to fully cooperate with Lessee in connection therewith. Lessor represents to Lessee that all necessary lines, wires, pipes, and systems necessary for providing water, sewer, electric, gas, telephone and other utilities at the Airport, are now installed and in place at the Airport and all such utilities are now and will be in good working order on the Commencement Date and are adequate for the Demised Premises as presently constituted;

### Take such reasonable actions as may be appropriate or necessary to mitigate the adverse effects of noise from Airport operations as would be required of a public airport and respond to complaints regarding Airport noise within forty-eight (48) hours;

### Undertake and complete capital projects in accordance with FAA and FDOT standards, including without limitation all applicable Grant Assurances and Advisory Circulars, maintain the Airport in a State of Good Repair and correct any deficiencies noted in the annual FDOT inspection within thirty (30) days, or such longer period as may be approved by FDOT; and

### Take such reasonable actions as may be appropriate or necessary to mitigate the adverse effects on the environment from Airport operations to the same extent as at a public airport.

## Leasing and Subleasing.

### Lessee shall assume Lessor’s rights under the Existing Agreements, and such Existing Agreements shall become subleases of the portions of the Demised Premises, as applicable. Lessee shall be entitled to retain all revenues and proceeds under the terms of such Existing Agreements except as specifically set forth in **Exhibit C**. Lessee may renew, extend, or terminate the Existing Agreements in accordance with their individual terms.

### To further the purposes set forth in this Article 5, Lessee may sublease portions of the Demised Premises and/or the Existing Improvements under the following conditions:

#### Any sublease must be in a form approved by Lessor, including standard terms and conditions set forth in **Exhibit I**;

#### Lessee shall charge rents and fees that are reasonable and not unjustly discriminatory to all users, including the assessment of similar rents and fees for similarly situated users, and such rents, fees, and charges also shall be consistent with the requirements set forth in Section 5.12 herein;

#### Any sublease shall contain a provision stating that all covenants, promises, conditions, and obligations contained in this Agreement and the Grant Agreements shall bind the sublessee, and its respective heirs, legal representatives, successors, and assigns and that such sublease shall be subject and subordinate to this Agreement and the Grant Agreements;

#### Any sublease shall contain a provision under which the sublessee agrees attorn its interests in the sublease to Lessor or allows the Lessor to terminate such sublease if this Agreement expires or is terminated (except that no Lessor right of termination shall be required where Lessor has specifically approved a particular sublease) or the Lessor assumes operation of the Airport pursuant to the terms of this Agreement before the expiration or termination of the sublease; and

#### The term of any sublease shall not be longer than the lesser of (x) the remainder of the Term of this Agreement (including both Extension Terms) and (y) thirty (30) years.

### Provided that the sublease complies with the other requirements and conditions of this Section 5.11, Lessee is not prohibited from entering into a sublease that would exceed the Term of this Agreement (including the First and Second Extensions), except that any sublease which would extend beyond the Term of this Agreement must be approved by Lessor’s City Council.

### Lessee shall be entitled to retain all revenues and proceeds under the terms of any sublease entered into pursuant to Section 5.11(b).

### Any sublease or assignment of any portion of the Demised Premises entered into by Lessee that does not satisfy the requirements set forth in this Section 5.11 shall be void *ab initio* and shall be considered an Event of Default under this Agreement.

## Aeronautical Rates and Charges. Subject to the terms and conditions in this Section and its Rates and Charges Policy, attached as **Exhibit O**, Lessee may set and collect rates, rents, fees, and charges for the lease and/or use of aeronautical facilities at the Airport (“***Aeronautical Rates & Charges***”). Lessee shall ensure that the Aeronautical Rates & Charges are reasonable and not unjustly discriminatory to all users, including the assessment of similar Aeronautical Rates & Charges for similarly situated users. No less than ninety (90) days prior to the beginning of each Fiscal Year, Lessee shall establish and publish a proposed list of Aeronautical Rates and Charges that shall be applicable for the upcoming Fiscal Year. Within thirty (30) days thereafter, Lessee shall hold a meeting at the Airport and provide no less than fifteen (15) days’ prior written notice to all owners of based aircraft and other aeronautical tenants at the Airport for the purpose of consulting with such owners and other tenants. Lessee shall give due consideration to such comments and within thirty (30) days following such meeting, Lessee shall publish the final list of Aeronautical Rates and Charges that shall be applicable for the upcoming Fiscal Year. Lessee shall not increase any Aeronautical Rates & Charges at a rate greater than CPI without prior approval from Lessor, except pursuant to an appraisal process as set forth in the Rates and Charges Policy. Provided that Lessee has complied with the provisions of this Section and the Rates and Charges Policy, no City approval shall be necessary for Lessee to publish its revised list of Aeronautical Rates and Charges for each Fiscal Year. However, Lessee may only increase the Aeronautical Rates & Charges during a Fiscal Year with prior approval from Lessor. Lessee may request to modify the Rates and Charges Policy and replace **Exhibit O** with an updated Rates and Charges Policy, but such updated Rates and Charges Policy shall not become effective under this Agreement until Lessee receives written approval from Lessor.

## City’s Right to Act in Lessee’s Place. Lessee acknowledges that, as the owner and sponsor of the Airport, Lessor is obligated to comply with the assurances set forth in its Grant Agreements and that Lessor must retain sufficient rights and powers in order to do so. If Lessee shall fail to operate or maintain the Airport in accordance with the requirements of this Agreement, including without limitation, in violation of any Grant Assurance, as determined by the FAA or the Lessor in its or their sole discretion, the Lessor shall provide written notice to Lessee setting forth the specific failures and/or violations. No later than ten (10) days from Lessee’s receipt of such notice, Lessee shall prepare and deliver to Lessor a written compliance action plan for correction of all such failures and/or violations, and Lessee shall promptly commence and diligently complete the tasks and other requirements of such plan. If Lessee fails to provide such compliance action plan within ten (10) days or promptly and diligently undertake reasonable steps to fulfill the compliance plan thereafter, Lessor may enter upon and occupy the Demised Premises and take such actions as it may determine to be necessary under the circumstances to cure such failure or violation and continue to occupy the Demised Premises for such period of time as may be necessary to complete such cure. Any and all costs incurred by Lessor in effecting any such cure shall be reimbursed by Lessee, plus an additional 15% for administrative overhead, as Additional Rent within thirty (30) days after Lessor provides an invoice therefor.

## Procurement of Goods and Services. Lessee shall develop and submit to the Lessor for its review and approval policies and procedures for procurement of goods and services which shall be generally consistent with the City’s own policies and procedures for procurement of goods and services and which, to the extent permissible under Applicable Laws, shall prioritize provision of such goods and services by Permanent Residents of the City or the County. Subject and subordinate to the requirements of Applicable Laws, Lessee shall comply with the Master Procurement Policy attached as **Exhibit K**, as such policy may be revised in order to comply with revisions to procurement requirements under Applicable Laws. The City shall reasonably cooperate with Lessee if necessary to facilitate the procurement of goods, services, or equipment under a Grant Agreement.

## Lessee’s Right to Terminate. Lessee shall have the right to terminate this Agreement on the tenth (10th) anniversary of the Commencement Date by giving the Lessor no less than six (6) months prior written notice of Lessee’s determination to terminate this Agreement on such tenth anniversary. Upon such termination, any amounts that may be due to Lessee from Lessor shall be forgiven by Lessee in consideration of the early termination of this Agreement.

# **Financial Documentation; Performance Bonds**

## Annual Budgets, Reports, Audits, and Plans.

### No later than June 30 of each calendar year during the Term, Lessee shall provide Lessor with a proposed annual budget for the operation of the Airport, including key positions described in Article 34, rates and charges, operating and capital expenses for the following Fiscal Year. Each annual budget shall be subject to Lessor’s review and comment.

### If the Lessee plans to request City Advances to Airport for the next Fiscal Year the Lessee shall provide a written request to the City Manager including the proposed annual budget for operation of the Airport and specifically outline the proposed use of the City funds no later than May 1 of each calendar year.

### If and to the extent that Lessee seeks to obtain Community Reinvestment Act (“CRA”) funds or other funding from the Lessor for one or more Capital Projects at the Airport, Lessee shall include in the proposed annual budget for the upcoming Fiscal Year the amount sought and justification for the Lessor’s expenditure of such funds for such Capital Project(s), including the expected economic benefits to the City of such Capital Project and new jobs expected to be created. The City, in its sole and absolute discretion, acting by and through the City Council or CRA, may grant all or some of such funds or determine not to provide any funds for such Capital Project(s).

### Together with the proposed annual budget, Lessee shall submit a proposed schedule of Capital Projects and major maintenance to be performed at the Airport during the upcoming Fiscal Year, which shall be consistent with the then-effective Airport Master Plan. Each Capital Project plan shall be subject to Lessor’s review and comment.

### No later than ninety (90) days after the end of each Fiscal Year during the Term, Lessee shall provide Lessor with an annual financial report on the operations of the Airport and Lessee for the preceding Fiscal Year (“***Annual Financial Report***”) including a reconciliation of the adopted budget for such Fiscal Year to actual revenues and expenses. Each Annual Financial Report shall be prepared by a certified public accountant and conform to GAAP and any applicable financial reporting requirements of FAA and FDOT. The Annual Financial Report shall include relevant information for grants and supplementary information in accordance with any requirements of the Grant Agreements and Applicable Laws. Lessee shall include a table showing the City Advances Annual Balance calculation in the Annual Financial Report.

### No later than one hundred and fifty (150) days after the end of each Fiscal Year during the Term, Lessee shall provide Lessor with an Annual Audit of the Annual Financial Report.

### Lessee shall be solely responsible for making any and all required financial reports to the FAA. Lessor agrees to cooperate in the preparation and submission of such reports as necessary.

## Operating Bond.

### During the Term, Lessee shall provide and maintain a bond in favor of Lessor from an “A” rated or higher bonding company qualified to do business in the State in an amount no less than one hundred percent (100%) of the projected annual operating budget for the following Fiscal Year (“***Operating Bond***”). Lessee shall cause such Operating Bond to be adjusted each Fiscal Year of the Term to reflect the annual operating budget for that Fiscal Year. Lessee shall provide written documentation of the amount of the Operating Bond to Lessor at the beginning of each Fiscal Year.

### If Lessor terminates this Agreement pursuant to an Event of Default by Lessee or Lessee otherwise fails to perform its obligations under this Agreement and Lessor subsequently incurs costs, expenses, or losses to remedy such nonperformance, Lessor shall be entitled to the proceeds of the Operating Bond.

## Monthly and Annual Reports and Plans.

### No later than the first day of each month, Lessee shall provide to the Lessor a report or post the report on the Airport public internet site monthly and fiscal year to date Airport operational data including but not limited to number of operations, gallons of fuel pumped, and fees collected by Lessee.

### No later than the first day October of each Fiscal Year, Lessee shall provide to Lessor an annual report, setting forth for the previous twelve months (i) Capital Projects completed, (ii) monthly Airport operational data Lessor may reasonably request (including but not limited to number of operations, gallons of fuel pumped, and fees collected by Lessee), (iii) a description of routine maintenance performed, (iv) the monthly operational and maintenance costs, and (v) the year-to-date budget.

### Upon request of the FAA, Lessee shall also provide a copy of such reports to the FAA.

## Reserved.

## Handback Bond.

### In addition to the Operating Bond, no later than three years prior to the scheduled Expiration Date, as extended by the First Extension and Second Extension, if exercised as provided in this Agreement, Lessee shall provide and maintain a bond in favor of Lessor from an “A” rated or higher bonding company qualified to do business in the State in an amount no less than one hundred and fifty percent (150%) of the projected annual operating budget for the following Fiscal Year (“***Handback Bond***”) for each year until the end of the Term. Lessee shall provide written documentation of the amount of the Handback Bond to Lessor.

### Lessee shall maintain the Handback Bond for at least one (1) year after the Expiration Date. Lessor shall be entitled to a claim against and recover from the Handback Bond under any of the following circumstances:

#### Lessee’s failure to return the Demised Premises, including all improvements thereto, in good and operational condition, reasonable wear and tear excepted;

#### Lessee’s failure to pay any amount of Additional Rent required under this Agreement; and

#### Any sum expended by Lessor to remedy any failure of Lessee to comply with the terms of this Agreement.

### In the event the Lessor draws on the Handback Bond prior to the end of the Term, the Lessee shall ensure that the Handback Bond is immediately replenished and subsequently maintained at no less than one hundred and fifty percent (150%) of the projected annual operating budget for the following Fiscal Year.

# **Recordkeeping and Government Audits**

## Maintenance of Records. Lessee shall maintain in accordance with GAAP complete records of its operations at the Airport under this Agreement. Lessee shall ensure, at a minimum, that such records are sufficient to demonstrate compliance with all Applicable Laws and Grant Agreements.

## Public Records. Lessee shall comply with Florida Public Records law under Chapter 119, Fla. Stat. Records made or received in conjunction with this Agreement are public records under Florida law, as defined in Section 119.011(12), Fla. Stat. Lessee shall keep and maintain public records required to perform the services under this Agreement.

## This Agreement may be unilaterally canceled by Lessor for refusal by Lessee to either provide public records to Lessor upon request, or to allow inspection and copying of all public records made or received by Lessee in conjunction with this Agreement and subject to disclosure under Chapter 119, Fla. Stat., and Section 24(a), Article I, Florida Constitution.

## If Lessee meets the definition of “contractor” found in Section 119.0701(1)(a), Fla. Stat.; [i.e., an individual, partnership, corporation, or business entity that enters into a contract for services with a public agency and is acting on behalf of the public agency], then the following requirements apply:

### Pursuant to Section 119.0701, Fla. Stat., a request to inspect or copy public records relating to this Agreement for services must be made directly to Lessor. If Lessor does not possess the requested records, the Lessor shall immediately notify Lessee of the request, and if required by the Public Records Act Lessee must provide the records to Lessor or allow the records to be inspected or copied within a reasonable time. If Lessee fails to provide the public records to Lessor or allow inspection required by law within a reasonable time, Lessee may be subject to penalties under s. 119.10, Fla. Stat.

### Upon request from Lessor’s custodian of public records, Lessee shall provide Lessor with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in Chapter 119, Fla. Stat., or as otherwise provided by law.

### Lessee shall identify and ensure that all public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the Agreement term and following completion of the Agreement if the Lessee does not transfer all the records to Lessor.

### Upon termination of the Agreement, Lessee shall transfer, at no cost to Lessor, all public records in possession of Lessee or keep and maintain public records required by Lessor to perform the services under this Agreement. If Lessee transfers all public records to Lessor upon completion of the Agreement, Lessee shall destroy any duplicate public records that are exempt or confidential and exempt from public disclosure requirements. If the Lessee keeps and maintains public records upon completion of the Agreement, the Lessee shall meet all applicable requirements for retaining public records. All records that are stored electronically must be provided to Lessor upon request from Lessor’s custodian of public records, in a format that is accessible by and compatible with the information technology systems of Lessor.

### **IF LESSEE HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE LESSEE’S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS AGREEMENT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT BY TELEPHONE AT (863) 452-4405, BY EMAIL AT** **cityclerk@avonpark.city****, OR AT THE MAILING ADDRESS BELOW:**

### **City Clerk**

### **City of Avon Park**

### **110 E. Main Street**

### **Avon Park, FL 33825**

## Right of Audit. Upon reasonable notice to Lessee, Lessor or its agents, or the FAA pursuant to the Grant Agreements, may inspect, review, and audit any and all records of Lessee pertaining to the Airport or this Agreement. Lessee shall immediately correct any errors, discrepancies, or omissions in records identified by Lessor or the FAA.

## E-Verify.  As a condition precedent to entering into this Agreement, and in compliance with Section 448.095, Fla. Stat., Lessee, and its subcontractors shall, register with and use the E-Verify system to verify work the authorization status of all employees hired after January 1, 2021.

### Lessee shall require each of its contractors and subcontractors to provide Lessee with an affidavit stating that the contractor or subcontractor does not employ, contract with, or subcontract with an unauthorized alien. Lessee shall maintain a copy of the contractor or subcontractor’s affidavit as part of and pursuant to the records retention requirements of this Agreement.

### The Lessor, Lessee, or any contractor who has a good faith belief that a person or entity with which it is contracting has knowingly violated Section 448.09(1), Fla. Stat. or the provisions of this section shall terminate the contract with the person or entity.

### The Lessor, upon good faith belief that a contractor knowingly violated the provisions of this section, but Lessee otherwise complied, shall promptly notify Lessee and Lessee shall immediately terminate the contract with the contractor.

### A contract terminated under the provisions of this section is not a breach of contract and may not be considered such. Any contract termination under the provisions of this section may be challenged pursuant to Section 448.095(2)(d), Fla. Stat. Lessee acknowledges that upon termination of this Agreement by the Lessor for a violation of this section by Lessee, Lessee may not be awarded a public contract for at least one (1) year. Lessee further acknowledges that Lessee is liable for any additional costs incurred by the Lessor as a result of termination of any contract for a violation of this section.

### *Subcontracts.* Lessee, and each of its contractors or subcontractors shall insert in any subcontracts the clauses set forth in this section, including this subsection, requiring the subcontractors to include these clauses in any lower tier subcontracts. Lessee shall be responsible for compliance by any a contractor or lower tier subcontractor with the clauses set forth in this section.

## Discriminatory Vendor and Scrutinized Companies List; Countries of Concern. Contractor represents that it has not been placed on the discriminatory vendor list as provided in Section 287.134, Fla. Stat., and that it is not a “scrutinized company” pursuant to Sections 215.473 or 215.4725, Fla. Stat. Contractor further represents that it is not, and for the duration of the Contract will not be, ineligible to contract with County on any of the grounds stated in Section 287.135, Fla. Stat. Contractor represents that it is, and for the duration of this Contract will remain, in compliance with Section 286.101, Fla. Stat.

## Public Entity Crimes. Lessee represents that it is familiar with the requirements and prohibitions of the Public Entity Crime Act, Section 287.133, Fla. Stat., and represents that its entry into this Agreement will not violate that Act. In addition to the foregoing, Lessee further represents that there has been no determination that it committed a “public entity crime” as defined by Section 287.133, Fla. Stat., and that it has not been formally charged with committing an act defined as a “public entity crime,” regardless of the amount of money involved or whether Lessee has been placed on the convicted vendor list.

# **Change in Zoning**

## This Agreement is subject to and expressly conditioned upon Lessee complying with, at Lessee’s sole cost and expense, all building restrictions, zoning regulations, ordinances and amendments and additions thereto, adopted by any Governmental Authority having jurisdiction over the Airport. Lessee may seek, at Lessee’s sole cost and expense, any and all modifications, amendments, permits and/or zoning variances satisfactory to Lessee, which modifications, amendments, permits and/or zoning variances, all as shall be satisfactory to Lessee in its sole discretion, are required or necessary (1) to permit the use of the Airport for any and all purposes and uses set forth in Article 5 herein, including, but not limited to any and all commercial, hotel, office, farming, industrial, and/or manufacturing purposes and uses, and (2) to erect and construct at the Airport any buildings, improvements and/or structures in connection with the use of the Airport for any of the purposes and uses set forth in Article 5 herein. Lessor, acting in its governmental capacity, cannot guarantee a favorable zoning or other authorization of any land use action required to be approved or rejected by Lessor and will in each case judge such requests on their merits in accordance with Applicable Laws.

# **Violations**

## All notices of violations of Applicable Laws issued by any Governmental Authority against or affecting the Demised Premises or any part thereof as of the Commencement Date shall be remedied by Lessor, and the Demised Premises shall be leased to Lessee free of the same.

## On and after the Commencement Date until the Expiration Date, any and all notices of violations of Applicable Laws issued by any Governmental Authority against or affecting the Demised Premises or any part thereof shall be the sole responsibility of Lessee. Lessee shall take all actions necessary to remedy such notice or violations as soon as practicable, at its sole cost and expense.

# **Maintenance and Repair**

## Lessee covenants and agrees that it shall have the responsibility for and shall perform or cause to be performed all repairs and maintenance at the Airport, and shall at all times on and after the Commencement Date keep the Airport in a clean, safe and orderly condition and appearance, take good care of the Airport, maintaining the same at all times in good operating condition, and as may be required by any Governmental Authority having jurisdiction. Any and all repairs shall be of reasonably good quality. The obligation of Lessee hereunder shall not apply to facilities that are maintained by any agencies of the Federal Government. Lessee shall repair or rebuild any buildings, structures, or improvements damaged or destroyed by casualty.

## Notwithstanding anything herein contained to the contrary, Lessee shall make any replacements of Existing Improvements in connection with the maintenance and repair of the Airport as may be necessary for the reasonable operation and maintenance of the Airport. Lessee shall be responsible hereunder to maintain the Airport in good and safe operating condition. Any equipment or personalty purchased or acquired by Lessee during the Term hereof shall at all times remain the property of Lessee, including upon expiration or termination of this Agreement, except for any equipment purchased by Lessor pursuant to a Grant Agreement.

## The City will cooperate with Lessee, to the extent necessary, in the negotiation of any and all present and unknown insurance claims that may be pending or yet to be discovered at the Demised Premises as of the Effective Date.

# **Payment of Taxes and Assessments**

## Lessee covenants and agrees to timely pay all applicable sales, use, real property, intangible and ad valorem taxes of any kind levied against the Demised Premises, the real property and any improvements thereto or leasehold estate created herein, or which result from Lessee’s occupancy or use of the Demised Premises whether levied against Lessee or the Lessor. Lessee shall also timely pay any other taxes or assessments against the Demised Premises or any leasehold estate created by this Agreement. Lessee may reserve the right to contest such taxes and withhold payment of such taxes upon written notice to Lessor of its intent to do so, so long as the nonpayment of such taxes does not result in a lien against the real property or any improvements thereon or a direct liability on the part of the Lessor. The Lessor agrees to immediately forward to Lessee any notices of such taxes and assessments due upon receipt of same.

## Lessee shall not permit any tax lien to be placed against the Demised Premises, Existing Improvements, or any portion of the Airport by reason of non-payment of taxes.

## Lessee shall have the right to apply for and take advantage of any incentive tax reduction programs and special tax assessments, including, without limitation, any such program offered by any Governmental Authority or private lending institution. Lessor agrees to join in any such application and to permit-the same to be brought in its name, and Lessee covenants to indemnify and hold harmless Lessor from any costs or expenses; including reasonable attorney’s fees, incurred thereby.

# **Mortgage Financing**

## Construction Mortgages. Upon the circumstances and subject to the terms contained in this Article, the Lessee shall have the right, in conjunction with undertaking any construction work on the Demised Premises and the financing thereof, to grant a mortgage or mortgages that constitute a lien on only the Lessee’s leasehold interest created by this Agreement or any portion thereof, excluding, however, the airfield improvements at the Airport from any such lien (a “***Leasehold Mortgage***”), and the Parties acknowledge and agree that no lien on Lessor’s fee simple interest in the Airport or the credit of the City or on the airfield improvements may be granted and, if so granted, shall be void *ab initio* and of no force or effect; as well as the buildings and improvements within the Demised Premises or to be erected thereon that are owned by Lessee, to provide both temporary financing and permanent financing for any buildings, structures, or improvements erected and to be erected on the Demised Premises:

### Any such Leasehold Mortgage will be in favor of an institutional lender as mortgagee (“***Leasehold Mortgagee***”). As used herein, an “institutional lender” means any commercial or savings bank, trust company, pension fund or insurance company, savings and loan institution, real estate investment trust, mortgage banker, brokerage or similar organization that is unrelated to Lessee and that is authorized to make such loans within the State.

### Any such Leasehold Mortgage(s), which shall constitute a lien on the whole or any portion of the lease of the Demised Premises, must contain a provision that the mortgagee recognizes that the Leasehold Mortgage does not grant an interest in Lessor’s fee simple interest in the Demised Premises or any interest in the airfield improvements, including the runway(s), taxiways, and aprons, and that no personal liability shall ever attach to or money judgment be sought or obtained against the Lessor by reason of the Leasehold Mortgage.

### Before and during any such construction, the Lessee may draw Expenses from a Construction and/or Development Loan. As used in this Section 12.1 of this Agreement, the term “***Expenses***” means expenses incurred in connection with development of the Demised Premises; the construction, reconstruction, and/or alteration of buildings, structures, runways, taxiways, aircraft apron, and other improvements thereto (collectively, “***Improvements***”); allowances which may be paid to subtenants required by their respective subleases; development costs, including, but not limited to, site preparation, site investigation, temporary improvements, test borings, piling, filling, compacting, dredging, excavation, and demolition; bringing utilities to the Demised Premises; customary and reasonable related professional fees and disbursements, including those of attorneys, architects, brokers, surveyors, and engineers; contractors’ reasonable overhead and profit; fees, charges, and expenses of the applicable mortgagee; commitment fees and other charges with respect to all mortgage loans; interest charges with respect to construction loans, real estate taxes, and insurance premiums incurred before the consummation of the loan secured by the Leasehold Mortgage executed by Lessee; and any and all other costs or expenses which are normal construction and development costs.

## Conditions of Construction Loan. Provided that no liens shall attach to City property or on the airfield improvements but only to Lessee’s leasehold interest under this Agreement, a construction loan shall be subject to such conditions as shall be acceptable to Lessee in its sole discretion.

## Proceeds of Loan Application. If as a result of Lessee’s application, any lender shall require Lessor’s authorization to pay loan proceeds directly to Lessee, Lessor hereby authorizes any lender making any loan to pay the proceeds thereof directly to the Lessee. The Lessor shall execute any appropriate documents required by any such lender for such purpose. If any lender shall refuse to pay the proceeds of any such loan to anyperson other than the Lessor or to Lessor and Lessee jointly, the Lessor shall pay over the proceeds thereof to the Lessee immediately on receipt thereof, and endorse and deliver to Lessee any check made payable jointly to Lessee and Lessor, without liability of Lessor to any such Lender.

## Financing. Lessee shall have the right to finance and refinance any permanent Leasehold Mortgage from time to time upon such conditions as shall be acceptable to Lessee in its sole discretion as long as such terms and conditions are consistent with this Agreement. Not less than thirty (30) days prior to the execution and delivery of the agreements, certificates and other documents relating to the Leasehold Mortgage, including the Leasehold Mortgage itself, Lessee shall provide copies in execution form to the Lessor for its review and comment. As long as such Leasehold Mortgage documents are consistent with the terms and conditions of this Agreement, Lessor approval of such documents shall not be required. If a proposed Leasehold Mortgage does not comply with the terms and conditions of this Agreement, such Leasehold Mortgage is subject to the Lessor’s approval, which may be granted or withheld in Lessor’s sole and absolute discretion.

### In the event. of the financing of the Demised Premises or improvements thereon, subject to the provisions of Section 4.6 regarding Transaction Rent, any excess funds received by Lessee after paying off the prior Leasehold Mortgage in full and, in the event that there is new construction, all items covered in Section 1 of this Article, then, those excess funds will be distributed to the Lessee.

### The Lessor shall incur no personal liability for the payment of any other sum that may be secured or required by a Leasehold Mortgage, or for the performance of any term, agreement, covenant, condition, or provision thereof.

### Any such Leasehold Mortgage shall provide that it must be paid in full before the last six months of the Term of this Lease, as such Term may be extended by the First and Second Extensions thereto, but no Leasehold Mortgage shall have a term of greater than thirty (30) years.

## Leasehold Financing. Lessee is hereby given the right to mortgage all or any portion of its interest in this Lease, subject to Section 12.1, without Lessor’s consent as long as such Leasehold Mortgage documents are consistent with the terms and conditions of this Agreement. Lessor hereby consents to any and all Leasehold Mortgages of the Demised Premises or any portion thereof, excluding all aeronautical facilities necessary for operation of a public airport, including without limitation, the runways, taxiways, ramps and aprons, and all grant-funded improvements (the “***Excluded Assets***”), and agrees that such Leasehold Mortgagee(s) may acquire Lessee’s interest in this Agreement (other than the Excluded Assets) by foreclosure of such Leasehold Mortgage, by assignment of this Agreement in lieu of foreclosure, or otherwise. If Lessee shall mortgage this Agreement (other than the Excluded Assets) or any portion thereof pursuant to a Leasehold Mortgage meeting the requirements of this Article 12, then so long as such Leasehold Mortgage shall remain in effect and an executed counterpart of such Leasehold Mortgage shall have been given to Lessor, then the following provisions will apply:

### There shall be no cancellation, surrender, termination, acceptance of surrender, merger, or modification of this Agreement, by agreement of Lessor and Lessee, without the prior consent in writing of the Leasehold Mortgagee, which consent shall not be unreasonably withheld so long as same shall not adversely affect such Leasehold Mortgagee’s security.

### Lessor shall, upon serving on Lessee any notice of default or any other notice under this Agreement, simultaneously serve in writing, by certified mail, return receipt requested or by hand delivery, a copy of such notice upon any and all Leasehold Mortgagees and any assignees thereof, and no notice of such default or any other notice under this Agreement shall be deemed to have been duly given unless and until a copy thereof has been so served. The Leasehold Mortgagee shall thereupon have the same time within which to remedy or cause to be remedied the defaults complained of asis allowed to Lessee, and Lessor shall accept such performance byor at the instigation of the Leasehold Mortgagee as if such performance had been accomplished by Lessee.

### Anything herein contained notwithstanding, while such Leasehold Mortgage remains in effect, if, before the expiration of ninety days after the date of service of a notice to terminate this Agreement for any reason whatsoever, the Leasehold Mortgagee shall have paid to the Lessor all Rent and Additional Rent and shall have complied, or shall engage in or have commenced the work of complying with the requirements of this Agreement by reason of which default such notice has been sent, or where default is by reason of an act or omission by a subtenant of Lessee, the Leasehold Mortgagee shall have taken appropriate legal action to compel such subtenant to remedy same, then the Lessor shall not be entitled to terminate this Agreement and any such notice of termination theretofore given shall be void and of no effect.

### If Lessor elects to terminate this Agreement by reason of any default of Lessee, the Leasehold Mortgagee shall not only have and be subrogated to all rights of Lessee with respect to curing such default, but shall also have the right to postpone and extend the specified date for the termination of this Agreement as fixed by Lessor in its notice of termination, for such a period of time as the Leasehold Mortgagee shall deem to be necessary to acquire Lessee’s interest in this Agreement by foreclosure of its mortgage, by assignment of this Agreement in lieu of foreclosure, by obtaining possession of the mortgaged property, or otherwise, provided that: (1) the Leasehold Mortgagee shall cure in accordance with subparagraph (c) above any then-existing default and, meanwhile, pay the Rent and perform all of the other requirements of this Agreement required to be performed by Lessee; (2) no further defaults shall accrue hereunder during such extended period; (3) the Leasehold Mortgagee forthwith takes steps to acquire Lessee’s interest in this Agreement by foreclosure of its Leasehold Mortgage, by assignment of this Agreement (other than the Excluded Assets) in lieu of foreclosure, by obtaining possession of the mortgaged property, or otherwise; and (4) Leasehold Mortgagee ensures that qualified personnel are engaged to operate and maintain the Airport at all times as a public use airport in compliance with all Applicable Laws. Notwithstanding anything herein contained to the contrary, any default of Lessee shall be deemed to have been waived by Lessor, and Lessor will not terminate this Agreement, upon completion of such foreclosure proceedings or upon such acquisition of Lessee’s interest in this Agreement by said Leasehold Mortgagee provided that said Leasehold Mortgagee shall have cured any such default in accordance with subparagraph (c) above and no further defaults shall accrue during such extended period. No Leasehold Mortgagee shall be personally liable for Rent hereunder upon default by Lessee unless and until said Leasehold Mortgagee acquires the leasehold estate (other than the Excluded Assets) by foreclosure, assignment of this Agreement in lieu of foreclosure, or otherwise. Any acquisition of the Demised Premises (other than the Excluded Assets) by such Leasehold Mortgagee may be taken in the name of a nominee.

### The name of the Leasehold Mortgagee shall be added to the “Loss Payable Endorsement” of any and all insurance policies required to be carried by Lessee. Lessor will make available jointly and severally to Lessee, to Lessor and to the Leasehold Mortgagee, all insurance proceeds to which Lessee or Lessor may be entitled hereunder, for purposes of restoration of the Demised Premises.

### If anyLeasehold Mortgagee shall acquire title to Lessee’s interest in this Agreement (other than the Excluded Assets), by foreclosure of a Leasehold Mortgage thereon or by assignment in lieu of foreclosure or by an assignment from a designee or subsidiary corporation of such Leasehold Mortgagee, such Leasehold Mortgagee may assign its interest in the Agreement (other than the Excluded Assets) and shall thereupon be released from all liability for the performance or observance of the covenants and conditions in this Agreement contained on Lessee’s part to be performed and observed from and after the date of such assignment.

### In the event of the termination of this Agreement prior to the expiration of the Term, Lessor shall serve upon the holder of such Leasehold Mortgage written notice that the Agreement has been terminated together with a statement of any and all sums which would at that time be due under this Agreement but for such termination, and of all other defaults, if any, under this Agreement. Such Leasehold Mortgagee shall thereupon have the option to obtain a new lease for the portions of the Demised Premises subject to a Leasehold Mortgage (excluding the Excluded Assets) in accordance with and upon the following terms and conditions:

#### Upon the written request of the holder of such Leasehold Mortgage, within thirty days after service of such notice that the Agreement has been terminated, Lessor shall enter into a new lease of the portions of the Demised Premises subject to such Leasehold Mortgage with such holder, or its designee;

#### Such new lease shall be entered into and shall be effective as at the date of termination of this Agreement but shall be prior and superior to all rights, liens and encumbrances that would have been extinguished by foreclosure of the Leasehold Mortgage, and shall be for the remainder of the term of this Agreement and at the Rent and upon all the agreements, terms, covenants and conditions hereof, including any applicable rights of renewal;

#### Such new lease shall require the tenant to perform any unfulfilled obligation of Lessee under this Agreement;

#### Upon the execution of such new lease, the tenant named therein shall pay any and all sums which would at the time of the execution thereof be due under this Agreement but for such termination; and

#### Each subtenant shall be obliged to attorn to the tenant named therein, at said tenant’s option.

### In lieu of obtaining a new lease as aforesaid, the Leasehold Mortgagee shall have the right to demand possession of the portion of the Demised Premises subject to such Leasehold Mortgage, and Lessor, after Lessee’s ouster from the Demised Premises, shall place such mortgagee in possession of such portion of the Demised Premises, and this shall in no way cause a surrender, merger or other impairment of the Agreement or Leasehold Mortgage, but shall be deemed a continuation of the Agreement as to such portion of the Demised Premises as though the same had been assigned by Lessee to the Leasehold Mortgagee.

### It is understood and agreed that Lessee shall be permitted to execute separate Leasehold Mortgages to encumber separate portions or parcels of the Demised Premises. Lessee shall have the right to separate this Agreement into such parts and to create such cross easements upon such separation as may be required by Lessee and/or the respective Leasehold Mortgagees. Such separation of the Agreement and those cross easements created shall survive the foreclosure of any Leasehold Mortgage. A breach of any divided leasehold or any Leasehold Mortgage shall not be deemed abreach of this Agreement, of any other divided leasehold or any other Leasehold Mortgage.

## Lessor agrees to execute any consent agreements, subordination agreements, modifications of this Agreement, modifications of lease agreements, lease or sublease agreements, or any other document(s) or instrument(s) reasonably necessary for the leasing, subleasing or financing of portions of the Demised Premises without Lessor incurring liability thereby and without substantially changing the respective rights and obligations of the parties hereto.

## Lessee shall provide completed forms of Uniform Commercial Code (UCC) filings to the Lessor prior to filing to enable the Lessor to confirm that the UCC filings are consistent with the requirements of this Agreement.

## No Leasehold Mortgage or lien permitted under this Article shall be a mortgage or lien upon the fee interest of Lessor.

## In the event Lessee mortgages any portion of its the leasehold interest, any Leasehold Mortgagee shall be subject to Lessor’s reservation of such rights and authority so as to ensure that the Airport will be operated and maintained in accordance with pertinent Federal and State statutes, regulations and covenants contained in Lessor’s contractual assurances entered into, or hereinafter entered into, in Grant Agreements between Lessor and FAA or FDOT.

# **Governmental Requirements**

## Certificates and Licenses. Lessee shall secure, or cause to be secured, from any and all Governmental Authorities having jurisdiction thereof, all applicable licenses, certificates, permits, or other authorizations and any and all renewals thereof, and shall observe, comply, and obey the provisions of any and all Applicable Laws and the requirements set forth in Section 40.4 of this Agreement which pertain to or apply to the operation, use, or maintenance of the Airport, or any part thereof. Lessor shall at all times assist and cooperate with the Lessee to permit timely compliance with the foregoing, and further provided that if any license or permit is required to be issued in the name of the Lessor because it is the Airport owner or the Airport sponsor, the City shall timely apply for said license or permit upon written request of Lessee, with the assistance and cooperation, and at the sole cost and expense, of Lessee. Nevertheless, Lessor, acting in its governmental capacity, does not guaranty that any licenses will be approved or issued over which Lessor has jurisdiction or approval authority as the applicable Governmental Authority, but will consider such requests or application as it does any other similar application or request.

## Disputes Over Applicability. Lessee shall have the right to contest by appropriate legal proceedings, in the name of Lessee or Lessor or both, without cost or expense to Lessor, the validity or application of any Applicable Laws and, if by the terms of any such law, compliance therewith pending the prosecution of any such proceeding may legally be held in abeyance without the incurrence of a lien, charge or liability of any kind against the Demised Premises or Lessee’s leasehold interest therein, and without subjecting Lessee or Lessor to any liability, civil or criminal, of whatsoever nature for failure so to comply therewith, Lessee may postpone compliance therewith until the final determination of any proceedings, provided that all such proceedings shall be prosecuted with all due diligence and dispatch.

## Rules and Regulations. Lessee shall develop and enforce compliance with the Rules and Regulations for the Avon Park Executive Airport (“***Rules and Regulations***”). Lessee shall take reasonable measures to compel others at the Airport and those doing business with it with respect to the Airport to observe and obey such Rules and Regulations. Lessee may promulgate such additional rules, regulations and fees relating to the governing or conduct of operations at the Airport as Lessee shall deem appropriate for such purposes.

## Security. Lessee and its Lessee Parties shall comply with (i) the provisions of any FDOT or TSA-approved airport security plan for the Airport as from time to time existing, and (ii) applicable regulations of FDOT and the TSA, as from time to time existing. If Lessee or any Lessee Party shall fail or refuse to comply with said measures and such non-compliance results in a monetary penalty being assessed against the City, then, in addition to any other terms of this Agreement, Lessee shall be responsible and shall reimburse the City in the full amount of any such monetary penalty or other damages as Additional Rent.

# **Condemnation**

## Eminent Domain; Cancellation. If, at any time during the Term, the Demised Premises or the Improvements or buildings located thereon or any portion thereof is taken or appropriated or condemned by reason of eminent domain, there shall be such division of the proceeds and awards in such condemnation proceedings and such abatement of the Annual Base Rent and other adjustments made as shall be just and equitable under the circumstances. If the legal title to the entire Demised Premises or any part thereof be wholly taken by condemnation, then Lessee, at its sole option, may terminate this Agreement.

## Apportionment. It is the intent of this Section that, upon condemnation, the parties hereto shall share in all awards to the extent that their interests, respectively, are depreciated, damaged, or destroyed by the exercise of the right of eminent domain.

# **Environmental Regulations**

## Environmental Representations. Notwithstanding any other provisions of this Agreement, and in addition to any and all other Agreement requirements and any other covenants and warranties of Lessee, Lessee hereby expressly warrants, guarantees, and represents to Lessor, upon which Lessor expressly relies that:

### Lessee will comply, and cause all Lessee Parties to comply, with all applicable Environmental Laws in connection with its use and occupancy of the Demised Premises and any Airport facilities and property. In the event of any noncompliance with Environmental Laws, Lessee shall take prompt and appropriate action to address the conditions causing the noncompliance and return to full compliance.

### Lessee is knowledgeable of any and all Environmental Laws without limitation which govern or which in any way apply to the direct or indirect results and impacts to the environmental and natural resources due to, or in any way resulting from, the conduct by Lessee of its operations pursuant to or upon the Demised Premises and the Airport. Lessee agrees to keep informed of future changes in Environmental Laws.

### Lessee agrees to comply with all Environmental Laws applicable to its operations on the Demised Premises and accepts full responsibility and liability for such compliance.

### Lessee, and all Lessee Parties, have been fully and properly trained in the handling and storage of all such Hazardous Materials and other pollutants and contaminants; and such training complies with any and all Applicable Laws.

### Lessee agrees that it will neither handle nor store any Hazardous Materials on the Demised Premises in excess of those required to carry out its permitted uses at the Demised Premises and operation of the Airport and that all such Hazardous Materials will be stored, used and disposed of in accordance with Applicable Laws.

### Lessee shall provide Lessor satisfactory documentary evidence of all such requisite legal permits and notifications as required by Section 15.1 above.

### Lessee agrees to cooperate with any investigation, audit or inquiry by Lessor or any Governmental Authority regarding possible violation of any Environmental Law.

## Generator of Hazardous Waste. If Lessee is deemed to be a generator of hazardous waste, as defined by Applicable Laws, Lessee shall obtain an EPA identification number and the appropriate generator permit and shall comply with all Environmental Laws imposed upon a generator of hazardous waste including, but not limited to, ensuring that the appropriate transportation and disposal of such materials are conducted in full compliance with Environmental Law.

## Inventory List. Lessee shall maintain an accurate inventory list (including quantities) of all such Hazardous Materials, whether stored, disposed of or recycled, available at all times for inspection at any time on the Demised Premises by Lessor officials and also by Fire Department officials or regulatory personnel having jurisdiction over the Demised Premises, for implementation of proper storage, handling and disposal procedures.

## Notification and Copies. Notification of all activities relating to Hazardous Materials by Lessee shall be provided on a timely basis to Lessor or such other agencies as required by Applicable Laws. Lessee shall provide the name of Lessee’s twenty-four (24)-hour emergency coordinator and his or her phone number to Lessor in case of any spill, leak or other emergency situation involving Hazardous Materials at the Demised Premises. Lessee agrees to provide Lessor copies of all permit application materials, permits, monitoring reports, environmental response plan, and regulated materials storage and disposal plans relating to the Demised Premises.

## Violations. If Lessor receives a notice from any Governmental Authority asserting a violation by Lessee of any Environmental Laws or Lessee’s covenants and agreements contained herein, or if Lessor otherwise has reasonable grounds upon which to believe that such a violation has occurred, Lessor or its duly appointed consultants shall have the right, but not the obligation, to enter the Demised Premises, and perform environmental site assessments for the purpose of determining whether there exists any environmental condition that could result in any liability, cost or expense to Lessor. Lessor shall perform such tests on the Demised Premises as may be necessary, in the opinion of the Lessor or its duly appointed consultants, acting reasonably, to conduct a prudent environmental site assessment; provided, however, such environmental site assessment shall not unreasonably interfere with Lessee’s operations or use and enjoyment of the Demised Premises. Lessee shall supply such information as is reasonably requested by the Lessor. If Lessee receives a Notice of Violation or similar enforcement action or notice of noncompliance, Lessee shall provide a copy of same to Lessor within three (3) days of receipt by Lessee or Lessee’s agent.

# **Environmental Contamination and Conditions**

## Within the last sixty (60) days of the Term or thereafter, Lessor shall have the right to have an environmental inspection performed, subject to Lessee’s security and safety requirements, procedures, and controls, to determine the status of any Hazardous Materials, including, but not limited to, asbestos, polychlorinated biphenyls (PCBs), perfluoroalkyl and polyfluoroalkyl substances (PFAS), petroleum products or any fraction thereof, urea formaldehyde, and radon gas existing on the Demised Premises or whether any said substances have been generated, released, stored or deposited over, or then exist beneath or on, the Demised Premises from any source; provided, however, such environmental inspection shall not unreasonably interfere with Lessee’s operations or use and enjoyment of the Demised Premises.

## Except as provided in Article 17, and in addition to any indemnification set forth elsewhere in this Agreement, Lessee hereby indemnifies and agrees to defend and hold harmless the Indemnified Parties from all costs, claims, demands, actions, liabilities, complaints, fines, citations, violations, or notices of violation arising from or attributable to: (i) a presence or release of Hazardous Materials into the environment caused by Lessee or any Lessee Party at the Demised Premises or any Airport facility or property, or the subsurface, waters, air, or ground thereof, in excess of levels allowable by Environmental Laws or the violation of any Environmental Laws at the Airport, including a violation as a result of Lessee’s or any Lessee Party’s management, control, authorization, handling, possession, or use of Hazardous Materials at the Airport; (ii) any breach by Lessee of any of its warranties, representations, or covenants in Articles 15 or 16; or (iii) Lessee’s remediation or failure to remediate Hazardous Materials as required by this Agreement. Lessee’s obligations hereunder will survive the termination or expiration of this Agreement, and will not be affected in any way by the amount of or the absence in any case of covering insurance or by the failure or refusal of any insurance carrier to perform any obligation on its part under insurance policies affecting Airport or any part thereof, except that, in the event that Lessor recovers funds from insurance carriers in connection with claims associated with (i), (ii), or (iii) above, Lessor may not recover the same funds from Lessee. Notwithstanding the foregoing, the Lessee shall have no indemnification obligation under this Section 16.2 for any costs, claims, demands, actions, liabilities, complaints, fines, citations, violations or notices of violation arising from or attributable to any release of Hazardous Substances in, on or under the Demised Premises prior to the date of Lessee’s first occupancy of the Demised Premises (which may pre-date the Effective Date), except to the extent materially exacerbated by the Lessee or any Lessee Party or invitee, or otherwise if Lessee’s use, operation or occupancy of the Demised Premises fails to comply with Environmental Laws.

## Except as provided in Article 17, with regard to any environmental contamination caused by Lessee or arising by reason of Lessee’s use or occupancy of the Demised Premises, Lessee shall promptly take such action as is required by applicable Environmental Laws to clean up and remediate the Demised Premises at its own expense in accordance with Environmental Laws. The remediation must continue until the Governmental Authorities with jurisdiction determine that no further action is necessary in compliance with applicable Environmental Laws; it being understood and agreed that Lessee shall be obligated to clean-up and remediate the Demised Premises to achieve such standards or clean-up levels as are reasonably required by the Lessor for properties at the Airport. If the Lessor is unable, after commercially reasonable efforts, to lease the Demised Premises during the period of cleanup and remediation due to the environmental condition or cleanup work being performed, in addition to any other damages, Lessee shall be responsible for payment of demonstrated lost rent or lost use to the Lessor.

## The firm(s) conducting the site inspection or the site cleanup work must be qualified and approved by Lessor and the Lessee, which approval shall not be unreasonably withheld, conditioned, or delayed, and the scope of work used by such firm(s) shall be consistent with the then current engineering practices and methods required or recommended by the State of Florida and the United States and be acceptable to the Lessor, which acceptance shall not be unreasonably withheld, conditioned, or delayed.

## Lessee understands and agrees that it is strictly liable for any environmental violation or harm, or any contamination to the soil or the water table under the Demised Premises, to the extent caused by Lessee or a Lessee Party or occurring by reason of Lessee’s use or occupancy of the Demised Premises. Said liability shall extend beyond the term of the Agreement.

# **Pre-Existing and Third-Party Environmental Conditions**

##  Notwithstanding anything to the contrary in this Agreement, Lessee shall not be liable for and shall have no obligation or responsibility under this Agreement or otherwise for any Pre-Existing Environmental Condition, or any Third-Party Environmental Condition. Lessor hereby releases, waives, and discharges any and all claims, rights, suits, liabilities, losses, demands, actions, or causes of action, whether arising by statute, regulation, contract, common law, equity, or otherwise (excluding, however, any claims, rights, suits, liabilities, losses, demands, actions, or causes of action arising from the negligence of the Lessee or any Lessee Party) that it may have, now or in the future, against the Lessee or any Lessee Party, all to the extent arising from, connected with, or relating to any Pre-Existing Environmental Condition or Third-Party Environmental Condition, except to the extent that any release or other contamination is exacerbated by Lessee or a Lessee Party.

## Lessor covenants and agrees that it shall undertake, at its sole cost and expense, any notification, investigation, monitoring, clean-up, removal or remediation of any Pre-Existing Environmental Condition or Third-Party Environmental Condition, to the extent required by any Applicable Laws, or as required by any Governmental Authority, whether such action is required now or in the future. In undertaking the foregoing, Lessor shall use commercially reasonable efforts not to unreasonably interfere with Lessee’s operations or Lessee’s use and enjoyment of the Demised Premises. For the avoidance of doubt, the foregoing undertaking shall apply without limitation to any Pre-Existing Environmental Condition or Third-Party Environmental Condition encountered during any construction of Improvements at the Demised Premises performed by Lessee. Lessee further agrees that it shall implement, at its sole cost and expense, erosion control and storm water plans as necessary to comply with Applicable Laws in conjunction with construction of Improvements at the Demised Premises.

## In the event that Lessor or any third-party undertakes any notification, investigation, monitoring, clean-up, removal or remediation of any Pre-Existing Environmental Condition or Third-Party Environmental Condition during the Term of this Agreement, Lessor shall (1) coordinate with Lessee to seek to minimize any disruption to Lessee’s use and occupation of the Demised Premises, and (2) keep Lessee informed of its progress in performing or completing any such actions. Lessee shall be entitled, at its own cost and expense, to reasonably monitor Lessor’s performance and completion of such actions. Such monitoring may include, without limitation: (1) the right to receive copies of all reports, work plans and analytical data generated by or on behalf of the Lessor; all notices or other letters or documents received from or submitted to any Governmental Authority; and any other data, documentation and/or correspondence reasonably requested by Lessee, excepting any such documentation as may be subject to attorney-client privilege or other similar confidentiality restrictions, including without limitation requirements of Governmental Authorities and (2) prior notice of and the opportunity to attend and participate in any material meetings related to such actions.

## Lessee shall perform its own due diligence and conduct an Environmental Baseline Investigation of the Demised Premises prior to or within sixty (60) days after the Commencement Date all in accordance with a scope of work approved by Lessor and Lessee (which approval shall not be unreasonably withheld, conditioned, or delayed), the results of which will be appended to and incorporated in this Agreement as **Exhibit L** upon completion, and the purpose of which is to document any Pre-Existing Environmental Conditions existing on or around the Demised Premises. Upon completion of the Environmental Baseline Investigation, Lessee shall deliver a written report to Lessor, which report will detail the findings of the Environmental Baseline Investigation. Lessee shall have the right in its sole discretion and at its sole expense to conduct additional environmental investigations and sub-surface assessments of the Demised Premises during the Term.

## Lessor’s and Lessee’s rights and obligations under this Article 17 shall survive any termination of the Agreement.

# **Storage Tanks**

Lessee agrees that it will not have any underground or above ground storage tanks (“***Tanks***”) on the Demised Premises unless specifically authorized in writing by Lessor, which authorization shall not be unreasonably withheld, conditioned, or delayed as long as the design, installation and construction of such Tanks complies with then-current requirements of all Governmental Authorities with jurisdiction over such Tanks. If any Tank is authorized by Lessor, Lessee covenants and agrees that it will comply with all Applicable Laws concerning the installation, operation, maintenance and inspection of above ground and underground storage tanks including financial responsibility and corrective action requirements.

# **Construction and Expansion**

## Airport Master Plan. The Airport Master Plan, the current version of which is attached as **Exhibit B** to this Agreement, shall govern the development and construction of Capital Projects on the Airport. Lessee may prepare new or updated Airport Master Plans for review and approval by Lessor’s City Council, which approval will not be unreasonably withheld. It is expressly understood and agreed that from and after the Commencement Date and throughout the Term, Lessee shall not engage in any construction of Capital Projects at the Airport except as consistent with the Airport Master Plan and subject to Lessor’s written approval as set forth below.

## Capital Project Approval Process. If Lessee intends to construct a Capital Project, in addition to compliance with Applicable Laws, including without limitation all applicable State, County and City ordinances, permitting requirements, building codes and zoning requirements, and such Capital Project must be consistent with the Airport Master Plan approved by the City Council. Capital Projects not in the Airport Master Plan or that are consistent with the Airport Master Plan and are estimated to cost $20,000,000 or more must receive written approval of the City Council and notice to proceed from the Lessor.

## Grant Funding.

### From and after the Commencement Date, Lessee shall be considered the airport sponsor of the Airport for the purpose of applying for, receiving and complying with all requirements applicable to federal and State grant funding. Lessee shall comply with the applicable conditions of all Grant Agreements in force on the Effective Date and all Grant Agreements entered into with respect to the Airport on and after the Effective Date. If Lessee fails to comply with the conditions of any Grant Agreement such that Lessor becomes ineligible for the receipt of grant funds, Lessee shall not be entitled to any reimbursement for costs expended on the Capital Project.

## Existing Plans. Upon request of Lessee, to the extent permitted under Applicable Laws and any agreement with an architect or engineer that developed such plans, Lessor shall provide any existing as-built or in-process plans (as of the Commencement Date), specifications, and related materials pertaining to planned or in-progress construction. Lessee may utilize such materials at its sole risk, and Lessor shall have no liability for such use.

## Permits. Lessor covenants and agrees to fully cooperate with. Lessee, without delay, in obtaining any approvals, permits, and licenses as set forth herein at Lessee’s reasonable expense, provided that Lessor’s obligation shall only apply to the extent Lessee seeks such approvals, permits, and licenses from third parties. Notwithstanding anything else in this Agreement, Lessor shall not be obligated under this Agreement to cooperate with Lessee or to take any actions with respect to approvals, permits, or licenses issued by Lessor in its governmental capacity.

## Updated Plans. Lessee shall fully and completely cooperate with Lessor in preparing any updated plans or other regulatory documents at such times as they may be required by Applicable Laws or any Governmental Authority. Lessor shall file in its own name any applications and execute any documents in connection with such updated plans.

## Other Construction. Lessee may, from time to time, and at Lessee’s expense, engage in such construction and activities other than Capital Projects so as to enhance the Demised Premises. All such development and construction by Lessee shall be reasonably calculated to enhance the Demised Premises, and be undertaken in compliance with all Applicable Laws.

## Title to Improvements. Upon completion of any work or construction by or on behalf of Lessee using Lessee’s own funds, title thereto and to any Improvements shall vest and remain in Lessee until the earlier of (x) thirty (30) years after the substantial completion of such Improvements or (y) termination of this Agreement or any renewal thereof, at which time title shall pass to Lessor, subject to the provisions of Section 21.3. Lessee shall provide a copy of as-built drawings for any such Improvement to Lessor within sixty (60) days of the date of substantial completion of any such Improvement. Title to the other buildings or improvements of tenants or subtenants at the Airport shall pass to Lessor upon the termination of this Agreement. Title to Improvements constructed pursuant to any FAA or FDOT Grant Agreement shall remain with Lessor.

## Additional Property Acquisition.

### Lessee shall not utilize any property adjacent to the Demised Premises for aeronautical or Airport purposes without written approval from Lessor.

### If Lessee desires that Additional Property be added to the Demised Premises for its use for permissible purposes under this Agreement, it must submit a written request to the Lessor requesting that the Lessor acquire such Additional Property. Such request must contain the boundaries of the potential Additional Property, the reason the acquisition is necessary and/or desirable, and the amount of funds, if any, that Lessee will contribute towards the acquisition.

### Upon such written request from Lessee, Lessor may, in its sole and absolute discretion, (i) purchase such Additional Property (with or without contribution from Lessee), (ii) exercise powers of eminent domain to condemn such Additional Property, or (iii) decline to acquire such Additional Property.

### Subsequent to Lessor’s acquisition of any Additional Property, Lessee shall promptly update the Airport Layout Plan and Airport Master Plan to reflect the changes. Any such changes to the Airport Layout Plan must be approved by the FAA and FDOT before the Additional Property shall become part of the Demised Premises and available for Lessee’s use under this Agreement.

# **Mechanic’s Liens**

Lessee shall not suffer or permit any mechanic’s liens to be filed against the Demised Premises or any part thereof by reason of work, labor, services or materials supplied or claimed to have been supplied to Lessee or anyone holding any interest in the Demised Premises or any part thereof through or under Lessee. If any such mechanic’s lien shall at any time be filed against the Demised Premises or any part thereof, Lessee shall within sixty (60) days after actual notice of the filing thereof, cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise.

# **Default; Termination by Lessor**

## Events of Default. Each of the following events shall be known as an “Event of Default”:

### Lessee’s failure to make payment of the Base Annual Rent or any item of Additional Rent for a period of thirty (30) days after such Rent payment was due under this Agreement and Lessor has provided no less than ten (10) days’ written notice of such nonpayment;

### Lessee’s filing of a voluntary petition for bankruptcy in a court of competent jurisdiction or becoming insolvent;

### Lessee's interest under this Agreement being modified or altered by any unauthorized assignment or subletting or by operation of law;

### Lessee’s failure to operate the Airport as a public airport, maintain safety and security functions of the Airport, or comply with Applicable Laws or the applicable requirements under any Grant Agreement (“***Critical Functions***”), and such failure has not been cured within twenty four (24) hours of Lessor providing written notice to Lessee of such failure;

### Any policies of insurance required to be maintained by Lessee pursuant to this Agreement shall expire and not be renewed or replaced by Lessee within three (3) days;

### Lessee’s failure to provide an Annual Financial Report and/or Annual Audit to the City in accordance with this Agreement.

### Lessee’s violation of Florida Statute Section 287.133 concerning criminal activity on contracts with public entities; or

### Lessee’s failure to perform any other material covenant or agreement other than those set forth under paragraphs (a) through (f) above, and such failure has not been cured for thirty (30) days after written notice thereof. However, in the case of an Event of Default under this Section 21.1(f) which cannot with due diligence be remedied by Lessee within a period of thirty (30) days, if Lessee proceeds as promptly as may reasonably be possible after the service of such notice and with all due diligence to remedy the default and thereafter to prosecute the remedying of such default with all due diligence, the period of time after the giving of such notice within which to remedy the default shall be extended for such period as may be necessary to remedy the same with all due diligence. In the Event of a Default by any subtenant of Lessee, which default may constitute a default of Lessee under this Agreement, and Lessee shall institute appropriate legal action against such defaulting subtenant, then, in that event, Lessee shall be deemed to have proceeded as promptly as may reasonably be possible to remedy the default and to have prosecuted the remedying of such default with all due diligence in accordance with the provisions of this paragraph.

## Remedies for Default. In the event of any of the foregoing Events of Default, Lessor, at its election, may exercise any one or more of the following options or remedies, the exercise of any of which shall not be deemed to preclude the exercise of any others herein listed or otherwise provided by statute or general law at the same time or at subsequent times or in subsequent actions:

### In the case of Lessee’s failure to perform any Critical Functions, immediately enter the Demises Premises, take all actions necessary to operate the Airport, and charge Lessee for all costs incurred as a result without terminating this Agreement;

### Proceed against Lessee’s Operating Bond (if applicable);

### Terminate Lessee's right to possession under the Agreement and re-enter and retake possession of the Demised Premises. Lessor shall not be deemed to have thereby accepted a surrender of the Demised Premises, and Lessee shall remain liable for all Rent, or other sums due, under this Agreement and for all damages suffered by Lessor because of Lessee's breach of any of the covenants of the Agreement.

### Declare this Agreement to be terminated, ended and null and void, and re-enter upon and take possession of the Demised Premises whereupon all right, title and interest of Lessee in the Demised Premises shall end.

### Accelerate and declare the entire remaining unpaid Rent for the Term and any other sums due and payable forthwith and may, at once, take legal action to recover and collect the same.

### If any policy of insurance required under this Agreement shall expire and not be renewed or replaced by Lessee within three (3) days of such expiration, the Lessor may obtain such insurance, and the cost of such insurance shall be reimbursed by Lessee to the Lessor as Additional Rent within fifteen (15) days of Lessee’ receipt of an invoice therefor.

### Exercise any and all other remedies available to Lessor under Applicable Laws.

## Termination for Convenience. Lessor may terminate this Agreement at any time by giving six (6) months’ written notice to Lessee. If Lessor exercises its termination right under this Section 21.3 during the first five (5) years of this Agreement, Lessor shall pay to Lessee an amount equal to Lessee’s unamortized capital investments and Lessee Equity Investment to the extent not reimbursed from Airport revenues (“***Full Buyout***”). If Lessor exercises its termination right under this Section 21.3 after the fifth (5th) anniversary of the Commencement Date, Lessor shall pay to Lessee an amount equal to Lessee’s unamortized capital investments in the Airport made during the Term of this Agreement (“***Partial Buyout***”). The calculation of either the Full Buyout or Partial Buyout shall not include any estimates or amounts of Improvements funded with grants, future profits, salaries or termination payments to Lessee’s employees, or forgone subtenant rents.

## Re-Entry. Upon occurrence of any Event of Default under this Agreement pursuant to any of the provisions ofthis Article, it shall be lawful for Lessor, without notice, to re-enter the Demised Premises or any part thereof by any action or proceeding authorized by Applicable Laws.

## Remedies Cumulative. All remedies provided in this Agreement shall be deemed cumulative and additional to, and not in lieu of or exclusive of each other, or of any other remedy available to Lessor or Lessee in law or in equity, and the exercise of any remedy, or the existence herein of other remedies shall not prevent the exercise of any other remedy.

## No Waiver. No acceptance by either Party hereto of any fees, charges, or other payments, nor waiver by either Party of any default on the part of the other to perform anyterm, provisions, or condition of this Agreement, shall be considered a waiver by that Party of any other or subsequent default in performance of that or any other term, provision, or condition.

## Additional Rights in Bankruptcy.Lessee acknowledges and agrees that the continuous operation of the Airport as a public airport is necessary to protect general public safety, health and welfare, to effectuate public policy, including without limitation, the requirements of 49 U.S.C. §47134(c)(2), Lessor, acting pursuant to its police powers under Applicable Laws, must have the right to enter onto and operate the Airport in the event that Lessee becomes incapable of doing so due to Lessee’s bankruptcy or insolvency. Accordingly, Lessee agrees that in the event a bankruptcy petition under any chapter of the federal Bankruptcy Code (11 U.S.C. §101, *et seq.*) is filed by or against Lessee or any affiliate thereof at any time after the execution of this Agreement, Lessor, acting pursuant to its police powers under the laws of the State of Florida and the United States, shall be entitled to the immediate entry of an order from the appropriate bankruptcy court granting Lessor relief from the automatic stay imposed by §362 of the federal Bankruptcy Code (11 U.S.C. §362) to exercise its foreclosure and other rights, including obtaining a judgment and allowing Lessor to operate the Airport as a public use airport, with or without terminating this Agreement and take possession of and use all collateral, upon the filing with the appropriate court of a motion for relief from the automatic stay with a copy of this Agreement attached thereto. Lessee and Lessor specifically agree that (i) upon filing a motion for relief from the automatic stay in any bankruptcy case filed by or against Lessee or its Affiliate, Lessor, acting as a governmental unit under the laws of the State of Florida, acting to preserve the public safety, health and welfare, to effectuate public policy including that of the FAA, and to ensure the safe and continuous operations of the Airport, shall be entitled under §362(b)(4) of the federal Bankruptcy Code (11 U.S.C. §362(b)(4)) to relief from the stay without the necessity of an evidentiary hearing and without the necessity or requirement of Lessor to establish or prove the value of any collateral, the lack of adequate protection of its interest in any collateral, or the lack of equity in any collateral; (ii) the lifting of the automatic stay hereunder by the appropriate bankruptcy court shall be deemed to be “for cause” pursuant to §362(d)(1) of the federal Bankruptcy Code (11 U.S.C. §362(d)(1)); (iii) neither Lessee nor any Affiliate will directly or indirectly oppose or otherwise defend against Lessor’s efforts to gain relief from the automatic stay; and (iv) Lessor shall be entitled to recover from Lessee all of Lessor’s costs and expenses (including Lessor’s reasonable attorneys’ fees) incurred in connection with any such bankruptcy or insolvency proceeding. This Section 21.7is not intended to preclude Lessee or any Affiliate from filing for protection under any chapter of the federal Bankruptcy Code. The remedies prescribed in this Section 21.7are not exclusive and shall not limit Lessor’s rights under this Agreement or under Applicable Laws.

## In the event that any portion of this Agreement shall be deemed by a court of competent jurisdiction to be unlawful or invalid, the Parties shall first attempt to renegotiate the Agreement, but failing in agreement on replacement provisions, this Agreement shall terminate, and the Parties shall proceed to unwind the Parties’ respective rights and obligations as provided in Article 32.

# **Right of Entry**

Lessor shall have the right at all reasonable times to enter upon the Airport for the purpose of inspection of same, for observing the performance by Lessee of its obligations under this Agreement, and for doing any act or thing which Lessor may be obligated or have the right to do under this Agreement, provided that such right shall be executed in such manner as not to interfere unreasonably with the Lessee in the conduct of Lessee’s business.

# **Covenant of Quiet Enjoyment**

Lessor covenants and agrees with Lessee that so long as Lessee keeps and performs all of the covenants and conditions by the Lessee to be kept and performed pursuant to this Agreement, the Lessee shall have quiet and undisturbed and continued possession of the Demised Premises, free from any claims against the Lessor and all persons claiming under, by, or through, the Lessor.

# **Termination by Lessee**

## In consideration of the promises and agreements herein contained on the part of Lessee, Lessee shall have the absolute right to terminate this Agreement for any reason at any time after the Commencement Date of this Agreement and during the Term, by giving one hundred eighty (180) days prior written notice thereof to Lessor; provided, however, that all subleases entered into by Sublessee must be terminable at Lessor’s option upon any such termination. In the event of termination pursuant to this Article, the Term of this Agreement shall cease and expire on the one hundred eighty first (181st) day after the date of such notice, as if said date were the date originally set forth herein for the expiration of the Term and upon such termination Lessee shall have no further responsibility or liability whatsoever to Lessor hereunder.

## At Lessee’s sole option, during any period when the Airport or any substantial portion thereof shall be closed by any lawful Governmental Authority restricting the use of the Airport in such a manner as to prevent the construction, development, operation and use of the Demised Premises by Lessee, the Annual Base Rent due pursuant to the terms of this Agreement shall abate proportionately and the period of such closure shall be added to the Term so as to extend and postpone the expiration thereof.

## Nothing herein contained shall be deemed to limit any other right of Lessee to terminate this Agreement as may be elsewhere provided in this Agreement. Lessor hereby expressly waives any objections to Lessee’s right to terminate this Agreement and Lessor will not, at any time during the entire Term of this Agreement, assert that it is entitled to a corresponding right to terminate this Agreement.

# **Grants**

Subject to the provisions of Section 5.6 and Article 19, Lessee and/or Lessor may from time to time, and shall mutually cooperate at all times, in all efforts to receive any and all Federal or State grants for maintenance, construction, or alteration of the Airport, or otherwise, including grants from the FAA, FDOT, or other Governmental Authority, and anyother additional State or Federal grants that may be available for use at the Airport; provided, however, that the Lessor shall not be required to approve any applications for grant funding which would or could reduce the Lessor’s eligibility for grant funding under the same program for projects elsewhere within the City. The foregoing obligation also includes, but is not limited to, cooperation in the preparation and submission of applications, and support as an airport under rural distress, under Fla. Stat. § 288.0656, the Rural Economic Development Initiative, or any similar successor program. The amounts of any such Federal or State grants shall be obtained with the mutual cooperation of Lessee and Lessor.

Thereafter the grant funds shall be used for projects which have been mutually agreed to between the Lessor and Lessee and, subject to the terms of any Grant Agreements, all construction, supervision, payment, and operation thereof shall be the responsibility and obligation of Lessee to the extent permitted by Applicable Laws. All Federal and State grant funds shall be used for their intended purpose, and any additional or matching amounts required shall be paid by the Lessee.

To the extent required under the terms of any applicable Grant Agreement to ensure that Lessee may access such funds, Lessor in its reasonable discretion shall execute documents to designate Lessee as a subgrantee (or analogous term) or to permit Lessee to utilize funds under such Grant Agreement.

Nothing in this Article 25 is intended to prevent or prohibit Lessee from applying for or utilizing grants that do not require Lessor’s participation as the primary grantee. However, Lessee shall inform Lessor of any applications submitted or awards made for such grants.

# **Liability of Lessor and Lessee**

Liability relating to this Agreement is limited to the Parties hereto. No City Councilor, government official, elected representative, director, officer, agent, shareholder, employee, principal, parent, subsidiary or affiliate of either Party hereto shall be charged personally or held contractually liable by or to the other party under any term or provision of this Agreement or any supplement, modification or amendment to this Agreement, or because of any breach thereof or because of its or their execution or purported execution except as may expressly be agreed to in writing by the party to be charged. Notwithstanding the foregoing, the person or persons executing this Agreement on behalf of Lessor and Lessee, respectively, represent that such person is authorized to execute this Agreement.

# **Relationship of the Parties**

Except as expressly otherwise provided in this Agreement, this Agreement does not designate the Lessee the agent or representative of the Lessor for any purpose whatsoever. Neither a partnership nor a joint venture is hereby created. The Lessee shall operate the Airport, use the Airport, and perform all services hereunder as an independent contractor and its Lessee Parties shall not be or deemed to be agents, servants or employees of Lessor. However, the Lessee shall perform its operations and discharge its obligations in full compliance with all the requirements of this Agreement and will operate the Airport as a public airport.

# **Indemnity and Insurance**

## Indemnity.

### To the fullest extent permitted by Applicable Laws, Lessee agrees to protect, defend, reimburse, indemnify and hold Lessor and the Indemnified Parties (collectively, “***Lessor Indemnitees***”), free and harmless at all times from and against any and all claims, liability, expenses, losses, costs, fines and damages (including, without limitation, reasonable attorney fees and costs incurred prior to trial, at trial, on any appeal, and in any bankruptcy proceeding) and causes of action of every kind and character (“***Claims***”), known or unknown, against any of Lessor Indemnitees, any agent or employee of any Lessor Indemnitee, or any Governmental Authority, to the extent arising out of or alleged to have arisen out of, or incident to or in connection with Lessee’s performance under this Agreement, Lessee’s use or occupancy of the Demised Premises, Lessee’s acts, omissions or operations hereunder or the performance, nonperformance or purported performance of Lessee or any breach of the terms of this Agreement, including the inaction of any Lessee Party or anyone acting under Lessee’s direction or control or anyone for whose acts Lessee may be liable, but excluding any Claims to the extent they are caused by the gross negligence or willful misconduct on the part of the Lessor or any of the Lessor Indemnitees; provided, however, (1) Lessee shall assume the responsibility to defend all Claims arising under this Agreement and (2) in the event that Lessor or a Lessor Indemnitee is in part responsible for any loss, liability shall be allocated between the Lessor and Lessee in accordance with Florida principles of comparative fault but Lessee will in no event be required to pay any portion of a loss that is attributable to the gross negligence or willful misconduct of Lessor or a Lessor Indemnitee; and provided, further, for the avoidance of doubt, that Lessor is not hereby waiving any defense or limitation of its liability, and all Claims against Lessor or any Lessor Indemnitee shall be subject to the provisions of Section 768.28 of the Florida Statutes, as amended from time to time (which defense and/or limitation of liability Lessee may argue in its defense of any Claim). Lessee recognizes the broad nature of this indemnification and hold harmless clause and acknowledges that Lessor would not execute this Agreement without this indemnity. This clause shall survive the expiration or termination of this Agreement. Compliance with the insurance requirements as included in this Agreement shall not relieve Lessee of its liability or obligation to indemnify Lessor and the other Lessor Indemnitees as set forth in this Article.

### If the above indemnity or defense provisions or any part of the above indemnity or defense provisions are limited by Florida Statute §725.06(2)-(3) or Florida Statute §725.08, then with respect to the part so limited, Lessee agrees to the following: To the maximum extent permitted by Florida law, Lessee will indemnify, defend and hold harmless Lessor and the other Lessor Indemnitees from any and all Claims, to the extent caused by the negligence, recklessness, or intentional wrongful conduct of Lessee or any other Lessee Party and except to the extent they are caused by the gross negligence or willful misconduct on the part of the Lessor or any of the other Lessor Indemnitees; provided, however, (1) Lessee shall assume the responsibility to defend all Claims arising under this Agreement and (2) in the event that Lessor or another Lessor Indemnitee is in part responsible for any loss, liability shall be allocated between Lessor and Lessee in accordance with Florida principles of comparative fault but Lessee will in no event be required to pay any portion of a loss that is attributable to the gross negligence or willful misconduct of the Lessor or another Lessor Indemnitee; and provided, further, for the avoidance of doubt, that Lessor is not hereby waiving any defense or limitation of its liability, and all Claims against Lessor or another Lessor Indemnitee shall be subject to the provisions of Section 768.28 of the Florida Statutes, as amended from time to time (which defense and/or limitation of liability Lessee may argue in its defense of any Claim).

### If the above indemnity or defense provisions or any part of the above indemnity or defense provisions of Sections 28.1(a) or (b) are limited by Florida Statute §725.06 (1) or any other Applicable Laws, then with respect to the part so limited the monetary limitation on the extent of the indemnification shall be the greater of the (i) coverage amount of Commercial General Liability Insurance required under this Agreement or (ii) $1,000,000.00. Otherwise, the obligations of this Section 28.1 will not be limited by the amount of any insurance required to be obtained or maintained under this Agreement.

### In addition to the requirements stated above, to the extent required by any FDOT Public Transportation Grant Agreement to which the Lessor is a party and to the fullest extent permitted by Applicable Laws, the Lessee shall indemnify and hold harmless the State of Florida, FDOT, including FDOT’s officers and employees, from liabilities, damages, losses and costs, including, but not limited to, reasonable attorney’s fees, to the extent caused by the negligence, recklessness or intentional wrongful misconduct of the Lessee or any Lessee Party. This indemnification in this paragraph shall survive the termination of this Agreement. Nothing contained in this paragraph nor elsewhere in this Agreement is intended nor shall it constitute a waiver of the State of Florida’s or FDOT’s sovereign immunity.

### Nothing contained in this Agreement is intended nor shall it constitute a waiver of Lessor’s sovereign immunity.

## Insurance.

### Lessee shall provide, pay for, and maintain throughout the Term of this Agreement insurance as specified herein. All insurance shall be from nationally recognized companies rated no lower than A-VIII by A.M. Best Company authorized to do business in the State of Florida. All liability insurance policies of Lessee required herein shall provide a severability of interest provision. The insurance coverages and limits required shall be evidenced by properly executed certificates of insurance. There shall be no legal prohibition preventing the issuer of any of the required policies of insurance from making payment under a policy in Highlands County, Florida, and all policies shall be construed in accordance with the laws of the State of Florida.

### All certificates shall provide that thirty (30) days’ prior written notice shall be given Lessor of any cancellation or reduction in the policies’ coverages below the requirements of this Article, state that right of subrogation by Lessee’s insurer is waived, and acknowledge coverage of indemnification provision in this Agreement. Lessor shall not only be stated as an “Additional Insured”, but the Additional Insured Endorsement must be stated under “Description of added endorsements/Special Provisions” and **a copy of the Additional Insured Endorsement must accompany the certificate**. In the event of a reduction in any aggregate limit below the requirements of this Article, Lessee shall take immediate steps to have such aggregate limit reinstated. If at any time the Lessor reasonably requests a written statement from the insurance company regarding any impairment to the aggregate limit of insurance, Lessee shall promptly deliver such statement to the Lessor. Lessee shall make up any impairment when known to it. Lessee authorizes Lessor to confirm all information as to compliance with the insurance requirements herein with Lessee's insurance agents, brokers, and insurance carriers. All insurance coverages of Lessee shall be primary as regards any insurance or self-insurance program carried by Lessor with respect to all matters covered by the insurance requirements of this Article.

### The acceptance of delivery by Lessor of any certificate of insurance evidencing Lessee's insurance coverages and limits does not constitute approval or agreement by Lessor that the insurance requirements have been met or that the insurance policies shown in the certificates of insurance are in compliance with the requirements herein.

### The required insurance coverages (including additional insured coverage) and limits shall be evidenced by a properly executed certificate of insurance that shall be provided to Lessor before the start of work. Along with the certificate of insurance, Lessee shall provide either full copies of the policies referenced in the certificate, and copies of the additional insured endorsements from such policies.

### Certificates of Insurance or other evidence must be filed with Lessor prior to any activity being performed on the Demised Premises by Lessee, and in no event later than five (5) days prior to the Commencement Date. Lessee shall, before commencement of any work on the Demised Premises, furnish Lessor evidence that its contractor(s) is covered by insurance to the reasonable satisfaction of Lessor.

### The insurance coverages and limits required of Lessee are designed to meet the minimum requirements of Lessor. They are not designed as a recommended insurance program for Lessee. Lessee alone shall be responsible for the sufficiency of its own insurance program.

### Lessee and Lessor understand and agree that the limits and coverages of the insurance herein required may become inadequate during the Term of this Agreement based on Lessee's activities and industry practices or general inflation in relation to the initial policy requirements, and Lessee agrees that it will increase such limits or provide such coverages as Lessor may determine to be commercially reasonable at the time for facilities such as the Demised Premises within thirty (30) days after receipt of notice in writing from Lessor.

### If any liability insurance required herein is to be issued or renewed on a "claims made" form as opposed to the "occurrence" form, the retroactive date for coverage shall be no later than the Effective Date of the Agreement and shall provide that in the event of cancellation or non-renewal, the discovery period for insurance claims (Tail Coverage) shall be unlimited.

### All of the required insurance coverages shall be issued as required by Applicable Laws and shall be endorsed, where necessary, to comply with the minimum requirements contained herein. Submissions required by this Article shall be given to:

City of Avon Park

Attn. City Manager

City Hall Building – 2nd Floor

110 E. Main Street

Avon Park, FL 33825

### Renewal Certificates of Insurance shall be provided to Lessor along with complete copies of renewal policies or copies of the additional insured endorsements from such policies, a minimum of fifteen (15) days prior to expiration of current coverages.

### Lessee shall obtain and maintain insurance on the types, amounts, and conditions set forth below:

#### Commercial General Liability Insurance, including Premises & Operations, Bodily Injury, Personal Injury, Employer’s Liability, Contractual Liability for this Agreement, Independent Contractors, and Broad Form Property Damage including Completed Operations.

#### Limits of coverage shall not be less than:

#### $6,000,000 Combined Single Limit each occurrence Bodily Injury, Personal Injury and Property Damage Liability,

OR

#### $6,000,000 each occurrence and aggregate for liability associated with all operations under this specific Agreement. The aggregate limits shall be separately applicable to this Agreement.

#### Airport Operator’s Insurance with limits of no less than $10,000,000 per occurrence.

#### Hangarkeeper’s Liability Insurance providing property damage to aircraft which are the property of others and in the care, custody, or control of the Lessee, but only while such aircraft are not in flight, in an amount commensurate with the size, type, and number of aircraft utilizing or that may utilize the Airport. Lessee shall regularly review its Hangarkeeper’s Legal Liability limits and adjust them as reasonably necessary. Lessee shall report any such adjustments to Lessor prior to their effective date. Lessor reserves the right to establish specific limits for Hangarkeeper’s Legal Liability insurance if, in Lessor’s reasonable discretion, it believes that Lessee’s existing policies are insufficient to address the risks of aircraft that may operate at the Airport.

#### Pollution Liability Insurance with limits of not less than two million dollars ($2,000,000) per occurrence which policy shall include a reasonable period of time generally consistent with the policy in place on the Effective Date for discovery and reporting of each covered occurrence, covering the costs of remediating any sudden and accidental environmental contamination for which Lessee is responsible under this Agreement and for which Lessee has not commenced remediation activities as required under this Agreement within thirty (30) days of such remediation obligation arising under this Agreement. Pollution liability insurance shall also cover natural resources damages, contractual liabilities related to pollution, and claims arising from owned and non-owned disposal sites utilized in the performance of this Agreement.

#### Workers' Compensation and Employer’s Liability Insurance in accordance with the statutes and regulations of the State of Florida, including Employer’s Liability. Limits shall not be less than:

Workers’ Compensation Florida Statutory requirements

Employer’s Liability $500,000 limit each accident

 $500,000 limit disease aggregate

 $500,000 limit disease each employee

#### Automobile Insurance shall be maintained by Lessee as to the ownership, maintenance and use of all owned, non-owned, leased or hired vehicles which are used commercially on the Demised Premises with limits of not less than:

Bodily Injury Liability $1,000,000 limit each person/$1,000,000 limit each accident

Property Damage Liability $1,000,000 limit each accident

OR

Bodily Injury and $1,000,000 Combined Single Limit

Property Damage Liability each occurrence

#### Umbrella Liability or Excess Liability Insurance shall not be less than $1,000,000 each occurrence and aggregate. The limits of primary liability insurance for the General Liability and Employers’ Liability insurance coverages required in this section shall be not less than $500,000 Combined Single Limit each occurrence and aggregate where applicable for Bodily Injury, Personal Injury, and Property Damage liability.

### Additional Insured.Lessee agrees to endorse Lessor as an additional insured on Lessee’s liability insurance policies, including primary and umbrella/excess policies, with respect to liability arising out of the Lessee’s work, under form CG 20 10 11 85 or equivalent, not limited to Lessor’s vicarious liability. The additional insured coverage shall be primary and non-contributory as regards any insurance or self-insurance program carried by Lessor. The additional insured coverage limits afforded to Lessor shall be in the amount of the full limits of the relevant policies, irrespective of the required minimum limits set forth in this Agreement. The additional insured endorsement in the policies shall specifically list the additional insureds as “City of Avon Park, Florida, and its successors and assigns, and its City Councilors, elected or appointed officials, officers, employees, agents, contractors, subcontractors and invitees.”

### Lessee’s obligation to obtain insurance coverage as required by this Agreement is separate and distinct from other obligations assumed by Lessee under this Agreement, and Lessee’s compliance with the insurance requirements set forth herein and the limits of insurance shall in no way modify or limit Lessee’s indemnification obligations under this Agreement. Any and all deductibles or self-insured retentions in the insurance policies required by this Agreement shall be assumed by, for the account of and at Lessee’s sole expense and responsibility. However, Lessor may satisfy any such deductibles or self-insured retentions at its sole discretion.

### Lessee shall provide Lessor immediate notice of (i) any event occurring on or regarding the Demised Premises or Lessee’s operations or completed operations thereon that is reportable to Lessee’s insurance carrier, and (ii) of any claim that has been made to Lessee’s insurers(s) regarding the Demised Premises or Lessee’s operations or completed operations thereon, and shall furnish Lessor’s a written report of any such event or claim within five (5) days of its occurrence.

### With the exception of pollution liability insurance, all insurance policies required herein shall be written on an occurrence form rather than a claims-made form. If pollution coverage is written on a claims-made form, the retroactive date for coverage shall be no later than the Effective Date of the Agreement, and the coverage shall provide at least a three-year tail option that may be purchased at Lessor’s option that in the event of cancellation or non-renewal.

### It is further agreed that Lessee shall not do or permit to be done anything upon any portion of the Demised Premises or bring or keep anything thereon which will in any way conflict with the conditions of any insurance policies with respect to the Demised Premises to jeopardize coverage, or by its existence exempt an insurer from coverage for liability or casualty, or which will increase the rate of the insurance on the Demised Premises, or which will in any way obstruct or interfere with the rights of other tenants at the Airport.

### Any coverage provided by Lessee’s policies shall be primary insurance for any event occurring on the Demised Premises or otherwise indemnified by Lessee and provide that the Lessee’s insurer(s) shall not subrogate against Lessor or its insurer.

### Failure to maintain the insurance in the types and amounts set forth in this Article shall be an Event of Default, and in Lessor’s sole discretion, it may seek to temporarily obtain, at Lessee’s expense, any insurance required in this Agreement but not provided by Lessee, while Lessor retains any right to proceed legally against Lessee for the Event of Default. In such event, Lessee agrees to cooperate with Lessor and Lessor’s insurance representatives in placement of such insurance.

# **Fire and Other Casualty**

## From and after the Commencement Date, Lessee shall keep insured any and all buildings and improvements upon the Demised Premises against all loss or damage by fire and other risks covered by standard extended coverage, in amounts sufficient to prevent any party-in interest from being or becoming a co-insurer on any part of the risk, which amount shall not be less than 100% of the full insurable value.

 The aforesaid insurance coverage and renewal thereof shall insure Lessor and Lessee and any mortgagee, sublessee or sublessee’s mortgagee as their interests may appear and shall provide that the loss, if any, shall be adjusted with Lessor, Lessee, and any mortgagee and shall be payable to Lessor, Lessee and any mortgagee, sublessee or sublessee’s mortgage as their interests may appear.

## In the event of any damage or loss to the Demised Premises by reason of fire or other casualty against which insurance is required to be carried pursuant to this Article, Lessee shall give notice thereof to Lessor. If any building(s) or improvements on the Demised Premises shall at any time be damaged or destroyed by fire or other casualty against which insurance is required to be carried pursuant to this Article, Lessee shall as soon as reasonably possible repair or rebuild the same at Lessee’s expense, so as to make the building or improvements at least equal in value to the building or improvements existing immediately prior to such occurrence. Lessor shall apply and make available and pay to Lessee the proceeds of any fire or other casualty insurance paid to Lessor.

To the extent that any loss is recouped by actual payment to Lessor of the proceeds of the insurance herein referred to above, Lessor will, out of such proceeds, pay to Lessee its costs of rebuilding or repairing the portion or all of the Demised Premises which has been damaged or destroyed.

If, moreover, there is damage or destruction to the Demised Premises which occurs within the last five years of the Term, the obligations of the Lessee to repair, replace or rebuild such damaged or destroyed property shall be discharged (provided that the insurance applicable thereto has been maintained in full force and effect) and the entire proceeds of the insurance applicable thereto shall be apportioned between Lessor and Lessee.

# **Force Majeure**

## Except for Lessee’s obligation to pay Rent, Additional Rent and other fees and charges due hereunder, it shall not be considered an Event of Default and all deadlines shall be extended on a day-for-day basis if Lessor or Lessee is prevented from performing any of the other obligations imposed under this Agreement by reason of strikes, boycotts, labor disputes, embargoes, shortage of energy or materials, acts of God, acts of the public enemy, acts of superior Governmental Authority, weather conditions, natural disasters, riots, rebellion, sabotage, epidemics, pandemics, public health emergencies, declarations of emergency, or any other circumstances for which it is not responsible or which is beyond its control (each an event of “***force majeure***”). The occurrence of a force majeure event notwithstanding, the Parties shall use diligent efforts to perform their respective obligations under this Agreement.

# **Subordination**

## The Agreement shall be subject and subordinate to provisions of any existing or future Grant Agreements entered into between the Lessor or Lessee and the United States or the State to obtain Federal or State aid for the improvement of operation and maintenance of the Airport. In the event that this Agreement, either on its own terms or by any other reason, conflicts with or violates any such Grant Assurances, Lessor has the right to amend, alter or otherwise modify the terms of this Agreement in order to resolve such conflict or violation. To the extent that Applicable Laws permit only the Lessor to act as Sponsor in connection with the grant of Federal funds for airport development, Lessee shall participate in any such application for such funds through Lessor to the extent permitted, and any such grant should recognize the unique relationship between the Lessor and Lessee.

## Lessee agrees that if the Administrator of the Federal Aviation Administration or any other governmental officer or body having jurisdiction in connection with the obligations of the Lessor relating to the grant of Federal or State funds after the date hereof, with respect to the Airport, shall make any orders or regulations respecting the performance by Lessor or Lessee of such obligation, Lessee will promptly comply therewith unless expressly directed otherwise by Lessor. In addition to the foregoing, whether or not the Administrator of the Federal Aviation Administration or any other governmental office or body having jurisdiction as aforesaid specifically directs such compliance, the Lessee agrees that it will comply with such directions, orders, regulations and requirements as may be given by Lessor to comply with the Grant Agreements with respect to the Airport, the assurances set forth in any Grant Agreement and any other Federal or State obligations or restrictions with respect thereto.

# **Surrender**

Lessee agrees to deliver to Lessor possession of the Demised Premises together with all buildings, structures, improvements, additions, and other installations thereon, on the day of termination of this Agreement whether by expiration or otherwise, promptly and in reasonably good condition and repair, subject to reasonable wear and tear and damage which Lessee need not repair, restore, or replace, under the terms of this Agreement, free and clear of liens and encumbrances made by or against the Lessee. Except as a direct result of a force majeure event, Lessee shall not abandon any of its property on the Demised Premises or any other portion of the Airport without the written consent of the Lessor. Any damage to the Airport or any portion thereof resulting from such removal shall be paid for by Lessee. In the event of termination of this Agreement, Lessee shall have thirty (30) days after such termination during which to remove such property. However, the Lessor shall have the right to assert such lien or liens against said property as the Lessor may by Applicable Laws be permitted. So long as any such property remains in the Demised Premises, Lessee’s obligation to pay Base Annual Rent shall continue with respect to such Demised Premises.

If Lessee’s property is not removed as herein provided, the Lessor may, at its option, after written notice to Lessee and at Lessee’s sole risk and expense, remove such property to a public warehouse for storage, or retain the same in the Lessor’s possession and, after the expiration of thirty (30) days sell the same, with notice and in accordance with Applicable Laws, the proceeds of which shall be applied, first, to the expenses of such removal, storage, and sale, second to any sum owed by Lessee to the Lessor, and any balance remaining shall be paid to Lessee.

# **Intentionally Omitted**

# **Employees**

## At its sole cost and expense, Lessee shall employ or otherwise provide sufficient staff with qualifications and experience necessary to fulfill its obligations under this Agreement. On or before the Commencement Date, Lessee shall employ at least the following Key Personnel, either as full-time employees of Lessee or as consultants or part-time employees:

### Airport Manager, who shall have previously operated and managed a general aviation airport substantially similar to the Airport.

### Grounds Maintenance Supervisor, who shall have sufficient experience and qualifications to provide such services at the Airport.

### Other full or part time employees or persons retained as consultants to provide all services reasonably necessary for the operation and maintenance of the Airport.

## Within three (3) years of the Commencement Date, in addition to the Key Personnel set forth above, Lessee shall employ the following Key Personnel, either full or part time staff or persons retained as consultants:

### Finance Director, with experience and qualifications in the financial management of airports.

### An Airport Planner with experience and qualifications in the operation, planning and development of general aviation airports and in grant administration.

### A Legal Adviser with experience and qualifications in the legal issues affecting general aviation airports and compliance with Applicable Laws.

## Lessee shall employ such staff, either full or part time staff or persons retained as consultants, from time to time and with such qualifications as are typically employed by airports in Florida that are similar to the Airport at such time (as determined by FDOT).

## Lessee shall notify Lessor of the departure of any Key Personnel from Lessee’s employment or retainer. If any Person serving as Key Personnel leaves his or her employment or retainer with Lessee, Lessee shall immediately undertake diligent efforts to replace such Key Personnel.

## Any other provision of this Agreement notwithstanding, all Key Personnel shall be employees of, or retained by, Lessee. Nothing in this Agreement shall be interpreted as creating an employer-employee or principal-agent relationship between Lessor and the Key Personnel or other employees or agents of Lessee.

## Lessee shall use its best efforts to employ local personnel and staff to conduct operations under this Agreement, to the extent qualified personnel are available. Nothing contained herein shall be construed so as to require Lessee to employ current employees of Lessor. It is contemplated by this Agreement that the Lessee shall operate, maintain, staff, regulate and engage in such other activities authorized by this Agreement as an independent contractor.

# **Representations of Lessor**

Lessor represents and warrants to Lessee as follows:

### Lessor has made various representations to Lessee and provided information with respect to the operation of the Airport to the Lessee, and Lessor agrees to provide Lessee with such other and further information in City’s possession, from time to time as may be deemed desirable.

### Lessor is the owner in fee simple of the Demised Premises, subject to the Existing Agreements and all easements and other matters of record.

### Lessor is fully authorized to enter into this Agreement, subject to receipt of all required Regulatory Approvals.

### Following receipt of all required Regulatory Approvals, no lien, encumbrance, mortgage, covenant, restriction or agreement prohibits or is violated by the maintenance of the existing buildings, structures, and improvements at the Demised Premises or the present use thereof, or the construction of new buildings, structures and improvements or the permitted and intended uses thereof as set forth in this Agreement.

### Lessor shall not, subsequent to the Effective Date, impose any covenants, restrictions, liens, encumbrances, mortgages, grant any easements, or otherwise encumber the Demised Premises, except as may be necessary pursuant to a Grant Agreement or CRA covenant.

### All buildings, structures and improvements now located at the Demised Premises have been built and are used in accordance with all building restrictions, zoning regulations, and ordinances adopted by any Governmental Authority having or asserting jurisdiction over the Demised Premises.

### Lessor has operated and shall continue to operate the Airport until the Commencement Date in accordance with all Applicable Laws, and in compliance with all Grant Agreements in effect between Lessor and the FAA and FDOT.

### Lessor’s right, title and interest in and to all contractor’s, manufacturers’, builders’, subcontractors’ and suppliers’ guarantees and warranties now in effect and covering the Demised Premises, the facilities, equipment, personalty, fixtures, and improvements thereon, which are transferrable, shall be assigned and transferred to Lessee, without cost to Lessor, as of the Commencement Date.

### No mortgage now encumbers the Demised Premises or any portion thereof. Lessor agrees that it shall not mortgage, assign, pledge, sell or otherwise encumber the Demised Premises or any portion thereof or its fee interest therein from and after the date hereof and throughout the Term.

### Except as previously disclosed to Lessee in writing, there is no litigation or proceeding pending against or relating to the Demised Premises or any part thereof.

### Lessor has no knowledge or notice of any pending or threatened condemnation or eminent domain proceedings which would affect the Demised Premises or any part thereof.

### There are no Applicable Laws, nor any union or labor agreement of any nature applicable to or covering the employment of the employees at the Airport, that would prevent Lessor from terminating said employees, without cost, expense, or liability to Lessee, after the Commencement Date.

### Except as previously disclosed to Lessee in writing or provided in Applicable Laws, Lessor has no knowledge or notice of any fact or condition that would prevent the further development of the Airport for commercial, farming, hotel, office, industrial, and/or manufacturing purposes and uses by Lessee as contemplated herein.

### Except as previously disclosed to Lessee in writing, Lessor has no knowledge or notice of any disputes, complaints or controversies of any nature under the Existing Agreements. In connection therewith, from and after the date hereof, Lessor shall make its books, records and files available to Lessee with respect to said Existing Agreements and any and all tenants thereunder. In the event that any dispute, complaint or controversy of any nature shall arise under the Existing Agreements from and after the date hereof, Lessor shall immediately notify Lessee of same, and copies of any and all correspondence in connection therewith shall be immediately sent to Lessee.

###  If for any reason Lessee shall not be permitted to collect and/or increase Aeronautical Rates & Charges as provided in this Agreement, including, without limitation, because Lessee is not a Governmental Authority, then, in that event, Lessor agrees to increase and/or collect such Aeronautical Rates & Charges consistent with this Agreement on Lessee’s behalf, and to forward same to Lessee immediately upon receipt or, at Lessee’s option, the amount of such Aeronautical Rates & Charges may be credited by Lessee against any rental payments due Lessor hereunder. Lessee will reimburse Lessor for any reasonable costs incurred by Lessor as a result of this provision.

# **Sale of the Airport**

Lessor represents, covenants, and agrees that from and after the Effective Date, and throughout the Term, Lessor shall not sell, convey, assign, mortgage, pledge, encumber, or otherwise transfer the Airport or any portion thereof or all or any portion of its fee interest in the Airport.

# **Joint Consent to Easements**

It is further covenanted and agreed by and between the Parties hereto, that during the Term of this Agreement neither the Lessor nor the Lessee will sign any petition, consent or other instrument in writing whereby any Person other than the Lessee, or those claiming under Lessee, shall directly or indirectly acquire the right to use or occupy any portion of any street or alley upon which such property abuts, or the space on, above or under the surface thereof, without the other Party or Parties hereto joining in such instrument or consenting in writing to the execution thereof, it being agreed that in all cases where by law the consent or petition of the owners of the property in question is required for the purpose of any grant or dedication whatever, the joint consent of the Lessor and Lessee in this instrument shall be necessary.

# **Assignment and Subletting**

## Lessee shall not sublease or assign, directly or indirectly, this Agreement, either in whole or in part, except for subleases of portions of the Demised Premises expressly permitted by the terms of this Agreement, without the prior written consent of Lessor, which shall not be unreasonably withheld; provided, however, that it shall not be unreasonable for the Lessor to require that any assignee or subtenant meet reasonable financial worth, experience, competence, and other operational standards. Furthermore, any proposed assignment or sublease of Lessee’s rights under this Agreement shall also require the approval of the FAA pursuant to 49 USC 47134. Any assignment or sublease not otherwise permitted by this Agreement without the written consent of the Lessor and, if applicable, the FAA shall be void *ab initio* and of no force or effect. No request for, or consent to, such assignment shall be considered unless Lessee shall have paid all rentals, fees, and charges which have accrued in favor of Lessor and Lessee shall have otherwise met all other legal obligations to be performed, kept, and observed by it under the terms and conditions of this Agreement. Lessor reserves the right to investigate the financial capacity and personnel competence and experience of the proposed assignee or sublessee prior to making its decision, and Lessee shall remain liable for all obligations under this Agreement after such assignment or sublease. Lessee shall provide Lessor a copy of the proposed sublease agreement prior to any request for consent. Any approval of a sublease or assignment shall not constitute approval of any subsequent sublease or assignment.

## Any proposed assignment or sublease pursuant to this Article 38 must, at a minimum, meet the following conditions:

### The proposed assignee or sublessee must demonstrate to Lessor and the FAA to their satisfaction that it is financially ready, willing, and able to assume all of Lessee’s rights and obligations under this Agreement.

### The proposed assignee or sublessee must demonstrate to Lessor and the FAA to their satisfaction that it has substantial experience in the operation and management of general aviation airports.

### The assignment or sublease shall not result in substantial modifications to the terms and conditions of the Agreement, the determination of which is in Lessor’s reasonable discretion.

### The assignee or sublessee must execute an agreement acceptable to Lessor accepting all of Lessee’s obligations under this Agreement for the remainder of the Term.

### The proposed sublease or assignment agreement shall include the required terms set forth in **Exhibit I**.

## If there is any proposed, anticipated, or imminent change of more than twenty percent (20%) of the ownership or control of and/or power to vote the majority of the outstanding capital stock or membership interests of Lessee, whether such change or ownership is by sale, assignment, bequest, inheritance, operation of law or otherwise, Lessee shall have an affirmative obligation to notify immediately Lessor of any such proposed, anticipated, or imminent change and, in Lessor’s sole discretion, such change in control may constitute an assignment subject to the requirements of this Article 38.

# **Federal Right to Reclaim**

In the event a United States governmental agency shall demand and take over the entire facilities of the Airport for public purposes for more than sixty (60) days, then this Agreement shall thereupon terminate, and Lessor shall be released and fully discharged from any and all liability hereunder. In the event of such termination, Lessee’s obligation to pay Rent shall cease; however, nothing herein shall be construed as relieving Lessee from any of its liabilities relating to events or claims of any kind whatsoever prior to such termination under this Article.

# **Miscellaneous**

## Lessor and Lessee Representatives. Lessor and Lessee agree that communication and coordination for most purposes under this Agreement shall take place primarily through their respective Representatives. Lessee acknowledges and agrees that certain Lessor approvals contemplated in this Agreement may only be granted by Lessor’s City Council. The specific approvals that must be provided by Lessor’s City Council are set forth on **Exhibit J**, and any approval (express or implied) from Lessor’s Representative with respect to the items listed on **Exhibit J** shall not operate to bind Lessor. Any Lessor approvals not listed on **Exhibit J** may be granted by Lessor’s Representative, but the Lessor, in its sole discretion, reserves the right to instead require final approval of any Lessor approval from City Council.

## Corporate Tenancy. If Lessee is a corporation or limited liability company, the undersigned signatory of Lessee hereby warrants and certifies to Lessor that Lessee is a corporation or limited liability company in good standing and is authorized to do business in the State of Florida and shall provide proof of good standing to Lessor upon request. The undersigned signatory of Lessee hereby further warrants and certifies to Lessor that he or she, as such signatory, is authorized and empowered to bind the Lessee to the terms of this Agreement by his or her signature thereto and that the Lessee and its officers, directors, shareholders, members and affiliates are not in violation of Florida Statute 287.133 and 287.134 regarding Public Entity Crimes. Upon execution hereof, Lessee shall provide to Lessor a letter, advising Lessor of all persons or entities owning 5% or more of the voting interest of the corporation or limited liability corporation.

## Further Assurances. Either Party shall, without charge, at any time and from time to time hereafter, within thirty (30) days after written request of the other, certify by written instrument duly executed and acknowledged to any mortgagee, sublessee, or proposed mortgagee, proposed sublessee, or any other person, firm, or corporation specified in such request:

### As to whether this Agreement has been supplemented or amended, and, if so, the substance and manner of such supplement or amendment;

### As to the validity and force and effect of this Agreement, in accordance with its tenor as then constituted;

### As to the existence of any default thereunder;

### As to the existence of any offsets, counterclaims or defenses thereto on the part of such other Party;

### As to the commencement and expiration dates of the term of this Agreement; and

### As to any other matters as may reasonably be so requested.

Any such certificate may be relied upon by the Party who requested it and any other person, firm, or corporation to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the Party executing same.

In addition, the Parties agree, that within thirty (30) days after written request of the other, each will furnish to the other Party such additional documents, instrument, writings and further assurances as may be reasonably requested by the other, or necessary, appropriate or convenient for the carrying out of the purpose and intent of this Agreement.

## Required Federal Provisions. Lessee acknowledges that the Lessor is required by the Federal Government under the terms of certain agreements between the Lessor and the United States of America relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the grant or receipt of federal funds for the development of the Airport, to include in this Agreement certain required contract provisions, attached as **Exhibit H-1** hereto (“***General Required Federal Provisions***”). Lessee also acknowledges that Lessor is required by the Federal Government under the terms of any Grant Agreement for funds specifically dedicated to construction to include certain contract provisions, attached as **Exhibit H-2** hereto (“***Construction Required Federal Provisions***,” and together with the General Required Federal Provisions, the “***Required Federal Provisions***”). Lessee agrees to comply with the General Required Federal Provisions at all times and include the Required Federal Provisions in each of its subcontracts without limitation or alteration. Furthermore, where Lessee is conducting construction funded in whole or in part through a federal Grant Agreement, Lessee agrees to comply with the Construction Required Federal Provisions and, where applicable, include the Construction Required Federal Provisions in each of its subcontracts without limitation or alteration. Lessee further agrees to comply with any modification to or interpretation of the Required Federal Provisions that may from time to time be required by the FAA or other agency with jurisdiction, within ten (10) days of receiving notice from the Lessor or the FAA of such required modifications. Lessee’s failure to comply with the Required Federal Provisions shall be an Event of Default and shall entitle Lessor to exercise all available remedies under this Agreement and at law, including but not limited to termination of this Agreement.

## Radon Gas. In accordance with requirements of the State, the following notification statement will be included in all agreements relating to rental of real property. This is provided for information purposes only.

## RADON GAS: Radon is naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your county public health unit.

## Reserved.

## Consent Not to be Unreasonably Withheld. Unless expressly provided otherwise in this Agreement, whenever a Party requests any consent, permission, or approval which may be allowed, required or desired by that Party pursuant to the provisions hereof, the other Party shall not unreasonably withhold, delay, or postpone the grant of such consent, permission, or approval.

## Exhibits. The terms, provisions and obligations contained in the Exhibits attached hereto, whether there set out in full or as amendments of, or supplements to provisions elsewhere in this Agreement stated, shall have the same force and effect as if herein set forth in full.

## Covenants Running with Land. All covenants, promises, conditions, and obligations herein contained or implied by Applicable Laws are covenants running with the land and shall attach and bind and inure to the benefit of the Lessor and Lessee and their respective heirs, legal representatives, successors, and assigns, except as otherwise provided herein.

## Written Modifications. No modification, release, discharge, or waiver of any provisions hereof shall be of any force, effect, or value unless in writing signed by the Parties hereto. In the event that the FAA requires modifications or changes in this Agreement as a condition precedent to the granting of funds for the improvement of the Airport, Lessee agrees to consent to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions, or requirements of this Agreement as may be reasonably required to obtain such funds.

## Entire Agreement; Prior Agreements. This instrument contains the entire agreement of the parties and may not be changed, modified or discharged except by written instrument duly executed by Lessor and Lessee and approved by Lessor as provided in **Exhibit J**. This Agreement is the final and complete understanding of the Parties regarding the subject matter hereof and supersedes all prior and contemporaneous negotiations and discussions regarding that subject matter. All commitments, agreements, and understandings of the Parties concerning the subject matter of this Agreement are contained herein.

## Notices. That when either Party desires or is required to give notice to the other in connection with and according to the terms of this Agreement, such notice shall be given by certified mail, return receipt requested, recognized overnight delivery service, or by hand delivery, and it shall be deemed given three (3) days after it shall have been deposited in the United States Mails with sufficient postage prepaid thereon to carry it to its addressed destination and such notices shall be addressed as follows:

 For the Lessor:

 City of Avon Park

Attn. City Manager

City Hall Building – 2nd Floor

110 E. Main Street

Avon Park, FL 33825

 For the Lessee:

 Florida Airport Management KAVO LLC

 1535 FL 64 Suite 101

 Avon Park, FL 33825

 with a copy to:

 Shuffield & Lohman

 ATTN: Jason Davis

 1000 Legion Place

 Suite 1700

 Orlando, Florida 32801

Nothing herein contained shall be construed as prohibiting the parties respectively from changing the place at which notice is thenceforth to be given, but no such change shall be effective unless and until it shall have been accomplished by written notice given in the manner set forth in this Section.

## FAA Is Third-Party Beneficiary. Lessee and Lessor acknowledge that this Agreement is subject and entered into pursuant to 49 USC 47134. In consideration of the FAA AIPP Approval, Lessor and Lessee agree that the FAA is a third-party beneficiary of this Agreement and may enforce the terms and conditions of this Agreement in an administrative or judicial legal proceeding, and the FAA may enforce directly against Lessee the applicable Grant Assurances and the other obligations under said section 47134. Except as may otherwise be expressly set forth herein, this Agreement is for the sole benefit of the Lessor and Lessee and their permitted successors and assigns and nothing herein expressed or implied shall give or be construed to give to any Person other than the Parties hereto and the FAA and their successors and assigns of any legal or equitable rights hereunder. Except as may be expressly set forth herein, neither this Agreement nor any provision hereof nor any Exhibit hereto shall create any right in favor of any person or entity other than the Lessor and Lessee and their respective successors and assigns.

## Right of Flight. The Lessor reserves, 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 real property owned by the Lessor, including the Demised Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in said airspace, and for the use of said airspace for landing on, taking off from or operating on Airport.

## Lessee expressly agrees for itself, its successors and assigns, to restrict the height of structures, objects of natural growth and other obstructions on the Demised Premises to such a height so as to comply with Federal Aviation Regulations, Part 77 and the Rules and Regulations. Lessee further expressly agrees for itself, its successors and assigns, to prevent any use of the Demised Premises that would interfere with or adversely affect the operation or maintenance of Airport, or otherwise constitute an airport hazard.

## Severability. If any term or provision of this Agreement or the application thereof to any person or circumstances, shall to any extent be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and be enforced to the fullest extent permitted by Applicable Laws.

## Governing Law. This Agreement shall be construed and enforced in accordance with the Laws of the State of Florida without giving effect to its choice of laws provisions. Venue for any action brought pursuant to this Agreement will be in Highland County, Florida, or in the U.S. District Court for the Middle District of Florida, except that Lessee waives any right to federal court jurisdiction based on diversity or federal statutes triable in state court. Lessee hereby waives any claim against Lessor and the Indemnified Parties for loss of anticipated profits caused by any suit or proceedings directly or indirectly attacking the validity of this Agreement or any part hereof, or by any judgment or award in any suit or proceeding declaring this Agreement null, void, or voidable, or delaying the same, or any part hereof, from being carried out. **EACH PARTY HEREBY EACH EXPRESSLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY OF ANY CIVIL LITIGATION RELATED TO THIS CONTRACT. IF A PARTY FAILS TO WITHDRAW A DEMAND FOR A JURY TRIAL AFTER WRITTEN NOTICE BY THE OTHER PARTY, THE PARTY MAKING THE DEMAND FOR JURY TRIAL SHALL BE LIABLE FOR REASONABLE ATTORNEYS’ FEES AND COSTS OF THE OTHER PARTY TO CONTEST THE DEMAND FOR JURY TRIAL, AND SUCH AMOUNTS SHALL BE AWARDED BY THE COURT IN ADJUDICATING THE MOTION. CONTRACTOR SHALL SPECIFICALLY BIND ALL SUBCONTRACTORS TO THE PROVISIONS OF THIS SECTION.**

## Short Form Lease. The City and Lessee shall execute and record a short form or memorandum of this Agreement in customary form and content, setting forth, at a minimum, the leasehold interest granted hereunder, the Term of this Agreement and the prohibition against construction liens for Lessee’s improvements. The original of this Agreement shall not be recorded.

## Drafting. The Parties hereto expressly acknowledge that this Agreement was prepared and drafted by their respective counsel. Lessor and Lessee acknowledge that they have thoroughly read this Agreement, including any exhibits or attachments hereto, and have sought and received whatever competent advice and counsel was necessary for them to form a full and complete understanding of all rights and obligations herein. Lessor and Lessee further acknowledge that this Agreement is the result of extensive negotiations between the Parties and shall not be construed against Lessor by reason of the preparation of this Agreement by Lessor.

## Counterparts. This Agreement may be executed in one or more counterparts.

## [Signature Page Follows]

IN WITNESS WHEREOF the Lessor and the Lessee have hereunto set their hands and seals, as of the day and year above written.

Signed, sealed and delivered This Agreement was approved by the City

in the presence of Council through passage of Ordinance # \_\_\_\_\_\_\_\_, on the \_\_\_ day of \_\_\_\_\_\_\_, 2023.

 Lessor: City of Avon Park

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (As to Lessor)

 Lessee: Florida Airport Management, LLC

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (As to Lessee)

**EXHIBIT H-1**

**GENERAL REQUIRED FEDERAL PROVISIONS**

* + 1. Compliance with Nondiscrimination Provisions. During the performance of this Agreement, LESSEE, for itself, its assignees, and successors in interest (hereinafter collectively referred to as “LESSEE”) agrees as follows:
1. **Compliance with Regulations:** LESSEE will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
2. **Non-discrimination:** LESSEE, with regard to the work performed by it during the term of this Agreement, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of contractors, including procurements of materials and leases of equipment. LESSEE will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Agreements, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by LESSEE for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential contractor or supplier will be notified by LESSEE of LESSEE’s obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:**  LESSEE will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of LESSEE is in the exclusive possession of another who fails or refuses to furnish the information, LESSEE will so certify to LESSOR or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of LESSEE’s noncompliance with the Non-discrimination provisions of this contract, LESSOR will impose such sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to withholding payments to the LESSEE under the Agreement until the LESSEE complies, and/or cancelling, terminating, or suspending the Agreement, in whole or in part.
6. **Incorporation of Provisions:** LESSEE will include the provisions of paragraphs one through six of this Exhibit H-1, Section (A) in every contract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. LESSEE will take action with respect to any contract or procurement as LESSOR or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if LESSEE becomes involved in, or is threatened with litigation by a contractor, or supplier because of such direction, LESSEE may request LESSOR to enter into any litigation to protect the interests of LESSOR. In addition, LESSEE may request the United States to enter into the litigation to protect the interests of the United States.

### Real Property Acquired or Improved Under the Airport Improvement Program. LESSEE for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, LESSEE will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Pertinent List of Nondiscrimination Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

### Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program. LESSEE for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that LESSEE will furnish its services in compliance with all other requirements imposed by or pursuant to the List of Nondiscrimination Acts And Authorities.

### Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Agreement, LESSEE, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq*., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
2. 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
4. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq*.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
5. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq*.), (prohibits discrimination on the basis of age);
6. Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
7. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
8. Titles II and III of the Americans with Disabilities Act of 1990, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;
9. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
10. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
11. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100); and
12. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

### General Civil Rights Provision. In all its activities within the scope of its airport program, the LESSEE agrees to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964. If the LESSEE transfers its obligation to another, the transferee is obligated in the same manner as the LESSEE. The above provision obligates the LESSEE for the period during which the property is owned, used or possessed by the LESSEE and the airport remains obligated to the Federal Aviation Administration.

### Right of Re-entry. In the event of breach of any of the above Nondiscrimination covenants, LESSOR will have the right to terminate the Agreement and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Agreement had never been made or issued.

### Subcontracts. LESSEE agrees that it shall insert the above six provisions (Section (A) through Section (F)) in any agreement by which LESSEE grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public under this Agreement.

**Exhibit H-2**

**CONSTRUCTION REQUIRED FEDERAL PROVISIONS**

### Compliance with Nondiscrimination Requirements. During the performance of this Agreement, CONTRACTOR for itself, its assignees, and successors in interest (hereinafter collectively referred to as “CONTRACTOR”) agrees as follows:

1. **Compliance** with **Regulations:** CONTRACTOR will comply with the Title VI List of Pertinent Nondiscrimination Acts And Authorities, as they may be amended from time to time, which are herein incorporated by reference and made a part of this Agreement.
2. **Non-discrimination:** TheCONTRACTOR, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, national origin (including limited English proficiency), creed, sex (including sexual orientation and gender identity), age, or disability in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The CONTRACTOR will not participate directly or indirectly in the discrimination prohibited by the Nondiscrimination Acts and Authorities, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR part 21.
3. **Solicitations for Agreements, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by CONTRACTOR for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential contractor or supplier will be notified by CONTRACTOR of CONTRACTOR’s obligations under this Agreement and the Nondiscrimination Acts And Authorities on the grounds of race, color, or national origin.
4. **Information and Reports:**  CONTRACTOR will provide all information and reports **required** by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the sponsor or the Federal Aviation Administration to be pertinent to ascertain compliance with such Nondiscrimination Acts And Authorities and instructions. Where any information required of CONTRACTOR is in the exclusive possession of another who fails or refuses to furnish the information, CONTRACTOR will so certify to GRANTEE or the Federal Aviation Administration, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of CONTRACTOR’s noncompliance with the Non-discrimination provisions of this Agreement, GRANTEE will impose such sanctions as it or the Federal Aviation Administration may determine to be appropriate, including, but not limited to (a) withholding payments to CONTRACTOR under the Agreement until CONTRACTOR complies, or (b) cancelling, terminating, or suspending the Agreement, in whole or in part.
6. **Incorporation of Provisions:** CONTRACTOR will include the provisions of paragraphs one through six of this Exhibit B, Section (A) in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. CONTRACTOR will take action with respect to any contract or procurement as GRANTEE or the Federal Aviation Administration may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if CONTRACTOR becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, CONTRACTOR may request GRANTEE to enter into any litigation to protect the interests of GRANTEE. In addition, CONTRACTOR may request the United States to enter into the litigation to protect the interests of the United States.

### Real Property Acquired or Improved Under the Airport Improvement Program. CONTRACTOR for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a Federal Aviation Administration activity, facility, or program is extended or for another purpose involving the provision of similar services or benefits, CONTRACTOR will maintain and operate such facilities and services in compliance with all requirements imposed by the Nondiscrimination Acts and Regulations listed in the Title VI List of Nondiscrimination Acts and Authorities (as may be amended) such that no person on the grounds of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities.

### Construction/Use/Access to Real Property Acquired Under the Activity, Facility or Program. CONTRACTOR for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land, and the furnishing of services thereon, no person on the ground of race, color, or national origin, will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and (3) that CONTRACTOR will furnish its services in compliance with all other requirements imposed by or pursuant to the List of discrimination Acts And Authorities.

### Title VI List of Pertinent Nondiscrimination Acts and Authorities. During the performance of this Agreement, CONTRACTOR, for itself, its assignees, and successors in interest (hereinafter referred to as the “contractor”) agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

1. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin);
2. 49 CFR Part 21 (Non-discrimination In Federally-Assisted Programs of The Department of Transportation—Effectuation of Title VI of The Civil Rights Act of 1964);
3. The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
4. Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 *et seq*.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27 (nondiscrimination on the Basis of Disability in Programs or Activities receiving Federal Financial Assistance);
5. The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 *et seq*.), (prohibits discrimination on the basis of age);
6. Airport and Airway Improvement Act of 1982, (49 USC § 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
7. The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms “programs or activities” to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
8. Titles II and III of the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.) (prohibits discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities) as implemented by Department of Transportation regulations at 49 CFR Parts 37 and 38;
9. The Federal Aviation Administration’s Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
10. Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations (ensures non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations);
11. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100); and
12. Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).

### General Civil Rights Provision. In all its activities within the scope of its airport program, the CONTRACTOR agrees to comply with pertinent statutes, Executive Orders, and such rules as identified in Title VI List of Pertinent Nondiscrimination Acts and Authorities to ensure that no person shall, on the grounds of race, color, national origin (including limited English proficiency, creed, sex (including sexual orientation and gender identity), age, or disability be excluded from participating in any activity conducted with or benefiting from Federal assistance. This provision is in addition to that required by Title VI of the Civil Rights Act of 1964.

### Right of Re-entry. In the event of breach of any of the above Nondiscrimination covenants, GRANTEE will have the right to terminate the Agreement and to enter, re-enter, and repossess said lands and facilities thereon, and hold the same as if the Agreement had never been made or issued.

### Subcontracts. CONTRACTOR agrees that it shall insert the above six provisions (Section (A) through Section (F)) in any agreement by which CONTRACTOR grants a right or privilege to any person, firm, or corporation to render accommodations and/or services to the public under this Agreement.

### Fair Labor Standards Act. This Agreement incorporates by reference the provisions of 29 CFR Part 201 *et seq*., the Federal Fair Labor Standards Act (FLSA), with the same force and effect as if given in full text. The FLSA sets minimum wage, overtime pay, recordkeeping, and child labor standards for full and part time workers. CONTRACTOR has full responsibility to monitor its own and its subcontractors’ compliance with the referenced statute or regulation. CONTRACTOR must address any claims or disputes that arise from this requirement directly with the U.S. Department of Labor – Wage and Hour Division.

### Occupational Safety and Health Act. This Agreement incorporates by reference the requirements of 29 CFR Part 1910 with the same force and effect as if given in full text. CONTRACTOR and its subcontractors must provide a work environment that is free from recognized hazards that may cause death or serious physical harm to the employee. CONTRACTOR retains full responsibility to monitor its compliance and any subcontractor’s compliance with the applicable requirements of the Occupational Safety and Health Act of 1970 (29 CFR Part 1910). CONTRACTOR must address any claims or disputes that pertain to a referenced requirement directly with the U.S. Department of Labor – Occupational Safety and Health Administration.

### Access to Records and Reports. CONTRACTOR must maintain an acceptable cost accounting system. CONTRACTOR agrees to provide GRANTEE, the Federal Aviation Administration and the Comptroller General of the United States or any of their duly authorized representatives access to any books, documents, papers and records of CONTRACTOR which are directly pertinent to the specific contract for the purpose of making audit, examination, excerpts and transcriptions. CONTRACTOR agrees to maintain all books, records and reports required under this contract for a period of not less than three years after final payment is made and all pending matters are closed.

### Clean Air and Water Pollution Control. CONTRACTOR agrees to comply with all applicable standards, orders, and regulations issued pursuant to the Clean Air Act (42 USC §§ 7401-7671q) and the Federal Water Pollution Control Act as amended (33 USC §§ 1251-1387). CONTRACTOR agrees to report any violation to GRANTEE immediately upon discovery. GRANTEE assumes responsibility for notifying the Environmental Protection Agency (EPA) and the Federal Aviation Administration. CONTRACTOR must include this requirement in all subcontracts that exceeds $150,000.

### Contract Workhours and Safety Standards Act Requirements.

#### No contractor or subcontractor contracting for any part of Services which may require or involve the employment of laborers or mechanics shall require or permit any such laborer or mechanic, including watchmen and guards, in any workweek in which he or she is employed on such work to work in excess of forty hours in such workweek unless such laborer or mechanic receives compensation at a rate not less than one and one-half times the basic rate of pay for all hours worked in excess of forty hours in such workweek.

#### In the event of any violation of the clause set forth in paragraph (a) of this Section (L), CONTRACTOR and any subcontractor responsible therefor shall be liable for the unpaid wages. In addition, CONTRACTOR and its subcontractor shall be liable to the United States (in the case of work done under contract for the District of Columbia or a territory, to such District or to such territory), for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic, including watchmen and guards, employed in violation of the clause set forth in paragraph (i) of this Section (L), in the sum of $29 for each calendar day on which such individual was required or permitted to work in excess of the standard workweek of forty hours without payment of the overtime wages required by the clause set forth in paragraph (i) of this Section(L).

#### FAA or GRANTEE shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld, from any moneys payable on account of work performed by CONTRACTOR or its subcontractor under any such contract or any other Federal contract with the same prime contractor, or any other federally assisted contract subject to the Contract Work Hours and Safety Standards Act, which is held by the same prime contractor, such sums as may be determined to be necessary to satisfy any liabilities of such contractor or subcontractor for unpaid wages and liquidated damages as provided in the clause set forth in paragraph (ii) of this Section (L).

#### CONTRACTOR and its subcontractors shall insert in any subcontracts the clauses set forth in paragraphs (a) through (d) of this Section (L) and also a clause requiring the subcontractor to include these clauses in any lower tier subcontracts. CONTRACTOR shall be responsible for compliance by any subcontractor or lower tier subcontractor with the clauses set forth in paragraphs (i) through (iv) of this Section (L).

### Debarment and Suspension. CONTRACTOR, by administering each lower tier subcontract that exceeds $25,000 as a “covered transaction”, must confirm each lower tier participant of a “covered transaction” under the project is not presently debarred or otherwise disqualified from participation in this federally assisted project. CONTRACTOR will accomplish this by:

#### Checking the System for Award Management at the following website: <http://www.sam.gov>.

#### Collecting a certification statement similar to the Certification of Offerer /Bidder Regarding Debarment, above.

#### Inserting a clause or condition in the covered transaction with the lower tier contract.

#### If the Federal Aviation Administration later determines that a lower tier participant failed to disclose to a higher tier participant that it was excluded or disqualified at the time it entered the covered transaction, the FAA may pursue any available remedies, including suspension and debarment of the non-compliant participant.

### Distracted Driving. In accordance with Executive Order 13513, “Federal Leadership on Reducing Text Messaging While Driving”, (10/1/2009) and DOT Order 3902.10, “Text Messaging While Driving”, (12/30/2009), the Federal Aviation Administration encourages recipients of Federal grant funds to adopt and enforce safety policies that decrease crashes by distracted drivers, including policies to ban text messaging while driving when performing work related to a grant or subgrant. In support of this initiative, GRANTEE encourages CONTRACTOR to promote policies and initiatives for its employees and other work personnel that decrease crashes by distracted drivers, including policies that ban text messaging while driving motor vehicles while performing work activities associated with this Agreement. CONTRACTOR must include the substance of this clause in all sub-tier contracts exceeding $10,000 that involve driving a motor vehicle in performance of work activities associated with this Agreement.

### Equal Opportunity Clause.

During the performance of this Agreement, CONTRACTOR agrees as follows:

#### CONTRACTOR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, sexual orientation, gender identity, or national origin. CONTRACTOR will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, sexual orientation, gender identity, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff, or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. CONTRACTOR agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided setting forth the provisions of this nondiscrimination clause.

#### CONTRACTOR will, in all solicitations or advertisements for employees placed by or on behalf of CONTRACTOR, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, sexual orientation, gender identity, or national origin.

#### CONTRACTOR will not discharge or in any other manner discriminate against any employee or applicant for employment because such employee or applicant has inquired about, discussed, or disclosed the compensation of the employee or applicant or another employee or applicant. This provision shall not apply to instances in which an employee who has access to the compensation information of the employees or applicants as a part of such employee’s essential job functions discloses the compensation of such other employees or applicants to individuals who do not otherwise have access to such information, unless such disclosure is in response to a formal complaint or charge, in furtherance of an investigation, proceeding, hearing, or action, including an investigation conducted by the employer, or is consistent with the contractor’s legal duty to furnish information.

#### CONTRACTOR will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding, a notice to be provided by the agency contracting officer advising the labor union or workers’ representative of CONTRACTOR’s commitments under section 202 of Executive Order 11246 of September 24, 1965, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

#### CONTRACTOR will comply with all provisions of Executive Order 11246 of September 24, 1965, and of the rules, regulations, and relevant orders of the Secretary of Labor.

#### CONTRACTOR will furnish all information and reports required by Executive Order 11246 of September 24, 1965, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to his books, records, and accounts by the contracting agency and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

#### In the event of CONTRACTOR’s noncompliance with the nondiscrimination clauses of this contract or with any such rules, regulations, or orders, this Agreement may be canceled, terminated, or suspended in whole or in part and CONTRACTOR may be declared ineligible for further Government contracts or federally assisted construction contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

#### CONTRACTOR will include the portion of the provisions of paragraphs (i) through (viii) in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to section 204 of Executive Order11246 of September 24, 1965, so that such provisions will be binding upon each subcontractor or vendor. CONTRACTOR will take such action with respect to any subcontract or purchase order as may be directed by the Secretary of Labor as a means of enforcing such provisions, including sanctions for noncompliance: Provided, however, that in the event the CONTRACTOR becomes involved in, or is threatened with, litigation with a subcontractor or vendor as a result of such direction, the CONTRACTOR may request the United States to enter into such litigation to protect the interests of the United States.

### Equal Employment Opportunity Specifications.

#### As used in these specifications:

##### “Covered area” means the geographical area described in the solicitation from which this contract resulted;

##### “Director” means Director, Office of Federal Contract Compliance Programs (OFCCP), U.S. Department of Labor, or any person to whom the Director delegates authority;

##### “Employer identification number” means the Federal social security number used on the Employer’s Quarterly Federal Tax Return, U.S. Treasury Department Form 941;

##### “Minority” includes:

###### Black (all persons having origins in any of the Black African racial groups not of Hispanic origin);

###### Hispanic (all persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish culture or origin regardless of race);

###### Asian and Pacific Islander (all persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian Subcontinent, or the Pacific Islands); and

###### American Indian or Alaskan native (all persons having origins in any of the original peoples of North America and maintaining identifiable tribal affiliations through membership and participation or community identification).

#### Whenever the CONTRACTOR, or any subcontractor at any tier, subcontracts a portion of the work involving any construction trade, it shall physically include in each subcontract in excess of $10,000 the provisions of these specifications and the Notice which contains the applicable goals for minority and female participation and which is set forth in the solicitations from which this contract resulted.

#### If the CONTRACTOR is participating (pursuant to 41 CFR part 60-4.5) in a Hometown Plan approved by the U.S. Department of Labor in the covered area either individually or through an association, its affirmative action obligations on all work in the Plan area (including goals and timetables) must be in accordance with that Plan for those trades which have unions participating in the Plan. Contractors shall be able to demonstrate their participation in and compliance with the provisions of any such Hometown Plan. Each contractor or subcontractor participating in an approved plan is individually required to comply with its obligations under the EEO clause and to make a good faith effort to achieve each goal under the Plan in each trade in which it has employees. The overall good faith performance by other Guidelines for Contract Provisions for Obligated Sponsors and Airport Improvement Program Projects contractors or subcontractors toward a goal in an approved Plan does not excuse any covered contractor’s or subcontractor’s failure to take good faith efforts to achieve the Plan goals and timetables.

#### The CONTRACTOR shall implement the specific affirmative action standards provided in paragraphs (vii)(1) through (vii)(16) of these specifications. The goals set forth in the solicitation from which this contract resulted are expressed as percentages of the total hours of employment and training of minority and female utilization the CONTRACTOR should reasonably be able to achieve in each construction trade in which it has employees in the covered area. Covered construction contractors performing construction work in a geographical areas where they do not have a Federal or federally assisted construction contract shall apply the minority and female goals established for the geographical area where the work is being performed. Goals are published periodically in the Federal Register in notice form, and such notices may be obtained from any Office of Federal Contract Compliance Programs office or from Federal procurement contracting officers. The CONTRACTOR is expected to make substantially uniform progress in meeting its goals in each craft during the period specified.

#### Neither the provisions of any collective bargaining agreement nor the failure by a union with whom the CONTRACTOR has a collective bargaining agreement to refer either minorities or women shall excuse the CONTRACTOR’s obligations under these specifications, Executive Order 11246, or the regulations promulgated pursuant thereto.

#### In order for the nonworking training hours of apprentices and trainees to be counted in meeting the goals, such apprentices and trainees must be employed by the CONTRACTOR during the training period and the CONTRACTOR must have made a commitment to employ the apprentices and trainees at the completion of their training, subject to the availability of employment opportunities. Trainees must be trained pursuant to training programs approved by the U.S. Department of Labor.

#### The CONTRACTOR shall take specific affirmative actions to ensure equal employment opportunity. The evaluation of the CONTRACTOR’s compliance with these specifications shall be based upon its effort to achieve maximum results from its actions. The CONTRACTOR shall document these efforts fully and shall implement affirmative action steps at least as extensive as the following:

##### Ensure and maintain a working environment free of harassment, intimidation, and coercion at all sites, and in all facilities at which the CONTRACTOR’s employees are assigned to work. The CONTRACTOR, where possible, will assign two or more women to each construction project. The CONTRACTOR shall specifically ensure that all foremen, superintendents, and other onsite supervisory personnel are aware of and carry out the CONTRACTOR’s obligation to maintain such a working environment, with specific attention to minority or female individuals working at such sites or in such facilities.

##### Establish and maintain a current list of minority and female recruitment sources, provide written notification to minority and female recruitment sources and to community organizations when the CONTRACTOR or its unions have employment opportunities available, and maintain a record of the organizations’ responses.

##### Maintain a current file of the names, addresses, and telephone numbers of each minority and female off-the-street applicant and minority or female referral from a union, a recruitment source, or community organization and of what action was taken with respect to each such individual. If such individual was sent to the union hiring hall for referral and was not referred back to the CONTRACTOR by the union or, if referred, not employed by the CONTRACTOR, this shall be documented in the file with the reason therefore along with whatever additional actions the CONTRACTOR may have taken.

##### Provide immediate written notification to the Director when the union or unions with which the CONTRACTOR has a collective bargaining agreement has not referred to the CONTRACTOR a minority person or woman sent by the CONTRACTOR, or when the CONTRACTOR has other information that the union referral process has impeded the CONTRACTOR’s efforts to meet its obligations.

##### Develop on-the-job training opportunities and/or participate in training programs for the area which expressly include minorities and women, including upgrading programs and apprenticeship and trainee programs relevant to the CONTRACTOR’s employment needs, especially those programs funded or approved by the Department of Labor. The CONTRACTOR shall provide notice of these programs to the sources compiled under 7b above.

##### Disseminate the CONTRACTOR’s EEO policy by providing notice of the policy to unions and training programs and requesting their cooperation in assisting the CONTRACTOR in meeting its EEO obligations; by including it in any policy manual and collective bargaining agreement; by publicizing it in the company newspaper, annual report, etc.; by specific review of the policy with all management personnel and with all minority and female employees at least once a year; and by posting the company EEO policy on bulletin boards accessible to all employees at each location where construction work is performed.

##### Review, at least annually, the company’s EEO policy and affirmative action obligations under these specifications with all employees having any responsibility for hiring, assignment, layoff, termination, or other employment decisions, including specific review of these items, with onsite supervisory personnel such superintendents, general foremen, etc., prior to the initiation of construction work at any job site. A written record shall be made and maintained identifying the time and place of these meetings, persons attending, subject matter discussed, and disposition of the subject matter.

##### Disseminate the CONTRACTOR’s EEO policy externally by including it in any advertising in the news media, specifically including minority and female news media, and providing written notification to and discussing the CONTRACTOR’s EEO policy with other contractors and subcontractors with whom the CONTRACTOR does or anticipates doing business.

##### Direct its recruitment efforts, both oral and written, to minority, female, and community organizations, to schools with minority and female students; and to minority and female recruitment and training organizations serving the CONTRACTOR’s recruitment area and employment needs. Not later than one month prior to the date for the acceptance of applications for apprenticeship or other training by any recruitment source, the CONTRACTOR shall send written notification to organizations, such as the above, describing the openings, screening procedures, and tests to be used in the selection process.

##### Encourage present minority and female employees to recruit other minority persons and women and, where reasonable, provide after school, summer, and vacation employment to minority and female youth both on the site and in other areas of a contractor’s work-force.

##### Validate all tests and other selection requirements where there is an obligation to do so under 41 CFR part 60-3.

##### Conduct, at least annually, an inventory and evaluation at least of all minority and female personnel, for promotional opportunities and encourage these employees to seek or to prepare for, through appropriate training, etc., such opportunities.

##### Ensure that seniority practices, job classifications, work assignments, and other personnel practices do not have a discriminatory effect by continually monitoring all personnel and employment related activities to ensure that the EEO policy and the CONTRACTOR’s obligations under these specifications are being carried out.

##### Ensure that all facilities and company activities are nonsegregated except that separate or single user toilet and necessary changing facilities shall be provided to assure privacy between the sexes.

##### Document and maintain a record of all solicitations of offers for subcontracts from minority and female construction contractors and suppliers, including circulation of solicitations to minority and female contractor associations and other business associations.

##### Conduct a review, at least annually, of all supervisor’s adherence to and performance under the CONTRACTOR’s EEO policies and affirmative action obligations.

#### Contractors are encouraged to participate in voluntary associations, which assist in fulfilling one or more of their affirmative action obligations. The efforts of a contractor association, joint contractor union, contractor community, or other similar group of which the CONTRACTOR is a member and participant may be asserted as fulfilling any one or more of its obligations under (vii)(1) through (vii)(16) of these specifications provided that the CONTRACTOR actively participates in the group, makes every effort to assure that the group has a positive impact on the employment of minorities and women in the industry, ensures that the concrete benefits of the program are reflected in the CONTRACTOR’s minority and female workforce participation, makes a good faith effort to meet its individual goals and timetables, and can provide access to documentation which demonstrates the effectiveness of actions taken on behalf of the CONTRACTOR. The obligation to comply, however, is the CONTRACTOR’s and failure of such a group to fulfill an obligation shall not be a defense for the CONTRACTOR’s noncompliance.

#### A single goal for minorities and a separate single goal for women have been established. The CONTRACTOR, however, is required to provide equal employment opportunity and to take affirmative action for all minority groups, both male and female, and all women, both minority and non-minority. Consequently, the CONTRACTOR may be in violation of the Executive Order if the particular group is employed in a substantially disparate manner (for example, even though the CONTRACTOR has achieved its goals for women generally), the CONTRACTOR may be in violation of the Executive Order if a specific minority group of women is underutilized.

#### The CONTRACTOR shall not use the goals and timetables or affirmative action standards to discriminate against any person because of race, color, religion, sex, sexual orientation, gender identity, or national origin.

#### The CONTRACTOR shall not enter into any subcontract with any person or firm debarred from Government contracts pursuant to Executive Order 11246.

#### The CONTRACTOR shall carry out such sanctions and penalties for violation of these specifications and of the Equal Opportunity Clause, including suspension, termination, and cancellation of existing subcontracts as may be imposed or ordered pursuant to Executive Order 11246, as amended, and its implementing regulations, by the Office of Federal Contract Compliance Programs. Any contractor who fails to carry out such sanctions and penalties shall be in violation of these specifications and Executive Order 11246, as amended.

#### The CONTRACTOR, in fulfilling its obligations under these specifications, shall implement specific affirmative action steps, at least as extensive as those standards prescribed in paragraph 7 of these specifications, so as to achieve maximum results from its efforts to ensure equal employment opportunity. If the CONTRACTOR fails to comply with the requirements of the Executive Order, the implementing regulations, or these specifications, the Director shall proceed in accordance with 41 CFR part 60-4.8.

#### The CONTRACTOR shall designate a responsible official to monitor all employment related activity to ensure that the company EEO policy is being carried out, to submit reports relating to the provisions hereof as may be required by the Government, and to keep records. Records shall at least include for each employee, the name, address, telephone numbers, construction trade, union affiliation if any, employee identification number when assigned, social security number, race, sex, status (e.g., mechanic, apprentice, trainee, helper, or laborer), dates of changes in status, hours worked per week in the indicated trade, rate of pay, and locations at which the work was performed. Records shall be maintained in an easily understandable and retrievable form; however, to the degree that existing records satisfy this requirement, contractors shall not be required to maintain separate records.

#### Nothing herein provided shall be construed as a limitation upon the application of other laws which establish different standards of compliance or upon the application of requirements for the hiring of local or other area residents (e.g. those under the Public Works Employment Act of 1977 and the Community Development Block Grant Program).

### Disadvantaged Business Enterprises.

#### CONTRACTOR, subrecipients, or subcontractors shall not discriminate on the basis of race, color, national origin, or sex in the performance of this Agreement. CONTRACTOR shall carry out applicable requirements of 49 CFR part 26 in the award and administration of DOT-assisted contracts. Failure by CONTRACTOR to carry out these requirements is a material breach of this Agreement, which may result in the termination of this Agreement or such other remedy as GRANTEE deems appropriate, which may include, but is not limited to:

##### Withholding monthly progress payments;

##### Assessing sanctions;

##### Liquidated damages; and/or

##### Disqualifying the CONTRACTOR from future bidding as non-responsible.

#### CONTRACTOR agrees to pay each subcontractor under this Agreement for satisfactory performance of its contract no later than 30 days from the receipt of each payment CONTRACTOR receives from GRANTEE. CONTRACTOR agrees further to return retainage payments to each subcontractor within 30 days after the subcontractor’s work is satisfactorily completed. Any delay or postponement of payment from the above referenced time frame may occur only for good cause following written approval of GRANTEE. This clause applies to both DBE and non-DBE subcontractors.

### Trade Restriction Certification. By submission of an offer and entering into this Agreement, CONTRACTOR certifies that with respect to this solicitation and the resultant Agreement, CONTRACTOR –

#### is not owned or controlled by one or more citizens of a foreign country included in the list of countries that discriminate against U.S. firms as published by the Office of the United States Trade Representative (USTR);

#### has not knowingly entered into any contract or subcontract for this project with a person that is a citizen or national of a foreign country included on the list of countries that discriminate against U.S. firms as published by the USTR; and

#### has not entered into any subcontract for any product to be used on the Federal project that is produced in a foreign country included on the list of countries that discriminate against U.S. firms published by the USTR.

This certification concerns a matter within the jurisdiction of an agency of the United States of America and the making of a false, fictitious, or fraudulent certification may render the maker subject to prosecution under Title 18 USC § 1001.

CONTRACTOR must provide immediate written notice to GRANTEE if CONTRACTOR learns that its certification or that of a subcontractor was erroneous when submitted or has become erroneous by reason of changed circumstances. CONTRACTOR must require subcontractors to provide immediate written notice to CONTRACTOR if at any time it learns that its certification was erroneous by reason of changed circumstances.

Unless the restrictions of this clause are waived by the Secretary of Transportation in accordance with 49 CFR § 30.17, no contract shall be awarded to CONTRACTOR or any subcontractor:

####  who is owned or controlled by one or more citizens or nationals of a foreign country included on the list of countries that discriminate against U.S. firms published by the USTR or

#### whose subcontractors are owned or controlled by one or more citizens or nationals of a foreign country on such USTR list or

#### who incorporates in the public works project any product of a foreign country on such USTR list.

Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render, in good faith, the certification required by this provision. The knowledge and information of a contractor is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

CONTRACTOR agrees that it will incorporate this provision for certification without modification in all lower tier subcontracts. CONTRACTOR may rely on the certification of a prospective subcontractor that it is not a firm from a foreign country included on the list of countries that discriminate against U.S. firms as published by USTR, unless CONTRACTOR has knowledge that the certification is erroneous.

This certification is a material representation of fact upon which reliance was placed when making an award. If it is later determined that CONTRACTOR or its subcontractor knowingly rendered an erroneous certification, the Federal Aviation Administration (FAA) may direct through the GRANTEE cancellation of this Agreement for default at no cost to GRANTEE or the FAA.

### Certification Regarding Lobbying.

CONTRACTOR certifies, to the best of his or her knowledge and belief, that:

#### No Federal appropriated funds have been paid or will be paid, by or on behalf of CONTRACTOR, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

#### If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, CONTRACTOR shall complete and submit Standard Form-LLL, “Disclosure Form to Report Lobbying,” in accordance with its instructions.

#### CONTRACTOR shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

### Veteran’s Preference. In the employment of labor (excluding executive, administrative, and supervisory positions), CONTRACTOR and all sub-tier contractors must give preference to covered veterans as defined within Title 49 United States Code Section 47112. Covered veterans include Vietnam-era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns (as defined by 15 USC § 632) owned and controlled by disabled veterans. This preference only applies when there are covered veterans readily available and qualified to perform the work to which the employment relates.

### Davis-Bacon Requirements.

#### Minimum Wages.

##### All laborers and mechanics employed or working upon the site of the work will be paid unconditionally and not less often than once a week, and without subsequent deduction or rebate on any account (except such payroll deductions as are permitted by the Secretary of Labor under the Copeland Act (29 CFR Part 3)), the full amount of wages and bona fide fringe benefits (or cash equivalent thereof) due at time of payment computed at rates not less than those contained in the wage determination of the Secretary of Labor which is attached hereto and made a part hereof, regardless of any contractual relationship which may be alleged to exist between the CONTRACTOR and such laborers and mechanics. Contributions made or costs reasonably anticipated for bona fide fringe benefits under section 1(b)(2) of the Davis-Bacon Act on behalf of laborers or mechanics are considered wages paid to such laborers or mechanics, subject to the provisions of paragraph (1)(iv) of this section; also, regular contributions made or costs incurred for more than a weekly period (but not less often than quarterly) under plans, funds, or programs which cover the particular weekly period, are deemed to be constructively made or incurred during such weekly period. Such laborers and mechanics shall be paid the appropriate wage rate and fringe benefits on the wage determination for the classification of work actually performed, without regard to skill, except as provided in 29 CFR § 5.5(a)(4). Laborers or mechanics performing work in more than one classification may be compensated at the rate specified for each classification for the time actually worked therein: Provided that the employer’s payroll records accurately set forth the time spent in each classification in which work is performed. The wage determination (including any additional classification and wage rates conformed under (1)(ii) of this section) and the Davis-Bacon poster (WH-1321) shall be posted at all times by the CONTRACTOR and its subcontractors at the site of the work in a prominent and accessible place where it can easily be seen by the workers.

##### The contracting officer shall require that any class of laborers or mechanics, including helpers, which is not listed in the wage determination and which is to be employed under the contract shall be classified in conformance with the wage determination. The contracting officer shall approve an additional classification and wage rate and fringe benefits therefore only when the following criteria have been met:

###### The work to be performed by the classification requested is not performed by a classification in the wage determination;

###### The classification is utilized in the area by the construction industry; and

###### The proposed wage rate, including any bona fide fringe benefits, bears a reasonable relationship to the wage rates contained in the wage determination.

##### If the CONTRACTOR and the laborers and mechanics to be employed in the classification (if known), or their representatives, and the contracting officer agree on the classification and wage rate (including the amount designated for fringe benefits where appropriate), a report of the action taken shall be sent by the contracting officer to the Administrator of the Wage and Hour Division, Employment Standards Administration, U.S. Department of Labor, Washington, DC 20210. The Administrator, or an authorized representative, will approve, modify, or disapprove every additional classification action within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

##### In the event the CONTRACTOR, the laborers, or mechanics to be employed in the classification, or their representatives, and the contracting officer do not agree on the proposed classification and wage rate (including the amount designated for fringe benefits where appropriate), the contracting officer shall refer the questions, including the views of all interested parties and the recommendation of the contracting officer, to the Administrator for determination. The Administrator, or an authorized representative, will issue a determination within 30 days of receipt and so advise the contracting officer or will notify the contracting officer within the 30-day period that additional time is necessary.

##### The wage rate (including fringe benefits where appropriate) determined pursuant to subparagraphs (i)(3) or (4) of this paragraph, shall be paid to all workers performing work in the classification under this contract from the first day on which work is performed in the classification.

##### Whenever the minimum wage rate prescribed in the contract for a class of laborers or mechanics includes a fringe benefit which is not expressed as an hourly rate, the contractor shall either pay the benefit as stated in the wage determination or shall pay another bona fide fringe benefit or an hourly cash equivalent thereof.

##### If the CONTRACTOR does not make payments to a trustee or other third person, the CONTRACTOR may consider as part of the wages of any laborer or mechanic the amount of any costs reasonably anticipated in providing bona fide fringe benefits under a plan or program, Provided, that the Secretary of Labor has found, upon the written request of the CONTRACTOR, that the applicable standards of the Davis-Bacon Act have been met. The Secretary of Labor may require the CONTRACTOR to set aside in a separate account assets for the meeting of obligations under the plan or program.

#### Withholding. The Federal Aviation Administration or the sponsor shall upon its own action or upon written request of an authorized representative of the Department of Labor withhold or cause to be withheld from the CONTRACTOR under this contract or any other Federal contract with the same prime contractor, or any other federally-assisted contract subject to Davis-Bacon prevailing wage requirements, which is held by the same prime contractor, so much of the accrued payments or advances as may be considered necessary to pay laborers and mechanics, including apprentices, trainees, and helpers, employed by the CONTRACTOR or any subcontractor the full amount of wages required by the contract. In the event of failure to pay any laborer or mechanic, including any apprentice, trainee, or helper, employed or working on the site of the work, all or part of the wages required by the contract, the Federal Aviation Administration may, after written notice to the CONTRACTOR, Sponsor, Applicant, or GRANTEE, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds until such violations have ceased.

#### Payrolls and Basic Records

##### Payrolls and basic records relating thereto shall be maintained by the CONTRACTOR during the course of the work and preserved for a period of three years thereafter for all laborers and mechanics working at the site of the work. Such records shall contain the name, address, and social security number of each such worker; his or her correct classification; hourly rates of wages paid (including rates of contributions or costs anticipated for bona fide fringe benefits or cash equivalents thereof of the types described in 1(b)(2)(B) of the Davis-Bacon Act); daily and weekly number of hours worked; deductions made; and actual wages paid. Whenever the Secretary of Labor has found under 29 CFR 5.5(a)(1)(iv) that the wages of any laborer or mechanic include the amount of any costs reasonably anticipated in providing benefits under a plan or program described in section 1(b)(2)(B) of the Davis-Bacon Act, the CONTRACTOR shall maintain records that show that the commitment to provide such benefits is enforceable, that the plan or program is financially responsible, and that the plan or program has been communicated in writing to the laborers or mechanics affected, and records which show the costs anticipated or the actual costs incurred in providing such benefits. CONTRACTORs employing apprentices or trainees under approved programs shall maintain written evidence of the registration of apprenticeship programs and certification of trainee programs, the registration of the apprentices and trainees, and the ratios and wage rates prescribed in the applicable programs.

##### The CONTRACTOR shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Federal Aviation Administration if the agency is a party to the contract, but if the agency is not such a party, the CONTRACTOR will submit the payrolls to the applicant, Sponsor, or GRANTEE, as the case may be, for transmission to the Federal Aviation Administration. The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR § 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g. the last four digits of the employee’s social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH–347 is available for this purpose from the Wage and Hour Division Web site at www.dol.gov/esa/whd/forms/wh347instr.htmor its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. CONTRACTORs and subcontractors shall maintain the full social security number and current address of each covered worker and shall provide them upon request to the Federal Aviation Administration if the agency is a party to the contract, but if the agency is not such a party, the CONTRACTOR will submit them to the applicant, sponsor, or GRANTEE, as the case may be, for transmission to the Federal Aviation Administration, the CONTRACTOR, or the Wage and Hour Division of the Department of Labor for purposes of an investigation or audit of compliance with prevailing wage requirements. It is not a violation of this section for a prime contractor to require a subcontractor to provide addresses and social security numbers to the prime contractor for its own records, without weekly submission to the sponsoring government agency (or the applicant, Sponsor, or GRANTEE).

##### Each payroll submitted shall be accompanied by a "Statement of Compliance," signed by the CONTRACTOR or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following:

###### That the payroll for the payroll period contains the information required to be provided under 29 CFR § 5.5(a)(3)(ii), the appropriate information is being maintained under 29 CFR § 5.5 (a)(3)(i), and that such information is correct and complete;

###### That each laborer and mechanic (including each helper, apprentice, and trainee) employed on the contract during the payroll period has been paid the full weekly wages earned, without rebate, either directly or indirectly, and that no deductions have been made either directly or indirectly from the full wages earned, other than permissible deductions as set forth in Regulations 29 CFR Part 3;

###### That each laborer or mechanic has been paid not less than the applicable wage rates and fringe benefits or cash equivalents for the classification of work performed, as specified in the applicable wage determination incorporated into the contract.

##### The weekly submission of a properly executed certification set forth on the reverse side of Optional Form WH-347 shall satisfy the requirement for submission of the “Statement of Compliance” required by paragraph (iii)(3) of this section.

##### The falsification of any of the above certifications may subject the CONTRACTOR or subcontractor to civil or criminal prosecution under Section 1001 of Title 18 and Section 231 of Title 31 of the United States Code.

##### The CONTRACTOR or subcontractor shall make the records required under paragraph (iii)(1) of this section available for inspection, copying, or transcription by authorized representatives of the sponsor, the Federal Aviation Administration, or the Department of Labor and shall permit such representatives to interview employees during working hours on the job. If the CONTRACTOR or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the CONTRACTOR, Sponsor, applicant, or GRANTEE, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR § 5.12.

#### Apprentices and Trainees

##### Apprentices. Apprentices will be permitted to work at less than the predetermined rate for the work they performed when they are employed pursuant to and individually registered in a bona fide apprenticeship program registered with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship Training, Employer and Labor Services, or with a State Apprenticeship Agency recognized by the Bureau, or if a person is employed in his or her first 90 days of probationary employment as an apprentice in such an apprenticeship program, who is not individually registered in the program, but who has been certified by the Bureau of Apprenticeship and Training or a State Apprenticeship Agency (where appropriate) to be eligible for probationary employment as an apprentice. The allowable ratio of apprentices to journeymen on the job site in any craft classification shall not be greater than the ratio permitted to the contractor as to the entire work force under the registered program. Any worker listed on a payroll at an apprentice wage rate, who is not registered or otherwise employed as stated above, shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any apprentice performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. Where a contractor is performing construction on a project in a locality other than that in which its program is registered, the ratios and wage rates (expressed in percentages of the journeyman’s hourly rate) specified in the CONTRACTOR’s or subcontractor’s registered program shall be observed. Every apprentice must be paid at not less than the rate specified in the registered program for the apprentice’s level of progress, expressed as a percentage of the journeymen hourly rate specified in the applicable wage determination. Apprentices shall be paid fringe benefits in accordance with the provisions of the apprenticeship program. If the apprenticeship program does not specify fringe benefits, apprentices must be paid the full amount of fringe benefits listed on the wage determination for the applicable classification. If the Administrator determines that a different practice prevails for the applicable apprentice classification, fringes shall be paid in accordance with that determination. In the event the Office of Apprenticeship Training, Employer and Labor Services, or a State Apprenticeship Agency recognized by the Bureau, withdraws approval of an apprenticeship program, the CONTRACTOR will no longer be permitted to utilize apprentices at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

##### Trainees. Except as provided in 29 CFR § 5.16, trainees will not be permitted to work at less than the predetermined rate for the work performed unless they are employed pursuant to and individually registered in a program which has received prior approval, evidenced by formal certification by the U.S. Department of Labor, Employment and Training Administration. The ratio of trainees to journeymen on the job site shall not be greater than permitted under the plan approved by the Employment and Training Administration. Every trainee must be paid at not less than the rate specified in the approved program for the trainee’s level of progress, expressed as a percentage of the journeyman hourly rate specified in the applicable wage determination. Trainees shall be paid fringe benefits in accordance with the provisions of the trainee program. If the trainee program does not mention fringe benefits, trainees shall be paid the full amount of fringe benefits listed on the wage determination unless the Administrator of the Wage and Hour Division determines that there is an apprenticeship program associated with the corresponding journeyman wage rate on the wage determination that provides for less than full fringe benefits for apprentices. Any employee listed on the payroll at a trainee rate that is not registered and participating in a training plan approved by the Employment and Training Administration shall be paid not less than the applicable wage rate on the wage determination for the classification of work actually performed. In addition, any trainee performing work on the job site in excess of the ratio permitted under the registered program shall be paid not less than the applicable wage rate on the wage determination for the work actually performed. In the event the Employment and Training Administration withdraws approval of a training program, the CONTRACTOR will no longer be permitted to utilize trainees at less than the applicable predetermined rate for the work performed until an acceptable program is approved.

##### Equal Employment Opportunity. The utilization of apprentices, trainees, and journeymen under this part shall be in conformity with the equal employment opportunity requirements of Executive Order 11246, as amended, and 29 CFR Part 30.

#### Compliance with Copeland Act Requirements. The CONTRACTOR shall comply with the requirements of 29 CFR Part 3, which are incorporated by reference in this contract.

#### Subcontracts. The CONTRACTOR or subcontractor shall insert in any subcontracts the clauses contained in 29 CFR § 5.5(a)(1) through (10) and such other clauses as the Federal Aviation Administration may by appropriate instructions require, and also a clause requiring the subcontractors to include these clauses in any lower tier subcontracts. The prime contractor shall be responsible for the compliance by any subcontractor or lower tier subcontractor with all the contract clauses in 29 CFR § 5.5.

#### Contract Termination: Debarment. A breach of the contract clauses in paragraph 1 through 10 of this section may be grounds for termination of the contract, and for debarment as a contractor and a subcontractor as provided in 29 CFR § 5.12.

#### Compliance with Davis-Bacon and Related Act Requirements. All rulings and interpretations of the Davis-Bacon and Related Acts contained in 29 CFR Parts 1, 3, and 5 are herein incorporated by reference in this contract.

#### Disputes Concerning Labor Standards. Disputes arising out of the labor standards provisions of this contract shall not be subject to the general disputes clause of this contract. Such disputes shall be resolved in accordance with the procedures of the Department of Labor set forth in 29 CFR Parts 5, 6, and 7. Disputes within the meaning of this clause include disputes between the CONTRACTOR (or any of its subcontractors) and the contracting agency, the U.S. Department of Labor, or the employees or their representatives.

#### Certification of Eligibility.

##### By entering into this contract, the CONTRACTOR certifies that neither it (nor he or she) nor any person or firm who has an interest in the CONTRACTOR’s firm is a person or firm ineligible to be awarded Government contracts by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR § 5.12(a)(1).

##### No part of this contract shall be subcontracted to any person or firm ineligible for award of a Government contract by virtue of section 3(a) of the Davis-Bacon Act or 29 CFR § 5.12(a)(1).

##### The penalty for making false statements is prescribed in the U.S. Criminal Code, 18 USC § 1001.

### Copeland “Anti-Kickback” Act. CONTRACTOR must comply with the requirements of the Copeland “Anti-Kickback” Act (18 USC 874 and 40 USC 3145), as supplemented by Department of Labor regulation 29 CFR part 3. CONTRACTOR and subcontractors are prohibited from inducing, by any means, any person employed on the project to give up any part of the compensation to which the employee is entitled. The CONTRACTOR and each Subcontractor must submit to the GRANTEE, a weekly statement on the wages paid to each employee performing on covered work during the prior week. GRANTEE must report any violations of the Act to the Federal Aviation Administration.

### Prohibition of Segregated Facilities.

#### The CONTRACTOR agrees that it does not and will not maintain or provide for its employees any segregated facilities at any of its establishments, and that it does not and will not permit its employees to perform their services at any location under its control where segregated facilities are maintained. The CONTRACTOR agrees that a breach of this clause is a violation of the Equal Employment Opportunity clause in this contract.

#### “Segregated facilities,” as used in this clause, means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees that are segregated by explicit directive or are in fact segregated on the basis of race, color, religion, sex, sexual orientation, gender identity, or national origin because of written or oral policies or employee custom. The term does not include separate or single-user rest rooms or necessary dressing or sleeping areas provided to assure privacy between the sexes.

#### The CONTRACTOR shall include this clause in every subcontract and purchase order that is subject to the Equal Employment Opportunity clause of this contract.

### Seismic Safety. The CONTRACTOR agrees to ensure that all work performed under this contract, including work performed by subcontractors, conforms to a building code standard that provides a level of seismic safety substantially equivalent to standards established by the National Earthquake Hazards Reduction Program (NEHRP). Local building codes that model their code after the current version of the International Building Code (IBC) meet the NEHRP equivalency level for seismic safety.

### Procurement of Recovered Materials. CONTRACTOR and subcontractor agree to comply with Section 6002 of the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, and the regulatory provisions of 40 CFR Part 247. In the performance of this contract and to the extent practicable, the CONTRACTOR and subcontractors are to use products containing the highest percentage of recovered materials for items designated by the Environmental Protection Agency (EPA) under 40 CFR Part 247 whenever: (1) the contract requires procurement of $10,000 or more of a designated item during the fiscal year; or (2) the contractor has procured $10,000 or more of a designated item using Federal funding during the previous fiscal year.

The list of EPA-designated items is available at [www.epa.gov/smm/comprehensive-procurement-guidelines-construction-products](http://www.epa.gov/smm/comprehensive-procurement-guidelines-construction-products).

Section 6002(c) establishes exceptions to the preference for recovery of EPA-designated products if the contractor can demonstrate the item is: (1) not reasonably available within a timeframe providing for compliance with the contract performance schedule; (2) fails to meet reasonable contract performance requirements; or (3) is only available at an unreasonable price.

### Tax Delinquency and Felony Convictions*.* The CONTRACTOR represents that it is not a corporation that has any unpaid Federal tax liability that has been assessed, for which all judicial and administrative remedies have been exhausted or have lapsed, and that is not being paid in a timely manner pursuant to an agreement with the authority responsible for collecting the tax liability. The CONTRACTOR further represents that it is not a corporation that was convicted of a criminal violation under any Federal law within the preceding 24 months.

### Prohibition on Certain Telecommunications and Video Surveillance Services and Equipment. Contractor and Subcontractor agree to comply with mandatory standards and policies relating to use and procurement of certain telecommunications and video surveillance services or equipment in compliance with the National Defense Authorization Act [Public Law 115-232 § 889(f)(1)].

### Domestic Procurement Preference. CONTRACTOR agrees that, to the greatest extent practicable, it will provide a preference for the purchase, acquisition, or use of goods, products, or materials produced in the United States (including, but not limited to, iron, aluminum, steel, cement, and other manufactured products) in compliance with 2 CFR § 200.322.

### Breach of Contract Terms. Any violation or breach of terms of this contract on the part of the CONTRACTOR or its subcontractors may result in the suspension or termination of this contract or such other action that may be necessary to enforce the rights of the parties of this agreement. GRANTEE will provide CONTRACTOR written notice that describes the nature of the breach and corrective actions the CONTRACTOR must undertake in order to avoid termination of the contract. GRANTEE reserves the right to withhold payments to CONTRACTOR until such time the CONTRACTOR corrects the breach or the GRANTEE elects to terminate the contract. The GRANTEE’s notice will identify a specific date by which the CONTRACTOR must correct the breach. GRANTEE may proceed with termination of the contract if the CONTRACTOR fails to correct the breach by the deadline indicated in the GRANTEE’s notice. The duties and obligations imposed by the Contract Documents and the rights and remedies available thereunder are in addition to, and not a limitation of, any duties, obligations, rights and remedies otherwise imposed or available by law.

**Exhibit I**

**Required Sublease Provisions**

Term: No Sublease shall have a term (including options to extend) greater than the lesser of thirty (30) years or the portion of the remaining Term (assuming both extensions are exercised). Subtenants that do not make or finance Capital Improvements to the Demised Premises shall not be granted a term (including options to extend) of more than five (5) years unless Lessee demonstrates to Lessor’s reasonable satisfaction that a lesser amount is reasonable and not unjustly discriminatory.

Rent: Rent paid by each sublessee shall be no less than fair market rent unless Lessee demonstrates to Lessor’s reasonable satisfaction that a lesser amount is reasonable and not unjustly discriminatory.

Incorporation of Agreement by Reference: Each sublease shall incorporate the terms of this Agreement, shall expressly be subject and subordinate to, and shall require all subtenants to comply with all applicable provisions of, this Agreement, including without limitation the Required State and Federal Provisions, and all Applicable Laws.

As-Is, Where-Is: Each sublessee must agree to take the subleased portion of the Demised Premises in as-is, where-is condition.

Attornment: In the event that this agreement terminates before the termination of a sublease, the subtenant shall expressly agree to attorn, including payment of rent, to the Lessor as if Lessor was the Lessee.

Use: No subtenant may use any portion of the Demised Premises for any use not expressly granted to Lessee by this Agreement

**Exhibit J**

**Lessor Approvals Requiring City Council Action**

The following approvals must be provided by Lessor’s City Council, and any approval (express or implied) from Lessor’s Representative as to these items shall not be effective to bind Lessor.

|  |  |
| --- | --- |
| **Approval** | **Agreement Reference** |
| The First Extension of the Term of this Agreement | Section 3.2 |
| The Second Extension of the Term of this Agreement | Section 3.3 |
| Subleases with a term extending past the Term of the Second Extension of this Agreement or not meeting the requirements of Exhibit I | Section 5.11(c) |
| Changes to the Rates and Charges Policy | Section 5.12 |
| Increases in Aeronautical Rates & Charges greater than CPI | Section 5.12 |
| Any City Advances to Airport | Section 6.1(b) |
| Expenditure of CRA revenues | Section 6.1(b)  |
| Leasehold Mortgages not meeting the requirements of this Agreement | Section 12.5 |
| New or updated Airport Master Plans | Section 19.1 |
| Revisions to the Airport Layout Plan | Section 2.1 |
| Capital Projects not in approved Master Plan or in approved Master Plan at or above $20,000,000 | Section 19.2 |
| Complete or partial assignment or sublease of this Agreement | Section 38.1 |
| Amendments to this Agreement  | Section 40.11 |

**Exhibit N**

**City Prior Advances to Airport**



1. NTD – Amount to be determined pursuant to appraisal meeting FAA standards [↑](#footnote-ref-1)