

## LEASE AGREEMENT

THIS LEASE is made between **CITY OF AVON PARK**, a municipal corporation, hereafter called "Lessor," whose address for purposes of notice under this lease is 110 E. Main Street, Avon Park, Florida 33825, and **HIGHLANDS AVIATION, Inc.**, a Florida corporation, hereafter called "Lessee," whose address for purposes of notice under this lease is 1311 Aviation Way, Avon Park, Florida 33825.

The parties agree as follows:

1. **AGREEMENT TO LEASE: DESCRIPTION OF THE PROPERTY.** Lessor leases to Lessee, and Lessee rents from Lessor, the following described commercial property (hereinafter "premises"):

**South 50 feet of North 160 feet of Lots 3, 4 and 5 of Block 31, and the remaining southern part of Lots 3, 4 & 5 of Block 31, Section 21, Township 33 South, Range 28 East, Highlands County, Florida, as originally platted as a part of the City of Avon Park..**

2. **TERM OF LEASE.** The term of the lease is as follows:

The term of this lease shall be a period of thirty (30) years, commencing on January 1, 2008, at 12:01 a.m., and ending at midnight on December 31, 2037.

3. **RENTAL.**

(a) Lessee shall pay to Lessor as rent at the address set forth above, or at any other address that Lessor may designate, the minimum annual rent of **\$1,000.00**, plus applicable Florida Sales Tax, in lawful money of the United States of America, in advance on or before May 31 of each year during the term of this lease.

(b) For each lease year after the initial year of this Lease, the amount of rent payable will be based on the initial year of this Lease increased by the Consumer Price Index, All Urban Consumers

South, All Items published by the Bureau of Labor Statistics of the United States Department of Labor, using the period 1982 to 1984=100 as the base period. The rental for years subsequent to the initial year of this lease shall be computed by dividing the sum of \$1,000.00, which is the amount of rent for the initial year of this Lease, by the index number for January, 2008, which is the first month for the initial year of the Lease, and then multiplying that amount by the index number for the month immediately preceding the initial month of each subsequent year of the Lease. The annual rent thus determined shall be paid by Lessee to Lessor without notice or demand in lawful money of the United

(c) As additional rent, Lessor shall further pay all ad valorem taxes imposed against the premises prior to such taxes becoming delinquent.

4. **ASSIGNMENT.** Lessee shall not assign this lease or sublet any part of the above described property without the written consent of the Lessor, except that assignment of this lease is hereby authorized in conjunction with the sale of Highlands Aviation, Inc. or substantially all assets of Highlands Aviation, Inc. In all other cases, the consent of Lessor shall not be unnecessarily withheld.

5. **AIR SPACE.** Lessor reserves unto itself, its agents, representatives, Lessor's assigns and the general public, the right to use the air space over and above said premises for flight purposes, and the Lessee hereby waives any claim of damages for nuisance alleged to be caused by flight noises or other activities connected with aircraft flying. This provision shall not be deemed a waiver of any claim for damages to persons or property that may be caused by aviation mishap.

6. **SUBORDINATION.** This lease shall be subordinate to the provisions of any existing or future agreement entered into between the Lessor and the United States for the improvement or operation and maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of government funds for the development of the airport.

7. **LESSEE'S COVENANTS.** Lessee further covenants and agrees as follows:

a. To pay the rent when it comes due; to use the premises in a careful and proper manner for the express purpose of operating a business supported to or reasonably related to the aircraft industry or the use of the municipal airport of the City; to commit or permit no waste or damages to the premises; to conduct or permit no business or act that is a nuisance or may be in violation of any federal, state, or local law or ordinance; to surrender the premises on expiration or termination of this lease in clean condition and good repair, normal wear and tear excepted, provided, however, that all alterations, additions, and improvements permanently attached and made by Lessee, its successors, sublessees, and assigns (excepting movable furniture, equipment, supplies, inventory, and special air-conditioning equipment installed by Lessee) shall become and remain the property of Lessor on the termination of Lessee's occupancy of the premises.

b. To indemnify and hold harmless Lessor and the leased premises from all costs, losses, damages, liabilities, expenses, penalties, and fines whatsoever that may arise from or be claimed against Lessor or the leased premises by any person or persons for any injury to person or property or damage of whatever kind or character arising from the use or occupancy of the leased premises by Lessee; from any neglect or fault of Lessee or the agents and the employees of Lessee in using and occupying the premises; or from any failure by Lessee to comply and conform with all laws, statutes, ordinances, and regulations of any governmental body or subdivision now or hereafter in force. If any lawsuit or proceeding shall be brought against Lessor or the leased premises on account of any alleged violations or failure to comply and conform or on account of any damage, omission, neglect, or use of the premises by Lessee, the agents and employees of Lessee, or any other person on the premises, Lessee agrees that Lessee or any other person on the premises will defend it, pay whatever judgments may be recovered against Lessor or against the premises on account of it, and pay for all attorneys' fees in connection with it, including attorneys' fees on appeal.

c. To make no alterations in or additions or improvements to install any

equipment in or maintain signs advertising its business on the premises without, in each case, obtaining the written consent of Lessor. If any alterations, additions, or improvements in or to the premises are made necessary by reason of the special use and occupancy of the premises by Lessee, Lessee agrees that it will make all such alterations, additions, and improvements in or to the premises at its own expense and in compliance with all building codes, ordinances, and all applicable governmental regulations. Lessee agrees that it will hold Lessor harmless against all expenses, liens, claims, and damages to either property or person that may or might arise because any repairs, alterations, additions, or improvements are made.

d. To permit Lessor to enter, inspect, and make such repairs to the leased property as Lessor reasonably may desire, at all reasonable times, and to permit Lessor to put on the leased premises a notice that Lessee may not remove stating that the premises are for rent one month preceding the expiration of this lease.

**8. LESSOR'S COVENANTS.** Lessor covenants and agrees as follows:

a. Lessor will warrant and defend Lessee in the enjoyment and peaceful possession of the premises during the aforesaid term.

b. If the premises are destroyed or so damaged by fire, casualty, or other disaster that they become untenable, Lessor will have the right to render the premises tenantable by repairs within 90 days from the date of damage with reasonable additional time, if necessary, for Lessor to adjust the loss with insurance companies insuring the premises, or for any other delay occasioned by conditions beyond the control of Lessor. If the premises are not rendered tenantable within that time, either party will have the right to terminate this lease by written notice to the other. In the event of such termination, the rent shall be paid only to the date of the damage. If the lease is not terminated, rent shall nevertheless be abated during the period of time from the date of damage to the date of physical occupancy by Lessee or date of complete restoration, whichever occurs first.

**9. DEFAULT IN PAYMENT OF RENT.** If any rent required by this lease is not paid

when due, Lessor will have the option to:

a. Terminate this lease, resume possession of the property, and recover immediately from Lessee the difference between the rent specified in the lease and the fair rental value of the property for the remainder of the term, reduced to present worth; or

b. Resume possession and re-lease or rent the property for the remainder of the term for the account of Lessee and recover from Lessee at the end of the term or at the time each payment of rent comes due under this lease, whichever Lessor may choose, the difference between the rent specified in the lease and the rent received on the re-leasing or renting.

10. **DEFAULTS OTHER THAN RENT.** If either Lessor or Lessee fails to perform or breaches any agreement on this lease other than the agreement of Lessee to pay rent, and this failure or breach continues for 10 days after a written notice specifying the required performance has been given to the party failing to perform, (a) the party giving notice may institute action in a court of competent jurisdiction to terminate this lease or to complete performance of the agreement, and the losing party in that litigation shall pay the prevailing party all expenses of the litigation, including reasonable attorneys' fees; or (b) Lessor or Lessee may, after 30 days' written notice to the other, comply with the agreement or correct any such breach, and the costs of that compliance shall be payable on demand.

11. **INSOLVENCY, BANKRUPTCY, ETC., OF LESSEE.** If Lessee is declared insolvent or adjudicated a bankrupt; if Lessee makes an assignment for the benefit of creditors; if Lessee's leasehold interest is sold under execution or by a trustee in bankruptcy; or if a receiver is appointed for Lessee, Lessor, without prejudice to its rights hereunder and at its option, may terminate this lease and retake possession of the premises immediately and without notice to Lessee or any assignee, transferee, trustee, or any other person or persons, using force if necessary.

12. **ELECTION BY LESSOR NOT EXCLUSIVE.** The exercise by Lessor of any right or remedy to collect rent or enforce its rights under this lease will not be a waiver or preclude the exercise of any other right or remedy afforded Lessor by this lease agreement or by statute or law. The failure of Lessor in one or more instances to insist on strict performance or observations of one or more of the covenants or conditions of this lease or to exercise any remedy, privilege, or option conferred by this lease on or reserved to Lessor shall not operate or be construed as a relinquishment or future waiver of the covenant or condition or the right to enforce it or to exercise that remedy, privilege, or option; that right shall continue in full force and effect. The receipt by Lessor of rent or any other payment or part of payment required to be made by the Lessee shall not act to waive any other additional rent or payment then due. Even with Lessor's knowledge of the breach of any covenant or condition of this lease, receipt will not operate as or be considered to be a waiver of this breach, and no waiver by Lessor of any of the provisions of this lease, or any of Lessor's rights, remedies, privileges, or options under this lease, will be considered to have been made unless made by Lessor in writing.

No surrender of the premises for the remainder of the term of this lease will be valid unless accepted by Lessor in writing. Lessee will not assign or sublet this lease without Lessor's prior written consent. No assignment or sublease will relieve the assignor or sublessor of any obligation under this lease. Each assignee or sublessee, by assuming such status, will become obligated to perform every agreement of this lease to be performed by Lessee, except that a sublessee shall be obligated to perform such agreements only insofar as they relate to the subleased part of the property and the rent required by the sublease. Sublessee will be obligated to pay rent directly to Lessor only after Sublessor's default in payment and written demand from Lessor to Sublessee to pay rent directly to Lessor.

13. **ATTORNEY'S FEES ON DEFAULT.** If either Lessor or Lessee shall obtain legal counsel or bring an action against the other by reason of the breach of any covenant, warranty or condition of this lease or otherwise arising out of this lease, the unsuccessful party shall pay to the

prevailing party reasonable attorneys' fees, which shall be payable whether or not such action is prosecuted to judgment. The term "prevailing party" shall include, without limitations, a party who obtains legal counsel or brings an action against the other by reason of the other's breach or default, and obtains substantially the relief sought whether by compromise, settlement or judgment.

14. **HAZARDOUS WASTE.** Lessee shall be solely responsible for the collection, storage, treatment, and disposal of all hazardous materials generated by Lessee or utilized by Lessee on the premises in accordance with this Lease Agreement. Hazardous materials include all materials defined as hazardous materials or substances under any local, state or federal environmental laws, rules or regulations and petroleum, petroleum products, oil, and asbestos. By execution of this lease, Lessee hereby certifies that the conduct of Lessee's business operations and the condition of Lessee's property does not and will not violate any federal laws, rules or ordinances for environmental protection, Occupational Safety and Health Act, regulations of the Environmental Protection Agency, any applicable local or state law, rule, regulations, or rule of common law or any judicial interpretation thereof relating primarily to the environment or hazardous materials. Tenant hereby agrees to indemnify and hold harmless Lessor for any liability of Lessor resulting from Lessee's violation of any of the above-specified federal, state, or local laws or regulations related to such hazardous materials.

15. **ADDRESSES FOR PAYMENTS AND NOTICES.** Rent payments and notices to Lessor shall be mailed or delivered to the address set forth on the first page of this lease, unless Lessor advises Lessee differently in writing.

Notices to Lessee may be mailed or delivered to the leased premises and proof of mailing or posting of those notices to the leased premises will be considered the equivalent of personal service on Lessee. All notices to either party shall be sent by certified or registered mail, return receipt requested.

16. **CAPTIONS.** The captions and paragraphs or letters appearing in this lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of the sections or articles of this lease or affect this lease in any way.

17. **FLORIDA LAW.** This lease will be governed by the laws of the state of Florida, as to both interpretations and performance.

18. **ENTIRE AGREEMENT.** This lease sets forth all the promises, agreements, conditions, and understandings between Lessor and Lessee relative to the leased premises. There are no other promises, agreements, conditions, or understandings, either oral or written, between them. No subsequent alteration, amendment, change, or addition to this lease will be binding on Lessor or Lessee unless in writing and signed by them and made a part of this lease by direct reference.

19. **TERMS INCLUSIVE.** As used herein, the terms "Lessor" and "Lessee" include the plural whenever the context requires or admits.

20. **REPRESENTATIVES BOUND HEREBY.** The terms of this lease will be binding on the respective successors, representatives, and assigns of the parties.

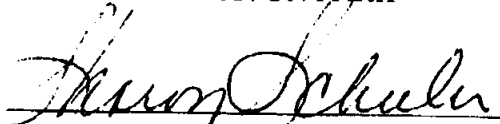


IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Lease Agreement on  
January 14, 2008

Signed, sealed, and delivered in our presence as  
WITNESSES:

LESSOR: CITY OF AVON PARK

By:



Sharon Schuler, Mayor

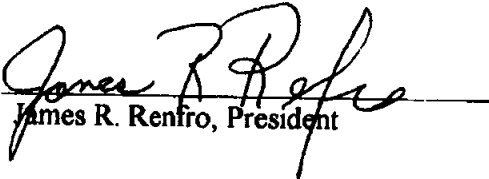
Attest:



Sarah Adelt, Interim City Manager

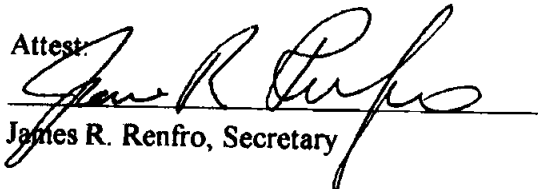
LESSEE: HIGHLANDS AVIATION, INC.

By:



James R. Renfro, President

Attest:



James R. Renfro, Secretary