

CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: 09/22/2016

Contract/Lease Control #: L79-0101-AP

Bid #: N/A

Contract/Lease Type: Lease

Award To/Lessee: LYNX FBO DESTIN, LLC

Owner/Lessor: OKALOOSA COUNTY

Effective Date: 03/06/2013

Term: 03/06/2033

Description of Contract/Lease: DAP FIXED BASE OPERATOR

Department: AP

Department Monitor: Stage/Miner

Monitor's Telephone #: 850-651-7160

Monitor's FAX # or E-mail: tstage@CO.OKALOOSA.FL.US

Closed: _____

cc: Finance Department Contracts & Grants Office

ACKNOWLEDGEMENT OF SUBLEASE

**Lease Agreement L79-0101-AP
Lynx FBO Destin, LLC and Okaloosa County, Florida**

WHEREAS, Okaloosa County, Florida (hereinafter the "County") and Lynx FBO Destin, LLC (formerly Triumph FBO Destin, LLC) (hereinafter "Lessee"), entered into an agreement (L79-0101-AP) on September 22, 2016, which expires on March 26, 2033, to operate a Fixed Base Operation at the Destin Executive Airport (DTS), 1001 Airport Road Destin, FL 32541; and

WHEREAS, Lessee entered into a Sublease Agreement with Sterling Risk of Florida and a copy of the Sublease was delivered to County; and

WHEREAS, the Lease states in part, "Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County".

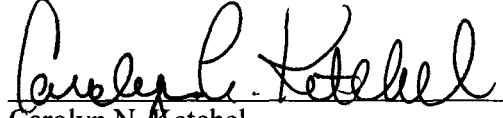
NOW THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the executing parties consent to and agrees to the following:

1. The above captioned recitals are true and correct.
2. County consents to Lynx FBO Destin's sublease with Sterling Risk of Florida.
3. Lynx FBO Destin, LLC and Sterling Risk of Florida do hereby agree that County's consent to the execution and delivery of the Sublease shall in no way constitute a modification of the Lease; and, further, that said Sublease is and shall remain inferior to the Lease.

(The remainder of this page intentionally left blank)

IN WITNESS WHEREOF, County acknowledges and consents to the sublease as of the day and year first written.

OKALOOSA COUNTY, FLORIDA



Carolyn N. Ketchel
Chairman, Board of County Commissioners



Date: OCT 05 2021

ATTEST.



J.D. Peacock II
Clerk of Circuit Court



OFFICE SUBLEASE AGREEMENT

EFFECTIVE DATE: 07/01/2019

LESSEE: Sterling Risk of Florida

LESSEE hereby rents from Lynx FBO Destin, LLC (hereinafter referred to as "LESSOR") approximately 2408 square feet of office space located at LESSOR'S facility at Destin Executive Airport, 1001 ("Premises") and the parties agree as follows:

1. **RENT:** (a) Rent for the Premises shall be \$3250 per month ("Rent"), inclusive of all utilities, insurance, sales tax, and/or any other ancillary charge. Rent shall be paid on or before the first day of each month of the Term. All installments of Rent shall be delivered to LESSOR's address, or at such other place as may be designated in writing from time to time by LESSOR, in lawful money of the United States without any prior demand and without deduction or offset for any cause whatsoever. If this Lease is for a Term exceeding one (1) year whether by the stated term or by exercise of options to extend, Rent shall adjust annually by 3%. Adjustments shall be rounded up to the nearest whole cent.

(b) In addition to the full or prorated amount described above LESSEE shall simultaneously pay to LESSOR one full month's Rent as a security deposit which may be applied to LESSEE'S last month Rent payment if LESSOR is given advance written notice of LESSEE's termination or if LESSEE breaches the terms and conditions set forth in this Lease.

2. **TERM:** The Term of this Lease shall be 3 years ("Term") conditional on Okaloosa County Airports approval of the LESSEE. Provided the lease is still then in effect, LESSEE and LESSOR shall have a mutual option to renew this Lease for another 36 month term.

3. **PRESENT PREMISES CONDITION:** LESSEE has inspected the Premises and accepts it in its present condition and will at the termination of this Lease surrender the Premises in good condition, ordinary wear and tear accepted. LESSEE agrees to promptly report any damage to the Premises. LESSOR has the right of access to the area at any time with reasonable notice. LESSEE acknowledges the Premises to be in good condition. LESSEE shall keep the Premises in good condition and repair, ordinary wear and tear excepted. LESSEE's repair obligations include, without limitation, repairs to: (1) floor covering and/or raised flooring; (2) interior partitions; (3) doors; (4) the interior side of demising walls; (5) electronic, phone and data cabling and related equipment that is installed by or for the benefit of LESSEE located in the Premises; (6) supplemental air conditioning units, restroom and kitchen renovations, including hot water heaters, plumbing, dishwashers, ice machines and similar facilities; (7) alterations performed by contractors retained by LESSEE; and (8) all of LESSEE's furnishings, trade fixtures, equipment and inventory. Prior to performing any such repair obligation, LESSEE shall give written notice to LESSOR describing the necessary maintenance or repair required throughout the Term of the Lease. Upon receipt of such notice, LESSOR may elect either to perform any of the maintenance or repair obligations specified in such notice, or require that LESSEE perform such obligations by using contractors approved by Landlord. All work shall be performed at LESSEE's expense. LESSEE shall not permit mechanic's or other liens to be placed upon the Premises or LESSEE's leasehold interest in connection with any work or service done or purportedly done by or for the benefit of LESSEE.

4. **OFFICE USE:** The Premises shall be used only for general office purposes relating to the operations of the LESSEE. LESSEE shall comply with all applicable rules, ordinances and regulations established by Federal, State, or Local governmental agencies, including the local airport authority and

LESSOR. LESSEE shall make no modifications or improvements to the Premises or place any exterior signs on the premises without LESSOR's consent, which shall not be unreasonably withheld.

The intent of both the LESSOR and the LESSEE is to relocate LESSEE to the LESSOR'S north facility located at 1001 Airport Road, Destin FL 32541 during the term of the lease, as shown in "Exhibit A." All of the terms of this present lease will apply and LESSOR will cover all of the costs associated with such move. If the move to the north facility does not occur within six (6) months of the effective date of this lease, with airport approval LESSOR will allow LESSEE, if necessary, at any time during the term of this lease, to build-out other offices, in the order of preference, as depicted in "Exhibit B." All costs associated with such build-out shall be borne by the LESSEE.

5. **SERVICES:** LESSOR will maintain HVAC. LESSEE is responsible for all costs of its own phone and data lines, as well as costs of its internal maintenance and office needs (i.e., copying machines, office equipment, etc.).

6. **HAZARDOUS SUBSTANCES:** LESSEE shall not generate, transport, transfer or store any hazardous materials or wastes, including but not limited to state and federally defined hazardous materials and waste on the Premises. In the event of a leak, spill or release of a hazardous substance on the premises, the LESSEE will immediately notify LESSOR and will undertake all emergency response necessary to contain, clean up and remove the hazardous substance and within a reasonable time investigate, remediate and/or take action necessary or appropriate to insure that any contamination by the hazardous substance is eliminated. LESSEE shall provide a certification acceptable to LESSOR that all such contamination has been eliminated. LESSOR may require a bond to assure proper restoration of the premises as one of the conditions to such consent.

7. **INDEMNIFICATION:** To the fullest extent permitted by law, LESSEE agrees to indemnify LESSOR and shall save LESSOR harmless against any and all loss, claim, damage demand, penalty, lien, suit or action of any kind, including claims based on property damage, personal injuries and death, and including reasonable attorneys fees and other costs of defense, in any way resulting from the acts or omissions of the LESSEE, its agents, employees or representatives, or arising out of any equipment or supplies the LESSEE uses on the Premises.

8. **WAIVER OF CONSEQUENTIAL DAMAGES:** NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, UNDER NO CIRCUMSTANCES SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS, LOSS OF USE OR DIMINUTION OF VALUE, OR OTHER DAMAGE RELATED TO THE SUBLEASE OF THE OFFICE SPACE OR SERVICES PROVIDED UNDER THIS AGREEMENT.

9. **LESSEE:** The term LESSEE includes the party signing this Lease and all employees, agents or others brought on the premises at the invitation of the LESSEE.

10. **INSURANCE:** LESSEE shall maintain the following insurance, at its sole cost and expense: (1) commercial general liability insurance applicable to the Premises and its appurtenances providing a per occurrence limit of no less than \$1,000,000; (2) causes of loss-special form (formerly "all risk") property insurance covering and LESSEE's trade fixtures, equipment, furniture and other personal property within

Likewise, this Lease is subordinate to LESSOR's prime lease with the applicable airport authority. Any loss of such prime lease during the Term will void this Lease with no further obligation by LESSOR to LESSEE whatsoever.

18. **ENTIRE AGREEMENT:** This Lease contains all of the terms, covenants, and conditions between the parties concerning the Premises, and shall supersede all prior correspondence, agreements and understanding concerning the Premises, both oral and written. No addition or modifications of any term or provision of this Lease shall be effective unless set forth in writing and signed by both LESSEE and LESSOR, but for any agreements, whether written or oral, made between LESSOR and LESSEE concerning LESSOR moving LESSEE, including its furniture, files, equipment, phone lines, cable lines, etc. from the space its previously occupied into the space set forth in this Lease.

19. **GOVERNING LAW:** The Lease shall be construed in accordance with the laws of the State in which the Premises are located.

20. **SECURITY:** LESSEE shall (1) lock the doors to the Premises and take other reasonable steps to secure the Premises and the personal property of LESSEE and LESSEE's employees, transferees, contractors or licensees, from unlawful intrusion, theft, fire and other hazards; (2) keep and maintain in good working order all security and safety devices installed in the Premises (such as locks, smoke detectors and burglar alarms); and (3) cooperate with LESSOR on safety matters. LESSEE acknowledges that any security or safety measures employed by LESSOR are for the protection of LESSOR's own interests; that LESSOR is not a guarantor of the security or safety of LESSEE, its employees, guests, contractors or licensees, or of its property; and that such security and safety matters are the responsibility of LESSEE and the local law enforcement authorities. LESSEE shall not look to LESSOR for redress related to any theft or vandalism at the Premises unless caused by the acts or omissions of LESSOR.

[Signatures on Following Page]

INTENDING TO BE BOUND the parties have executed this Lease as of the Effective Date.

LESSEE:



By David Sterling
Title: Chief Executive Officer

Address for Notice:

Maureen Watchmaker
135 Crossways Park Drive
Woodbury, NY 11797

Telephone: 516-773-8600

LESSOR:



By _____
Title: General Manager

Address for Notice:

Lynx FBO Destin
1001 Airport Road
Destin, FL 32541

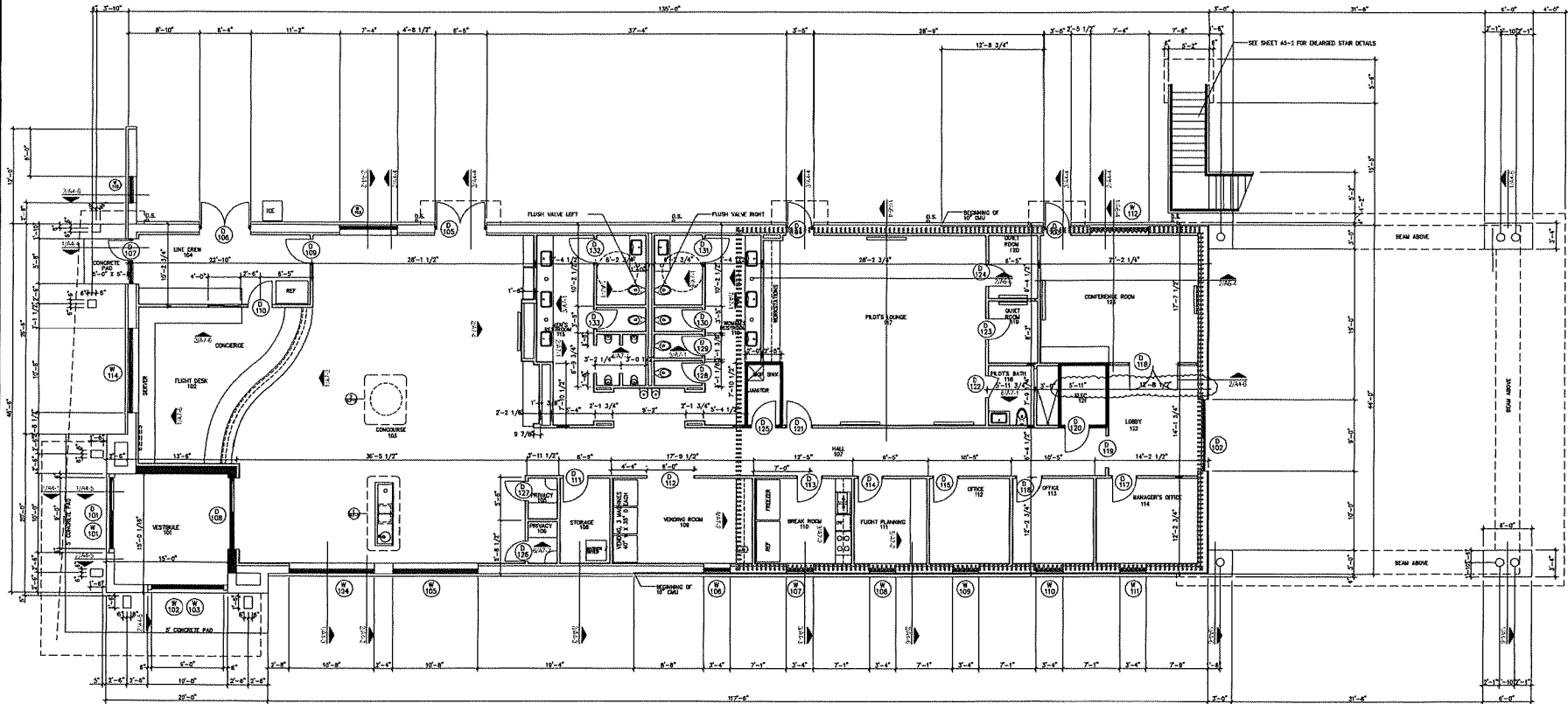
Telephone: 850-424-6890

NOTES

- 1) CONTRACTOR IS TO COMPLY WITH ALL STATE AND LOCAL CODES, COVENANTS, AND LAWS.
- 2) CONTRACTOR IS RESPONSIBLE FOR ANY DAMAGE TO THE BUILDING AND PROPERTY THROUGHOUT DURATION OF CONSTRUCTION, UNTIL OWNER OCCUPIES THE BUILDING.
- 4) ALL EXTERIOR DIMENSIONS ARE TO OUTSIDE OF CMU, UNLESS OTHERWISE SHOWN.
- 5) ALL INTERIOR DIMENSIONS ARE TO CENTER OF STUD, UNLESS OTHERWISE SHOWN.
- 6) ALL EXTERIOR COLUMNS ARE DIMENSIONED FROM CENTER LINE.
- 7) NOTIFY ARCHITECT IF THERE ARE ANY DISCREPANCIES WITH DIMENSIONS.
- 8) CONTRACTOR TO COORDINATE INSTALLATION OF ALL APPLIANCES, PLUMBING FIXTURES, AND SINKS WITH CABINET WORK.
- 9) CONTRACTOR TO VERIFY ALL FINISHED DIMENSIONS PRIOR TO CABINET WORK AND TRIM WORK.
- 10) CONTRACTOR TO COORDINATE INSTALLATION OF ALL MECHANICAL, ELECTRICAL, & PLUMBING SYSTEMS W/ CEILING HEIGHTS.
- 11) CONTRACTOR TO COORDINATE ROUGH OPENINGS IN WALLS WITH ALL STOREFRONT WINDOWS AND DOORS.
- 12) COAT TOPS OF ALL POST TENSIONED ROOF SLABS W/ 'GEORGARD' BASE AND FINISH COAT SYSTEM W/ PERMAFAB FABRIC REINFORCEMENT. FINISH COAT IS WHITE. ADHERE TO MANF. REQUIREMENTS FOR APPLICATION THICKNESS.
- 13) ALL VERTICAL SURFACES AND UNDERSIDES OF PCST TENSIONED CANOPIES TO BE RUBBED SMOOTH, THEN COATED WITH ELASTOMERIC PAINT.
- 14) ALL CAST CONCRETE COLUMNS TO BE RUBBED AND COATED WITH ELASTOMERIC PAINT.

LEGEND

- EXTERIOR WALL CONSISTING OF CMU WITH 3 COAT "OLD WORLD" STUCCO SYSTEM DIRECTLY APPLIED TO EXTERIOR OF CMU. ON THE INTERIOR USE 1 5/8" METAL STUDS 16" O.C. W/ CLIPS TO TIE TO BLOCK. 5/8" FIRE CODE "C" GYPSUM BOARD OVER METAL STUDS. FILL CAVITY W/ CELLULOSE INSULATION. SEE WALL SECTIONS FOR DETAILS. FIRE CODE "C" UL DES.: U914
 - VESTIBULE WALL CONSISTING OF CMU WITH 3 COAT "OLD WORLD" STUCCO SYSTEM DIRECTLY APPLIED TO VESTIBULE SIDE OF CMU. ON THE INTERIOR USE 1 5/8" METAL STUDS 16" O.C. W/ CLIPS TO TIE TO BLOCK. 5/8" FIRE CODE "C" GYPSUM BOARD OVER METAL STUDS. FILL CAVITY W/ CELLULOSE INSULATION. CONTINUE UP THROUGH DECKING AS SHOWN ON ROOF PLAN AND SECTIONS. 1 HOUR RATED. UL DES.: U914
 - INTERIOR WALL CONSISTING OF 3-5/8" METAL STUD FRAMING W/ 5/8" GYPSUM BOARD ON BOTH SIDES AND BATT INSULATION IN CAVITY
 - INTERIOR WALL CONSISTING OF 3-5/8" METAL STUD FRAMING W/ 5/8" FIRE CODE "C" GYPSUM BOARD ON BOTH SIDES AND BATT INSULATION IN CAVITY. CONTINUE TO UNDERSIDE OF DECKING TO ACHIEVE 1 HOUR RATING - SEAL ALL PENETRATIONS. UL DES.: U465
- S STOREFRONT MARKER °D.S. DOWNSPOUT
D DOOR MARKER X/X/X SECTION MARKER
D DETAIL MARKER X/X/X ELEVATION MARKER
DETAIL 6/25-3



**Exhibit A
Proposed
Sterling Office
Area in Red**



ARCHISCAPES
ARCHITECTURE
INTERIOR DESIGN
PLANNING
CAMA INC. DESIGN

TEL:
1-850-835-0404
FAX:
1-850-835-0410
WEB PAGE:
ARCHISCAPES.COM



ARCHITECT SEAL

ISSUE:
CONSTRUCTION SET

DATE:
MAY 19, 2008
PROJECT#:
A0126
DRAWN BY:
LANCE BAXTER
CHARLIE MITCHELL
CHRIS STYLES
ARCHITECT:
CHRIS STYLES

SHEET TITLE
FIRST FLOOR PLAN

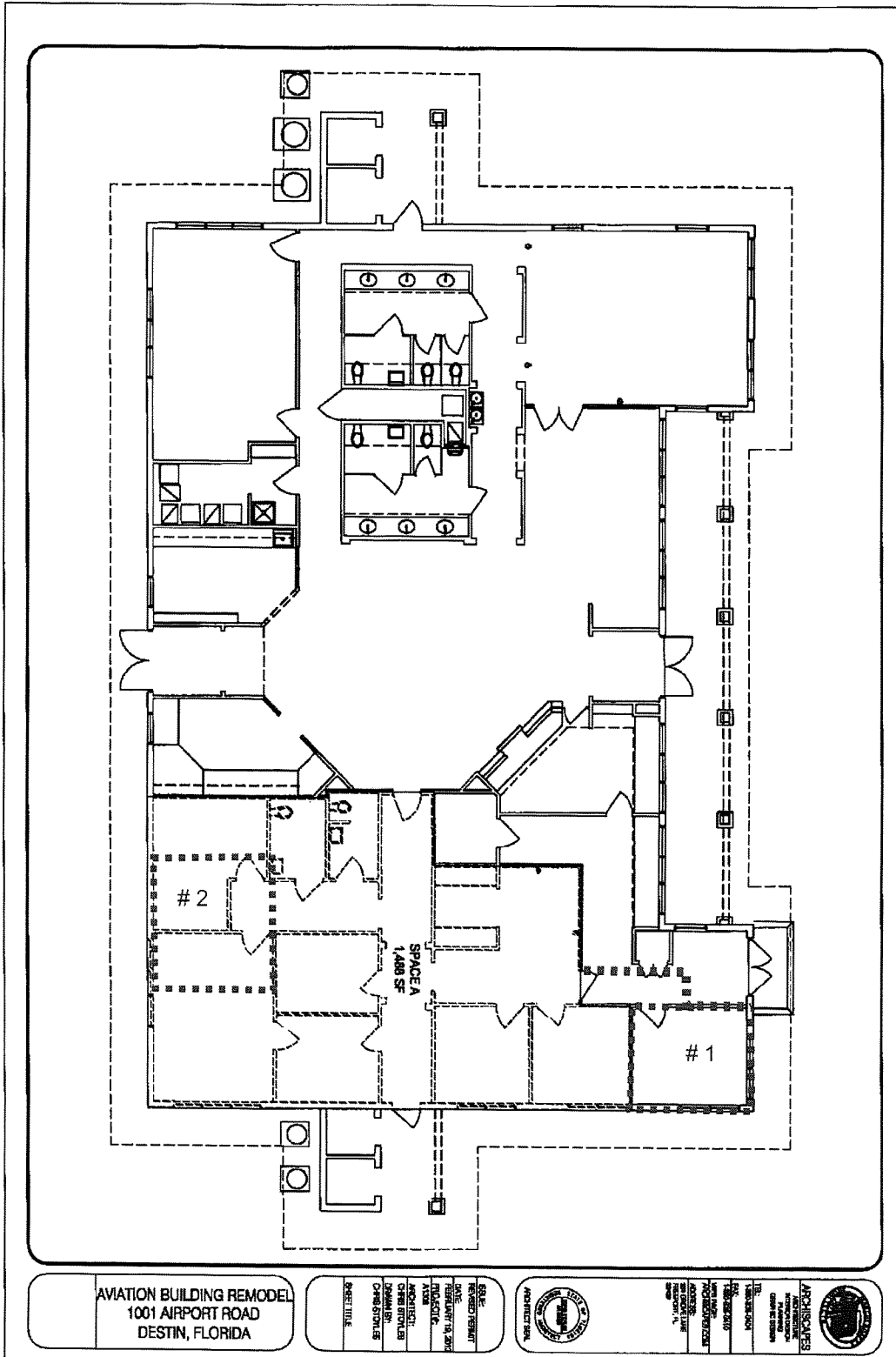
REVISED DATE:
JUNE 24, 2008

DESTIN JET
FBO BUILDING
DESTIN, FLORIDA

A1-1

SEQUENCE
15 OF 52

Exhibit "B"
LEASED PREMISES



Order of options for the future build out as shown above:

- Option #1
- Option #2

**PROCUREMENT/CONTRACT/LEASE
INTERNAL COORDINATION SHEET**

Procurement/Contract/Lease Number: L79-0101-AP Tracking Number: 439921
Procurement/Contractor/Lessee Name: Linx RBO Wash Grant Funded: YES ___ NO X
Purpose: Sublease to Sterling Risk of Florida
Date/Term: 36-2033 1. GREATER THAN \$100,000
Department #: _____ 2. GREATER THAN \$50,000
Account #: _____ 3. \$50,000 OR LESS
Amount: _____
Department: Airport Dept. Monitor Name: Stage

Purchasing Review

Procurement or Contract/Lease requirements are met:
[Signature] Date: 8-4-21
Purchasing Manager or designee Jeff Hyde, DeRita Mason, Jessica Darr, Angela Etheridge

2CFR Compliance Review (if required)

Approved as written: SVO Federal bids Grant Name: _____
_____ Date: _____
Grants Coordinator

Risk Management Review

Approved as written: see email attached Date: 8-9-21
_____ Lisa Price
Risk Manager or designee

County Attorney Review

Approved as written: see mail attached 8-6-21 Date: _____
_____ Lynn Hoshihara, Kerry Parsons or Designee
County Attorney

Department Funding Review

Approved as written: _____ Date: _____

IT Review (if applicable)

Approved as written: _____ Date: _____

DeRita Mason

From: Lynn Hoshihara
Sent: Friday, August 6, 2021 12:56 PM
To: DeRita Mason; Kerry Parsons
Cc: Lisa Price
Subject: Re: Lynx Subleases - Sterling Risk (L79-0101-AP)

In paragraph 3 the word "hereby" is misspelled. With that change, this consent is approved as to legal sufficiency.

Lynn M. Hoshihara
County Attorney
Okaloosa County, Florida

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

From: DeRita Mason
Sent: Wednesday, August 4, 2021 1:32:10 PM
To: Kerry Parsons
Cc: Lynn Hoshihara; Lisa Price
Subject: FW: Lynx Subleases - Sterling Risk (L79-0101-AP)

Good afternoon,
Please review and approve the attached.

Thank you,

DeRita Mason



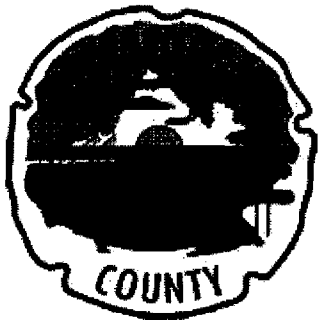
DeRita Mason, CFPB, NIGP-CPP
Senior Contracts and Lease Coordinator
Okaloosa County Purchasing Department
5479A Old Bethel Road
Crestview, Florida 32536
(850) 689-5960
dmason@myokaloosa.com

DeRita Mason

From: Lisa Price
Sent: Monday, August 9, 2021 10:41 AM
To: DeRita Mason
Subject: RE: Lynx Subleases - Sterling Risk (L79-0101-AP)

Approved.

Lisa Price
Risk Management
Public Records & Contracts Specialist
302 N Wilson Street, Suite 301
Crestview, FL. 32536
(850) 689-5979
lprice@myokaloosa.com



For all things Wellness please visit:
<http://www.myokaloosa.com/wellness>

Due to Florida's very broad public records laws, most written communications to or from county employees regarding county business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

From: DeRita Mason <dmason@myokaloosa.com>
Sent: Wednesday, August 4, 2021 12:32 PM
To: Kerry Parsons <kparsons@myokaloosa.com>
Cc: Lynn Hoshihara <lhoshihara@myokaloosa.com>; Lisa Price <lprice@myokaloosa.com>
Subject: FW: Lynx Subleases - Sterling Risk (L79-0101-AP)

Good afternoon,



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
12/02/2020

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Marsh USA Inc. 2929 Allen Parkway, Suite 2500 Houston, TX 77019	CONTACT NAME:	
	PHONE (A/C, No, Ext):	FAX (A/C, No):
E-MAIL ADDRESS:		
INSURER(S) AFFORDING COVERAGE		NAIC #
CN119731425-Lynx-env-20-21 GAWen	INSURER A: ACE Property And Casualty Ins Co	
INSURED Lynx FBO Operating, LLC 2450 Louisiana St Ste 400 #516 Houston, TX 77006	INSURER B: Travelers Property Casualty Co. of America 25674	
	INSURER C: Old Republic General Insurance Company	
	INSURER D: Beazley Insurance Company, Inc. 37540	
	INSURER E:	
INSURER F:		

COVERAGES **CERTIFICATE NUMBER:** HOU-003716641-03 **REVISION NUMBER:** 9

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL/SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:		AAP N17937108003	09/30/2020	09/30/2021	EACH OCCURRENCE \$ 100,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 100,000 PERSONAL & ADV INJURY \$ 50,000,000 GENERAL AGGREGATE \$ 100,000,000 PRODUCTS - COM/OP AGG \$ 100,000,000
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY <input type="checkbox"/> HIRED AUTOS ONLY		BA-5N764863-20-91-G	09/30/2020	09/30/2021	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N N/A	0CAV05401301	09/30/2020	09/30/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D	Environmental		W1DB59180201	02/01/2018	02/01/2021	5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Re: Lease Number: L04-0233-AP or L79-0101-AP.
Certificate Holder is included as an Additional Insured where required by written contact. Waiver of subrogation is applicable where required by written contract and subject to policy terms and conditions with respect to workers compensation. The Aviation General Liability policy provides Excess Auto Liability of \$4,000,000 excess of the Primary \$1,000,000 noted above.

CONTRACT#: L79-0101-AP
LYNX FBO DESTIN, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 03/06/2033

CERTIFICATE HOLDER

Okaloosa County Board of County Commissioners
Destin-Fort Walton Beach Airport Administration
1701 State Road 85 N
Eglin AFB, FL 32542-1498

THE EXPIRATION DATE ACCORDANCE WITH THE POLICY PROVISIONS.

EFORE ED IN

AUTHORIZED REPRESENTATIVE of Marsh USA Inc.

Manashi Mukherjee

Manashi Mukherjee



CONTRACT#: L79-0101-AP
LYNX FBO DESTIN, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 03/06/2033

September 23, 2020

Okaloosa County, Florida
302 N. Wilson St., Suite 302
Crestview, Florida 32536

Attn: Stephanie Herrick
Phone: 850-651-7160 Ext. 1050

Re: Amendment No. 3 to Letter of Credit Number LC 1925 issued in favor of Okaloosa County, Florida at the request of and for the account of Lynx FBO Destin, LLC; \$50,000.00

Dear Madam:

Enclosed we forward the original of the above-mentioned Amendment No. 3 to Letter of Credit LC 1925.

Should you require any additional information, please do not hesitate to call to the attention of the undersigned.

Very truly yours,

A handwritten signature in blue ink, appearing to read "B. Perryman".

Brian Perryman, Vice President
Texas Capital Bank N.A.
Letter of Credit Unit
2350 Lakeside Blvd., Suite 800
Richardson, TX 75082
Phone: 972-656-6461
Fax: 855-744-7764
E-mail: lettersofcredit@texascapitalbank.com

cc: Lynx FBO Destin, LLC/Matt DeLellis, CFO
Texas Capital Bank, N.A./Eva Pawelek, Relationship Manager

Encl./jj

DATE: September 23, 2020
LETTER OF CREDIT NO: LC 1925
AMENDMENT NO: 3
BENEFICIARY: Okaloosa County, Florida
302 n. Wilson St., Suite 302
Crestview, Florida 32536
APPLICANT: Lynx FBO Destin, LLC
2450 Louisiana Street
Suite 400 #516
Houston, TX 7706
FACE AMOUNT: US\$50,000.00
(Fifty Thousand and 00/100ths U.S. Dollars)
CURRENT EXPIRATION DATE: September 30, 2020
AMENDED EXPIRATION DATE: September 30, 2021
PLACE OF EXPIRY: Texas Capital Bank, N.A.
Letter of Credit Unit
2350 Lakeside Boulevard, Suite 800
Richardson, TX 75082

Ladies and Gentlemen:

This amendment is to be considered an integral part of the above Letter of Credit and must be attached thereto.

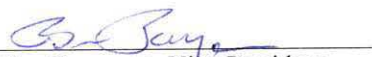
We hereby amend our Irrevocable Standby Letter of Credit No. LC 1925 in favor of Okaloosa Country, Florida at the request and for the account of Lynx FBO Destin, LLC as follows:

- **The expiration date of this letter of credit is extended until September 30, 2021.**

All other terms and conditions remain unchanged.

Respectfully yours,

Texas Capital Bank, N.A


Brian Perryman, Vice President
Authorized Signature/Title



**CONTRACT#: L79-0101-AP
LYNX FBO DESTIN, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 03/06/2033**

September 19, 2018

Okaloosa County, Florida
302 N. Wilson St., Suite 302
Crestview, Florida 32536

Attn: Stephanie Herrick
Phone: 850-651-7160 Ext. 1050

Re: Amendment No. 1 to Letter of Credit Number LC 1925 issued in favor of Okaloosa County, Florida at the request of and for the account of Lynx FBO Destin, LLC; \$50,000.00

Dear Madam:

Enclosed we forward the original of the above-mentioned Amendment No. 1 to Letter of Credit LC 1925.

Should you require any additional information, please do not hesitate to call to the attention of the undersigned.

Very truly yours,

Josie Jackson
Assistant Vice President
Texas Capital Bank N.A.
Letter of Credit Unit
2350 Lakeside Blvd., Suite 800
Richardson, TX 75082
Phone: 972-656-6503
Fax: 855-744-7764
E-mail: lettersofcredit@texascapitalbank.com

cc: Lynx FBO Destin, LLC/Matt DeLellis, CFO
Texas Capital Bank, N.A./Eva Pawelek, Relationship Manager

Encl./jj



DATE: September 19, 2018
LETTER OF CREDIT NO: LC 1925
AMENDMENT NO: 1
BENEFICIARY: Okaloosa County, Florida
302 n. Wilson St., Suite 302
Crestview, Florida 32536
APPLICANT: Lynx FBO Destin, LLC
2450 Louisiana Street
Suite 400 #516
Houston, TX 7706
FACE AMOUNT: US\$50,000.00
(Fifty Thousand and 00/100ths U.S. Dollars)
CURRENT EXPIRATION DATE: September 30, 2018
AMENDED EXPIRATION DATE: September 30, 2019
PLACE OF EXPIRY: Texas Capital Bank, N.A.
Letter of Credit Unit
2350 Lakeside Boulevard, Suite 800
Richardson, TX 75082

Ladies and Gentlemen:

This amendment is to be considered an integral part of the above Letter of Credit and must be attached thereto.


We hereby amend our Irrevocable Standby Letter of Credit No. LC 1925 in favor of Okaloosa County, Florida at the request and for the account of Lynx FBO Destin, LLC as follows:

- The expiration date of this letter of credit is extended until September 30, 2019.

All other terms and conditions remain unchanged.

Respectfully yours,

Texas Capital Bank, N.A


Authorized Signature
Title: AVP



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
3/19/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER JLT Aerospace (North America) Inc. 5847 San Felipe Rd. Suite 2800 Houston, TX 77057	CONTACT NAME: Dana Smith PHONE (A/C, No, Ext): 713-325-7625 E-MAIL ADDRESS: dana.smith@jltaerospace.com	FAX (A/C, No):
	INSURER(S) AFFORDING COVERAGE	
INSURED Lynx FBO Operating, LLC 2450 Louisiana St. Suite 400, #516 Houston, TX 77006	INSURER A : QBE Insurance Corporation NAIC # 39217	
	INSURER B : GRANITE STATE INS CO 23809	
	INSURER C : Beazley Insurance Company, Inc. 37540	
	INSURER D :	
	INSURER E :	
	INSURER F :	

RECEIVED
 MAR 22 2018
 BY: P. R. C. H.

COVERAGES **CERTIFICATE NUMBER:** 853997837 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		QAV0003521	9/30/2017	9/30/2018	EACH OCCURRENCE \$ 50,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 100,000 PERSONAL & ADV INJURY \$ 25,000,000 GENERAL AGGREGATE \$ N/A PRODUCTS - COMP/OP AGG \$ 50,000,000 \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			02-CA-048196217-2	9/30/2017	9/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	AWC0500737	9/30/2017	9/30/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
C	Environmental Liability			W1DB59180201	2/1/2018	2/1/2021	Each Incident 5,000,000 Aggregate 5,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

L79-0101-AP

CERTIFICATE HOLDER Oskaloosa County 5749 A Old Bethel Road Crestview, FL 32536	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
10/10/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER JLT Aerospace (North America) Inc. 5847 San Felipe Rd. Suite 2800 Houston, TX 77057	CONTACT NAME: Dana Smith PHONE (A/C, No., Ext): 713-325-7625 E-MAIL ADDRESS: dana.smith@jlt aerospace.com	FAX (A/C, No.):
	INSURER(S) AFFORDING COVERAGE	
INSURED Lynx FBO Operating, LLC 2450 Louisiana St. Suite 400, #516 Houston, TX 77006	INSURER A: QBE Insurance Corporation NAIC # 39217	
	INSURER B: GRANITE STATE INS CO 23809	
	INSURER C: Beazley Insurance Company, Inc. 37540	
	INSURER D:	
	INSURER E:	
	INSURER F:	


COVERAGES **CERTIFICATE NUMBER: 1603462911** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y		QAV0003521	9/30/2017	9/30/2018	EACH OCCURRENCE \$50,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$1,000,000 MED EXP (Any one person) \$100,000 PERSONAL & ADV INJURY \$25,000,000 GENERAL AGGREGATE \$N/A PRODUCTS - COMP/OP AGG \$50,000,000 \$
B	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY			02-CA-048196217-2	9/30/2017	9/30/2018	COMBINED SINGLE LIMIT (Ea accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	AWC0500737	9/30/2017	9/30/2018	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000
C	Environmental Liability			W1DB59170101	2/1/2017	2/1/2018	Each Incident 3,000,000 Aggregate 3,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**Contract # L79-0101-AP
LYNX FBO DESTIN, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 03/06/2033**

CERTIFICATE HOLDER	CANCEL
Okaloosa County 5749 A Old Bethel Road Crestview FL 32536	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 

AGREEMENT

This Agreement is made and entered into this 7th day of September, 2017, by and between OKALOOSA COUNTY, Florida through its Board of County Commissioners (hereinafter the "County"); in favor of Lynx FBO Destin, LLC and Southern Airways, hereinafter referred to as "Sub-Tenant".

WITNESSETH:

WHEREAS, on June 21, 2017, Lessee entered into a Lease Agreement, L79-0101-AP with the County to operate a fixed base operation at the Destin Executive Airport with a current expiration date of March 6, 2033; and

WHEREAS, Lynx FBO Destin, LLC entered into a Sublease Agreement with Southern Airways and a copy of the Sublease was delivered to County; and

WHEREAS, the Lease states in part, "Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County".

NOW THEREFORE, in consideration of the mutual covenants herein and other good and valuable consideration, the executing parties consent to and agrees to the following:

1. The above captioned recitals are true and correct.
2. County consents to Lynx FBO Destin's sublease with Southern Airways.
3. Lynx FBO Destin and Southern Airways do hereby agree that County's consent to the execution and delivery of the Sublease shall in no way constitute a modification of the Lease; and, further, that said Sublease is and shall remain inferior to the Lease.

(The remainder of this page intentionally left blank)

CERTIFIED A TRUE
AND CORRECT COPY

JD BEASCOCK II
CLERK CIRCUIT COURT

BY


DEPUTY CLERK

DATE

9/11/17



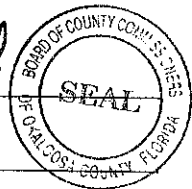
IN WITNESS WHEREOF, County acknowledges and consents to the sublease as of the day and year first written.

OKALOOSA COUNTY

Carolyn N. Ketchel

Carolyn N. Ketchel, Chairman

Date: 09/7/17



ATTEST:

J.D. Peacock II
J.D. Peacock II, Clerk





RAMP SPACE LICENSE AGREEMENT

THIS RAMP SPACE LICENSE AGREEMENT (this "Agreement") is made and entered into this 1st day of June, 2017 ("Effective Date"), between Lynx FBO Destin, LLC (hereinafter referred to as the "Licensor") and Southern Airways (hereinafter referred to as the "Licensee").

In consideration of the mutual covenants herein, and for other good and valuable consideration, the parties agree to the license of ramp space as follows:

1. License of the Ramp Space: Licensor hereby licenses to Licensee ramp space (the "Ramp Space") at Licensor's ramp at Destin Executive Airport ("Ramp"). The Ramp Space shall be used and occupied by Licensee solely for the storage of the aircraft identified in Schedule A (or any replacement aircraft of approximately the same or smaller size as may be acquired by Licensee) (the "Aircraft").
2. Term: The Term of this Agreement shall commence on the Effective Date and will continue month to month, unless terminated by either party by giving thirty (30) days prior notice as provided herein.
3. License Fee:
 - (a) During the Term, Licensee shall pay to Licensor, at the address specified in Schedule A, in lawful money of the United States, good and valid check, or electronic funds transfer to a bank account as designated by Licensor in writing, Twelve Hundred Dollars (\$1200) per month for use of the Ramp Space and Counter Space, payable in advance on or before the first day of each month ("License Fee").
 - (b) The License Fee shall be adjusted annually by the change from prior year in Consumer Price Index, All Urban Consumers (CPI-U), all items, not seasonally adjusted, as published by the Bureau of Labor Statistics (BLS). Adjustments shall be rounded to the nearest whole cent.
 - (c) Should the Licensee not pay the License Fee on the due date and such failure continues for ten (10) days after written notice thereof from Licensor to Licensee, any due and unpaid amount shall bear interest at the rate of eighteen percent (18%) per annum, or the maximum interest rate allowed under the laws of the state in which the Ramp is located, whichever is less, from the date such payment is due until it is paid in full.
4. Use of Ramp Space: The Ramp Space shall be used only for storage of the Aircraft. No commercial activities of any kind whatsoever shall be conducted by Licensee in, from or around the Ramp, except for incidental activities related to Licensee's business. Except as otherwise expressly agreed, no maintenance work will be performed by Licensee in or around the Ramp without the Licensor's approval, which shall be subject to Licensor's sole discretion. Licensee shall take steps to ensure the safe and proper conduct and demeanor of its employees, contractors and invitees. Licensee shall keep the Ramp free from waste, nuisance or debris and Licensee shall repair any damage to the Ramp caused by Licensee or its invitees. In utilizing the Ramp Space during the term of this Agreement (or any extension hereof), Licensee agrees to and shall comply, and shall use commercially reasonable efforts to cause its employees, contractors, agents and invitees to comply, with all applicable ordinances, rules, and regulations established by any Federal, State, or local government agency, any rules established by the applicable Airport Authority (the "Authority") or any rules established by

Licensors. Licensee shall be solely responsible, at Licensee's sole cost and expense, for obtaining all licenses and use approvals from the Authority and any governmental entity needed for the operation of the Aircraft.

6. Alterations: Licensee covenants and agrees not to make any alterations, additions or improvements to the Ramp Space at any time.

7. Insurance: Licensee agrees to provide the following insurance coverage:

(i) Commercial General Liability or Aviation Liability – including bodily injury liability and property damage liability with minimum limits of \$ 75mm per occurrence. All policies of insurance required under this Agreement shall provide continuing coverage for acts or omissions of Licensee and shall include the following coverages: (a) personal injury, (b) premises liability (operations on airport premises), (c) products and completed operations liability, (d) independent contractors, and (e) broad form contractual liability. Additionally, Licensee shall insure the Aircraft for one hundred percent (100%) of the total replacement cost of the Aircraft or maintain hull and liability insurance for one hundred (100%) of the total replacement cost of the Aircraft.

ii) Worker's Compensation – Applicable statutory limits.

(iii) Employer's Liability – minimum of \$1,000,000.

(iv) Automobile Liability, including airside liability, owned and non-owned – minimum of \$1,000,000 per occurrence.

(v) Property Damage on equipment utilized on the airport premises (mobile equipment) – full replacement cost.

(vi) Licensee's insurance policies under subsections (i), (iv) and (v) shall include the following provisions:

(A) Name both Licensor and the Authority as an additional insured with regard to the indemnity obligation as set forth in this Agreement.

(B) Insurance coverage is primary where Licensee has been negligent or engaged in willful misconduct

(C) Provide 30 days notice of cancellation or material change to the policy.

(D) Waive any rights of subrogation against Licensor, its directors, officers, agents, employees and assigns.

(E) A severability of interest provision.

(vii) Licensee shall give Licensor immediate notification if there should be any changes regarding Licensee's provided insurance information.

All policies of insurance required hereunder shall provide continuing coverage for acts or omissions and shall include the following coverages: (i) premises/operations; (ii) independent contractors; (iii) broad form contractual in support of the indemnity section of this Agreement; and (iv) personal injury

liability. All such policies shall waive any rights of subrogation against Licensor and Licensee, respectively, and their respective directors, officers, agents, employees, and assigns, and include prior written notice of any cancellation or modification of insurance coverage. Prior to commencement of this Agreement and occupancy, each party shall deliver to the other certificates or binders evidencing the existence of the insurance required herein.

8. Indemnification: Licensee agrees to defend, indemnify and hold harmless Licensor and the Authority, their respective parents, directors, officers, agents, employees, contractors, subsidiaries and affiliates ("Licensor's Parties") from and against any and all claims, liabilities, losses, damages, costs, fines and penalties (including reasonable attorney's fees) ("Damages"), which Licensee or Licensor may incur, suffer or be required to pay by reason of damage to property or injury or death of persons which arises out of or relates to this Agreement, except any Damages resulting from Licensor's sole negligent or willful misconduct. This indemnification shall survive the termination of this Agreement.
9. Force Majeure: Neither Party shall be liable to the other Party for delay in performing or its failure to perform any of its obligations under this Agreement if and to the extent such delay or failure is caused by any act of God, fire, flood, accident, strike, labor dispute, riot, insurrection or war, invasion, acts of foreign enemies, acts of terrorism (whether or not war be declared) hi-jacking, war-like actions, civil war, revolution, rebellion, martial law, military or usurped power or attempts at usurpation of power, an attempted or actual capture, seizure, arrest, restraint, detention, requisition or the taking of property by any government, governmental authority or agent or by any military, naval, or attempt to usurped power, whether in time of war or peace and whether lawful or unlawful, and such delay or failure could not have been reasonably foreseen and avoided by the exercise of due care and diligence consistent with the exercise of reasonable business judgment.
10. WAIVER OF CONSEQUENTIAL DAMAGES: NOTWITHSTANDING ANYTHING CONTAINED IN THIS AGREEMENT TO THE CONTRARY, UNDER NO CIRCUMSTANCES SHALL LICENSOR BE LIABLE FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR EXEMPLARY DAMAGES, WHETHER IN CONTRACT OR TORT (INCLUDING STRICT LIABILITY AND NEGLIGENCE), SUCH AS, BUT NOT LIMITED TO, LOSS OF REVENUE OR ANTICIPATED PROFITS, LOSS OF USE OR DIMINUTION OF VALUE TO THE AIRCRAFT, OR OTHER DAMAGE RELATED TO THE LICENSING OF THE RAMP SPACE OR SERVICES PROVIDED BY LICENSOR UNDER THIS AGREEMENT.
11. Default: A Party shall be in default under this Agreement if: (a) such Party breaches any term or condition of this Agreement and such breach has not been cured by the breaching Party within thirty (30) days of receipt of written notice from the non-breaching Party of such breach (except that the right to cure a failure to pay License Fee shall expire on the 10th day after Licensee receives from Licensor written notice of its failure to pay); (b) a petition is filed by or against such Party under any applicable bankruptcy or insolvency laws (including a petition for reorganization or any arrangement) and such petition is not dismissed within ninety (90) days of filing; or (c) such Party assigns its property for the benefit of creditors. In the event of any breach of this Agreement by Licensee, and the passing of notice and any related cure period, Licensor shall, at its option and without further notice, have the right to (i) cure any such breach (including without limitation causing any required maintenance or repairs to be made or releasing any lien) and be reimbursed by the Licensee for the costs and expenses related thereto, and Licensee shall immediately reimburse Licensor for all of Licensor's costs and expenses therein, and/or (ii) terminate this Agreement and remove the Aircraft and any other property of Licensee



from the Ramp or Ramp Space in accordance with all applicable laws and regulations. Exercise by Licensor of either or both of the rights specified above shall not prejudice Licensor's right to pursue any other right or remedy available to Licensors at law or in equity, including the right to accelerate the License Fee hereunder and sue to collect it.

12. **Governing Law:** This Agreement shall be construed in accordance with the laws of the state in which the Ramp is located, exclusive of its conflicts of law rules.
13. **Relationship of Parties:** The relationship between Licensor and Licensee shall always and only be that of a user license and nothing set forth herein shall be deemed or construed to render the Parties as agents, joint venturers, partners, landlord and tenant, or employer and employee.
14. **Remedies Cumulative:** The rights and remedies with respect to any of the terms and conditions of this Agreement shall be cumulative and not exclusive, and shall be in addition to all other rights and remedies available to either party in law or equity.
15. **Notices:** Except as otherwise required by law, any notice given by one party to the other in connection with this Agreement shall be in writing and shall be sent by (a) commercial overnight delivery or other overnight delivery service or (b) certified or registered mail, return receipt requested. Notwithstanding the foregoing, ordinary course of business communications may be accomplished through e-mail to the addresses shown in Schedule A.
16. **Integration:** This Agreement constitutes the entire agreement between the parties, and as of the effective date supersedes all prior independent agreements between the parties related to the leasing of the Ramp Space. Any change or modification must be in writing and signed by both parties.
17. **Amendment:** No amendment, modification or alteration of the terms of this Agreement shall be binding unless the same shall be in writing, dated subsequent to the date hereof and duly executed by the Parties hereto.
18. **Waiver:** The waiver by either party of any covenant or condition of this Agreement shall not thereafter preclude such party from demanding performance in accordance with the terms thereof.
19. **Assignment: Successors Bound:** This Agreement shall be binding on and shall inure to the benefit of the heirs, legal representatives, successors, and assigns of the parties hereto. Licensee may not assign this Agreement or sublet any portion of the Ramp Space
20. **Subordination:** This Agreement is subject and subordinate to the lien of all and any mortgages by Licensor (which "mortgages" shall include both construction and permanent financing and shall include deeds of trust and similar security instruments) which may now or hereafter encumber the Ramp, and to all renewals or modifications thereof. If any proceedings are initiated for the foreclosure of, or the exercise for the power of sale under any mortgages or in any deed in lieu of foreclosure is exercised, covering the Ramp, Licensee shall attorn to and recognize such mortgagees as the Licensor under this Agreement. In event of any termination of Licensor's prime lease for the Ramp for any reason, this Agreement shall automatically terminate, be void and Licensor shall have absolutely no further obligation to Licensee hereunder.



21. Severability: If a provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction over the parties at this Agreement, the entire agreement shall not be void, but the remaining provisions shall continue in effect as nearly as possible in accordance with the original intent of the part.
22. Fuel: During the Term, Licensee will purchase fuel from Licensor for all of its fuel requirements at the Airport on the terms set forth in Schedule A.

[Signature Page to Follow]

LYNX

IN WITNESS WHEREOF, the Parties have duly executed this Agreement the day and year first set forth above.

BH

Philip LeFevre

By: Ben Humbert

By: [Signature]

Title: GM

Title: C.O.O.

Date: 6/19/17

Date: 6/19/2017

LYNX

Schedule A

Address for Notices:

If to Licensor:

Lynx FBO Destin
1001 Airport Rd #15
Destin, FL 32541

If to Licensee:

SOUTHERN AIRWAYS EXPRESS
101 N. RIVERSIDE DR. SUITE 214
POMPANO BEACH FL 32062

PROCUREMENT/CONTRACT/LEASE INTERNAL COORDINATION SHEET

Procurement/Contract/Lease Number: L79-0101-AP Tracking Number: 2325-17
Procurement/Contractor/Lessee Name: Lynx FBO Design, LLC Grant Funded: YES ___ NO
Purpose: Lynx Sublease w/ Southern Airways
Date/Term: Month to Month 1. GREATER THAN \$50,000
Amount: _____ 2. GREATER THAN \$25,000
Department: AP 3. \$25,000 OR LESS
Dept. Monitor Name: STACE/Miner

Purchasing Review

Procurement requirements are met:


Purchasing Director or designee

Greg Kisela, DeRita Mason, Matthew Young

Date: 7/27/17

2CFR Compliance Review (if required)

Approved as written:

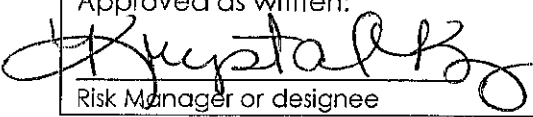

Grants Coordinator

Renee Biby

Date: 8/9/17

Risk Management Review

Approved as written:


Risk Manager or designee

Laura Porter or Krystal King

Date: 8-1-17

County Attorney Review

Approved as written:

County Attorney

See Approval Dated,

Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Date: 7/28/17

Following Okaloosa County approval:

Contracts & Grants

Document has been received:

Contracts & Grants Manager

Marcella Eubanks, Mindy Kovalsky, Ashley Endris

Date: _____

Matthew Young

From: Parsons, Kerry <KParsons@ngn-tally.com>
Sent: Friday, July 28, 2017 3:44 PM
To: Dave Miner; Matthew Young; DeRita Mason
Cc: Lynn Hoshihara; Krystal King; Laura Porter; Stephanie Herrick; Lianne Clark
Subject: RE: Lynx Sublease for Coordination

This is approved for legal purposes.

From: Dave Miner [mailto:dminer@co.okaloosa.fl.us]
Sent: Friday, July 28, 2017 4:43 PM
To: Parsons, Kerry; Matthew Young; DeRita Mason
Cc: Lynn Hoshihara; Krystal King; Laura Porter; Stephanie Herrick; Lianne Clark
Subject: RE: Lynx Sublease for Coordination

Ms. Parsons:

Please see attached.

Dave

From: Parsons, Kerry [mailto:KParsons@ngn-tally.com]
Sent: Friday, July 28, 2017 2:58 PM
To: Dave Miner <dminer@co.okaloosa.fl.us>; Matthew Young <myoung@co.okaloosa.fl.us>; DeRita Mason <dmason@co.okaloosa.fl.us>
Cc: Lynn Hoshihara <lhoshihara@co.okaloosa.fl.us>; Krystal King <kking@co.okaloosa.fl.us>; Laura Porter <lporter@co.okaloosa.fl.us>; Stephanie Herrick <sherrick@co.okaloosa.fl.us>; Lianne Clark <lclark@co.okaloosa.fl.us>
Subject: RE: Lynx Sublease for Coordination

Per the FBO agreement it requires written consent of subleases from the County. As such, please draft a written consent form, such as the one you drafted for Ludwig earlier to accompany the sublease.

Thanks,
Kerry

From: Dave Miner [mailto:dminer@co.okaloosa.fl.us]
Sent: Thursday, July 27, 2017 10:09 AM
To: Matthew Young; DeRita Mason
Cc: Parsons, Kerry; Lynn Hoshihara; Krystal King; Laura Porter; Stephanie Herrick; Lianne Clark
Subject: Lynx Sublease for Coordination

Matthew:

Please start the coordination for the attached Lynx Sublease with Southern Airways.
Thank you.

Dave

David E. Miner
Properties and Leases
Okaloosa County Airports
(850) 651-7160 Ext. 4
www.flyvps.com

"Please note: Due to Florida's very broad public records laws, most written communication to or from County employees regarding County business are public records, available to the public upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure."

CAUTION: This email originated from outside the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

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FACER INSURANCE AGENCY, INC.
 PO BOX 898
 Rantoul, IL 61866
 P: 217-892-2147 F: 217-892-2147

CERTIFICATE OF INSURANCE

This Is To Certify To: Lynx FBO Destin
 1001 Airport Road #5
 Destin, FL 32541

That The Following Policy(ies) Of Insurance Have Been Issued To: Southern Airways Corp; Southern Airways Express, LLC
 43W700 US Route 30
 Sugar Grove, IL 60554

Policy Number: UA00013057AV16A

Policy Period: From: 10/15/2016 To: 10/15/2017

Insurance Companies @ 25% ea: XL SPECIALTY INSURANCE CO; OLD REPUBLIC AEROSPACE;
 GREAT AMERICAN INSURANCE CO; ALLIANZ GLOBAL RISKS

	Limits of Liability	
	Each Occurrence	Annual Aggregate
General Aggregate Limit (other than Products-Completed Operations and Hangarkeepers)	\$ NOT APPLICABLE	\$ 0
Products / Completed Operations Limit	\$ 25,000,000 (limited)	\$ 25,000,000
Personal and Advertising Injury Limit	\$ 25,000,000	\$ 25,000,000
Each Occurrence	\$ 25,000,000	\$ NOT APPLICABLE
Fire Damage Limit (Any One Fire)	\$ 1,000,000	\$ 1,000,000
Medical Expense Limit (Any One Per Person)	\$ 5,000	\$ NOT APPLICABLE
Hangarkeeper's Limit Each Aircraft	\$ 500,000	\$ NOT APPLICABLE
Hangarkeeper's Limit, Each Occurrence	\$ 500,000	\$ NOT APPLICABLE

Other Coverages/Conditions/Remarks:

Certificate holder listed above is included as Additional Insured solely as respects the operations of the Named Insured listed above. No party shall be included as Additional Insured as respects their legal liability with respect to operations which involve manufacture, repair or servicing of any 3rd party aircraft or engines or components thereof.

Certificate No. 11
 Date of Issue 06/15/2017

Authorized Representative

Notwithstanding any requirement, term or condition of any contract or other document with respect to which this certificate may be issued or may pertain, the insurance afforded by the policies described herein is subject all terms, exclusions and conditions of such policies. This certificate does not amend, extend or otherwise alter the coverages afforded by the policies described herein. Limits may have been reduced by paid claims.

**Lease# L79-0101-AP
Lynx FBO Destin, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 03/06/2033**

**CONSENT TO ASSIGNMENT OF LEASE
FOR TRIUMPH FBO DESTIN, LLC L79-0101-AP
AT THE DESTIN EXECUTIVE AIRPORT**

This Consent to Assignment and Assumption of the Lease for Fixed Base Operator Destin Executive Airport, L79-0101-AP, made and entered into this 21st day of June, 2017 by and between Triumph FBO Destin, LLC, a Delaware limited liability company (hereinafter referred to as the "Operator"), Lynx FBO Destin, LLC, a Foreign Limited Liability Company, certified to do business in the state of Florida (hereinafter referred to as the "Assignee"), and Okaloosa County, a political subdivision of the State of Florida (hereinafter the "County").

WITNESSETH:

WHEREAS, on September 22, 2016, Operator entered into a Lease Agreement, L79-0101-AP with the County to operate a fixed base operation at the Destin Executive Airport with a current expiration date of March 26, 2033 (hereinafter the "Lease"); and

WHEREAS, the Operator has since changed its name Lynx FBO Destin, LLC to connect its locations throughout the state of Florida by name and brand recognition; and

WHEREAS, operator now desires to assign to the Assignee the Lease in order to operate the Fixed Base Operation under its new name; and

WHEREAS, pursuant to Article XXXIV of the Lease, Operator may not assign its rights, title and interest in the Lease without the prior written consent of the County, which will not be unreasonably withheld; and

WHEREAS, the County now finds it in the best interest of the public to consent to the assignment of the Lease from Operator to Assignee

NOW THEREFORE, the parties agree to the following:

I. CONSENT TO ASSIGNMENT

1. The County hereby consents to the Assignment of Lease from Triumph FBO Destin, LLC, Operator, to Lynx FBO Destin, LLC, Assignee.

2. Assignee, by execution of this Consent and Assumption of Lease, and in consideration of approval by the County of the same does hereby assume all responsibilities, duties, obligations, rights and privileges as set forth in the Lease.

3. All other provisions of the Lease Agreement shall remain in full force and effect through the duration of the Lease term.

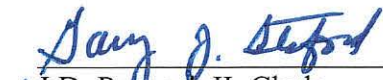
IN WITNESS WHEREOF, the parties hereto have executed this consent assignment and assumption of lease and amendment as of the day and year first written.

OKALOOSA COUNTY, FLORIDA


Carolyn N. Ketchel, Chairman
Date: 21 June 2017



ATTEST:


J.D. Peacock II, Clerk



OPERATOR/ASSIGNEE

BH

Ben Humbert

General Manager

Date: 3/20/17

ATTEST:

Lisa K Crowley
Witness

[Signature]
Witness

ACKNOWLEDGMENTS

STATE OF FL
COUNTY OF Okaloosa

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared BEN HUMBERT who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the uses and purposes contained therein.

Sworn and subscribed before me this 20th day of March, 2017, AD.



Sherry A. Walters
NOTARY

My Commission Expires: 5/29/2020



CA # 4

BOARD OF COUNTY COMMISSIONERS AGENDA REQUEST

DATE: June 20, 2017
TO: Honorable Chairman and Members of the Board
FROM: Tracy Stage
SUBJECT: Triumph FBO Destin, LLC Assignment of Lease to Lynx FBO Destin
DEPARTMENT: Airport
BCC DISTRICT: 5

STATEMENT OF ISSUE: The Airports Department requests approval by the Board of County Commissioners for Triumph FBO Destin, LLC (South) assignment of lease to Lynx FBO Destin, LLC at the Destin Executive Airport (L79-0101-AP).

BACKGROUND: On September 22, 2016, Triumph FBO Destin, LLC entered into an Assignment of Lease to operate a Fixed Base Operation at the Destin Executive Airport. Operator requests to change its name to Lynx FBO Destin, LLC to connect its location throughout the State of Florida by name and brand recognition. Pursuant to current Lease, Operator may not assign its rights, title, or interest in the Lease without prior written consent of the County. Operator's certificate of insurance is attached along with the contract and lease internal coordination sheet.

OPTIONS: Approve, Reject or Table.

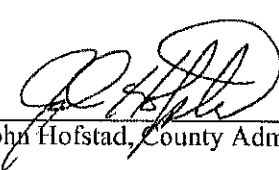
RECOMMENDATIONS: It is Staff's recommendation that the Board approve the Triumph FBO Destin, LLC assignment of Lease to Lynx FBO Destin, LLC at the Destin Executive Airport as described above.

RECOMMENDED BY:



Tracy Stage, Airport Director 6/13/2017

APPROVED BY:



John Hofstad, County Administrator 6/13/2017

John Hofstad, County Administrator

SCANNED

CONTRACT & LEASE INTERNAL COORDINATION SHEET

Contract/Lease Number: <u>L79-0101-AP</u>	Tracking Number: <u>2317-17</u>
Contractor/Lessee Name: <u>Triumph Fiso Duhin</u>	Grant Funded: YES ___ NO <input checked="" type="checkbox"/>
Purpose: <u>Assignment of Lease</u>	
Date/Term: <u>3-26-33</u>	1. <input type="checkbox"/> GREATER THAN \$50,000
Amount: _____	2. <input type="checkbox"/> GREATER THAN \$25,000
Department: <u>AP</u>	3. <input type="checkbox"/> \$25,000 OR LESS
Dept. Monitor Name: <u>Stephanie</u>	
Document has been reviewed and includes any attachments or exhibits.	

Purchasing Review	
Procurement requirements are met:	
<u>Charles Powell</u> Purchasing Director or designee	Date: <u>3/9/2017</u> Greg Kisela, Charles Powell, DeRita Mason, Matthew Young

Risk Management Review	
Approved as written:	
<u>Krystal King</u> Risk Manager or designee	Date: <u>3-9-17</u> Laura Porter or Krystal King

County Attorney Review	
<i>See approval letter 3/10/2017</i>	
Approved as written:	
_____ County Attorney	Date: _____ Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee

Following Okaloosa County approval:

Contracts & Grants	
Document has been received:	
_____ Contracts & Grants Manager	Date: _____

Charles Powell

From: Parsons, Kerry <KParsons@ngn-tally.com>
Sent: Friday, March 10, 2017 8:54 AM
To: Dave Miner; Charles Powell
Cc: Krystal King; Laura Porter; David Williams; Lynn Hoshihara
Subject: RE: AOL Triumph to Lynx (south)

This is approved for legal purposes.

From: Dave Miner [mailto:dminer@co.okaloosa.fl.us]
Sent: Thursday, March 09, 2017 4:15 PM
To: Parsons, Kerry; Charles Powell
Cc: Krystal King; Laura Porter; David Williams; Lynn Hoshihara
Subject: RE: AOL Triumph to Lynx (south)

Ms. Parsons:

Changes accepted.

Dave

From: Parsons, Kerry [mailto:KParsons@ngn-tally.com]
Sent: Thursday, March 09, 2017 9:41 AM
To: Dave Miner <dminer@co.okaloosa.fl.us>; Charles Powell <cpowell@co.okaloosa.fl.us>
Cc: Krystal King <kking@co.okaloosa.fl.us>; Laura Porter <lporter@co.okaloosa.fl.us>; David Williams <dawilliams@co.okaloosa.fl.us>; Lynn Hoshihara <lhoshihara@co.okaloosa.fl.us>
Subject: RE: AOL Triumph to Lynx (south)

Please see my attached revisions.

From: Dave Miner [mailto:dminer@co.okaloosa.fl.us]
Sent: Wednesday, March 08, 2017 4:02 PM

Dave Miner

From: Krystal King
Sent: Thursday, April 06, 2017 7:48 AM
To: Dave Miner
Subject: RE: AOL Triumph to Lynx South

Risk Management approved.

Krystal King
Okaloosa County
Risk Management
(850)689-5977
Fax (850)689-5973

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records available to the public and media upon request. Therefore, this written email communication including your email address, may be subject to public disclosure.

From: Dave Miner
Sent: Wednesday, April 05, 2017 3:07 PM
To: Krystal King <kking@co.okaloosa.fl.us>
Subject: FW: AOL Triumph to Lynx South

Krystal:

Can I get an update?

Dave

From: Dave Miner
Sent: Monday, March 27, 2017 9:55 AM
To: Krystal King <kking@co.okaloosa.fl.us>
Cc: Laura Porter <lporter@co.okaloosa.fl.us>
Subject: RE: AOL Triumph to Lynx South

Krystal:

Lynx's COI is attached for your review.
Thank you.

Dave

From: Krystal King
Sent: Thursday, March 23, 2017 2:29 PM
To: Dave Miner <dminer@co.okaloosa.fl.us>
Cc: Laura Porter <lporter@co.okaloosa.fl.us>
Subject: RE: AOL Triumph to Lynx South

The requirement is as follows:

Airport Liability - \$10 M
Aircraft Liability - \$10 M
Business Auto - \$5 M
Work Comp – Statutory

The COI they have provided shows:

General Liability \$50 M
Hangar Keepers Liability \$50 M

So this does not meet the lease requirements. Let me know if you have any questions.

Krystal King
Okaloosa County
Risk Management
(850)689-5977
Fax (850)689-5973

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From: Dave Miner
Sent: Thursday, March 23, 2017 8:24 AM
To: Krystal King <kking@co.okaloosa.fl.us>
Subject: AOL Triumph to Lynx South

Krystal:

Please review the attached certificate of insurance for this assignment of lease and let us know if the COI complies with requirements.
Thank you.

Dave

David E. Miner
Properties and Leases
Okaloosa County Airports
(850) 651-7160 Ext. 4
www.flyvps.com

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CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

03/24/2017

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER JLT Specialty Insurance Services Inc. 5847 San Felipe St. Suite 2300 Houston, TX 77057	CONTACT NAME: JLT Service Team	
	PHONE (A/C, No, Ext): (713) 325-7625	FAX (A/C, No): (713) 789-0415
E-MAIL ADDRESS: dana.smith@jlt aerospace.com		
INSURER(S) AFFORDING COVERAGE		NAIC #
INSURER A : Granite State Insurance Company		23809
INSURER B : QBE Insurance Corporation		39217
INSURER C : Praetorian Insurance Company		37257
INSURER D : Commerce and Industry Insurance Company		19410
INSURER E :		
INSURER F :		

INSURED

Lynx FBO Destin, LLC 1001
Airport Rd, Building 15
Destin, FL 32541

COVERAGES

CERTIFICATE NUMBER: 3

REVISION NUMBER: 03

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
B	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	X		QAV0003521	09/30/2016	09/30/2017	EACH OCCURRENCE \$ 50,000,000
	<input checked="" type="checkbox"/> AIRPORT LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 500,000
	<input checked="" type="checkbox"/> AIRCRAFT LIABILITY						MED EXP (Any one person) \$ 50,000
	GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						PERSONAL & ADV INJURY \$ 25,000,000
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS			02-CA -048196217-1/000	09/30/2016	09/30/2017	BODILY INJURY (Per person) \$ 1,000,000 BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
B	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE			QAV0003521	09/30/2016	09/30/2017	EACH OCCURRENCE \$ 9,000,000 AGGREGATE \$ \$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A	WC24MBN101	09/30/2016	09/30/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D	Environmental Liability			003033655	12/01/2016	12/01/2017	EACH INCIDENT 1,000,000 AGGREGATE 1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Excess Liability follows Auto Liability.

FOR ADDITIONAL COVERAGE SEE PAGE 2

CERTIFICATE HOLDER

Ocalaosa County
5749 A Old Bethel Road
Crestview, FL, 32536

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

AGENCY CUSTOMER ID: _____

LOC #: _____



ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

AGENCY JLT Specialty Insurance Services Inc.		NAMED INSURED Lynx FBO Destin, LLC 1001 Airport Rd, Building 15 Destin, FL 32541	
POLICY NUMBER Various		EFFECTIVE DATE : Various	
CARRIER Various	NAIC CODE		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: 25 **FORM TITLE:** Certificate of Liability Insurance

The Insured is Covered by the following Commercial Property Policy

Lexington Insurance Company - NAIC# 19437 (Destin Location)
Policy Number: 41-LX-011395954-1
Policy Eff: 09/30/2016-09/30/2017
Limits: Total Insured Value of \$7,291,600 as per Policy Documents including all contents and Wind and Hailstorm with 3% Deductible.



**Lease# L79-0101-AP
Lynx FBO Destin, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 03/06/2033**

May 24, 2017

Okaloosa County, Florida
302 N. Wilson St., Suite 302
Crestview, Florida 32536

Attn: Stephanie Herrick
Phone: 850-651-7160 Ext. 1050

Re: Our Letter of Credit Number LC 1925 issued in favor of Okaloosa County, Florida at the request of and for the account of Lynx FBO Destin, LLC; \$50,000.00

Dear Madam:

Enclosed we forward the original of the above-mentioned Letter of Credit LC 1925.

Should you require any additional information, please do not hesitate to call to the attention of the undersigned.

Very truly yours,

Josie Jackson
Assistant Vice President
Texas Capital Bank N.A.
Letter of Credit Unit
2350 Lakeside Blvd., Suite 800
Richardson, TX 75082
Phone: 972-656-6503
Fax: 855-744-7764
E-mail: lettersofcredit@texascapitalbank.com

cc: Lynx FBO Destin, LLC/Matt DeLellis
Texas Capital Bank, N.A./Eva Pawelek, Relationship Manager

Encl./jj



DATE: May 24, 2017

LETTER OF CREDIT NO: LC 1925

BENEFICIARY: Okaloosa County, Florida
302 n. Wilson St., Suite 302
Crestview, Florida 32536

APPLICANT: Lynx FBO Destin, LLC
2450 Louisiana Street
Suite 400 #516
Houston, TX 7706

FACE AMOUNT: US\$50,000.00
(Fifty Thousand and 00/100ths U.S. Dollars)

EXPIRATION DATE: **September 30, 2018**

PLACE OF EXPIRY: Texas Capital Bank, N.A.
Letter of Credit Unit
2350 Lakeside Boulevard, Suite 800
Richardson, TX 75082

Dear Sir or Madam:

At the request of the applicant, we hereby establish our Irrevocable Standby Letter of Credit in your favor as beneficiary up to an aggregate amount of \$50,000.00 (Fifty Thousand and No/100 U.S. Dollars).

This letter of credit is available for payment against presentation of your draft(s) at sight drawn on Texas Capital Bank, N.A., bearing the clause "Drawn under Letter of Credit no. LC 1925 of Texas Capital Bank, N.A. " to be accompanied by original letter of credit and all amendments thereto (if any) and the following documents required as noted below. If the amount of the draft(s) is for the full amount of this Letter of Credit, the original letter of credit will be retained by us.

Documents required:

1. Beneficiary's written dated statement executed by an authorized representative of Okaloosa County, Florida, indicating name and title of signer, stating as follows:
"We, Okaloosa County, Florida ("County") hereby claim for payment in the amount of USD (insert amount) and certify that Lynx FBO Destin, LLC ("operator") has defaulted in any of their monetary obligations to the county under that certain lease agreement number L79-0101-AP between county and operator ("lease"), such default exists beyond any applicable cure period as provided in the lease and county is entitled to apply funds of this drawing to cure operator's default. We also certify amount claimed does not exceed amount of the operator's monetary default under the lease."



Additional conditions:

1. Partial drawings are permitted.
2. Multiple drawings are not permitted.

We hereby agree with you that all draft(s) drawn under and in compliance with the terms and conditions of this Letter of credit will be honored upon presentation to us as specified herein.

In the event of a drawing, all original documents including this original letter of credit and sight draft must be dispatched in one lot by overnight courier directly to our International Department at 2350 Lakeside Boulevard, Suite 800, Richardson, Texas 75082.

Except as otherwise expressly stated herein, This Letter of credit is subject to the International Standby Practices 1998 (ISP98), International Chamber of Commerce Publication No. 590.

In all correspondence please quote our reference: LC 1925.

If you have any questions concerning this transaction, please call 972-656-6503.

Texas Capital Bank, N.A.

Jessie Jackson
Authorized Signature
Title: AVP

**L79-0101-AP
TRIUMPH FBO DESTIN, LLC
DAP FIXED BASE OPERATOR
Expires: 3/26/2033**

**ASSIGNMENT, CONSENT AND ASSUMPTION OF THE LEASE
L79-0101-AP**

This ASSIGNMENT, CONSENT, AND ASSUMPTION OF LEASE FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT, L79-0101-AP, fully executed this 22 day of September, 2016, by and between REGAL AIR DESTIN, LLC, a Florida limited liability company (hereinafter referred to as the "OPERATOR"), TRIUMPH FBO DESTIN LLC, a Delaware limited liability company (hereinafter referred to as the "ASSIGNEE") and OKALOOSA COUNTY, a political subdivision of the State of Florida (hereinafter referred to as the "COUNTY")

WITNESSETH:

WHEREAS, ASSIGNEE purchased all of the assets of OPERATOR, which operates the fixed base operation pursuant that certain Amended and Restated Lease Agreement for a Full Fixed Base Operator at the Destin/Ft. Walton Beach Airport dated March 19, 2013, L79-0101-AP which was assigned to OPERATOR pursuant to that certain Assignment of Lease dated June 6, 2013 and which was amended by that certain First Amendment to Amended and Restated Lease Agreement for a Full Fixed Base Operator at the Destin/Ft. Walton Beach Airport and Agreement of the Parties dated March 3, 2013 (collectively, the "Amended and Restated Lease," capitalized but undefined terms herein have the meaning ascribed to them in the Amended and Restated Lease) under the name Regal Air Destin, LLC (as successor-by-assignment to Miracle Strip Aviation, Inc.);

WHEREAS, the OPERATOR desires to assign to the ASSIGNEE the Lease in order for the ASSIGNEE to operate the fixed based operation pursuant to the Lease under the name Triumph FBO Destin LLC; and

WHEREAS, pursuant to Article XXXIV of the Lease, OPERATOR may not assign its rights, title and interest in the Lease without the prior written consent of the COUNTY which will not be unreasonably withheld; and

WHEREAS, the County now finds it in the best interest of the public to consent to the assignment of the Lease from OPERATOR to ASSIGNEE as long as the conditions precedent below are met.

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties agree to the following:

SECTION 1: ENTIRE ASSIGNMENT OF LEASE

OPERATOR hereby assigns to ASSIGNEE all of its leasehold interest in the Leased Premises, and all rights, title and interests in, to and under the Lease (the "Assignment"). ASSIGNEE, by execution of this ASSIGNMENT, CONSENT AND ASSUMPTION OF LEASE, and in consideration of approval by the COUNTY of the same does hereby assume all responsibilities, duties, obligations, rights, and privileges as set forth in the Lease, and does hereby expressly relieve and indemnify the OPERATOR against any duty or responsibility for the same.

SECTION 2: CONSENT OF THE COUNTY

The COUNTY hereby consents to this assignment from OPERATOR to ASSIGNEE and lets to ASSIGNEE and ASSIGNEE hereby hires and takes from COUNTY at the Destin/Ft. Walton Beach Airport in the County of Okaloosa, State of Florida (hereinafter referred to as "AIRPORT"), that certain location designated as Full Fixed Base Operator as shown on file in the office of the Airports Director. ASSIGNEE hereby assumes all responsibilities, duties, obligations, rights and privileges of Operator as set forth in the Lease. The COUNTY, upon this ASSIGNMENT, CONSENT AND ASSUMPTION OF THE LEASE becoming effective as set forth below, hereby expressly releases the OPERATOR from any and all liability for future obligations and/or fulfillment of all terms and conditions arising under the Lease.

SECTION 3: EFFECTIVENESS OF THE ASSIGNMENT, CONSENT AND ASSUMPTION OF LEASE

This ASSIGNMENT, CONSENT AND ASSUMPTION OF LEASE shall become effective only after the following conditions have been met, proof of which must be sent and acknowledged by the County:

Condition 1. ASSIGNEE must present to the COUNTY as valid and current Certificate of Insurance in accordance with the terms of the Lease; and

Condition 2. A Security Deposit must be posted to the County by ASSIGNEE as a performance bond in the amount of \$50,000. The performance bond is to be provided by Operator and its surety shall be in a form acceptable to the County. The surety company shall be licensed to do business in the State of Florida and shall be otherwise acceptable to the County.

Condition 3. OPERATOR must remit to the COUNTY \$32,983.45 plus accrued daily interest, for the remaining balance owed by OPERATOR for past due payments it assumed on behalf of Miracle Strip Aviation; and

The above conditions must be met within twenty (20) days of execution of this ASSIGNMENT, CONSENT AND ASSUMPTION OF LEASE.

SECTION 4: FURTHER ACTIONS

Each of the parties hereto covenants and agrees to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other actions as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this ASSIGNMENT, CONSENT AND ASSUMPTION OF LEASE.

SECTION 5: ENTIRE AGREEMENT

This ASSIGNMENT, CONSENT AND ASSUMPTION OF LEASE constitutes this entire Assignment of Lease of the parties on the subject matter hereof and may not be changed, modified, discharged, or extended except by written instrument duly executed by all parties.

[The remainder of this page is intentionally left blank.]

IN WITNESS, the parties hereto have executed these presents as of the day and year first above written.

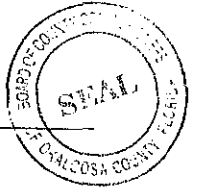
COUNTY:
OKALOOSA COUNTY, FLORIDA

BY: Charles K. Windes, Jr.

Charles K. Windes, Jr.

Chairman, Board of County Commissioners

Date: 9 / 22 / 16



ATTESTS:

Bong J. Stafford

J.D. Peacock II

Clerk of Circuit Court

Date: 9 / 22 / 16



OPERATOR:
REGAL AIR DESTIN, LLC
BY: DJFO/L.L.C., its Managing Member

BY: _____
Signature

Jay Odom
Print Name

Managing Member
Title

Date: 9 / 13 / 2016

ATTESTS:

Rose M Smith
Signature

Rose M Smith
Print Name

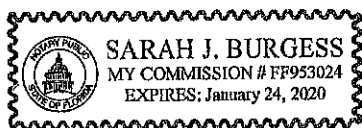
ACKNOWLEDGMENTS

STATE OF Florida

COUNTY OF Okaloosa

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared Jay Odom who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the uses and purposes contained therein.

Sworn and subscribed before me this 13th day of September, 2016, AD.



Sarah J Burgess
NOTARY

My Commission Expires: 1-24-20

ASSIGNEE:
TRIUMPH FBO DESTIN LLC

BY: [Signature]
Signature

Chad Farischo
Print Name

Managing Partner
Title

Date: 9 / 12 / 2016

ATTESTS:

Alexandria Nault
Signature

Alexandria Nault
Print Name

ACKNOWLEDGMENTS

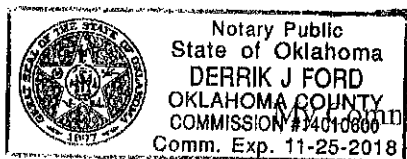
STATE OF Oklahoma

COUNTY OF Oklahoma

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared Chad Farischo who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the uses and purposes contained therein.

Sworn and subscribed before me this 12 day of September, 2016, AD.

Derrick J. Ford
NOTARY



Commission Expires: 11-25-2018

CONSENT AND ESTOPPEL CERTIFICATE

- To: Triumph FBO Destin LLC, its successors and assigns ("**Purchaser**"), and Regal Air Destin, LLC, its successors and assigns ("**Tenant**")
- Re: Amended and Restated Lease Agreement for Full Fixed Base Operator Destin/Ft. Walton Beach Airport (the "**A&R Lease**") dated March 19, 2013, between Okaloosa County, Florida, as "**Landlord**", and Miracle Strip Aviation, Inc., for certain premises located at the Destin/Ft. Walton Beach Airport as more particularly described in the Lease (as hereinafter defined) (the "**Premises**"), as assigned to Tenant by that certain Assignment of Lease between Miracle Strip Aviation, Inc., Landlord and Tenant dated June 6, 2013 (the "**Assignment to Tenant**"), and as amended by that certain First Amendment between Landlord and Tenant dated March 3, 2015 (the "**First Amendment**"), and together with the A&R Lease and the Assignment to Tenant, the "**Lease**")

Ladies and Gentlemen:

Purchaser has advised Landlord that Tenant and certain related parties are in the process of transferring to Purchaser their fixed base operations business located at the Destin/Ft. Walton Beach Airport, which includes an assignment of the Lease to Purchaser (such transfer being referred to as the "**Transaction**"). Landlord is executing this Consent and Estoppel Certificate for Purchaser's and Tenant's benefit in connection with the consummation of the Transaction. Capitalized terms used herein but not defined herein shall have the meaning ascribed thereto in the Lease.

In connection with the Transaction, Landlord hereby consents pursuant to Article XXXIV of the Lease, to any assignment of Tenant's estates, rights and interests under the Lease that will be effectuated by the consummation of the Transaction.

Landlord represents, warrants or covenants, as applicable, to Purchaser as follows:

1. The Lease attached as Annex A hereto is true, complete and correct in all respects. There are no other promises, agreements, understandings or commitments between Landlord and Tenant (whether oral or written) relating to the Premises.
2. The Lease is in full force and effect and has not been terminated. As of the date hereof, Landlord has not determined that the Premises are required for other airport purposes (and not for fixed based operations), nor has Landlord exercised its right to terminate the Lease pursuant to Article XXIV Section B of the Lease.
3. Landlord is the current owner of fee simple title to the Premises, and is the current lessor or landlord under the referenced Lease.
4. The Lease commenced on March 26, 2013 and expires on March 26, 2033. Tenant has (1) ten-year renewal option under Article XXX of the Lease.
5. The current amount of base ground rent payable pursuant to Article VII Section 1(A) of the Lease is \$10,395.28 plus 6% sales tax per month. See Annex B.
6. The current percentage of gross receipts payable pursuant to Article VII Section 1(B) of the Lease is 5%.
7. The current amount payable with respect to oil sales pursuant to Article VII Section 1(D) of the Lease is \$0.10 per quart.

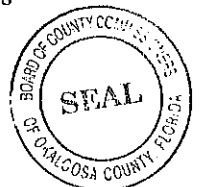
8. The current amount of base fuel flowage fees payable pursuant to Article VII Section 1(E) of the Lease is \$0.075 per month.
9. All base ground rent and other charges that have become due and payable by Tenant under the Lease have been paid in full.
10. There is a current monthly amount of \$5,061.45 (which includes principle and interest plus 6% sales tax) being paid by Tenant to Landlord towards back rents of previous operator, Miracle Strip Aviation, Inc., pursuant to Exhibit D of the Lease (the "**Regal Note Payment**" under the "**Regal Note**"). Upon the consummation of the Transaction, the Regal Note (00421-1280001) will be paid in full by Tenant to Landlord, there will no longer be a Regal Note Payment required under the Lease, and Exhibit D to the Lease will no longer be in force and effect. (See Annex B)
11. There is no prepaid rent being held by Landlord.
12. Landlord is currently holding a security deposit for Tenant in the amount of \$0.00.
13. To the knowledge of Landlord, there is no uncured default, Event of Default or breach by Tenant that exists under the Lease, nor are there any facts or circumstances in existence which, with the passage of time or the giving of notice or both, would constitute a default, Event of Default or breach by Tenant under the Lease.
14. The person signing this letter on behalf of Landlord is a duly authorized agent of the Landlord and has the capacity to bind Landlord without the consent of any additional person or persons.
15. Landlord hereby consents to Tenant encumbering its interest in the Lease through any mortgage, pledge, deed of trust or other similar document. Landlord further agrees that it will reasonably consider any revisions or modifications to the Lease requested by any lender taking security in such mortgage, pledge, deed of trust or other similar document.
16. No notice has been received by Landlord of any eminent domain proceeding that involves the Premises.
17. Landlord hereby acknowledges that Tenant and Destin Jet, LLC have coordinated to provide any and all required aeronautical services.

Landlords above representations, warrants and/or covenants are only valid and binding upon Landlord if and when the Assignment, Consent and Assumption of the Lease between the parties becomes effective in accordance with its terms. All conditions precedent to the Assignment, Consent and Assumption of the Lease, as set forth within said document, must be met within the twenty (20) day time period to be effective.

EXECUTED this 24 day of September, 2016.

LANDLORD:
OKALOOSA COUNTY, FLORIDA

By: Charles K. Windes, Jr.
Charles K. Windes, Jr.
Chairman, Board of County Commissioners



ANNEX A

LEASE

EXHIBIT B

CONTRACT & LEASE AGREEMENT CONTROL FORM

Date: ~~4/2/13~~ 1/7/14

Contract/Lease Control #: C79-0101-AP

Bid #: N/A

Contract/Lease Type: REVENUE

Award to/Lessee: Regal Air Destin, LLC (Formerly MSA)

Lessor: OKALOOSA COUNTY/AIRPORT

Effective Date: 10/9/1978

Term/Expires: 3/26/2033 W/ONE 10 YEAR RENEWAL

Description of Contract/Lease: DAP FIXED BASE OPERATOR

Department Manager: AIRPORT

Department Monitor: Harman jk

Monitor's Telephone #: 651-7160

Monitor's Fax #: 651-7164

Date Closed:



Airports

BOARD OF COUNTY COMMISSIONERS AGENDA REQUEST

DATE: March 3, 2015
TO: Honorable Chairman and Members of the Board
FROM: Sunil Harman
SUBJECT: Proposed Settlement Agreement with mitigation terms for Destin Jet to operate both FBO locations
DEPARTMENT: Airport
BCC DISTRICT: All

STATEMENT OF ISSUE: The Board is requested to approve proposed amendments to the current lease agreements with the two FBOs, Destin Jet and Regal Air Destin, to allow Destin Jet to assume the Regal Air Destin lease as amended and operate both FBO locations under the Destin Jet brand at DTS. The Department of Airports staff and the County Attorney negotiated the lease amendments as a settlement with the FBO operators to resolve ongoing lease compliance issues and declining airport revenues. The amendments were negotiated with terms in exchange for assurance that the current Regal Air Destin purpose built FBO terminal and leasehold will continue to be operated for that use only, an increase in fuel flowage fees paid to the County and accelerated repayment of Regal Air Destin's debt.

BACKGROUND: Over the last year, concerns have been raised regarding the viability of sustaining two FBOs at the Destin Airport due to declining fuel sales due to downturn in general aviation activity; resultant losses of airport revenues and compliance with existing lease agreements.

The following is a summary of the negotiated settlement proposal:

County agrees to authorize Destin Jet and Regal Air to operate under common ownership and brand with the following conditions:

- a. Destin Jet and Regal Air agree to increase its fuel flowage to \$.075 cents per gallon from \$0.05 and \$0.06 per gallon respectively.
- b. Regal Air agrees to pay \$50,000 towards the balance owed to the County for the assumption of Miracle Strip Aviation's past due lease payments and the remaining balance over a 24 month period, rather than a sixty (60) month period as originally agreed to by Regal Capital, LLC.
- c. Regal Air agrees to remove all "Regal Air" signage and operate the two FBO locations as a single brand, Destin Jet.
- d. County agrees to extend the Destin Jet lease from February 24, 2044 to April 14, 2049. The language in the lease allowed for a 20 year lease and a 20 year extension which was to begin from the Date of Beneficial Occupancy which was April 15, 2009 and ending April 14, 2049. The lease effective date is February

26, 2004 and expires on February 26, 2044. This will correct an error in the original agreement.

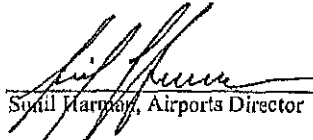
To enable and adopt the negotiated settlement terms the Board is being presented with the following lease amendments for approval:

- 1) EXHIBIT A - Amendment Number 4 to Lease Agreement L04-0233-AP20-93 with Destin Jet, LLC, for Fixed Base Operator Destin/Ft. Walton Beach (DTS)
- 2) EXHIBIT B - First Amendment to amended and restated lease agreement L97-101-AP with Regal Air Destin for Fixed Base Operator Destin/Ft. Walton Beach (DTS).

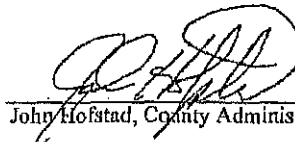
OPTIONS: Approve, reject or table.

RECOMMENDATIONS: Staff recommends that the Board approve the negotiated settlement agreement by approving and authorizing the Chairman to execute the lease amendments as provided.

RECOMMENDED BY:


Suzil Harmon, Airports Director 2/2/2015

APPROVED BY:


John Hofstad, County Administrator 2/11/2015
John Hofstad, County Administrator

Teresa Ward

From: Greg Stewart <gstewart@co.okaloosa.fl.us>
Sent: Wednesday, March 04, 2015 11:20 AM
To: Teresa Ward
Cc: manchors@kagmlaw.com
Subject: RE: Destin Jet settlement agreement

Go ahead and make the change. By copy of this to Michelle Anchors, I would ask that she arrange for Mr. Odom to get in touch with you to initial the change. He slipped out before the end and wasn't able to sign it after the meeting.

Gregory T. Stewart
County Attorney
Okaloosa County, Florida

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

From: Teresa Ward [tward@okaloosaclerk.com]
Sent: Wednesday, March 04, 2015 11:11 AM
To: Greg Stewart
Subject: Destin Jet settlement agreement

Greg,
We did decide to go forward with execution of the settlement agreement and Mr. Odom was to come in and initial change to his title, right?
Do you want me to strike through and put "Authorizing Member" or let him do it?
Teresa

[cid:abcc42.png@e1143d8f.46a27d71]

Teresa Ward
Deputy Clerk to BCC
Okaloosa County Clerk of Circuit Court
BCC Finance Division
302 N. Wilson Street, Suite 203
Crestview, FL 32536
Tel: (850) 689-5000 x 3412
Fax: (850) 689-5882
My new email address is tward@okaloosaclerk.com

January 15, 2015

Sunil Harman, A.A.E., IAP
Okaloosa County Director of Airports
1701 State Road 85N
Eglin Air Force Base, FL 32542-1413

RE: Destin Airport

Dear Mr. Harman:

I am in receipt of the final versions of the amendments to the Destin Jet (DJ) lease, Exhibit A, the Regal Air Destin (RAD) lease, Exhibit B, and the Operating Agreement for Vertol Systems Company, Inc., Exhibit C.

These are the versions that came back from the County attorney's office with their changes subsequent to our agreement on all the operational terms, fee increases, term corrections and operational hours. It had taken us about nine months to work through all the issues with the leases, the FAA and the County's rules and regulations to finalize what you sent to the attorneys. Even though we didn't agree on things in the beginning, you and your staff worked diligently and professionally with me to arrive at a resolution to every issue. I respect and appreciate your expertise on the issues facing the County in their aviation businesses and airport operations. Your extensive knowledge has been a major factor in my agreement of the increased fees you requested that I pay to help offset what the County has to do to make it possible for me to run my business at the Destin Airport.

The lease modifications we agreed to make it a win-win deal for the long-term financial viability of the airport, which makes it an investment I am whole-heartedly willing to invest more money in. As you know, I have over \$10M invested at the Destin Airport and with the lease amendments we have agreed to, I feel secure in investing even more money in the coming years.

The revisions made by the County attorneys to the DJ and RAD lease amendments are not what I would have preferred, but I have agreed to and accepted them as written. I have executed both addendums, and these documents are attached (3 signed originals of each addendum will be hand delivered to your office today). I am prepared to begin the new 50% increase in fuel flowage structure you proposed in the lease addendums, as well as the \$50,000.00 accelerated payment on the past due lease payments inherited from MSA as soon as I receive the fully executed lease addendums back from the County.

As to the Vertol Operating Agreement, the major operational changes made by the County attorneys are not workable. Vertol originally agreed to the voluntary night time curfew; even though it required more time, effort and money for Vertol to implement this, they were willing to do it. But the requirements put in the Operating Agreement by the County attorneys, requiring a complete prohibition to helicopter operations on the north ramp at the Destin Airport, are not workable. Vertol has invested millions of dollars at the north end of the Destin Airport, and a requirement to move to the south end will require building complete new facilities. This is a financial burden that Vertol cannot take on, as we discussed before agreeing to the night time curfew.

Vertol obtained their lease approval by the County many years ago and spent millions of dollars based on this lease. It is not reasonable after this many years to now ask Vertol to move and spend this money again to duplicate what they already have.

Via Hand Delivery

3 originals of each
addendum are --
attached

01-15-15P02:18 RCVD

Mr. Sunil Harman

January 15, 2015

Page 2

I can no longer negotiate on behalf of Vertol. All future dealings on Vertol's Operating Agreement will need to be directly with Vertol.

Because there is nothing common between the DJ and RAD lease amendments and Vertol's helicopter operations, this will allow us to execute the DJ and RAD lease amendments and the County lawyers can continue to work with Vertol to finalize whatever they need.

Again, my thanks to you and your staff for the friendly and professional work on all these issues. It has been a pleasure working with you, and I look forward to a long, prosperous relationship with you, your staff and the County.

Please feel free to call me if you have any further discussion or questions on these issues. I look forward to receiving the fully executed lease amendments.

Sincerely,



Jay Odom

PO Box 1735

Destin, FL 32540

(850) 654-4126

jodom@crystalbeachdevelopment.com

EXHIBIT A

**AMENDMENT NO. 4 TO LEASE AGREEMENT
FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT**

LEASE # L04-0233-AP20-93

LEASE # L04-0233-AP
DESTIN JET, LLC
DAP FIXED BASE OPERATOR
EXPIRES: 04/14/2049

AMENDMENT NO. 4 TO LEASE AGREEMENT
FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT

LEASE # L04-0233-AP20-93

This AMENDMENT NO. 4 made and entered into this 3rd day of March, 2015 (the "Effective Date"), amends the Lease Agreement For Fixed Base Operator Destin/Ft. Walton Beach Airport, dated February 26, 2004, as subsequently amended, by and between Okaloosa County, Florida, a political subdivision of the State of Florida (the "County") and Destin Jet, LLC, (the "Operator").

WHEREAS, on or about February 26, 2004, the County and Operator entered into a Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport (the "Lease Agreement"); and

WHEREAS, the Lease Agreement was subsequently amended by the First Amendment to Lease Agreement on December 4, 2007, by Amendment No. 2 to the Lease Agreement on November 20, 2008, and by the Third Amendment to Lease Agreement on February 3, 2009; and

WHEREAS, fuel sales data has demonstrated the Airport can only sustain a single Fixed Base Operator, the County has determined that this Amendment will not have any anti-competitive results; and

WHEREAS, the County and Operator desire to make additional modifications, clarifications and corrections to the Lease Agreement and amendments thereto.

NOW, THEREFORE, in consideration of the covenants, agreements and promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the County and Operator agree as follows:

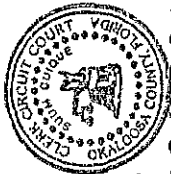
1. Consent of the County. The County hereby consents to Destin Jet, LLC and Regal Air Destin, LLC coordinating together to provide any and all aeronautical services required of the Fixed Based Operators (FBOs), including but not limited to compliance with the County's Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations (the "Minimum Standards"). The County will not regard it as breach of the Minimum Standards so long as each entity continues to provide FBO services; and further, so long as collectively all the Minimum Standards are satisfied. Nothing contained herein shall be construed as permission to conduct any commercial activity or venture exclusive of other operators.

Article V 'TERM' of the Lease Agreement is hereby deleted in its entirety and the following language hereby replaces the language in Article V of the Lease Agreement:

ARTICLE V
TERM

The term of this Agreement shall commence at midnight on February 26, 2004 (the "commencement date") and shall continue for a period of forty (40) years (which period

CERTIFIED A TRUE
AND CORRECT COPY
JD PEACOCK II
CLERK CIRCUIT COURT



BY [Signature]
DEPUTY CLERK

DATE 3/6/15

consists of the original 20 year term plus the exercised option for an additional 20 years) from the Date of Beneficial Occupancy, defined as April 15, 2009, and shall expire at midnight on April 14, 2049.

3. Article VI, Section 1.C of the Lease Agreement is hereby deleted in its entirety.
4. Article VI, Section 1.E. of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE VI, 1.E.

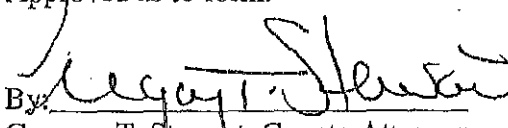
A fuel flowage fee (currently \$0.075 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft, including fuel for aircraft used, leased, owned or otherwise operated by Destin Jet or its affiliates. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. The County may adjust the fuel flowage fee. However, under no circumstance will the fuel flowage fee be adjusted prior to five (5) years from the Effective Date of the Amendment No. 4 to Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport and Agreement of the Parties.

5. Article XXIX of the Lease Agreement is hereby deleted in its entirety.
6. All other provisions of the Lease Agreement as subsequently amended shall remain in full force and effect.

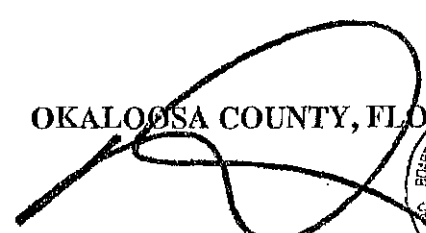
This Amendment No. 4 to Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport shall become effective upon execution by all parties and said date shall be entered into this Amendment above as the Effective Date.

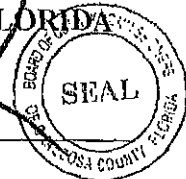
IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first hereinabove written.

Approved as to form:

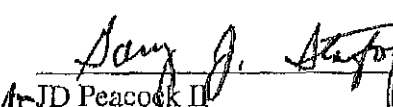
By: 
Gregory T. Stewart, County Attorney

OKALOOSA COUNTY, FLORIDA


Nathan D. Boyles, Chairman
Board of County Commissioners



ATTEST:


JD Peacock II
Interim Clerk



Date: March 5, 2015

DESTIN JET, LLC

JW B

Authorizing
By: DJFO, LLC, as Managing Member
of Destin Jet, LLC

By:

[Handwritten Signature]

Jay Odom, Managing Member of
DJFO, LLC Authorizing

Date:

JAN 14, 2015

Witnesses:

Sarah J. Burgess
Signature

Sarah J. Burgess
Print Name

Donna Olsen
Signature

DONNA OLSEN
Print Name

EXHIBIT B

**FIRST AMENDMENT TO AMENDED AND RESTATED LEASE
AGREEMENT FOR FIXED BASE OPERATOR DESTIN/
FT. WALTON BEACH AIRPORT AND AGREEMENT OF THE PARTIES**

LEASE # L79-101-AP

**FIRST AMENDMENT TO AMENDED AND RESTATED LEASE
AGREEMENT FOR FIXED BASE OPERATOR DESTIN/
FT. WALTON BEACH AIRPORT AND AGREEMENT OF THE PARTIES**

LEASE # L79-101-AP

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT FOR FIXED BASED OPERATOR DESTIN/FORT WALTON BEACH AIRPORT dated March 19, 2013 and all subsequent amendments, assignments and subleases thereto, is made and entered into this 3rd day of March, 2015 (the 'Effective Date'), by and between **OKALOOSA COUNTY, FLORIDA** (the "County") and **REGAL AIR DESTIN, LLC** (the "Regal Air").

WHEREAS, on or about June 23, 1998, the County and Miracle Strip Aviation, Inc. (the "MSA") entered into a Lease and Operating Agreement, which was subsequently amended by Amendment No. 1 to the Lease on or about August 5, 2003; and

WHEREAS, on or about March 19, 2013, the County and MSA entered into an Amended and Restated Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport (the "Lease Agreement"), which is attached hereto as EXHIBIT A and incorporated herein; and

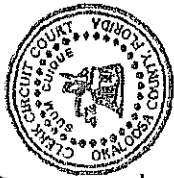
WHEREAS, on or about June 6, 2013, the Lease Agreement was assigned from MSA to Regal Air with the consent and approval of Okaloosa County; and

WHEREAS, fuel sales data has demonstrated the Airport can only sustain a single Fixed Base Operator, the County has determined that this Amendment will not have any anti-competitive results.

NOW, THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Consent of the County. The County hereby consents to Destin Jet, LLC and Regal Air Destin, LLC coordinating together to provide any and all aeronautical services required of the Fixed Based Operators (FBOs), including but not limited to compliance with the County's Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations (the "Minimum Standards"). The County will not regard it as breach of the Minimum Standards so long as each entity continues to provide FBO services; and further, so long as collectively all the Minimum Standards are satisfied. Nothing contained herein shall be construed as permission to conduct any commercial activity or venture exclusive of other operators.

Accelerated Payoff of Miracle Strip Aviation's Debt. At the time the Lease Agreement was transferred from MSA to Regal Air, Regal Air agreed to assume MSA's lease payment debt to the County totaling \$485,382.00. As of December 2, 2014, the current principal balance due on this debt is \$172,452.19. Regal Air agrees to make a \$50,000.00 principal reduction to the remaining debt within ten (10) days of the Effective Date of



CERTIFIED A TRUE
AND CORRECT COPY
JD PEACOCK II
CLERK CIRCUIT COURT

BY *[Signature]*
DEPUTY CLERK
DATE 3-6-15

this Agreement. Regal Air further agrees to accelerate payment of the remainder of the balance due, which shall be paid to the County in 24 equal monthly installments of principal and interest. The monthly installments shall begin thirty (30) days after the Effective Date of this First Amendment to Amended and Restated Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport and Agreement of the Parties. Interest shall continue to accumulate at a rate of 4% on the unpaid balance due until paid in full.

3. Article VII, Section 1.C. of the Lease Agreement is hereby deleted in its entirety.
4. Article VII, Section 1.E. of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE VII, 1.E.

A fuel flowage fee (currently \$0.075 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft, including fuel for aircraft used, leased, owned or otherwise operated by Regal Air or its affiliates. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. The County may adjust the fuel flowage fee. However, under no circumstances will the fuel flowage fee be adjusted prior to five (5) years from the Effective Date of this Agreement.

5. Article VII, Section 2.B. 'Adjustments to Fuel Fee:' of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE VII, 2.B. Adjustments to Fuel Fee: The County reserves the right to adjust the fuel flowage fees commencing October 1, 2004, and every five years thereafter, using a Market Based analysis by an independent consultant.

The fuel flowage fee shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the Market Analysis for the previous five (5) years. Said adjustment shall be made six months after the analysis is completed and accepted by the County. This adjustment to the fuel flowage fee would apply to all operators/lessees at the Destin/Ft. Walton Beach Airport except where no fuel flowage fee is applicable per Article VII, Section 1.E. herein.

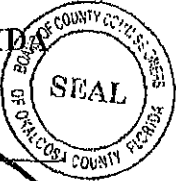
6. Regal Air agrees to replace all "Regal Air" signage with "Destin Jet South" signage.
7. All other provisions of the Lease Agreement and subsequent amendments, assignments and subleases thereto shall remain in full force and effect.

The Amendment shall become effective upon execution by all parties and said date shall be entered into this Amendment above as the Effective Date.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first hereinabove written.

Approved as to form:


By: [Signature]
Gregory T. Stewart, County Attorney

[Signature]
OKALOOSA COUNTY, FLORIDA


Nathan D. Boyles, Chairman
Board of County Commissioners

Date: March 5, 2015

ATTEST:

[Signature]
JD Peacock II
Interim Clerk


[Signature]
REGAL AIR DESTIN, LLC

By: Regal Capital, LLC, as Managing Authorizing Member of Regal Air Destin, LLC

By: Sterling Diversified, LLC, as Managing Authorizing Member of Regal Capital, LLC

By: [Signature] Authorizing
Jay Odum, Managing Member of
Sterling Diversified, LLC

Date: JAN 14, 2015

Witnesses:

[Signature]
Signature

Sarah J Burgess
Print Name

[Signature]
Signature

DONNA OLSEN
Print Name

EXHIBIT C

**OPERATING AGREEMENT FOR COMMERCIAL BUSINESS ACTIVITIES BETWEEN
OKALOOSA COUNTY, FLORIDA AND VERTOL SYSTEMS COMPANY, INC.
AND VERTOL RELATED ENTITIES AT OKALOOSA COUNTY AIRPORTS**

OPERATING AGREEMENT FOR COMMERCIAL BUSINESS ACTIVITIES BETWEEN
OKALOOSA COUNTY, FLORIDA AND VERTOL SYSTEMS COMPANY, INC.
AND VERTOL RELATED ENTITIES AT OKALOOSA COUNTY AIRPORTS

This OPERATING AGREEMENT FOR COMMERCIAL BUSINESS ACTIVITIES (the "Operating Agreement") fully executed this _____ day of _____, ~~2014~~2015, by and between OKALOOSA COUNTY, FLORIDA, a political subdivision of the State of Florida, acting by and through its BOARD OF COUNTY COMMISSIONERS (the "COUNTY") and VERTOL SYSTEMS COMPANY, INC., AND RELATED VERTOL ENTITIES, INCLUDING BUT NOT LIMITED TO VSC AIRCRAFT MAINTENANCE, LLC (collectively the "OPERATOR"),

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WHEREAS, County and Destin Jet, LLC ("Destin Jet") entered into a 40-year lease agreement for the real property located at Destin/Fort Walton Beach Airport ("Destin Airport") dated February 26, 2004, as subsequently amended (the "Primary Lease Agreement"); and

WHEREAS, pursuant to the Primary Lease Agreement, Destin Jet had the right to sublease hangar sites upon written consent of the public for 40-year terms; County; and

WHEREAS, Destin Jet subleased a portion of the Destin Airport property to Operator, as set forth in that agreement known as the Destin Jet Hangar Purchase and Sublease of Leasehold Interest dated June 9, 2011 between Destin Jet and Operator (the "Sublease Agreement"); and

WHEREAS, County and Miracle Strip Aviation, Inc. entered into a lease agreement, dated June 23, 1998, which was subsequently assigned from Miracle Strip Aviation to Regal Air Destin on or about June 6, 2013; and

WHEREAS, County acknowledges that VSC Aircraft Maintenance, LLC Operator and Regal Air, Destin entered into a Sublease Agreement, dated June 4, 2013, for a term which expires on June 4, 2043; and

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WHEREAS, County acknowledges that Vertol System Company, Inc. Operator and Crestview Hangar #51, LLC entered into an agreement to sublease property at Bob Sikes Airport, dated October 10, 2008 that terminates July 19, 2046; and

WHEREAS, County and Operator desire to enter into this Operating Agreement to clarify and confirm certain terms regarding the Operator's operations at the County Airports;

NOW, THEREFORE, County and Operator enter into this Operating Agreement in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, and agree as follows:

1. TERM. This Operating Agreement shall run for a term commensurate with that set forth in the Primary Lease Agreement and the Sublease Agreement with Destin Jet, LLC, unless earlier terminated as provided herein.

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2. PERMITTED ACTIVITIES. OPERATOR may only conduct FAA and County approved commercial and non-commercial aviation-related activities, ~~including which may include military and non-military government-related contract helicopter training and maintenance.~~ Such activities shall apply be conducted within the area of County approved operations of Operator or any of its related entities on Airport property specifically approved airport property in Okaloosa County for such activities as depicted on Exhibit A.

3. INDEMNIFICATION AND HOLD HARMLESS. OPERATOR shall, to the fullest extent permitted by law, indemnify and hold harmless the COUNTY, its officers and employees from any claims, liabilities, damages, losses, and costs including but not limited to reasonable attorneys' fees, to the extent caused by negligence, recklessness, or intentional, wrongful conduct of OPERATOR and other persons employed or utilized by OPERATOR in the performance of this OPERATING AGREEMENT.

4. INSURANCE. OPERATOR shall comply with all insurance requirements pursuant to the Minimum Standards for Full-Service Fixed Based Operations and Special Service Operations ("Minimum Standards") set forth in the Primary Lease Agreement, attached hereto as Attachment 1.

5. COMPLIANCE WITH RULES AND REGULATIONS. OPERATOR shall comply with ~~all Airport rules and regulations and all applicable federal and state laws, and local rules and regulations.~~ OPERATOR shall comply with such local rules and regulations existing at the time of execution of this Operating Agreement, which are attached hereto as Attachment 2, including specifically rules and regulations as set forth in the provision of the approved Minimum Standards that address and Operating Policy for Okaloosa County general aviation airports, most specifically for fueling of aircraft by private owners. Any local ordinances, rules, regulations or minimum standards which become effective following the execution of this The Minimum Standards are attached and incorporated herein as Attachment 1 and the Operating Agreement will not affect the parties' rights or obligations hereunder. Policy is attached and incorporated herein as Attachment 2. Further, this Agreement is subject to FAA grant assurances and shall comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds.

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6. ANNUAL FEE. OPERATOR shall pay to COUNTY TWO THOUSAND DOLLARS (\$2,000.00) immediately upon execution of this Agreement and annually on the first day of October for its operations at the Destin/Ft. Walton Beach Airport and Bob Sikes Airport. Payment shall be payable to Okaloosa County, by direct wire transfer or deposit.

7. OPERATIONAL PROCEDURES. OPERATOR shall immediately comply with the operational procedures established herein to ensure community compatibility and minimize noise impacts to residential areas.

a. Effective immediately, upon approval of this agreement, OPERATOR shall be prohibited comply with a Noise Compatibility Curfew, which prohibits OPERATOR from conducting any rotorcraft or rotary-wing aircraft run-ups and operations (i.e., shall not run engines) within the Destin Jet's Jet north leasehold between the hours of 10:30 p.m. and 8:00 a.m., seven days a week, 365 days per year.

b. While the Noise Compatibility Curfew is in effect OPERATOR shall only conduct rotorcraft or rotary-wing aircraft run-ups and operations from the Regal Air Destin South Ramp by positing and retrieving helicopters by tow to and from that location.

c. Upon final completion and commissioning of the Taxiway A engine run-up ramp by the COUNTY, OPERATOR shall conduct all rotorcraft or rotary-wing aircraft run-ups and operations at the Regal Air Destin South Ramp only and shall refrain from conducting such activity at any other location of DTS at any time of the day.

d. OPERATOR may conduct any rotorcraft or rotary-wing aircraft run-ups and operations such operations without any limitations, including hours of operation, within its leasehold and at any other areas approved by the Destin Airport or the COUNTY at Bob Sikes Airport. Attached

e. Upon completion and operation of the Air Traffic Control Tower, OPERATOR shall comply with all operational procedures as Attachment 3 is a depiction of these areas developed and approved with the FAA for safety and noise compatibility purposes.

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8. SAFETY AND SECURITY. OPERATOR shall be responsible for control of its employees and students and their vehicles inside and outside of the Airport's security fence and shall be required to ensure safety at its location. OPERATOR shall at its sole expense maintain the structural integrity of all temporary operational interior fence boundaries for the purpose of security, safety, and operational containment.

9. COMPLIANCE WITH LEASE AGREEMENTS. OPERATOR entered into the Sublease Agreement and is bound by the terms, covenants, conditions, and agreements to be kept, performed and observed by OPERATOR as set forth in the Sublease Agreement, as subsequently amended.

10. NON-EXCLUSIVITY. Nothing contained herein shall be construed as permission to conduct any commercial activity or venture exclusive of other operators.

11. RIGHT TO CURE. ~~Notwithstanding anything in this Operating Agreement, Operator will not may be in violation and terminated by the COUNTY if there is a material breach of this Operating Agreement, the Sublease Agreement or the Primary Agreement unless and until Operator fails to cure said violation which is not cured within thirty (30) days after the receipt of written notice from County. In of the event of an uncured violation breach. Upon the County in its sole discretion may assess Operator as liquidated damages giving of written notice and the sum of Five Hundred Dollars (\$500.00)~~

~~per violation failure to cure, this Agreement shall be terminated automatically at the end of the cure period.~~

IN WITNESS, the parties hereto have executed these presents as of the day and year first written above.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

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BOYLES

~~CHARLES K. WINDES, JR~~ NATHAN D.

CHAIRMAN

ATTESTS:

JD PEACOCK II
INTERIM CLERK
OKALOOSA COUNTY, FLORIDA

VERTOL SYSTEMS COMPANY, INC.
and the Vertol related entities

JAMES MONTGOMERIE

WITNESSED:

SIGNATURE

PRINTED NAME

SIGNATURE

PRINTED NAME

ACKNOWLEDGMENTS

STATE OF FLORIDA
COUNTY OF OKALOOSA

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared JAMES MONTGOMERIE who, under oath, deposes and says that HE is a duly authorized representative of VERTOL SYSTEMS COMPANY, INC., and the Vertol related entities to execute contracts and lease agreements and that HE executed the foregoing instrument for the uses and purposes contained therein.

SWORN and SUBSCRIBED before this _____ day of _____, 20142015.

NOTARY PUBLIC


My Commission expires: _____

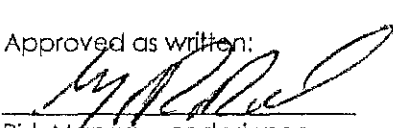
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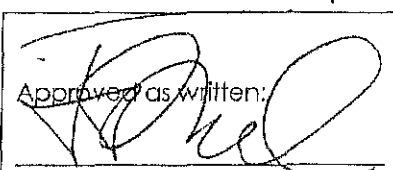
CONTRACT & LEASE INTERNAL COORDINATION SHEET

11-26-13

Contract/Lease Number: L79-101-AP Tracking Number: 799-14
Contractor/Lessee Name: Regal Air Destin, LLC Grant Funded: YES ___ NO X
Purpose: Amendment Number one
Date/Term: 3-26-2033 1. GREATER THAN \$50,000
Amount: \$132,227.82 per year for Ground Lease 2. GREATER THAN \$25,000
Department: Airports 3. \$25,000 OR LESS
Dept. Monitor Name: Harman / Miner
Document has been reviewed and includes any attachments or exhibits.

Purchasing Review
Procurement requirements are met:

Purchasing Director or designee Date: 11-26-13

Risk Management Review
Approved as written:

Risk Manager or designee Date: 11/27/13

County Attorney Review
Approved as written:

County Attorney Date: 11/29/13

Following Okaloosa County approval:

Contract & Grant
Document has been received:

Contracts & Grants Manager Date: _____

NOTE: This document was approved by the BCC on December 17, 2013. It was not fully executed until December 23, 2013. T Ward, BCC Records

AMENDMENT NUMBER ONE

NOTE:

This AMENDMENT NUMBER ONE OF THE AMENDED SND RESTATED LEASE FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT, fully executed this 6 day of DEC., 2013, by and between OKALOOSA COUNTY, FLORIDA, a political subdivision of the State of Florida, (hereinafter referred to as LESSOR) and REGAL AIR DESTIN, LLC, (hereinafter referred to as the "LESSEE").

WITNESSETH:

WHEREAS, the LESSEE entered into an Assignment of Lease dated June 6, 2013, Amended and Restated Lease Agreement for a Full Fixed Base Operator at the Destin/Ft. Walton Beach Airport dated March 19, 2013, Lease Amendment No. 2 dated April 7, 2008, Lease Amendment No. 1 dated August 5, 2003 and the original lease dated June 23, 1998.

WHEREAS, this Amendment Number One shall be subject to the terms, covenants, conditions, and agreements to be kept, performed and observed by LESSEE as stipulated in all leases mentioned above not otherwise amended in this amendment.

WHEREAS, the LESSOR and the LESSEE, each in consideration of the agreements to be performed by the other, intending to be legally bound, do hereby agree to the following sections being added to the LEASE:

SECTION 1: ADDITION TO ARTICLE XVI, MAINTENANCE

Insert this paragraph to the end of Article XVI.

Upon approval of this Amendment, LESSEE will be reimbursed ONE HUNDRED FORTY EIGHT THOUSAND NINE HUNDRED DOLLARS (\$148,900.00). This amount equals the amount bid for replacement of the maintenance hangar door during the competitive bid process. LESSEE understands that any expense for the replacement of the door above \$148,900.00 will not be reimbursed and becomes LESSEEs responsibility. Furthermore LESSEE understands that any maintenance or repairs of the proposed maintenance hangar door will be the responsibility of LESSEE or its tenants. Attachments 1, 2, 3 and 4 are included.

SECTION 2: ENTIRE AMENDMENT NUMBER ONE

This Amendment Number One consists of the following: Sections 1 - 2. It constitutes this entire Amendment Number One of the parties and may not be changed, modified, discharged, or extended except by written instrument duly executed by LESSOR and LESSEE.

**LEASE # L79-0101-AP
REGAL AIR DESTIN, LLC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033**

Instr # 2903277 BK: 3131 PG:2467,Page 1 of 7
Recorded 12/31/2013 at 04:38 PM.
RECORDING: \$33.00 RECORDING ARTICLE V: \$28.00
DEPUTY CLERK KSCHOOLCRAFT
DON W HOWARD,CLERK OF COURTS OKALOOSA COUNTY FL

JOHN E. SIMMONS
REGAL AIR DESTIN, LLC

ATTESTS:

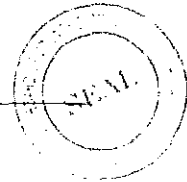
WITNESS

WITNESS

IN WITNESS, the parties hereto have executed these presents as of the day and year first above written.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

DON R. AMUNDS
CHAIRMAN



ATTEST:

GAR W. STANFORD
DEPUTY CLERK OF CIRCUIT COURT
OKALOOSA COUNTY, FLORIDA



ACKNOWLEDGMENTS

STATE OF FLORIDA
COUNTY OF OKALOOSA

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared JOHN E. SIMMONS who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the uses and purposes contained therein.

Sworn and subscribed before me this 6 day of December 2013, AD.



DONNA LYNN OLSEN
MY COMMISSION # FF 073113
EXPIRES: December 20, 2017
Bonded Thru Budget Notary Services

NOTARY

Donna Lynn Olsen

My Commission expires: 12-20-17

Attachment One



Formally known as Miracle Strip Aviation

November 14, 2013

Okaloosa County Board of County Commissioners
101 E James Lee Blvd.
Crestview, FL 32536

To Whom It May Concern,

It has come to our attention that the County is willing to work directly with Regal Air Destin for the replacement of the maintenance hangar door located adjacent to our terminal building. We appreciate this offer and ask that you accept the proposal attached and allow us to proceed with the replacement of the door. With the current door rendered unsafe for use, we ask that this be done as soon as possible.

Upon approval of this proposal, we ask to be reimbursed \$148,900. This amount equals the amount proposed for replacement of the door during the initial bid process. Regal Air understands that any expense for the replacement of the door above \$148,900 will not be reimbursed and becomes our responsibility. Furthermore, Regal Air Destin understands that any maintenance or repairs of the proposed door will be the responsibility of Regal Air Destin or its' tenants. The contractor's that we have chosen for the project will pull all necessary permits, will be licensed and bonded, and will name Regal Air Destin and Okaloosa County Board of County Commissioners as additional insured.

Again, we appreciate your attention to this issue and look forward to a permanent resolution. If I can be of help throughout this process, please let me know.

Sincerely,

Jack Simmons
Owner
Regal Air Destin

1001 Airport Road, Destin, FL 32541
Phone: (850) 837-6135 • (850) 654-0618
CustomerService@RegalAirDestin.com
www.RegalAirDestin.com

Attachment Two



THE TURN KEY GROUP, INC.

A Full Service Development/Construction Company

November 19, 2013

Mr. Brian Cherry
Regal Air Destin, LLC
1001 Airport Road
Destin, FL 32541

RE: Hangar Door Replacement

Mr. Cherry,

We hereby propose to provide and install a new hangar door for the Regal maintenance hangar for the sum of \$151,750. Our proposal includes the following:

- Hangar door by DES per the attached design and specifications
- Demolition and disposal of old door
- Structural engineering
- Permitting
- New concrete foundation for the new door structure
- Assembly and erection of new door and structure
- Daily cleanup, dumpsters, and temporary toilets

The Turn Key Group is a licensed and insured contractor. Upon acceptance of this proposal, we will provide a certificate of insurance naming Regal Air Destin and Okaloosa County as additional insured.

If you have any questions, please contact me at 850-259-1438.

Sincerely,

Robert Vierheller
Vice-President

Diversified Erecting Services, LLC

174 Thompson Rd.
LaPine, AL 36046
Office: 334-285-5518
Mobile: 334-312-4507

Date: 11/20/2013

Mr. Brian Cherry
Regal Air Destin, LLC
1001 Airport Rd.
Destin, FL 32541

Cell: 850-585-7555
Fax:
Email: bcherry@regalairdestin.com

Ref: Hangar Door Modification – Destin, FL; Design & Material Quote

Mr. Cherry,
Diversified Erection Services is pleased to provide the following quote for the hangar door modification. The modification will require the addition of an independent rolling door system added to the front of an existing hangar building. The addition will be designed in accordance with the Florida Building Code and be certified by a professional engineer registered in Florida.

D.E.S. proposes to furnish material for a Hangar Door Modification as follows:

ADDITION SIZE 110' WIDE X 8' DEEP X 29 EAVE +/-
HANGAR DOOR OPENING 100 WIDE X 24 HIGH +/-
ROOF SLOPE 1 /12
ROOF LIVE LOAD 20/12 PSF
WIND LOAD 142 MPH
ROOF MATERIAL 26 GAGE PBR PANEL SCREW-DOWN, GALVALUME FINISH
WALL MATERIAL 26 GAGE "R" PANEL, SILICON/POLYESTER, STANDARD COLOR
BACK SHEETING & FLASHING TO EXISTING 26 GAGE, GALVALUME FINISH
GUTTERS & DOWNSPOUTS - NONE
WALKDOORS - NONE
(1) BOTTOM ROLLING, TOP GUIDED DOOR SEALS, TRACK, AND (1) OUT-RIGGER.


The price for the above material is \$98,369 including tax, plus freight of \$2,000.

Clarification, Adds & Deducts:

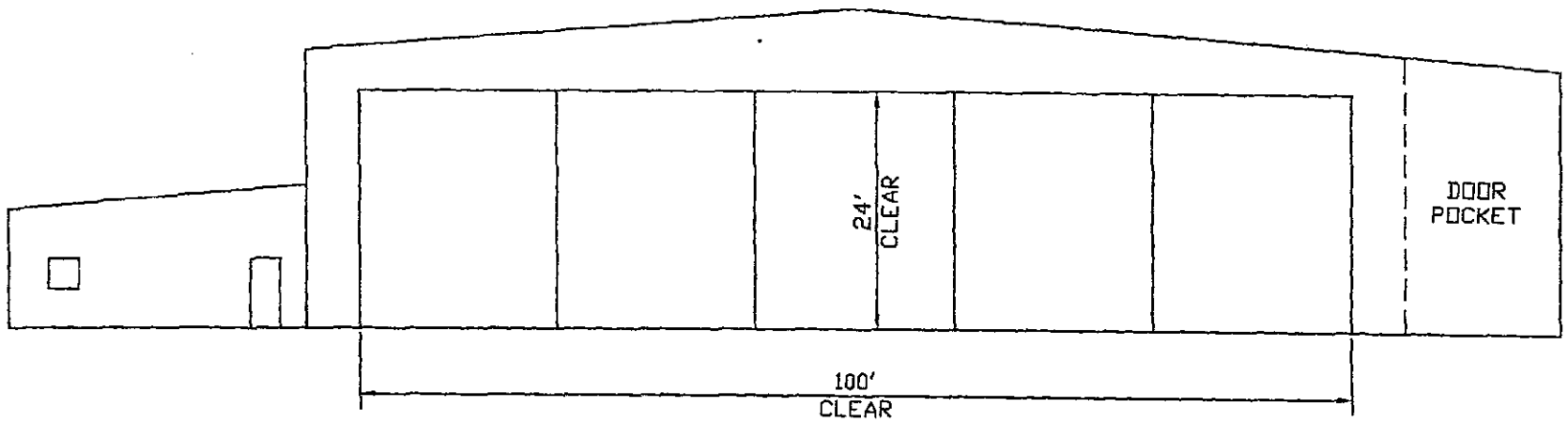
- 1.) A-bolts, insulation, vents, windows, foundation, door motors/operators, and erection ---- **excluded.**
- 2.) Primary & secondary framing to receive one coat of standard shop primer.
- 3.) Hangar door opens in one direction into a non-sheeted out-rigger

DES's terms are 25% down payment, balance on delivery. Pricing is subject to material **ESCALATION** based on steel producer and supplier price changes from date of this quote until time of actual steel procurement.

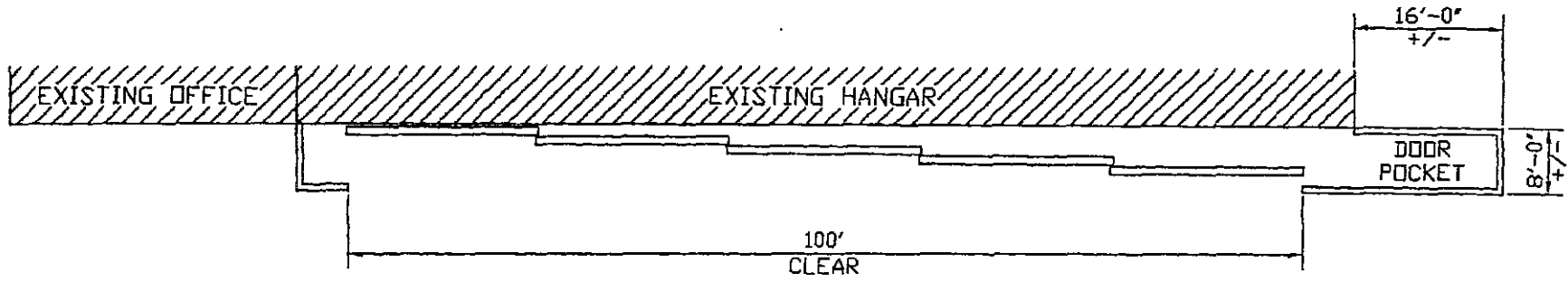
Sincerely,
DES, LLC.



Carey Dennis
Principal



FRONT ELEVATION



PLAN VIEW

DESTIN HANGAR DOOR PROPOSAL

EXHIBIT B

CONTRACT & LEASE AGREEMENT CONTROL FORM

Date: *5/1/78*

Contract/Lease Control #: C79-0101-AP

Bid #: N/A

Contract/Lease Type: REVENUE

Award to/Lessee: *Regal Air Ditch, LLC (Formerly MSH)*

Lessor: OKALOOSA COUNTY/AIRPORT

Effective Date: 10/9/1978

Term/Expires: *3.22.85* W/ONE 10 YEAR RENEWAL

Description of Contract/Lease: DAP FIXED BASE OPERATOR

Department Manager: AIRPORT

Department Monitor: *D. ... (interim)*

Monitor's Telephone #: 651-7160

Monitor's Fax #: 651-7164

Date Closed:

CONTRACT & LEASE INTERNAL COORDINATION SHEET

5-8-13

Contract/Lease Number: L79-101-AP Tracking Number: 609-13
 Contractor/Lessee Name: Regel Air, Destin Grant Funded: YES ___ NO X
 Purpose: Sublease Agreement between RA, D and VSC Aircraft Maintenance
 Date/Term: 20 years
 Amount: \$3,200.00 plus \$393.00 per month plus tax
 Department: Airports
 Dept. Monitor Name: David Mizer

1. GREATER THAN \$50,000
 2. GREATER THAN \$25,000
 3. \$25,000 OR LESS

Document has been reviewed and includes any attachments or exhibits.

Purchasing Review

Procurement requirements are met:
[Signature] Date: 5/9/13
 Purchasing Director or designee

Risk Management Review

Approved as written: [Signature] Date: 5/14/13
 Risk Manager or designee pg 3 A/C, "or as reasonably determined by Sub-Landlord..." I think should be drop "terms of lease" Done

County Attorney Review

Approved as written: [Signature] Date: 5/15/13
 County Attorney Subject to above

Following Okaloosa County approval.

Contract & Grant

Document has been received:
 _____ Date: _____
 Contracts & Grants Manager

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT (hereinafter referred to as "Agreement") is entered into this 4th day of JUNE, 2013, by and between REGAL AIR, DESTIN (hereafter referred to as "Sub-Landlord") and VSC AIRCRAFT MAINTENANCE, LLC (hereafter referred to as "Sub-Tenant").

WHEREAS, Sub-Landlord and the County of Okaloosa (a political subdivision of the State of Florida hereinafter referred to as the "County") have entered into a Lease and Operating Agreement as amended from time to time (hereinafter collectively referred to as "Lease") a copy of which is attached as Exhibit "A", by which Sub-Landlord leases and maintains a full service fixed base operation on the County's airport located in Destin, Florida;

WHEREAS, Sub-Landlord desires to outsource its maintenance and flight school to "Sub-Tenant";

WHEREAS, Sub-Tenant acknowledges that Sub-Landlord has significant obligations and legitimate business interests which are in need of protecting, including but not limited to Sub-Landlord's obligations to provide certain services and maintain certain facilities pursuant to the Lease and as such, Sub-Landlord shall be entitled to extra ordinary remedies under this Agreement and under any other agreement related hereto to protect such business interest and to honor said obligations;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter made by each of the parties, which shall be deemed consideration for each other, the parties hereby agree as follow:

1. Sub-Lease. Sub-Landlord agrees to lease to Sub-Tenant and Sub-Tenant agrees to rent from Sub-Landlord, the premises described in Exhibit "B" (hereafter individually and collectively referred to as the "Property").

2. Terms of Sub-lease. This Sub-Lease shall commence on date sublease is approved by the Okaloosa County Board of County Commissioners, and shall continue for twenty (20) years.

a. Renewal Options: If Sub-Tenant is not in default of any provision of the Sub-Lease they shall have one (1), ten (10) year renewal option.

**LEASE # L79-101-AP
REGAL AIR DESTIN, LLC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033**

b. Sub-Tenant shall provide the Sub-Landlord their desire to renew this agreement, in writing, no earlier than one hundred and eighty (180) days prior to the end of the Sub-Lease term.

3. Approval of Sub-Lease. This Sub-Lease is subject to the approval of the Okaloosa County Board of County Commissioners. Sub-Tenant shall begin paying rent in advance the first day of the month after Sublease is approved by Okaloosa County Board of Commissioners. Should the Board of Commissioners fail to approve this Sub-Lease, then Sub-Landlord shall be entitled to terminate this Agreement with 10 days written notice. Any rental payments made while Sub-Tenant is in possession of the property, and prior to approval of this Sub-Lease by the Board of Commissioners shall be refundable.

4. Rent. Sub-Tenant agrees to pay rent at the rate of \$3,200.00 for the building plus \$373.00 per month, plus applicable sales tax, if any, to lease 74,600 square feet of ramp space which amount shall be paid to Regal Air, Destin at 9171 Ashbury Lane, Gulfport MS 39503, in advance on the first day of each month during the term of this Agreement. Said monthly amount shall be adjusted accordingly and proportionately if and when the County of Okaloosa adjusts the rent due from Sub-Landlord. Notification of any rent adjustment shall be made in writing to Sub-Tenant. Payments received on or after the 10th day of each month shall be subject to a 5% late fee. Sub-Tenant will be required to pay the County 5% of all maintenance and flight school gross sales. This 5% amount will be due and payable by the 20th of each month following the month the gross sales are generated in.

5. Sub-Landlord's Obligations. The Sub-Landlord is not to be required to provide any services or do any act with respect to the Property for the benefit of the Sub-Tenant except as specifically provided herein. The Sub-Landlord shall remain bound by its Lease with Okaloosa County, and this Sublease shall not relieve Sub-Landlord of any of its responsibilities pursuant to the Lease.

6. Triple Net Lease. This is a triple net sublease. Therefore, throughout the term of this Agreement and any extension thereof, Sub-Tenant shall, at Sub-Tenant's expense:

(a). maintain and repair the Property in a timely manner so as to not jeopardize the general public, the customers or personnel at the airport or to allow the buildings

located thereon to be in disrepair or to deteriorate; except that Sub-Tenant is not responsible for any maintenance or repairs that are specifically the responsibility of the County or the Sub-Landlord.

(b). contract for and pay any and all utilities or other services required for use of the premises, pay any and all taxes and assessments associated with the Property:

(c). maintain adequate insurance coverage (in accordance with the terms of the Lease) on the building, their contents and the business operated therein (including general liability insurance), naming the Sub-Landlord as an additional named insured. Sub-Tenant, and any and all subsidiaries, contractors, or other entities operating on the Property with Sub-Tenant's knowledge, permission or authority, shall provide written evidence of such insurance coverage within 5 days of signing this Agreement or the date of any renewal of insurance coverage. Sub-Tenant shall notify Sub-Landlord of any and all changes in insurance coverage, including but not limited to, any claims against Sub-Tenant's insurance.

7. Use. The premises shall be used as an aviation maintenance facility, flight school, and other related aviation activities and limited to Sub-Landlord's rights and obligations under the Lease. Hangar space for transient aircraft shall be based on space availability. Non-aviation uses shall not be allowed.

8. Lease Incorporation. Sub-Tenant hereby agrees to provide such other services and pay such other fees to the County or other appropriate agency as may be required by Sub-Landlord under the Lease, consistent with the nature of the businesses operated on or related to the Property, including but not limited to Sub-Landlord's obligation to provide disabled airplane services at the airport. The terms of this Lease are incorporated into this Agreement and become a part hereof.

9. Compliance with Lease and FAA Requirements. Sub-Tenant shall take, at its expense, any and all steps necessary to maintain Sub-Landlord's compliance with all Sub-Landlord's obligations under the Lease as to the flight school, airplane maintenance and all other services related thereto, including but not limited to being in compliance with all Federal Aviation Administration (FAA) Regulations related to the flight school and airplane maintenance

operations. Sub-Tenant shall maintain at least one airframe and engine licensed mechanic on the Property during normal business hours, and shall provide Sub-Landlord with a copy of all licenses maintained by any and all mechanics employed by Sub-Tenant.

10. Sub-Tenant Improvements. Provided such conduct does not violate the terms and conditions of the Lease, the Sub-Tenant may from time to time, at its expense, paint and decorate the Property and make such alterations, additions and improvements as will, in the judgment of the Sub-Tenant, better adapt the same for the purpose of its business. Sub-Tenant shall not make any structural addition or alteration without Sub-Landlord's prior written approval, and Sub-Landlord shall not unreasonably withhold consent after receiving information reasonably necessary for explaining and identifying the proposed alterations and additions. Sub-Tenants shall, at or before the end of the term as described above, remove any nonstructural alterations or additions and restore the Property to the condition that would exist in the absence of the alteration or addition, ordinary wear and tear excepted; but need not to do so if Sub-Landlord has agreed in writing that removal and restoration is not required by Sub-Tenant.

11. Advertisements. Sub-Tenant shall not publish, post, or otherwise disseminate any advertisements, press releases, statements, brochures, or other documents which includes the name of or refers to Sub-Landlord without the prior written approval of Sub-Landlord. Sub-Landlord shall not unreasonably withhold such consent after reviewing the item, and shall provide consent or denial of consent within 10 days of receipt of Sub-Tenant's request for consent.

12. Indemnification. To the fullest extent permitted by law, Sub-Tenant shall indemnify and hold harmless COUNTY, its officers and employees from liabilities, damages, losses, and costs including, but not limited to, reasonable attorney fees, to the extent caused by the negligence, recklessness, or intentionally wrongful conduct of the Sub-Tenant and other persons employed or utilized by the Sub-Tenant in the performance of this Agreement.

13. Sub-Tenant's Default. Sub-Tenant shall be in default hereunder if:

(a). Sub-Tenant fails to timely pay rent or any other payment under this Sub-Lease and if such defaults are continued for more than fourteen (14) days, including weekends, after notice in the manner prescribed below;

(b). Sub-Tenant fails to observe or perform any of the terms, covenants, and/or conditions of this Sub-Lease or causes Sub-Landlord to be in default of any of the terms and/or

conditions of the Lease and if such default shall continue for more than seven (7) days after notice in the manner prescribed below or after notice in any manner provided from any governmental agency or third party vendor (i.e., insurance carrier). Notwithstanding the preceding part of this sub-paragraph (b), if such default cannot be practically cured within said time period, the Sub-Tenant shall not be in default if it has made a good faith effort to cure the default within said time period. However, if such default could have been anticipated and avoided by taken reasonable steps, Sub-Tenant shall not be afforded any additional time to cure and Sub-Tenant shall be considered in default without a time period to cure;

(c). Sub-Tenant vacates or abandons the property prior to the termination of this Agreement, or without the express written consent of Sub-landlord; or

(d). Sub-Tenant becomes insolvent, files bankruptcy or discontinues its business operations.

14. Sub-Landlord's Remedies Upon Default. In the event of any default by Sub-Tenant, then the Sub-Landlord may proceed as follows:

(a). Terminate this Sub-Lease and immediately resume possession of the property for its own account pursuant to Sub-Landlord's lease agreement and recover immediately from Sub-Tenant's prospective damages limited and calculated under the following formula: Rent for two years;

(b). Immediately resume possession pursuant to Sub-Landlord's lease agreement and relet or rent the Property for remainder of the term for the account of the Sub-Tenant, at the end of the term or at the time each payment of rent comes due under this Sub-Lease as the Sub-Tenant may choose, the difference between the rent specified in the rent on the reletting or renting; or

(c). such other remedies provided by law.

15. Special Remedies Upon Default. Sub-Tenant acknowledges that Sub-Landlord's rights and entitlement to operate a full service fixed based operation under the Lease constitutes a special privilege, the value of which may not be subject to calculation or replaced in any other manner. As a result the Sub-Tenant agrees that Sub-Landlord should have and be entitled, in addition to all other rights and remedies otherwise provided in this Agreement or by law, including monetary damages, to extra-ordinary protection of Sub-Landlord's rights and privileges under the Lease. Therefore, if Sub-Landlord has a reasonable belief that the conduct

or lack thereof by the Sub-Tenant, its employees or representatives will jeopardize Sub-Landlord's rights under the Lease or will subject Sub-Landlord to liability pursuant to any city, county, state or federal regulations, Sub-Landlord shall be entitled, without providing advance notice to obtain an ex parte temporary injunction, without being required to post a bond, for the purpose of taking immediate control of Sub-Tenant and its business conducted on the Property.

16. Radon Gas Notification. Pursuant to Florida Statutes 404.056(5) you are hereby given the following notice:

RADON GAS: Radon is a 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.

17. Expenses. Except as otherwise provided herein, each party shall bear its own expenses in connection with the making and execution of this Agreement and the transactions contemplated hereby.

18. Waiver. The waiver by either party of a breach of any provision of this Agreement, or the terms incorporated herein, shall not operate or be construed as a waiver of any subsequent breach thereof.

19. Assignment. The rights and benefits of Sub-Tenant under this Agreement shall be non-transferable.

20. Captions. The captions and titles appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of the articles, paragraphs or sections of this Agreement or in any way affect this Agreement.

21. Gender. For purposes of this Agreement, singular pronouns shall include the plural and masculine pronouns shall include the feminine. The term "person" or "persons" shall be defined as an individual, partnership, corporation or any other entity recognized by law.

22. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and if any litigation should arise as to either party's breach of this Agreement, venue shall lie in Okaloosa County, Florida.

23. Specific Performance. Sub-Tenant expressly agrees and understands that the remedy at law for any breach of this Agreement will be inadequate and that the damage flowing from any such breach is not readily susceptible to being measured in monetary terms.

Accordingly, it is acknowledged that upon adequate proof of the Sub-Tenant's violation of any legally enforceable provision of the Agreement or as provided under the Special Remedies Upon Default paragraph of the Agreement, Sub-Landlord shall be entitled to specific performance of such breached provision, including but not limited to, immediate injunctive relief, a temporary order restraining any threatened or further breach and such other equitable relief as may be appropriate. Nothing in this Agreement shall be deemed to limit Sub-Landlord's remedies at law or in equity for any breach by Sub-Tenant of any of the provisions contained in this Agreement. Sub-Tenant has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon Sub-Landlord by this Agreement and hereby acknowledges and agrees that the same are reasonable, are fully required to protect the legitimate interest of Sub-Landlord and do not confer a benefit upon Sub-Landlord disproportionate to the detriment to Sub-Tenant.

24. Time. Time is of the essence.

25. Force Majeure. Failure of a party to observe or perform its obligations hereunder shall not be deemed default or breach hereof if such failure is the result of fire, explosion, flood, strike, riot, communications or power supply failure, delay in delivery, failure or malfunction of equipment, or other cause beyond the reasonable control of the party.

26. Notice. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and will be deemed to have been given if delivered by hand, posted at the Property, prepaid telegram or mailed (registered or certified mail, postage prepaid, return receipt requested or any means of express mail with confirmed delivery) as follows:

If to Sub-Tenant: VSC Aircraft Maintenance, LLC
1001 Airport Road
Hangar 17-101
Destin, FL 32541

If to Sub-Landlord: REGAL AIR, DESTIN
9171 Ashbury Lane
Gulfport MS 39503

27. Binding Effect. This Agreement shall be binding upon the parties, their heirs, personal representatives, successors, and assigns.

28. Incorporation by Reference. Sub-Tenant hereby agrees to be bound by and assume Sub-Landlord's obligations and covenants set forth in Lease, not in conflict with the representations and covenants set forth herein.

29. Survival. All recitals, representations, warranties and agreements of the parties contained herein or in any of the Exhibits, Schedules, agreements or documents referred to herein which are not in conflict with the terms of this Agreement, are true, shall survive the termination or expiration of this Agreement or any other agreement referred to herein and be enforceable as to the parties hereto.

30. Illegality. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

31. Attorney's Fees. In connection with any breach, default, collection or litigation, including appellate proceedings, arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

32. Corporate Documents. Simultaneous with the execution of this Agreement, Sub-Tenant shall deliver to Sub-Landlord a resolution from the Board of Directors of VSC Aircraft Maintenance, LLC, stating it is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with the full corporate power and authority to enter into this Agreement and further providing approval of this Agreement and the transactions contemplated hereby.

33. Additional Instruments. The parties hereto shall execute and deliver or cause to be executed and delivered at such times and places as shall be reasonably agreed on, such additional instruments as the other party may reasonably request for the purpose of carrying out the transactions contemplated hereby.

34. VSC Aircraft Maintenance, LLC will provide maintenance and assistance to all general aviation aircraft on a priority bases. VSC Aircraft Maintenance, LLC has over twenty years' experience maintaining aircraft and they are a 145 certified repair facility. VSC will have the right to work on aircraft owned by VSC. VSC will be excluded from doing government contract work on helicopters (to the extent that this does not violate exclusivity rights between the Destin / Ft. Walton Airport and the Crestview Airport). VSC's intent is to build a world class general aircraft maintenance facility at the Destin/ Ft. Walton Airport.

35. Miscellaneous Provisions. This Agreement contains the entire agreement of the parties and may not be modified except in writing signed by the parties. Typewritten or handwritten provisions inserted in this Agreement shall control all printed provisions in conflict therewith. This Agreement may be executed in counterparts each of which shall be deemed the original and all of which together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand the date first mentioned above.

Signed, sealed and delivered
in our presence as witnesses:

Jarica Redmond

Gregg Stein

SUB-TENANT:

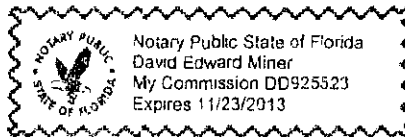
Douglas C. Durham
VSC AIRCRAFT MAINTENANCE, LLC
By: Douglas C. Durham
Its: DIRECTOR

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 27 day of May, 2010 by Douglas Durham as Director of VSC AIRCRAFT MAINTENANCE, LLC, who [] is personally known to me, or [] ~~produced~~ Virginia DL T61714232 as identification, and who did not take an oath.

[Seal]

David E. Miner
Notary Public



Signed, sealed and delivered
in our presence as witnesses:

[Signature]

[Signature]

SUB-LANDLORD:

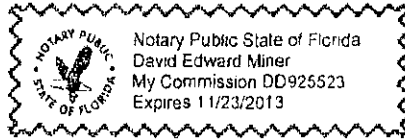
[Signature]
REGAL AIR, DESTIN
By: _____
Its: _____

STATE OF FLORIDA
COUNTY OF OKALOOSA

³ The foregoing instrument was acknowledged before me this ___ day of _____,
201~~0~~ by John E. Simmons as President of REGAL AIR, DESTIN, who [] is
personally known to me, or [X] produced _____ as
identification, and who did not take an oath.

[Seal]
David E. Miner

Notary Public



BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

Don R. Amunds

DON R. AMUNDS
CHAIRMAN

ATTEST:

Gary J. Stanford
GARY J. STANFORD
DEPUTY CLERK OF CIRCUIT COURT
OKALOOSA COUNTY, FLORIDA



Exhibit "A"
LEASE AGREEMENT WITH COUNTY OF OKALOOSA

LEASE # L79-101-AP
REGAL AIR DESTIN, LLC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033

ASSIGNMENT OF LEASE

This ASSIGNMENT OF LEASE FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT, fully executed this 6th day of JUNE, 2013, by and between MIRACLE STRIP AVIATION, INC., a Florida corporation (hereinafter referred to as the "FIRST PARTY"), REGAL AIR DESTIN, LLC, a Florida limited liability company (hereinafter referred to as the "SECOND PARTY") and OKALOOSA COUNTY, a political subdivision of the State of Florida (hereinafter referred to as the "COUNTY")

WITNESSETH:

WHEREAS, Regal Capital LLC, a Florida limited liability company, purchased all of the stock of FIRST PARTY, which operates the fixed base operation pursuant an Amended and Restated Lease Agreement for a Full Fixed Base Operator at the Destin/Ft. Walton Beach Airport dated March 19, 2013 (the "Amended and Restated Lease", capitalized but undefined terms herein have the meaning ascribed to them in the Amended and Restated Lease) under the name Miracle Strip Aviation;

WHEREAS, the FIRST PARTY desires to assign to the SECOND PARTY the Amended and Restated Lease in order for the SECOND PARTY to operate the fixed based operation pursuant to the Amended and Restated Lease under the name Regal Air Destin.

WHEREAS, pursuant to the Amended and Restated Lease, the FIRST PARTY may not assign its rights, title and interest in the Amended and Restated Lease without the prior payment of an assignment fee of \$1,000.00 and the prior written consent of the COUNTY.

SECTION 1: ENTIRE ASSIGNMENT OF LEASE

FIRST PARTY hereby assigns to SECOND PARTY all of its leasehold interest in the Leased Premises, and all rights, title and interests in, to and under the Amended and Restated Lease (the "Assignment"). SECOND PARTY, by execution of this ASSIGNMENT OF LEASE, and in consideration of approval by the COUNTY of the same does hereby assume all responsibilities, duties, obligations, rights, and privileges as set forth in the Amended and Restated Lease, and does hereby expressly relieve and indemnify the FIRST PARTY against any duty or responsibility for the same.

SECTION 2: CONSENT OF THE COUNTY

The COUNTY hereby consents to this assignment from FIRST PARTY to SECOND PARTY and lets to SECOND PARTY and SECOND PARTY hereby hires and takes from COUNTY at the Destin/Ft. Walton Beach Airport in the County of Okaloosa, State of Florida (hereinafter referred to as "AIRPORT"), that certain location designated as Full Fixed Base Operator as shown on file in the office of the Airports Director. The

COUNTY hereby waives the requirement that the FIRST PARTY pay an assignment fee of \$1,000.00 in order to assign its right, title and interests in the Amended and Restated Lease.

SECTION 3: EFFECTIVENESS OF THE ASSIGNMENT OF LEASE

This ASSIGNMENT OF LEASE shall become effective as of the date it is signed by the last of FIRST PARTY, SECOND PARTY and the COUNTY.

SECTION 4 – FURTHER ACTIONS

Each of the parties hereto covenants and agrees to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other actions as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this ASSIGNMENT OF LEASE.

SECTION 5: ENTIRE AGREEMENT

This ASSIGNMENT OF LEASE constitutes this entire Assignment of Lease of the parties on the subject matter hereof and may not be changed, modified, discharged, or extended except by written instrument duly executed by FIRST PARTY, SECOND PARTY and the COUNTY.

[The remainder of this page is intentionally left blank.]

IN WITNESS, the parties hereto have executed these presents as of the day and year first above written.

ATTESTS:

Mark Wallace
WITNESS

[Signature]
WITNESS

FIRST PARTY:

MIRACLE STRIP AVIATION, INC.

By: [Signature]
John E. Simmons, President

Date: 5-29-13

ATTESTS:

Mark Wallace
WITNESS

[Signature]
WITNESS

SECOND PARTY:

REGAL AIR DESTIN, LLC

By: [Signature]
John E. Simmons, Manager

Date: 5-29-13

COUNTY:

BOARD OF COUNTY COMMISSIONERS,
OKALOOSA COUNTY, FLORIDA

By: [Signature]
Don R. Amunds, Chairman

Date: June 4, 2013

ATTESTS:

Gary J. Stafford
Gary J. Stafford
Deputy Clerk of Circuit Court
Okaloosa County, Florida

EXHIBIT D

CONTRACT & LEASE
INTERNAL COORDINATION SHEET

Contract/Lease Number: L79-101-AP Tracking Number: 55413

Contractor/Lessee Name: Miracle Strip Abrasion, Inc.

Purpose: Settlement Agreement / Lease Amendment Restated

Date/Term: 71 months / 5/1/2013 1. GREATER THAN \$50,000

Amount: \$ 485,382.00 / Various 2. GREATER THAN \$25,000

Department: Transport 3. \$25,000 OR LESS

Dist. Monitor Name: D. Villani / Interim Director

Purchasing Review

Procurement requirements met: [Signature] Date: 3/4/13

Contract & Lease Coordinator

Risk Management Review

Approved as written: [Signature] Date: 3/6/13

Risk Management Director

County Attorney Review

Approved as written: [Signature] Date: 3/13/13

County Attorney

AS FEUGEE

Following Okaloosa County approval:

Contract & Grant

Document has been received: _____ Date: _____

Contracts & Grant Manager: _____



OFFICE OF CONTRACTS & GRANTS
CLERK OF THE CIRCUIT COURT
1804 Lewis Turner Blvd, Suite 206

(850) 651-7200, ext 4381

MEMORANDUM

~~TO:~~ Jack Allen,
From Purchasing Manager

~~FROM:~~ Brenda L. Bailey, *BWB*
To: Contracts & Grants Manager

DATE: March ²⁹~~28~~, 2013

RE: BCC Meeting Date: March 19, 2013

The Okaloosa County Board of Commissioners has approved the attached document(s) on the date specified above. The documents are being returned for the following action:

- Please submit to other party for signatures. When fully executed please return one "original" to our office.
- If document is fully executed, please make final distribution including returning one "original" to our office.

[Faint, illegible handwritten notes and signatures at the bottom of the page.]

LEASE # L79-101-AP
MIRACLE STRIP AVIATION, INC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033

**AMENDED AND RESTATED
LEASE AGREEMENT FOR
FULL FIXED BASE OPERATOR
DESTIN/FT. WALTON BEACH AIRPORT**

THIS AMENDED AND RESTATED LEASE AND OPERATING AGREEMENT (hereinafter referred to as "Agreement" or "Lease"), made and entered into this 19th day of March, 2013, by and between Okaloosa County, a political subdivision of the State of Florida (hereinafter referred to as the "County"), and Miracle Strip Aviation, Inc., a

- () sole proprietorship
- () limited partnership
- () general partnership
- (x) corporation
- () limited liability company

authorized to do business in Florida (hereinafter referred to as "Lessee" or "Operator"),

WITNESSETH:

WHEREAS, the County owns, operates, and maintains Destin/Ft. Walton Beach Airport (hereinafter referred to as "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Operator desires to lease land and facilities on the Airport to conduct air transportation services pursuant to the terms of this Agreement, See Exhibits A-1, A-2, & A-3 leased premises; and

WHEREAS, the parties desire to place the property under Lease upon which Operator will operate a Full Service, Fixed Base Operator facilities on the property described in Article II, paragraph B; and

WHEREAS, the County and Operator have heretofore entered into a lease and operating agreement ("Existing Agreement") for a full fixed base operation at the Airport and amended said agreement through two (2) major amendments thereto; and

WHEREAS, the parties desire to further amend said Existing Agreement to incorporate therein a plan for repayment for past due rent amounts and to resolve certain events of default related thereto, and to incorporate all of the same in this new Amended and Restated Lease and Operating Agreement; and

WHEREAS, this Agreement is in the best interests of the County to encourage air transportation services at the Airport;

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

**ARTICLE I
EXHIBITS**

This Agreement contains the following Exhibits, which are attached hereto, incorporated herein and made a part of this Agreement, for all further purposes:

- Exhibit A Legal Description, Leased Premises, Boundary Surveys
 A-1 Leased Parcel #1
 A-2 Leased Parcel #2
 A-3 Leased Parcel #3
- Exhibit B Okaloosa County Minimum Standards for Fixed Base Operator
- Exhibit C Lease Rates — Table 1
- Exhibit D Agreement, entered on the 19th day of March, 2013, between Operator and the County, regarding Payoff Schedule For Past Due Rent and other events of default

**ARTICLE II
LEASED PREMISES**

The County hereby leases and demises to Operator, and Operator hereby hires and takes from the County, the tract(s) of land (herein referred to as the "Leased Premises", see Exhibit A), in Okaloosa County, Florida, and any and all rights, privileges, easements and appurtenances now or hereafter belonging to said tract(s) of real property, subject, however, to all liens, easements, restrictions and other encumbrances of record, provided such matters do not prevent Operator from conducting its business on the Leased Premises as contemplated herein.

- A. The Operator shall use the existing above ground fuel farm area. (Fuel tank shall be constructed according to FAA, Federal and State Safety Regulations).
- B. Commencing upon the Commencement Date (defined in Article VI below) and until the termination of this Agreement, the Leased Premises shall consist of: see Exhibits A-1, A-2, & A-3.

The Leased Property shall be taken by Operator in its AS IS condition, and shall be maintained and operated at Operator's sole cost and expense except as may otherwise be specifically provided in this Agreement. It is the express intention of the parties hereto that the Operator's improvements, use and occupancy of the Leased Premises, and all costs associated therewith, shall be and remain the financial obligation of the Operator.

Any helicopter landing pads furnished by the Airport used by Operator or its customers shall be used solely for the landing, take-off, parking, fueling, and servicing of helicopters and for no other purpose whatsoever.

ARTICLE III GRANT OF USE

The County hereby grants Operator the exclusive right to the Leased Premises, and all of the improvements located thereon, to conduct on a non-exclusive basis, commercial aeronautical services/activities described as Full Service Fixed Base Operation in accordance with this Agreement and in accordance with the Requirements and Minimum Standards for Services and Activities as outlined in Exhibit B. The County further grants to Operator the rights of ingress and egress to and from the Leased Premises over Airport common use roadways and the Airport aprons as necessary for Operator's refueling operations, subject to any rules and regulations which may have been established or shall be established in the future by the County.

Operator shall not use, nor permit others to use, the Leased Premises, and any improvements thereon, for any commercial or noncommercial purpose, other than the authorized purposes set forth above, nor shall Operator use the Leased Premises to store any material not required for the execution of the authorized purposes. Should the Operator wish to perform any additional commercial aeronautical services from its leased premises, Operator shall make written application to the County requesting permission to provide such additional services. The County shall apply the criteria and standards embodied in the Requirements and Minimum Standards for Services and Activities in determining whether to authorize Operator to perform such services. If the County determines that the Operator is qualified to perform the requested aeronautical services under the Requirements and Minimum Standards for Services and Activities, and if the Operator and County execute an addendum to the Lease setting forth the terms and conditions by which Operator shall perform the additional aeronautical services or activities, including any additional fees, then Operator shall be deemed authorized to perform said additional services or activities.

ARTICLE IV ENVIRONMENTAL RESPONSIBILITIES

The County and Operator hereby agree and acknowledge that this lease in no way is intended to discharge, release, increase, or otherwise modify the parties' existing contractual or other legal obligations or responsibilities concerning the operator's existing FBO site or the Operator's existing fuel farm. Any other provision of this Agreement notwithstanding, Operator shall continue to have the contractual and legal obligations to remediate any existing non-compliant environmental conditions for which it is responsible under its Existing Agreement, including but not limited to those disclosed pursuant to the first paragraph of the following Section titled "Environmental Assessments".

Environmental Assessments:

Immediately upon the execution of this Agreement, the Operator shall, at its expense, obtain an ASTM Standards environmental assessment encompassing all of the Leased Premises described in Article I, Exhibit A above. The environmental assessment will be obtained from a financially stable environmental consulting firm acceptable to the County and Operator. If the ASTM Environmental Assessment recommends further investigation such as sampling and testing, the Operator will undertake, at its expense, to obtain such additional testing. (The initial ASTM assessment and any additional testing hereinafter "First Environmental Review"). The environmental consulting firm must be insured for errors and omissions in a minimum limit of \$20,000,000 per occurrence with a deductible no greater than \$25,000 and its insurance policy must be made showing the County and Operator as additional insured. All environmental assessments must be certified to the County and Operator and contain no limitation of liability for errors and omissions.

Upon the expiration or sooner termination of this Agreement, the Operator, at the operator's Expense, shall obtain an additional environmental assessment encompassing all of the Leased Premises described in Article I, Exhibit A. The same criteria and additional testing that applies for the First Environmental Review and environmental consulting firm described above will also apply for the environmental assessment done at the termination of this Lease.

Any environmental contamination disclosed in the environmental assessment prepared at the termination of the Agreement not also disclosed in the environmental assessment prepared prior to the Operator taking possession of the Leased Premises, taking into account any matters that may have been present in the First Environmental Review but not detected due to improved detection methods, shall be the responsibility of the Operator, and the Operator shall be obligated to promptly effect the remediation of such environmental contamination, and to have prepared, at the operator's expense, a post-remediation environmental assessment substantiating completion of such remediation in accordance with applicable laws, including without limitation all post-remediation sampling and additional or supplemental remediation. The County and Operator shall furnish to the other party true and complete copies of all environmental assessments of the Leased Premises including copies of all sampling and other data obtained as a result of the environmental assessments. Each party shall provide the other party reasonable advance notice of any environmental assessments and shall grant the County access to the Leased Premises during any environmental assessment activities and the right to accompany persons conducting any environmental assessments.

Off Site Environmental Contamination:

Nothing in this Article IV shall be construed to make Operator liable in any way for any contamination or release of Hazardous Substances affecting the Leased Premises that occurs by reason of the migration or flow to the Leased Premises from verifiable or documented offsite contamination that is not attributable to Operator's activities at the Leased Premises.

Environmental Compliance:

Excepting the aircraft fuel stored in the Operator's mobile tenders and the fuel farm as required in Article II(A) and except as otherwise set forth below, Operator agrees that no oils, petroleum products, synthetic lubricants, gasoline, solvents, or other hazardous materials may be permanently or temporarily stored on the Leased Premises. No storage tanks, either of the above ground type or below ground type, may be constructed or stored on the Leased Premises.

Small quantities of the above items, which are necessary for the day-to-day operation of the Operator, shall be permitted. However, the combined total of all such substances allowed on the Leased Premises at any one time shall not exceed 1000 gallons, exclusive of the quantities which are contained within Operator's mobile Tenders, fuel farm, and the fuel and power train systems of vehicles located upon the Leases Premises. Fuel tenders will be parked and refilled on Florida Department of Environmental Protection (FDEP) approved hard stands with recovery systems.

Upon request, the Operator shall provide a detailed listing of all such substances used in its day-to-day operations, and the past and current methods used for the handling and disposal of such material.

Operator shall comply with all laws, including, without limitation, any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating or relating to the environment, air quality, hazardous substances or materials, or petroleum products that may apply to the use of the premises, as such laws are now or at any time hereafter in effect. In the event the premises become environmentally contaminated during the Operator's occupancy of the Leased Premises under this Agreement due to the Operator, its invitees, guests, licensees, officers, employees, agents, or independent contractor's negligence, inaction, or other acts, or acts of God ("Operator Contamination"), the Operator shall be responsible for all costs related to the environmental remediation of the premises as required by applicable governmental regulatory bodies. Operator may contest the remediation requirements of such regulatory bodies as applicable law may allow. The Operator shall defend and indemnify the County and hold the County harmless from and against any and all claims, losses, liabilities (including, without limitation, strict liability), damages, injuries, costs, expenses (including, without limitation, attorneys' fees), claims for damage to the environment, claims for fines or civil penalties, costs of any settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against the County by any person, entity, or governmental agency for, with respect to, or as a direct result of Operator Contamination including without limitation all post-remediation sampling and additional supplemental remediation.

Operator acknowledges that the County is subject to Florida and/or Federal storm water regulations, 40 C.F.R/ Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication),

equipment cleaning operations and/or deicing operations that occur at Destin/Ft. Walton Beach Airport. Operator may not conduct any of the above operations without first applying for a storm water discharge permit. Operator may petition the County to file as a co-permittee to the storm water discharge permit issued to the Destin/Ft. Walton Beach Airport. Operator acknowledges that it is the responsibility of the Operator to be familiar with the storm water regulations should it conduct any of the above activities and Operator is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

Operator shall cooperate with the County in minimizing the exposure of storm water to "significant materials" as defined in 40 C.F.R. Part 122(b)(12), and shall comply with the County's Storm Water Pollution Prevention Plan as it may currently exist or be changed in the future. Operator hereby agrees that it is solely responsible for the compliance and construction of any storm water/surface water facilities, holding areas, treatment areas, diversionary fixtures or improvements, or other water flow control mechanisms deemed necessary by an authorized governmental entity due to Operator's use of the Leased Premises.

ARTICLE V COMPLIANCE WITH RULES AND REGULATIONS

In addition to those environmental laws, ordinances, statutes, etc. outlined in Article IV, it is expressly understood that the Operator agrees to conform to all other Federal, State, or local laws and regulations, as well as all Okaloosa County Codes and ordinances, all of which may apply to the services to be performed and that Okaloosa County is to be held free and harmless from any act or failures by the Operator to do so.

The Operator shall obtain and maintain in force all licenses, permits and other certificates required by Federal, State, County, or Municipal authorities for its operation under the terms of this Agreement.

The Operator agrees to observe all security requirements of Federal Regulations and the Airport Security Program, as may be applicable, and as the same may, from time to time, be amended, and to take such steps as may be necessary or directed by the County to ensure that employees, invitees, agents and guests observe these requirements. If the County incurs any fines and/or penalties imposed by Federal, State, County, or Municipal authorities as a result of the acts or omissions of Operator, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then Operator shall be responsible to pay or reimburse the County for all such costs and expenses.

ARTICLE VI TERM

The term of this Agreement shall commence at midnight on the last date this Agreement is signed by all Parties to the Lease (the "Commencement Date") and shall continue for a period of twenty (20) years from the Commencement Date,

unless changed or modified as set forth in this Agreement.

ARTICLE VII RENT & FEES

In consideration of the rights and privileges herein granted, the Operator hereby covenants and agrees to pay the County:

1. Commencing upon the Commencement Date of this Agreement.
 - A. 0.06 cents per square foot per year for the 866,355 square feet of base ramp area (See Exhibit C, Table 1).
 - B. 5% of gross receipts for sale of aircraft, aircraft engines, and all other services, equipment, and supplies except aircraft fuel and oil

The term "gross receipts" with respect to sales at all locations shall include all charges or other fees charged by Operator on all sales made by Operator, and all revenues of any kind and character derived from, arising out of, or payable on account of the business conducted by Operator or from the operations of Operator under this Agreement, whether for cash or credit and without any deduction for credit card discounts. Any gross receipts included in the formula for determining percentage payments owed the County and determined by Operator at a later date to be uncollectible shall not offset future percentage fees owed the County. The term shall also include the value of goods and services when provided or given by Operator to anyone without charge except as provided herein. The term shall not include warranty work for which Operator receives no mark-up over cost nor shall it include any sales tax or excise tax stated separately and collected from the customer for remittance to the taxing authority.

All gross receipts shall be deemed to be received at the time of the determination of the amount due to Operator not at the time of billing or payment, unless specifically authorized by the Airport Director.

- C. \$0.05 per gallon for all fuel sold to others or placed in aircraft owned, leased, or operated by Operator.
- D. \$0.10 per quart for all oil sold to others or placed in aircraft owned, leased, or operated by Operator.
- E. A fuel flowage fee (currently \$0.06 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. (The County and Operator acknowledge that the County charges a flowage fee for certain fuels sold at the Airport and used in aircraft, and the Operator hereby agrees to collect that fuel flowage fee, as agent for the County. The parties further

agree that the collection of this fee and its remittance to the County is not an additional fee paid by the Operator for use of the leased premises.)

2. Fees shall be adjusted as follows:

A. Adjustments to Base Ground Rent: The annual base ramp (see Exhibits A-1, A-2, & A-3) lease for each successive five (5) year period of the term of this LEASE from the Commencement Date shall be increased to reflect the increase in the Consumer Price Index ("CPI") from the Commencement Date of Lease (as defined in Article VI). The "CPI" shall be the revised Consumer Price Index for All Urban Consumers for all items U. S. City Average, published by the Bureau of Labor Statistics, U. S. Department of Labor, 1982- 84=100 (CPI-U). Base ground rent shall be subject to renegotiation for any option period hereunder.

B. Adjustments to Fuel Fee: The County reserves the right to adjust the fuel fee specified in subparagraph C of paragraph 1 above every five years after the Commencement Date, using an appropriate Producer Price Index for aviation fuels published by the U.S. Department of Labor, Bureau of Labor Statistics—more specifically the North American Industry Classification System (NAICS) code 324110 (Aviation Fuel).

PAYMENTS

Operator agrees to pay base ramp rent and building rent due to the County, in advance on or before the tenth (10th) day of the month for which the rent is due (See Exhibit C).

All percentage fees and flowage fees owed shall be payable by the twentieth (20th) day of the month immediately following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment. County reserves the right to develop and prescribe a report form for Operator to report gross receipts and fuel related activity upon which fees are levied.

Monthly rent payments, percentage payments, flowage fees and any other payments required under this Agreement which are not received when due shall accrue interest at the rate of twelve percent (12%) per annum from the due date until receipt of payment.

ARTICLE VIII BOOKS, RECORDS AND AUDITS

Operator must maintain full and accurate books of account and records, in a form acceptable to the County and according to standard and accepted accounting

practices. The books of account and records that Operator must maintain must include, but not be limited to, sales slips, cash register tapes, credit card invoices, monthly sales tax returns, sales and disbursement journals, general ledgers, bank statements, bank books, bank deposit slips and annual federal income tax returns. In lieu of maintaining the books of account and records required herein, Operator may maintain computer records instead, provided that the County determines, in its sole discretion reasonably exercised, in advance that said computer records are a reasonably equivalent alternative to the maintenance of books and records otherwise required herein. These books and records shall be stored in Okaloosa County, Florida, for a period of at least five (5) years following the end of each annual period of this Agreement and be made available to the County upon request.

The County reserves the right, from the Commencement Date forward, to audit Operator's books and records at any time for the purpose of verifying amounts payable hereunder. If, as a result of such an audit, it is established that Operator has understated amounts payable to the County by two percent (2%) or more (after deductions and exclusions provided for herein) Operator shall pay the full cost of the audit and shall pay the full amount underpaid, plus twelve percent (12%) interest on said underpayment from the time said underpayment should have been paid to the time said underpayment is fully paid. The cost of the audit and the payment of the underpaid amount, plus interest, shall be made by Operator to the County within thirty (30) days of receipt of written notice, except for past due amounts before the Commencement Date, which amounts are addressed in and will be due in accordance with the terms of the Agreement attached hereto as Exhibit D.

ARTICLE VIX SECURITY DEPOSIT

Surety in the form of an irrevocable letter of credit or performance bond equal to \$50,000 shall be posted with the County upon the Commencement Date of this Agreement and must thereafter be continuously maintained at all times during the term of this Agreement, to cover Operator's performance of all its obligations under this Agreement. The Surety is to be provided by Operator in a form acceptable to the County. The surety company shall be licensed to do business in the State of Florida, and shall be otherwise acceptable to the County. Operator shall be responsible for paying all required premiums.

An annually renewable Performance Bond may be substituted by the Operator each year in lieu of providing a single bond. Such Performance Bond shall not contain any exclusion or condition based on the time period for the discovery of, and the making of a claim for any loss, which is less than one year after the expiration date of such bond. In other words, the Performance Bond shall allow the County to make a claim under the Bond for losses, which totally or partially occurred during the period of such Bond. Such extended claim discovery and/or claim reporting period shall be for a period of at least one year or longer after the expiration of such Bond. Such Bond shall not contain any wording, which would allow for the cancellation or reduction in coverage under the Bond, other than at the listed expiration date, provided that 30 days notice of such expiration is given to the County before

termination of coverage at any such expiration date.

The performance bond, or a portion thereof, shall be payable to the County in the event Operator defaults in any of its monetary obligations to the County hereunder. In the event of Operator default, the amount or portion thereof, of the performance bond payable to the County shall, under no circumstances, exceed the amount of Operator's default.

ARTICLE X TAXES AND ASSESSMENTS

Operator shall be responsible for and shall promptly pay all property taxes; personal property taxes; all sales and other taxes to include Fire District Assessments measured by or related to the payments hereunder required under law; all license fees; and any and all other taxes, charges, assessments, imposts or levies of any nature, whether general or special, which, at any time, may be in any way imposed by local, state, or federal authorities other than the County, or that become a lien upon Operator, the County, the Leased Premises, or any improvements thereon, by reason of this Agreement or Operator's activities in, or improvements upon, the Leased Premises pursuant to this Agreement. The County warrants and represents that it shall not impose any taxes, assessments, or charges upon Operator during the term of this Agreement, other than assessments and charges authorized by this Agreement, or by any other agreement or agreements with the County.

ARTICLE XI INSURANCE AND INDEMNIFICATION

Before starting and until termination of this Agreement, the Operator shall procure and maintain insurance of the types and to the limits specified.

The term County as used in this section of the Agreement is defined to mean the Okaloosa County itself, any subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents.

Insurance shall be issued by an insurer whose business reputation; financial stability and claims payment reputation is satisfactory to the County, for the County's protection only. Unless otherwise agreed, the amounts, form and type of insurance shall conform to the following minimum requirements:

1. WORKER'S COMPENSATION

The Operator shall purchase and maintain Worker's Compensation Insurance Coverage for all Workers' Compensation obligations

<u>Workers' Compensation</u>	<u>LIMIT</u>
1) State	Statutory
2) Employer's Liability	\$1 million accident

2. AIRPORT LIABILITY, AUTOMOBILE, ENVIRONMENTAL IMPAIRMENT, AND UMBRELLA LIABILITY COVERAGES

The Operator shall purchase coverage provided by Property/Casualty Insurance Companies whose rating by the A.M. Best Company is "A" or better. For Business Auto policies, the Operator shall purchase coverage on forms no more restrictive than Business Auto policies filed by the Insurance Services Office. The County shall be an Additional Insured and such coverage shall be at least as broad as that provided to the Named Insured under the policy for the terms and conditions of this Lease. The County shall not be considered liable for premium payment, entitled to any premium return or dividend and shall not be considered a member of any mutual or reciprocal company. Minimum limits and coverage as outlined below must be provided, with umbrella insurance coverage making up any difference between the policy limits of underlying policies coverage and the total amount of coverage required.

Airport liability coverage including bodily injury and property damage liability for premises, operations, products and completed operations, hangar keepers, and independent contractors. The coverage shall be written on occurrence type basis with minimum limits of \$10,000,000 combined single limit.

Aircraft Liability coverage including bodily injury and property damage liability arising out of the operation of owned and non-owned aircraft. This coverage shall be written on an occurrence type basis with minimum limits of \$10,000,000 combined single limit.

Business Auto coverage including bodily injury and property damage arising out of operation, maintenance or use of owned, non-owned and hired automobiles and employee non-ownership use. This coverage shall be written on a per accident basis with minimum limits of \$5,000,000 combined single limit.

Environmental Impairment coverage including spillage, leakage, seeping or the like arising out of the fuel storage tank system (fuel farm), effective for such environmental impairments arising subsequent to the Commencement Date, all of which may be sudden and accidental or over a long period of time. This coverage shall be written on a claim made type basis with minimum limits of \$5,000,000 combined single limit or as required by Federal or State Statute.

Umbrella Liability coverage shall not be more restrictive than the underlying insurance policy coverage. The coverage shall be written on an occurrence-type basis.

Operator and the County understand and agree that the minimum limits and type of insurance herein required may become inadequate, and Operator agrees that it will increase such coverage or Limits of Liability to commercially reasonable levels within ninety (90) days upon receipt of notice in writing from the Airport Director.

3. PROPERTY INSURANCE

Operator shall maintain in force at all times, property insurance coverage which insures any buildings constructed on the Leased Premises against fire, extended coverage and Standard Insurance Office (ISO) defined "Special Cause of Loss" of physical damage. In addition to the other requirements of this Section, the company or companies providing property insurance coverage pursuant to this paragraph shall be qualified to do business in the State of Florida. The Okaloosa County shall be an Additional Insured under such policy with coverage afforded to the County which is at least as broad as that provided to the Operator/Named Insured under the policy for the terms and conditions of such policy. The amount of coverage will be 100% of the replacement cost of such Improvements excluding foundation and site work. The policy will not contain a deductible feature, which exceeds five percent (5%) of replacement cost of such buildings. Such policy shall contain a Waiver of Subrogation endorsement in favor of the County. Operator agrees to apply any payment made as a result of any insurable loss to the repair or replacement of such Improvements. In the event that the insurance funds are greater than the amount required to repair or replace the improvements, with like kind and quality, the excess funds shall be retained by Operator subject to the rights of any Lender or Mortgagee. Such funds shall be expended on such repair or replacement within a reasonable period of time. A period of more than fourteen (14) months shall be deemed as an unreasonable period of time. If such funds are not expended as required, such funds will be turned over to the County for the use and benefit of the Airports system.

4. CERTIFICATES OF INSURANCE

Required insurance shall be documented in the Certificates of Insurance, which provide that the Okaloosa County shall be notified as least thirty (30) days in advance of cancellation, non-renewal or adverse change or restriction in coverage. The Okaloosa County shall be named on each Certificate as an Additional Insured and this contract shall be listed. If required by the County, the Operator shall furnish copies of the Operator's insurance policies, forms, endorsements, jackets and other items forming a part of, or relating to such policies. Certificates shall be on the "Certificate of Insurance" form equal to, as determined by the County an ACORD 25. The Operator shall replace any cancelled, adversely changed, restricted or non-renewed policies with new policies acceptable to the County and shall file with the County Certificates of Insurance under the new policies prior to the effective date of such cancellation, adverse change or restriction. If any policy is not timely replaced, in a manner acceptable to the County, the Operator shall, upon instructions of the County, cease all operations under the Contract until directed by the County, in writing, to resume operations. The "Certificate Holder" address should read: Okaloosa County, Department of Risk Management, 601-A Pearl Street, Crestview, FL 32536. A copy of the certificate and any updates shall be sent to the Airports Director at 1701 SR 85 N, Eglin AFB, FL 32542.

5. INSURANCE OF THE OPERATOR PRIMARY

The Operator required coverage shall be considered primary and all other insurance

shall be considered as excess, over and above the Operator's coverage. The Operator's policies of coverage will be considered primary as relates to all provisions of the contract.

LOSS CONTROL AND SAFETY

The Operator shall retain control over its employees, agents, servants and subcontractors, as well as over its invitees, and its activities on and about the subject premises and the manner in which such activities shall be undertaken and to that end, the Operator shall not be deemed to be an agent of the County. Precaution shall be exercised at all times by the Operator for the protection of all persons, including employees, and property. The Operator shall make special effort to detect hazards and shall take prompt action where loss control/safety measures should reasonably be expected.

HOLD HARMLESS

The Operator shall hold harmless the Okaloosa County, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury, or property damage, including loss or use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the performance of this Agreement, provided any such claim, suit, action, damage, liability or expense is caused in whole or in part by an act or omission of the Operator, or the Operator's subtenants, subcontractors, representatives, licensees, invitees, agents or employees of the Operator or employees of any of the aforementioned individuals or entities. The Operator's obligation shall not be limited by, or in any way to, any insurance coverage or by any provision in or exclusion or omission from any policy of insurance. Nothing contained herein shall obligate the Operator to hold harmless the County for the County's own negligence to the extent the claim is caused by such negligence.

PAY ON BEHALF OF THE COUNTY

The Operator agrees to pay on behalf of the County, as well as provide a legal defense for the County, both of which will be done only if and when requested by the County, for all claims as described in the Hold Harmless paragraph. Such payment on the behalf of the County shall be in addition to any and all other legal remedies available to the County and shall not be considered to be the County's exclusive remedy.

ALL OPERATORS AT DESTIN/FT. WALTON BEACH AIRPORT

All Operators located at the Destin/Ft. Walton Beach Airport will be required to meet the same insurance requirements.

**ARTICLE XII
PATENTS AND TRADEMARKS**

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

**ARTICLE XIII
IMPROVEMENTS**

Initial Improvements:

Upon execution of this Agreement, County shall maintain all public and common or joint use areas of the Airport, including the Aircraft Operations Area, in good repair, and shall make such repairs, replacements or additions thereto as, in its opinion, are required and necessary for the safe and efficient operation of the Airport.

Additional Improvements:

During the term of this Agreement, Operator shall have the right to construct, at its own expense, improvements, alterations, or additions anywhere on the Airport that would benefit the Airport or its operators, to facilitate and further the authorized usage of the Airport, provided that Operator conforms with all conditions of this Article including:

- (a) the proposed improvements and alterations are submitted to the County for its prior review;
- (b) the County determines, in its discretion (which discretion shall be reasonably applied and the determination not unreasonably withheld or delayed), that the proposed improvements and alterations will be consistent with the Airport's Master Plan, land use plan and architectural design and quality of construction in effect at the time of construction; and
- (c) the improvements, alterations, and additions are to be constructed by qualified and licensed contractors and subcontractors.
- (d) such improvements shall include but not be limited to items such as:
 - 1. construction of aircraft hangars
 - 2. construction of office space for aviation activities
 - 3. covered area for arrival and departure of aircraft
 - 4. flight school
 - 5. major remodeling of passenger terminal

The cost of these improvements shall first apply as reductions to the past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached. Thereafter, such improvements shall be at Operator's own expense.

General Construction Requirements:

Prior to the commencement of any construction activity, Operator shall submit detailed plans, specifications, and a construction time schedule for the improvements, to the County for approval. The Airport Director shall either approve or disapprove the plans and/or specifications submitted by the Operator. Approval by the Airport Director of any plans and specifications refers only to the conformity of such plans and specifications to the general architectural and aesthetic plan for the area assigned to the Operator. Such plans are not approved for architectural or engineering design or compliance with applicable laws or codes and the County, acting through the Airport Director, by approving such plans and specifications, assumes no liability or responsibility hereof or for defect in any structure or improvement constructed according to such plans and specifications. The Airport Director reserves the right to reject any design submitted and shall state the reasons for such action; provided, however, the Airport Director will not unreasonably deny such plans and specifications. No changes or alterations shall be made to said plans and specifications after approval by the Airport Director.

Immediately upon receipt of the County's written approval of said plans, specifications, and construction time schedule, Operator shall proceed with construction of said improvements. Work shall not be performed at times other than shown on the construction time schedule without the prior approval of the Airport Director.

Operator shall construct all improvements and additions to the Leased Premises at its own expense, except that a credit shall first be given for past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached. Thereafter, such improvements shall be at Operator's own expense. Although the County has the right to review proposed improvement plans, and veto the plans only if the plans are inconsistent with the airport development plans or construction quality and design control, pursuant to the standards set forth above, if the County does not veto said improvement plans, and Operator thereafter constructs the improvements, the improvements shall be commissioned and constructed at Operator's sole initiative and behest, and nothing herein shall be construed as an authorization by County to Operator to construct the improvements, or as an agreement by County to be responsible for paying for the improvements, except as listed in Exhibit D and neither the Leased Premises, nor the County's interest in said Leased Premises or any improvements constructed thereon, shall be subjected to a mechanic's lien for any improvements constructed by Operator hereunder.

Where the cost of improvements exceed \$100,000; the County may require Operator to post a bond or letter of credit or other security acceptable to the County

guaranteeing payment for construction of the improvements, as a condition precedent to the commencement of construction of the improvements.

Operator shall be responsible for assuring that all of the improvements; alterations and additions to the Leased Premises are constructed in accordance with applicable local, state and federal law. Operator shall reimburse the County for all costs and expenses, including attorney's fees, the County incurs:

- (a) as a result of the fact that the improvements, additions, or alterations do not comply with local, state and federal law;
- (b) in defending against, settling or satisfying any claims that the County is responsible for paying for improvements commissioned by Operator hereunder, except as allowed in Exhibit D; or
- (c) in defending against, settling or satisfying any mechanic's lien claims, asserted as a result of unpaid for improvements commissioned by Operator hereunder.

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

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

Operator shall provide County with one complete set of "as-built" drawings for each improvement, alteration, or addition made to the Leased Premises during the term of this Agreement.

Immediately upon completion of any improvements, alterations, or additions, Operator shall submit to the County a detailed, certified statement from the construction contractor(s), architect(s), and engineer(s) specifying the total construction costs, both hard costs such as building contractor and material costs and soft costs such as architect fees, bond costs, letter of credit fees, attorney fees to review and negotiate construction contracts and construction issues and for loan closing, and design and closing costs, but excluding debt service (collectively, "Direct Costs"). Operator shall also submit the proposed useful life of said improvements. The County shall review the costs and proposed useful life and upon its approval, said approval not to be unreasonably denied or delayed, such costs shall become the basis for depreciation of Operator improvements as provided for in Article XXVII

(or the amount applied to the past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached).

Title to all permanent leasehold improvements, alterations, or additions, as defined by Florida Law, will vest in the County upon termination or sooner expiration of this agreement, free and clear of any liens or encumbrances whatsoever arising by, through or under the Operator.

Notwithstanding the above paragraph, title to all of the Operator's trade fixtures and signs and personal property shall at all times during the term of this Agreement remain with the Operator.

Operator shall not remove or demolish, in whole or in part, any improvements upon the Leased Premises without the prior written consent of the Airport Director,

ARTICLE XIV SIGNS

Operator shall have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place in or on the Leased Premises or Airport a sign or signs identifying the Operator. Operator shall also have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place Operator identifying signage at the Airport entryway and to place directional signs to the FBO from the Airport entryway to the Leased Premises. Such sign(s) shall be of a size, shape and design, and at a location or locations, approved in writing in advance by the Airport Director and in conformance with standards established by the Airport Director with respect to the Airport's overall directional graphics and sign program. Sign(s) and location(s) may be changed and altered from time to time with the written approval of the Airport Director, said approval not to be unreasonably denied or delayed. The Operator, upon written request from the County, shall remove, at the Operators expense, all lettering and signs so erected on the Leased Premises at the expiration, said expiration to include any extensions, or sooner termination of this Agreement.

ARTICLE XV VENDING MACHINES

Amusement or vending machines or other machines operated by coins or tokens may be installed or maintained in or upon the Leased Premises, as well as any improvements or additions thereon, with the permission of the County, and the number, type, kind and locations thereof shall be solely in discretion of the County. Operator shall not permit the installation of any such machines, except by a concessionaire authorized by the County or unless the County agrees to Operator or its subtenants installing their own machines for use by the employees and guests of Operator and its subtenants.

ARTICLE XVI MAINTENANCE

During the term of this Agreement, Operator agrees, at its own expense, to maintain and keep in good condition and repair, all portions of the Leased Premises, including any improvements, alterations, or additions thereon, and any utility lines thereon or thereunder. As used herein, maintenance shall include, without limitation, the upkeep, repair, and replacement of all structural aspects of the Leased Premises and all existing and future improvements thereto. Maintenance shall include, but not be limited to:

1. The maintenance of all fencing (excluding the airport perimeter fence), landscaping, foundations, walls, heating and cooling systems, drainage installations, curbs, islands, sidewalks, driveways, aircraft ramp, parking areas (vehicular and aircraft), and Operator-constructed and/or modified vehicular and aircraft ingress/egress and access-ways provided for in this Lease; excluding roofs and the maintenance hangar main door;
2. The maintenance of all interior utility lines, exterior equipment, fixtures and connections in accordance with Article XVII;
3. The maintenance of all interior lighting fixtures; including bulbs, ballasts, starters, switches, and outlets;
4. All security service;
5. All interior and exterior painting; and
6. Maintenance of all interior and exterior doors, locks, walls, windows, ceilings and partitions.

The County shall not be liable for damage caused by wind, water, steam, sewage, snow, ice, gas, bursting or leaking of pipes or plumbing or electrical causes, unless the damage is proved to be the result of gross negligence of the County.

The County shall have no responsibility for maintenance, repair, or replacement of the Leased Premises including any Permanent Approved Capital Operator Improvements. The Operator, at its sole cost and expense, shall provide custodial service and other service(s) required by the Operator, and the County shall have no obligation therefore.

During the term of this Agreement, Operator agrees to maintain all portions of the Leased Premises not maintained by County, and any improvements, alterations, or additions thereon, in a safe, clean, and neat condition, and not permit any accumulation of wreckage, debris, or trash. Operator agrees to provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, waste and other refuse caused as a result of Operator's

use of the Leased Premises; to provide and use suitable covered metal receptacles, to be approved by the Airport Director, for all trash, garbage and other refuse on or about the Leased Premises, and not to pile boxes, cartons, carts, drums, or the like on the outside of the buildings, or dump any waste matter of any nature, in a liquid state or otherwise, on the Leased Premises nor to permit contamination of the County's sewers or the Airport's drainage control reservoir.

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

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

ARTICLE XVII UTILITIES

During the term of this Agreement, Operator shall be responsible for providing, maintaining, and repairing, at its sole cost and expense, all utilities; including, but not limited to telephone, lighting (except ramp lighting which will be the County's expense for power and repair), water, gas, sewer, and electric as County, required for the Leased Premises and any improvements, alterations, or additions thereon. Throughout the term of this Agreement, Operator shall not render any utility lines inaccessible.

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

The County, or the utility company as the case may be, will be responsible for utility lines up to property lines of the leased Premises as defined in Exhibits A-1, A-2, and A-3. Should Operator have a problem with any exterior utility line and it be determined that said problem exists at a point prior to where the line enters upon the Leased Premises, Operator shall coordinate the required maintenance and repair with both the appropriate utility company and the County.

The Operator may, at its sole cost and expense, install any additional utilities at the Leased Premises, as it so desires, provided that Operator shall be responsible for

obtaining any easements necessary to make such utilities available to the Leased Premises and the Operator complies with all provision Article XIII herein.

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

The Operator shall be solely liable for the cost of all utility consumption on the Leased Premises, except ramp lights, and the Operator shall obtain separate meters accordingly.

ARTICLE XVIII DAMAGE OR DESTRUCTION

Operator shall be liable for any damage to the Airport and to any improvements thereon caused by Operator, its partners, officers, agents, invitees, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, ordinary wear and tear excepted. All repairs for which Operator is liable shall be made by Operator unless the County determines that it is more appropriate for the County to make the repairs; provided, however, notwithstanding anything herein to the contrary, repairs to the improvements constructed by Operator may be made by the Operator unless Operator fails to undertake such repairs as set forth below. In such a case, the County shall make the repairs at Operator's expense. All repairs for which Operator is liable and which are not undertaken after the County has given Operator written notice to so do shall be performed by the County, in which event Operator shall reimburse the County for the cost thereof, plus a ten percent (10%) administrative charge, and said amount shall be due by the 10th day of the following month in addition to any other payment due.

In case of damage to or destruction of the improvements upon the Leased Premises, the Operator, at its sole expense, shall commence the repair or reconstruction of the improvements within sixty (60) days thereafter and diligently complete such repair or reconstruction within a reasonable time period and to a condition as near as reasonably practicable to the condition thereof immediately prior to such damage or destruction. In accordance with Article XI, a period of more than 14 months shall be deemed unreasonable. In the event the Operator fails to commence repairs within the specified time, then, at the County's sole discretion, this Agreement shall terminate or the County may exercise its remedies under this Agreement.

In the event this Agreement terminates pursuant to the paragraph above, the County

shall notify the Operator in writing whether the County elects that (1) the Operator surrender possession of the Leased Premises to the County immediately and assign the County (or, if the same has already been received by the Operator, pay to the County) all of its right, title and interest in all of the proceeds from the casualty insurance upon the Leased Premises specified in Article XI, and pay to the County an amount equal to the Operator's deductible thereunder, or (2) the Operator at its sole cost and expense, within four (4) months after the receipt of the County's written notice as aforesaid, tear down and remove all parts of the improvements then remaining and the debris resulting from such fire or other casualty and otherwise clean up the Leased Premises, and place the area in a condition similar to that when it was first provided to the Operator. In all events, the Leased Premises shall be free and clear of liens, including the lien of any leasehold mortgage, arising by, through or under the Operator. In the event the County elects option (2) hereunder, within five (5) days after the completion of such cleanup and restoration, the Operator shall surrender to the County possession of the Leased Premises, cleaned up as aforesaid, and assign to the County (or if the same has been received by the Operator, pay to the County) all of the insurance proceeds from the insurance upon the Leased Premises specified in Article XI plus the amount of any deductible thereunder, minus the costs of cleanup and restoration.

In the event of damage or destruction to the Leased Premises, it is expressly understood that Operator shall continue to be liable for complying with all terms and conditions of this Agreement, including fees payable, during the time required for Operator to fulfill its obligations hereunder, unless the damage makes it impractical for the Operator to continue the Operator's business. In this event, the base rent will be abated for up to the time it takes for Operator to reopen for business but in no event longer than 14 months from the date the damage or destruction occurred.

Notwithstanding anything in this Article or the Lease to the contrary, Operator's and County's rights to insurance proceeds will be subject and subordinate to the rights of the lender holding the leasehold mortgage covering the Leased Premises pursuant to Article XLIV below.

ARTICLE XIX RIGHT TO ENTER

The County and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right to enter upon the Leased Premises and any improvements and alterations thereon at reasonable times (and in an emergency, any time) for the following purposes:

1. To inspect such premises to determine whether Operator has complied and is complying with the terms and conditions of the Agreement
2. To perform maintenance and make repairs in any case where Operator is obligated but has failed to do so.
3. In the exercise of County's police powers.

**ARTICLE XX
QUIET ENJOYMENT**

The County warrants and represents that it has good and marketable title to the Leased Premises free of encumbrances. The County represents that upon payment of fees when due and upon performance of all other conditions required herein, and under other agreements between the parties, Operator shall peaceably and quietly have, hold, possess and enjoy the Leased Premises, and all improvements thereon, for all terms under this Agreement, subject to the County's rights of inspection and maintenance contained herein.

**ARTICLE XXI
NON-DISCRIMINATION**

Operator, for itself, its personal representatives, successors in interest, assigns and subtenants, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises and any improvements thereon; (2) no person on the grounds of race, color, religion, sex, national origin, or disability shall be subjected to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services therein; and (3) Operator shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

Operator shall furnish its accommodations and/or services on a fair, equal, and non-discriminatory basis to all users thereof and it shall charge fair, reasonable, and non-discriminatory prices for each unit or service, PROVIDED THAT Operator may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

County, as part of the consideration hereof, does hereby covenant and agree that Lessee will not be required to provide any service(s) or meet any requirement(s) contained in this Agreement, including Exhibit B hereto (Okaloosa County Minimum Standards for Fixed Base Operator), unless all Fixed Base Operators located at the Destin/Ft. Walton Beach Airport are providing the same service(s) or meet the same requirement(s), i.e., the Lessee would not be required to provide twin engine charter service unless all Fixed Base Operators at the Destin/Ft. Walton Beach Airport provide twin engine charter service.

County, as part of consideration hereof, does hereby covenant and agree that any and all FBOs located at the Destin/Ft. Walton Airport may meet their Minimum Standards, as stated in Exhibit B, for maintenance, flight school, and charter operations by contracting with a certified third party, so long as done in accordance

with Articles XXXIV and/or XXXV of this Agreement, as applicable.

In the event of breach of any of the above non-discrimination covenants, the County shall have the right, subject to rights of cure otherwise, forth herein, to terminate this agreement and to re-enter and repossess said Leased Premises and hold the same as if said agreement had never been made or issued.

ARTICLE XXII WAIVER

Should Operator breach any of its obligations hereunder, the County, nevertheless, thereafter may accept from Operator any payment or payments due under this Agreement, and continue this Agreement in effect without in any way waiving its ability to exercise and enforce all available remedies upon default provided hereunder or provided by law for said breach. In addition, any waiver by either party of any default, breach, or omission of the other under this Agreement shall not be construed as a waiver of any subsequent or different default, breach, or omission.

ARTICLE XXIII DEFAULTS AND REMEDIES

Events of Default: Subject to any cure periods otherwise set forth herein, the following shall constitute defaults by Operator:

1. Failure to pay any fees or any other monies owed hereunder, or under any other agreements between the parties, when such fees and monies are due.
2. The failure to keep any covenant, agreement, or obligation covered under this Agreement, or under any other agreement between Operator and the County.
3. The operation of the Operator should change to such an extent that it is no longer able to meet the criteria set forth in the Requirements and Minimum Standards for Services and Activities for the activities permitted under this Agreement or be able to provide these Requirements and Minimum Standards through a County approved third party at the Airport.
4. Operator undertakes any other commercial or noncommercial service or activity not specifically permitted under this Agreement, unless first approved by the County in writing.
5. If any court shall take jurisdiction of Operator and its assets pursuant to any proceeding other than under the provisions of the Bankruptcy Reform Act of 1978, or if a Receiver for Operator's assets is appointed, or if Operator shall be divested of its rights, powers, and privileges under this agreement by other operation of law, other than under the

Bankruptcy Act of 1978.

6. Subject to casualty and the terms of Article XVIII hereof, abandonment of Operator's operations, which shall be defined as Operator's failure to conduct regular and continuing operations on the Leased Premises in accordance with the requirements hereof for thirty (30) days.
7. A default in, or the termination of any other agreement between Operator and the County, or default in or the termination of any sublease executed between Operator and any third party pursuant to which Operator is entitled access to land, buildings, improvements, or any portions thereof, located on the Airport, or to do business on the Airport.

Should the County so request in writing after execution of this Agreement, Operator shall provide a copy of the additional agreements pursuant to which Operator is authorized to do business on the Airport, within ten (10) days of said notice. The failure to provide copies of said agreements shall also constitute a default on Operator's part and shall entitle the County to exercise any and all of its default powers set forth in this Agreement.

Remedies Upon Default: Upon the occurrence of any of the events of default set forth above, the County may exercise any one or more of the following remedies. These remedies shall be cumulative and not alternative:

1. The County may sue for recovery of all damages incurred by the County, including incidental damages, consequential damages, if any, and attorney's fees.
2. The County may utilize any portion, or all, of the security deposit provided by Operator to remedy the default and to reimburse the County for any damages, including attorney's fees and other expenses of collection that it may sustain as a result of the default. In such event, Operator shall not be permitted to resume operations under this Agreement until such time as it furnishes another security deposit that satisfies the requirements of Article VIII. However, this Agreement shall not be deemed terminated during said period unless written notice of termination shall have been given and become effective in accordance with subparagraph 3, below.
3. The County may terminate this Agreement and, at the option of the County, any other agreement in effect between the County and Operator. The termination of these agreements, however, shall only be effective upon written notice of same provided by the County to Operator as required in Article XXIII, Remedies Upon Default, No. 6. In no event shall this Agreement be construed to be terminated unless and until such notice is provided. With respect to Article XXIII, Events of Default, Nos. 3 and 6, only, the termination may be effective

immediately upon provision of said notice, or at any other time specified in the notice. If this Agreement is terminated, Operator shall continue to be liable for: (a) the performance of all terms and conditions and the payment of all monies due hereunder prior to the effective date of said termination; (b) all damages, including attorney's fees and other expenses of collection, incurred as a result of any default; and (c) all conditions, terms and obligations in Article XI of this Agreement, entitled Insurance and Indemnification.

4. Without terminating the Agreement by so doing, and without further notice to Operator, the County may reenter the Leased Premises with process of law, repossess the Leased Premises and all fixtures and improvements thereon, and remove Operator and any third parties who may be occupying or within the Leased Premises and all of their respective personal property, by using either such reasonable force as may be necessary, summary proceedings, ejectment, or any other means the County, in its sole discretion, deems appropriate without being deemed guilty of trespass, eviction, or forcible entry and detainer by so doing. In such case, the County shall be obligated to attempt, in good faith, to negotiate the reletting of the Leased Premises, and any improvements thereon, or any portion thereof, on behalf of Operator, for such period of time and upon such terms and conditions as the County deems appropriate. The County shall in no way be obligated under the terms of this subparagraph to relet all or any portion of the Leased premises, or any improvement thereon, to any third party, or upon terms and conditions that are not acceptable to the County, or which the County, in its sole discretion, does not feel to be in the best interests of the Airport; nor shall the County be responsible for any failure of the sub operator or new tenant to pay rent or to perform any other conditions due upon such reletting. Operator hereby expressly authorizes the County to make any reasonable repairs necessary to relet the Leased Premises or any improvements thereon, on Operator's behalf. Assuming the County attempts to relet the Leased Premises in good faith, whether or not the County is able to relet the Leased Premises, Operator shall remain liable for the performance of all terms and conditions of the Agreement and the payment of all fees due under the terms of the Agreement for the remainder of the Leasehold term, although Operator shall receive credit for any fees paid or conditions performed as a result of subletting. Operator shall also be responsible for reimbursing the County for all costs and expenses the County incurs in reletting or attempting to relet the Leased Premises, including commission/broker fees and reasonable repair costs. Finally, if, as a result of such reletting, the County becomes entitled to receive excess fees or other benefits over and above what the County would have been entitled to receive under this Agreement, the Operator shall be entitled to retain all such surplus fees and other benefits, and the County shall have no rights or interest therein.

5. The County may utilize any other remedy provided by law or equity as a result of any events of default.
6. Notwithstanding anything in this Lease to the contrary, Operator will not be in default under Article XXIII, Events of Default, Nos. 1, 2, 4, 5, 6 and 7, of this Lease unless and until Operator defaults in the payments of rent, and fails to pay said rent for a period of thirty (30) days after receipt of written notice from County, or Operator defaults in the performance of any provision under this Lease and fails to cure said default within thirty (30) days of receipt of written notice from County, or, if such default is of a nature that it could not reasonably be cured within thirty (30) days after receipt of such written notice and Operator does not commence and proceed with reasonable diligence and in good faith to cure such default.

**ARTICLE XXIV
NONDEFAULT TERMINATION EVENTS**

A. Non-Default Termination Events:

The occurrence of any of the following shall constitute a non-default termination hereunder and entitle the Operator to terminate this Agreement by giving ninety (90) days written notice:

1. The lawful assumption by the United States of America, or any authorized agency thereof, of the operation, control, or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict the Operator from operating therefrom for a period in excess of ninety (90) days.
2. The abandonment of the Airport as an airport or airfield for a period greater than 90 days.
3. In the event this Agreement is terminated under Article XXIV(A)(1) or under Article XXIV(A)(2), above, the County is obligated to comply with the terms of Article XXVII.

B. Termination for Other Purposes:

In accordance with Article XXXI, if the County at any time during the term of this Agreement determines, in its sole judgment, that the Leased Premises are required for other airport purposes, and not for fixed based operations, the County shall have the right to terminate this Agreement by giving the Operator 90 days written notice; provided, however that County complies with the terms of Article XXVII.

C. Lost Profits:

The County shall not be responsible to the Operator for any lost profits, expenses,

liabilities or claims whatsoever that may result from termination by the Operator or the County pursuant to this Article, except for the reimbursement provided for under Article XVII.

**ARTICLE XXV
ATTORNEYS FEES, COSTS AND EXPENSES OF LITIGATION**

In the event of a breach of this Agreement, the breaching party shall pay to the non-breaching party all attorneys' fees, costs and other expenses incurred by the non-breaching party in enforcing its rights as a result of said breach.

**ARTICLE XXVI
FORCE MAJEURE**

Subject to the provisions herein concerning the payment of fees and other monies by Operator to the County, and except as otherwise expressly provided herein, neither the County nor Operator shall be liable for any failure, delay or interruption in performing their obligations hereunder (other than the Operator's obligations to pay fees and other monies) due to causes or conditions beyond their control; by which is meant acts of God, the elements, weather conditions, earthquakes, fire, acts of governmental authority (other than the County or agency thereof), war, shortage of labor or materials, acts of third parties for which neither the County nor Operator is responsible, injunctions, labor troubles or disputes of every kind (including those affecting the County, Operator, their contractors, suppliers, or subcontractors), or any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances), which is beyond the control of the County or Operator or which could not be prevented or remedied by reasonable effort and at reasonable expense.

**ARTICLE XXVII
BUYOUT OF IMPROVEMENTS**

In the event of any cancellation or termination of this Agreement prior to the expiration date pursuant to Article XXIV(A)(1), Article XXIV(A)(2) or Article XXIV(B), the County shall, within ninety (90) days after the effective date of such termination or cancellation, pay the Operator the "undepreciated cost of leasehold improvements" for all Operator Improvements installed or constructed by the Operator which were approved by the County pursuant to the terms hereof, whether in place on the Commencement Date or constructed thereafter; provided, however, the County shall not make any payments hereunder for any Operator Improvements not then in existence at the time of any such cancellation or termination. For purposes of this provision, undepreciated cost of leasehold improvements shall be the cost of said improvements, less depreciation on a straight-line basis over their useful lives, as approved by the County pursuant to Article XIII.

**ARTICLE XXVIII
SURRENDER UPON TERMINATION**

Upon the expiration or sooner termination of this Agreement, for any reason whatsoever, Operator shall peaceably surrender to the County possession of the Leased Premises, together with any improvements, alterations, or fixtures previously constructed by Operator or the County within said Leased Premises, and any of the County's personal property located thereon, in as good a condition as the Leased Premises and improvements, alterations and fixtures constructed thereon were initially provided to, or constructed by, the County or Operator, ordinary wear and tear excepted, and, subject to terms of Article XXVII above, without any compensation whatsoever, and free and clear of any claims or interests of Operator or of any mortgages or any other third party whose position was derived from or through Operator. If any of said improvements, alterations or fixtures are encumbered by a mortgage or lien at the time of expiration or sooner termination of this Agreement, Operator shall be responsible for eliminating said mortgage or lien and shall hold the County harmless therefrom.

Operator shall have the right to remove its items of personal property and trade fixtures and signs from the Leased Premises through 30 days after the close of business on the day of expiration or sooner termination of this Agreement. Should Operator fail to remove its personal property and trade fixtures and signs within said time, the County shall have the right to remove said personal property and trade fixtures and signs and to place said personal property and trade fixtures and signs into storage at Operator's behalf and at Operator's sole cost and expense. The County shall be entitled to reasonable rental from Operator for the use of the Leased Premises occupied by Operator's personal property and trade fixtures and signs, until the County places said property into storage.

Title to all personal property and trade fixtures and signs not removed by Operator from the Leased Premises or claimed from storage within thirty (30) days of the expiration or sooner termination of this Agreement shall be subject to the County taking ownership of such personal property and trade fixtures and signs, without payment by the County to Operator of any compensation whatsoever, and said personal property and trade fixtures and signs shall thereafter be owned by the County free and clear of any claim or interest by Operator or of any mortgagee or any third party whose position was derived from or through Operator.

**ARTICLE XXIX
HOLDING OVER**

If Operator remains in possession of the Leased Premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement but shall create only a tenancy from month to month which may be terminated at any time by the County upon thirty (30) days written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

**ARTICLE XXX
RENEWAL**

Provided that Operator is not currently in default of any of the terms of this Agreement, including those contained in Exhibit D, Operator shall be provided one (1) 10-year renewal option, exercisable no sooner than January 1, 2032, by providing County with written notice at least one hundred eighty (180) days prior to the expiration of the lease term. All of the terms and conditions of the lease shall apply during the renewal term including CPI increases to the lease payments at each successive five (5) year period.

**ARTICLE XXXI
SUBSTITUTION OF PREMISES**

Operator understands and agrees that the County has the right to take all or any portion of the Leased Premises, and any additions, alterations, or improvements thereon, should the County, in its sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes and not for fixed base aircraft operations. If such action is taken, the County may terminate this Agreement in accordance with Article XXIV, NON-DEFAULT TERMINATION EVENTS, or may and if the County intends to maintain a Fixed Base Operation at the Airport will substitute in a reasonable time using reasonable diligence comparable areas within the Airport, brought to the same level of improvement to the area taken. The County shall bear all expenses of bringing the substituted area to the same level of improvement as the area taken, and of moving Operator's improvements, equipment, furniture and fixtures to the substituted area. If any of Operator's improvements, equipment, furniture, or fixtures cannot be relocated, the County shall replace, at its own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the County shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Operator, or any mortgagee or other third party. It is the specific intent of this paragraph that Operator be placed, to the extent possible, in the same position it would have been had the County not substituted new premises for the Leased Premises, provided, however, that the County shall not be obligated to reimburse Operator for lost profits or revenues due to such substitution.

**ARTICLE XXXII
AIRPORT DEVELOPMENT RIGHTS**

Subject to the provisions of Article XXXI concerning Substitution of Premises rights above, the County reserves the right to further develop or improve all areas within the Airport, including landing areas, as the County may determine in its sole discretion, which discretion shall not unreasonably be exercised, to be in the best interests of the Airport, regardless of the desires or views of Operator, and without further interference or hindrance from Operator.

Except as may be required by this Agreement or any other agreement between the

parties, the County reserves the right, but shall not be obligated to Operator, to keep and repair all areas, including landing areas, of the Airport.

ARTICLE XXXIII SUBORDINATION

This Agreement shall be subordinate to existing and future Airport Bond Resolutions. This agreement shall also be subject to and subordinate to agreements between the County and State and Federal agencies for grants-in-aid and to the provisions of any agreements heretofore made between the County, the City, and the United States, relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights of property to the County for Airport purposes, or to the expenditure of federal funds for the extension, expansion, or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Airport Act of 1958, as it has been amended from time to time. Any agreement hereafter made between the County, the City, and the United States will not be inconsistent with rights granted to Operator herein.

ARTICLE XXXIV ASSIGNMENT

Operator shall not assign its rights, title and interest herein nor allow or effectuate a "change in control" of Operator's entity without the prior payment of an assignment fee of \$1,000.00 and the prior written consent of the County, said consent not to be unreasonably denied or delayed. If an assignment or change of control is made, Operator shall continue to be liable, jointly and severally, with its assignee or successor, for the fulfillment of all terms and conditions arising under this Agreement subsequent to the assignment, unless the County releases Operator in writing from such liability for future obligations, which release shall not be unreasonably withheld. The release shall be effective only if made in writing. All subsequent assignors and assignees shall be subject to the terms and conditions of this Agreement, including this Section, as if they were the original operator/assignor. For purposes of this provision and this Agreement, "change of control" shall mean any transfer in control of Operator's entity structure, whether by action of Operator or by operation of law. Without limiting the generality of the foregoing, for purposes of this Agreement, the transfer of forty percent (40%) or more of Operator's stock (if a corporation) during any 12-month period shall constitute a change in control. Any transfer of control not so approved by County shall be a violation of the covenants of Article XXIV enabling County to exercise any and all rights of County pursuant to Article XXIII.

ARTICLE XXXV SUBLEASE

Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County, said consent not to be unreasonably denied or delayed. Any such sublease must be in writing and be made subject to the terms and conditions of this

Agreement. In addition, before any sublease may take effect, any sub operator must execute an agreement with the County, in a form and for a fee acceptable to the County, by which such sub operator is authorized to do business on the Airport.

**ARTICLE XXXVI
SUCCESSORS**

The provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the legal representatives, successors and assigns of the parties hereto.

**ARTICLE XXXVII
PARTIAL INVALIDITY**

If any term or condition of this Agreement or application thereof to any person, entity or event shall to any extent be held or deemed invalid and unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons, entities or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

**ARTICLE XXXVIII
NOTICES**

All notices by either party to the other shall be made by depositing such notice in the registered or certified mail of the United States of America, postage prepaid, return receipt requested or with a nationally recognized overnight express courier service requiring signature and receipt, and such notice shall be deemed to have been served on the actual date of receipt, or, in the event addressee, or addressee's agent, refuses to accept delivery or delivery attempt is unsuccessful, so long as the notice is properly addressed as shown below or as subsequently provided to the other party in compliance with the provisions of this Article XXXVIII, then notice shall be deemed to have been served on either i) the date delivery is refused, ii) the next business day in the case of delivery by overnight courier, or iii) three (3) business days after mailing the notice in the case of registered or certified mail. All notices to the County shall be mailed to:

Airports Director
Northwest Florida Regional Airport
1701 Hwy 85 North
Eglin AFB, Florida 32542-1413

All notices to Operator shall be mailed to:

Regal Capital, LLC
Attn: Jack Simmons
9171 Ashbury Lane
Gulfport, MS 39503

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

**ARTICLE XXXIX
REPRESENTATIONS REGARDING AUTHORITY**

The County represents that it has the authority to enter into this Agreement and grant the rights contained herein to Operator.

If Operator is a limited liability company or general partnership, the undersigned warrants and represents that (1) he/she is a general partner of said partnership; (2) his/her execution of this Lease is in the usual course of the partnership's business; and (3) by his/her execution of this Lease, the partnership shall be deemed a signator to this Lease in the same fashion as if all of the general partners of the partnership had executed this Lease.

If Operator is a corporation, the undersigned warrants and represents that (1) he/she is an agent of the corporation; (2) he/she is authorized to execute this Lease on the corporation's behalf; and (3) the corporation shall be bound as a signator to this Lease by his/her execution of this Lease.

**ARTICLE XL
RELATIONSHIP OF PARTIES**

It is understood that the County is not in any way or for any purpose a partner or joint venturer with, or agent of, Operator in the use of the Leased Premises or any improvements thereon, for any purpose.

**ARTICLE XLI
AIRPORT PROTECTION**

The County reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect or permit the erection or growth of, or permit to remain in or on the Leased Premises, any structure, natural growth or other object extending into the airspace above the Leased Premises higher than as permitted in Federal Aviation Regulation Part 77, as such regulation may be amended from time to time.

The Operator shall not use or permit the use in or on the Leased Premises of any device in such a manner as to create electrical or electronic interference with communications between the Destin/Ft. Walton Beach Airport and aircraft, or between aircraft and any navigational controls, whether or not located on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect, install or permit the erection or installation in or on the Leased Premises of any lights that will or might make it difficult for aircraft pilots to distinguish between the airport lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

ARTICLE XLII HEADINGS

The headings contained in this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provision of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

ARTICLE XLIII GOVERNING LAW/VENUE

This Agreement is made and entered into, and will be performed in, Okaloosa County, Florida, and Florida law shall govern and apply to its interpretation. In the event of a dispute or disputes between the parties hereto, and in the event litigation is instituted, such litigation shall be commenced only in the court of appropriate jurisdiction in Okaloosa County, Florida.

ARTICLE XLIV ENCUMBRANCE OF LEASEHOLD ESTATE AND NOTICE TO MORTGAGEES

- A. With the prior written consent of County as set forth below, Operator may, at any time or from time to time during the term of this lease, encumber by mortgage or other security instrument, by way of assignment, or otherwise, Operator's interest in this leasehold estate.
- B. Any lender on the security of the leasehold estate ("Lender") shall have the right at any time during the term of this Lease:
 - 1. To do any act or thing required of Operator hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Operator's rights hereunder as if done by the Operator; and
 - 2. To realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale") or to acquire by deed-in-lieu, and to transfer, convey, or assign the title of Operator to the leasehold estate created hereby to any purchaser at any such foreclosure sale or transfer from Lender if Lender acquires by a deed-in-lieu and to acquire and succeed to the interest of Operator hereunder by virtue of any such foreclosure sale or deed-in-lieu.

- C. Notwithstanding anything to the contrary provided for in this Article, or elsewhere in this Lease, the rights of County, in the event of a default, may not be exercised until written notice of such default is provided to any Lender, or to the person or firm designated by any such Lender to accept such notices. It is agreed that such Lender shall have the right to cure any such default within thirty (30) days from receipt of said notice with respect to any default that can be cured by the payment of money, or within thirty (30) days from receipt of said notice with respect to any other covenant or condition or term of this Lease; and, if such default is of such nature that it cannot be remedied within said time, then such Lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said thirty (30) day period, and thereafter diligently continues the curing of the same.
- D. No such Lender shall be required at any time to subordinate its mortgage to other mortgages or security instruments nor shall such Lender be liable to the County as an assignee of this Lease unless and until such time as such Lender shall acquire the rights of Operator hereunder through foreclosure or other appropriate proceedings in the nature thereof, or by deed-in-lieu or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law,
- E. No modification, cancellation or surrender of this Lease shall be made without the consent of any Lender on the security of the leasehold estate when such Lender requests, or Lender's documents require, such authority to consent.
- F. The County agrees to provide any estoppel upon request of Lender acknowledging that (and noting any exceptions) this Lease is in full force and effect; that there are no defaults that exist under the Lease; that the rent is current; and such other matters as Lender may reasonably require.

Notwithstanding the foregoing, the Lender selected by Operator and the ultimate successor to Operator under the Lease, in the event of foreclosure, deed-in-lieu or otherwise, is subject to the written approval of the County. Said approvals will not be unreasonably denied or delayed. As a minimum, any replacement Operator considered by Lender must be able to demonstrate the appropriate financial ability to conduct the operations and have at least five (5) years experience in the operation of a full service fixed base operation of a similar size and offering similar services as that covered under this Agreement.

ARTICLE XLV ENTIRE AGREEMENT

This Agreement, together with all exhibits hereto, constitutes the entire Agreement and understanding between the parties with respect to the Leased Premises, and supersedes all negotiations, prior discussions, letters of intent and preliminary agreements. This Agreement may not be amended except by a writing executed by

all of the parties.

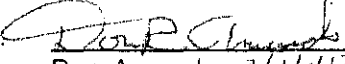
IN WITNESS WHEREOF, the Lessor/County has signed this instrument and the Lessee has cause this instrument to be signed in its corporate name by its Managing Member, all by the authority of its Board of Directors, this Lease being executed in duplicate originals, one being retained by the Lessee and one being retained by the Lessor/County.

ATTEST:

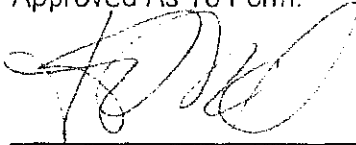
BOARD OF COUNTY
COMMISSIONERS, OKALOOSA
COUNTY, FLORIDA
LESSOR

CLERK OF CIRCUIT COURT

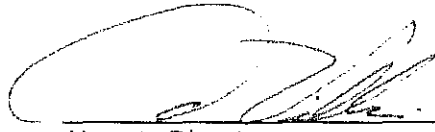
By: 
Deputy Clerk

By: 
Don Amunds 3/26/13
Chairman

Approved As To Form:


County Attorney

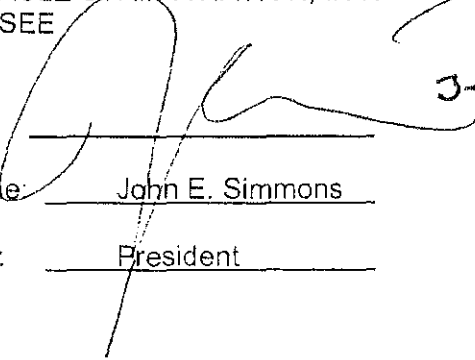
Approved As To Content:


Airports Director

ATTEST:



MIRACLE STRIP AVIATION, INC.
LESSEE

By: 

Name: John E. Simmons

Title: President

3-12-13

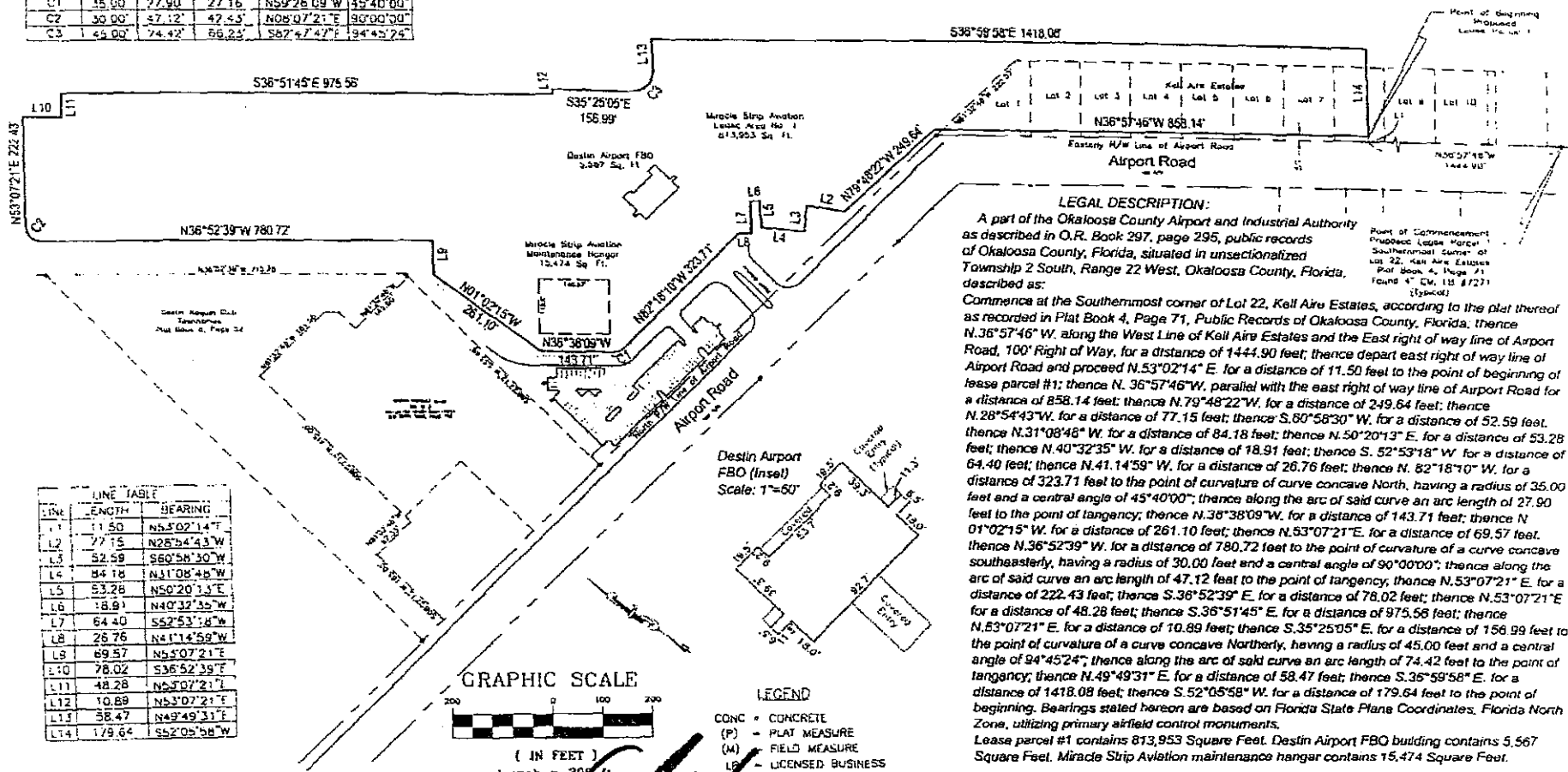
“LEASED PREMISES”

EXHIBIT A
A-1, A-2, and A-3

LEGAL DESCRIPTION AND
PROPERTY BOUNDARY SURVEY
OF “LEASED PREMISES”

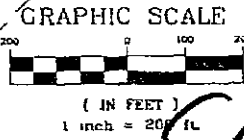
CURVE TABLE					
CURV.	RADIUS	LENGTH	CHORD	CH. BRC.	DELTA
C1	15.00'	77.90'	27.16'	N59°28'09"W	45°40'00"
C2	30.00'	47.12'	47.43'	N08°07'21"E	90°00'00"
C3	45.00'	74.42'	66.23'	S67°47'47"E	94°45'24"

ULSTIN AIRPORT
TAX ID #
00-25-22-0000-0007-0000



LEGAL DESCRIPTION:
A part of the Okaloosa County Airport and Industrial Authority as described in O.R. Book 297, page 295, public records of Okaloosa County, Florida, situated in unsectionalized Township 2 South, Range 22 West, Okaloosa County, Florida, described as:
Commence at the Southernmost corner of Lot 22, Kell Air Estates, according to the plat thereof as recorded in Plat Book 4, Page 71, Public Records of Okaloosa County, Florida, thence N.36°57'46" W. along the West Line of Kell Air Estates and the East right of way line of Airport Road, 100' Right of Way, for a distance of 1444.90 feet; thence depart east right of way line of Airport Road and proceed N.53°02'14" E. for a distance of 11.50 feet to the point of beginning of lease parcel #1; thence N.36°57'46" W. parallel with the east right of way line of Airport Road for a distance of 858.14 feet; thence N.79°48'22" W. for a distance of 249.64 feet; thence N.28°54'43" W. for a distance of 77.15 feet; thence S.80°58'30" W. for a distance of 52.59 feet; thence N.31°08'48" W. for a distance of 84.18 feet; thence N.50°20'13" E. for a distance of 53.28 feet; thence N.40°32'35" W. for a distance of 18.91 feet; thence S.52°53'18" W. for a distance of 64.40 feet; thence N.41.14°59" W. for a distance of 26.76 feet; thence N.82°18'10" W. for a distance of 323.71 feet to the point of curvature of curve concave North, having a radius of 35.00 feet and a central angle of 45°40'00"; thence along the arc of said curve an arc length of 27.90 feet to the point of tangency; thence N.38°38'09" W. for a distance of 143.71 feet; thence N.01°02'15" W. for a distance of 261.10 feet; thence N.53°07'21" E. for a distance of 69.57 feet; thence N.36°52'39" W. for a distance of 780.72 feet to the point of curvature of a curve concave southeasterly, having a radius of 30.00 feet and a central angle of 90°00'00"; thence along the arc of said curve an arc length of 47.12 feet to the point of tangency; thence N.53°07'21" E. for a distance of 222.43 feet; thence S.36°52'39" E. for a distance of 78.02 feet; thence N.53°07'21" E. for a distance of 48.28 feet; thence S.36°51'45" E. for a distance of 975.58 feet; thence N.53°07'21" E. for a distance of 10.89 feet; thence S.35°25'05" E. for a distance of 156.99 feet to the point of curvature of a curve concave Northerly, having a radius of 45.00 feet and a central angle of 94°45'24"; thence along the arc of said curve an arc length of 74.42 feet to the point of tangency; thence N.49°49'31" E. for a distance of 58.47 feet; thence S.35°59'58" E. for a distance of 1418.08 feet; thence S.52°05'58" W. for a distance of 179.64 feet to the point of beginning. Bearings stated herein are based on Florida State Plane Coordinates, Florida North Zone, utilizing primary airfield control monuments.
Lease parcel #1 contains 813,953 Square Feet. Destin Airport FBO building contains 5,567 Square Feet. Miracle Strip Aviation maintenance hangar contains 15,474 Square Feet.

LINE	LENGTH	BEARING
L1	11.50	N53°02'14"E
L2	77.15	N28°54'43"W
L3	52.59	S60°58'30"W
L4	84.18	N31°08'48"W
L5	53.28	N50°20'13"E
L6	18.91	N40°32'35"W
L7	64.40	S52°53'18"W
L8	26.76	N41°14'59"W
L9	69.57	N5°07'21"E
L10	78.02	S36°52'39"E
L11	48.28	N53°07'21"E
L12	10.89	N53°07'21"E
L13	58.47	N49°49'31"E
L14	179.64	S52°05'58"W



LEGEND
 CONC = CONCRETE
 (P) = PLAT MEASURE
 (M) = FIELD MEASURE
 LB = LICENSED BUSINESS
 = IRON ROD

Not a boundary survey.

Field Date: _____
 Drawn By: SDC
 Paid By: _____
 Field Bk/Pg: _____

Rev. _____ Date: _____
 Rev. _____ Date: _____
 NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER

Shannon D. Clatchey
 Shannon D. Clatchey
 Professional Surveyor
 and Mapper
 Florida
 Registration #8178

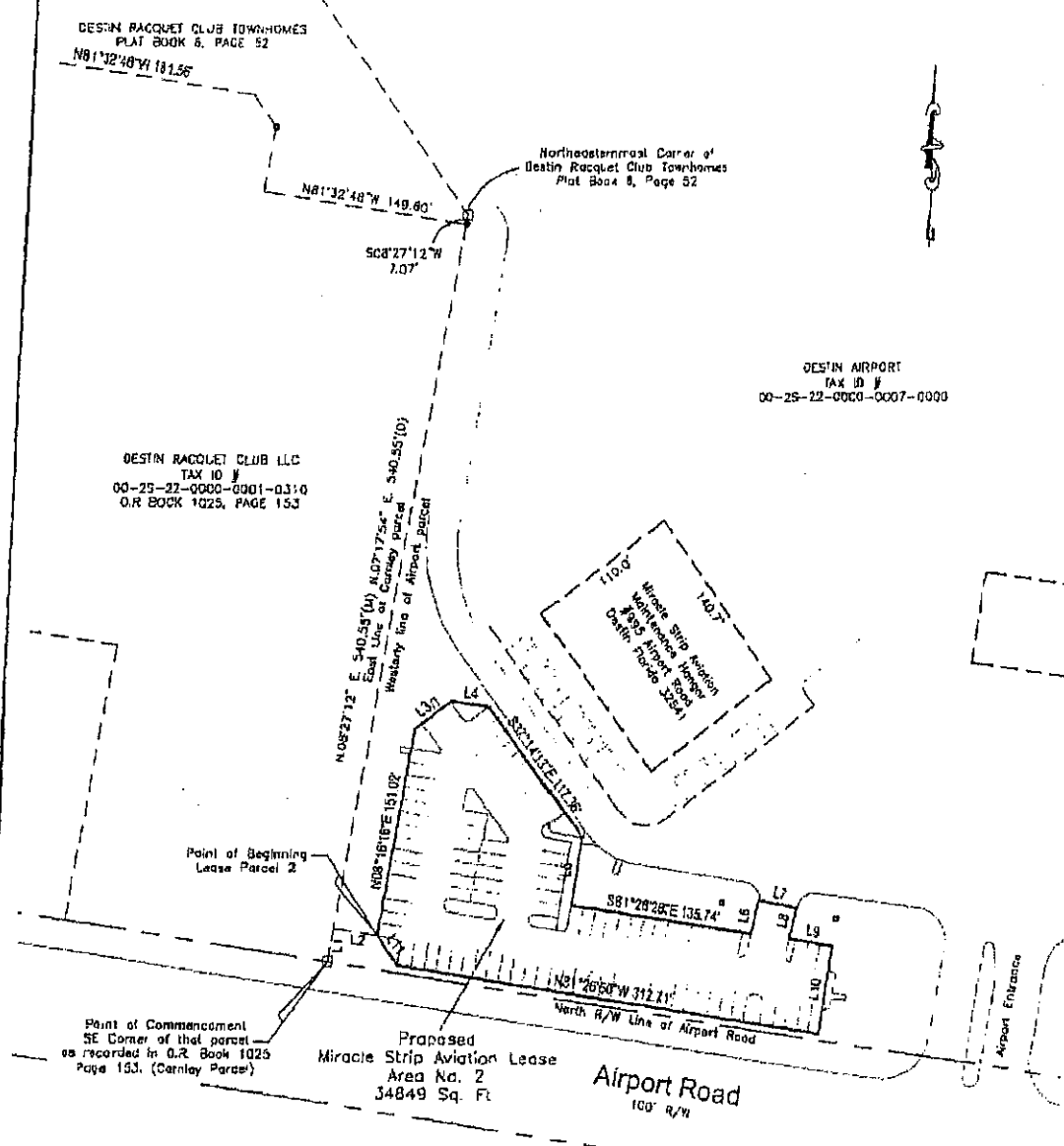
Sketch of Description
 Miracle Strip Aviation
 Lease Parcel #1
 Destin Airport

RARE EARTH SURVEYING & MAPPING
 Professional Land Surveying - Florida Licensee Business No. 1230
 117 Bayshore Dr., Navarre, FL 32576
 TEL (904) 723-7722 FAX (904) 723-7727
 www.rareearthsurveying.com

EXHIBIT A-1

Sketch of Description
Proposed Lease Parcel 2
Parking Lot
For
Miracle Strip Aviation

EXHIBIT A-2
PAGE 1 OF 2



LINE	LENGTH	BEARING
L1	23.79	S08°27'12\"W
L2	32.35	S81°32'48\"E
L3	31.32	N51°19'50\"E
L4	27.39	S83°17'32\"E
L5	49.21	S07°24'50\"W
L6	24.71	N10°47'49\"E
L7	29.43	S79°09'28\"E
L8	22.48	S1°3'21'40\"W
L9	33.19	S80°09'29\"E
L10	82.7A	S07°53'25\"W
L11	28.08	N38°24'27\"W

LEGEND

- CONC = CONCRETE
- (P) = PLAT MEASURE
- (M) = FIELD MEASURE
- LB = LICENSED BUSINESS
- IR = IRON ROD
- ⊗ = FIRE HYDRANT

Not a boundary survey.

Sheet 1 of 2

Revision: _____ Date: _____
 Revision: _____ Date: _____

RARE EARTH SURVEYING & MAPPING
 Professional Land Surveying - Authorization No. 7350
 177 Seaside Drive, Seville Florida 32578
 TEL (850) 729-2727 FAX (850) 729-2797

Job No: 057-Miracle
 Code File: 01300 5507
 Field Date: 01-22-13
 Drawn By: SDC
 Field By: CS/KS
 Field Bx/Pg: RESO

NOT VALID WITHOUT THE SIGNATURE OF THE ORIGINAL LICENSED SURVEYOR OR MAPPING ENGINEER

Shannon D. Clatchey
 Shannon D. Clatchey
 Professional Surveyor & Mapper
 Florida Registration #6178

Sketch of Description

Proposed Lease Parcel 2
 Parking Lot
 For
 Miracle Strip Aviation

EXHIBIT A-2
 PAGE 2 OF 2

LEGAL DESCRIPTION:

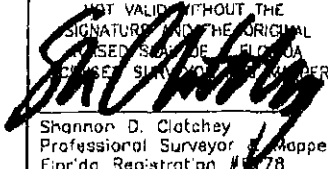
A part of the Okaloosa County Airport and Industrial Authority as described in O.R. Book 297, page 295, public records of Okaloosa County, Florida, situated in unsectionalized township 2 South, Range 22 West, Okaloosa County, Florida, described as:

Commence at the Southeast corner of that parcel as described in O.R. Book 1025, Page 153, Public Records of Okaloosa County, Florida, parcel henceforth referred as Carnley parcel; thence proceed N.08°27'12" E. (basis of bearing) along the east line of Carnley parcel for a distance of 23.79 feet; thence depart east line and proceed S.81°32'48" E. for a distance of 32.35 feet to the point of beginning of lease parcel #2; thence N.08°16'18" E. for a distance of 151.02 feet; thence N.51°19'50" E. for a distance of 31.32 feet; thence S.83°17'32" E. for a distance of 27.39 feet; thence S.37°14'13" E. for a distance of 117.36 feet; thence S.07°24'50" W. for a distance of 49.21 feet; thence S.81°28'28" E. for a distance of 135.74 feet; thence N.10°47'49" E. for a distance of 24.71 feet; thence S. 79°09'28" E. for a distance of 29.43 feet; thence S.13°21'40" W. for a distance of 22.48 feet; thence S.80°09'29"E. for a distance of 33.19 feet; thence S.07°53'25" W. for a distance of 62.74 feet; thence N.81°26'50" W. for a distance of 312.71 feet; thence N.36°24'27" W. for a distance of 26.08 feet to the point of beginning. Parcel described contains 38,849 Sq. Ft.

SURVEYOR'S NOTES:

- 1.) THERE MAY BE EASEMENTS AND RESTRICTIONS OF RECORDS AND/OR PRIVATE AGREEMENTS NOT FURNISHED TO THIS SURVEYOR THAT MAY AFFECT PROPERTY RIGHTS AND/OR LAND USE RIGHTS OF THE LANDS SHOWN HEREON.
- 2.) NO UNDERGROUND INSTALLATIONS, FOUNDATION FOOTINGS OR UTILITIES HAVE BEEN LOCATED EXCEPT AS NOTED.
- 3.) BASED ON THE NATIONAL FLOOD INSURANCE PROGRAM "FIRM" MAP COMMUNITY - PANEL NUMBER 1213C0543 G, DATED SEPTEMBER 29, 2010 THE ABOVE DESCRIBED PROPERTY IS LOCATED IN ZONE X.
- 4.) BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATES, FLORIDA NORTH ZONE.
- 5.) EXPECTED USE OF THE SITE IS FOR COMMERCIAL PURPOSES AND THE ACCURACIES FOR CLOSURE WERE EXCEEDED FOR A SUBURBAN SURVEY. THIS SURVEY TRUE AND CORRECT AS PER 5J-17.051 AND 5J-7.052, FLORIDA ADMINISTRATIVE CODE. NO ADDITIONS OR DELETIONS TO THIS SURVEY WITHOUT CONSENT FROM SIGNING PARTY.

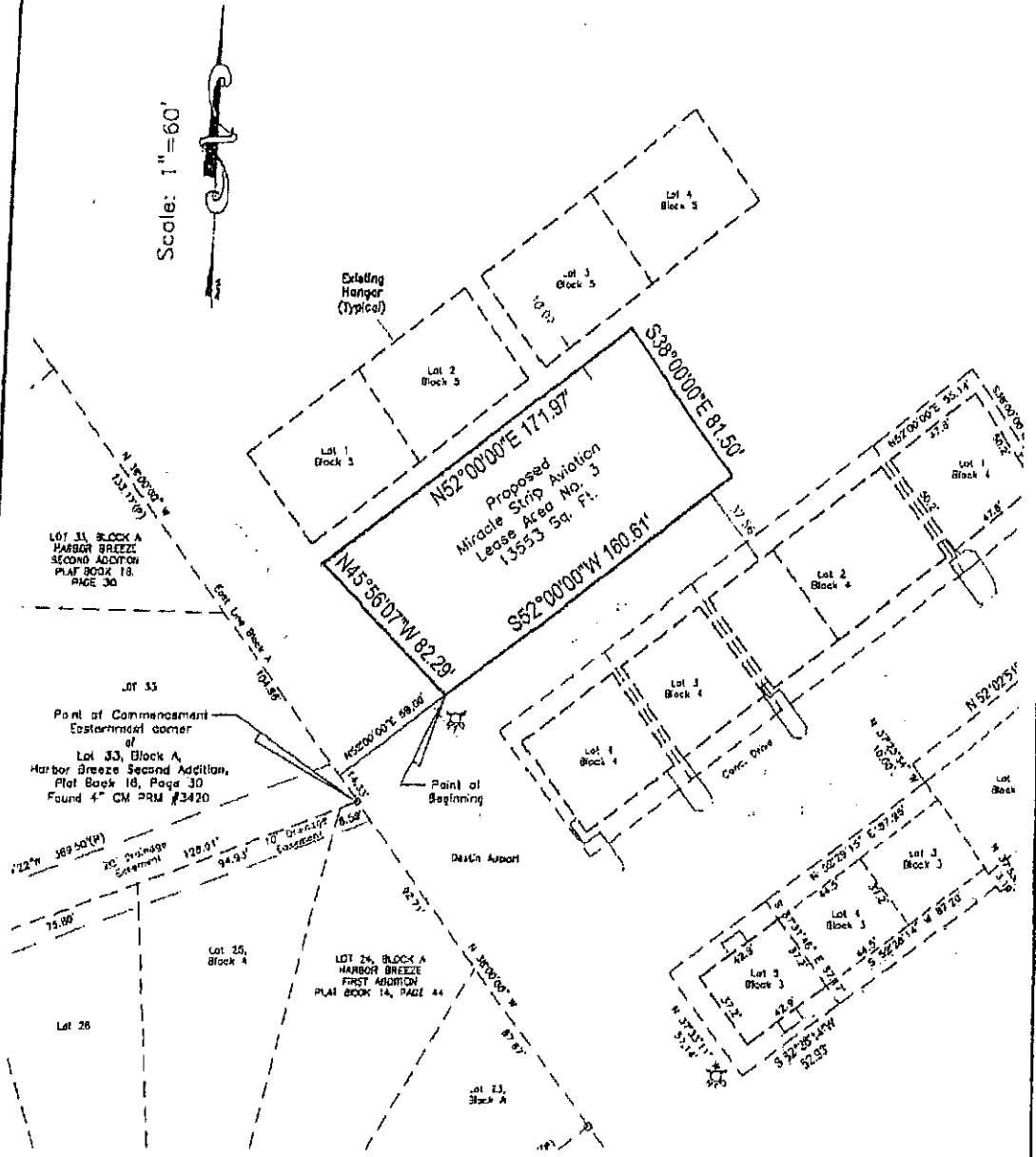
Sheet 2 of 2

Revision: _____ Date: _____	Job No. <u>05-Miracle</u>	NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL LICENSE NUMBER OF THE SURVEYOR.  Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration # 10778
Revision: _____ Date: _____	Cadd File: <u>01-309 SS07</u> Field Date: <u>01-22-13</u> Drawn By: <u>SDC</u> Field By: <u>CS/KO</u> Field Bk/Pg: <u>4256</u>	
RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 117 Bayshore Drive, Niceville Florida 32578 TEL (850) 729-2722 FAX (850) 729-2792		

Sketch of Description
 Proposed Lease Parcel 3
 Parking Area
 For
 Miracle Strip Aviation

EXHIBIT A-3
 PAGE 1 OF 2

Scale: 1" = 60'

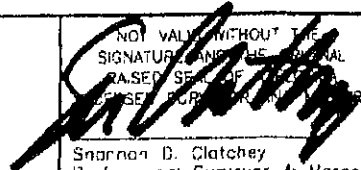


LEGEND

- CONC. = CONCRETE
- (P) = PLAT MEASURE
- (V) = FIELD MEASURE
- B = LICENSED BUSINESS
- IR = IRON ROD
- ⊕ = FIRE HYDRANT

Not a boundary survey.

Sheet 1 of 2

Revision: _____ Date: _____	Job No: 357 - Miracle 3	<p>NOT VALID WITHOUT THE SIGNATURE AND SEAL OF A LICENSED SURVEYOR</p>  <p>Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration #6178</p>
Revision: _____ Date: _____	Cadd File: 011309 SS08	
	Field Date: 01-22-13	
	Drawn By: SOC	
	Field By: DS/AC	
<p>RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 117 Boykore Drive, Micanville Florida 32578 RL 1650 724-2722 FAX 1650 723-2797</p>		Field Bk/Pg: RE56

Sketch of Description
Proposed Lease Parcel 3
Parking Area
For
Miracle Strip Aviation

EXHIBIT A-3
PAGE 2 OF 2

LEGAL DESCRIPTION:

A part of Destin Airport, situated in unsectionalized Township 2 South, Range 23 West, Okaloosa County, Florida, described as:
Commence at the Eastmost corner of Lot 33, Block A, Harbor Breeze Second Addition, according to the plat thereof as recorded in Plat Book 16, Page 30, Public records of Okaloosa County, Florida; thence proceed N.38°00'00" W. along the east line of Lot 33 for a distance of 14.33 feet; thence depart east line and proceed N.52°00'00" E. for a distance of 59.00 feet to the point of beginning of lease parcel #3; thence N.45°56'07" W. for a distance of 82.29 feet; thence N.52°00'00" E. for a distance of 171.97 feet; thence S.38°00'00" E. for a distance of 81.50 feet; thence S.52°00'00" W. for a distance of 160.61 feet to the point of beginning. Parcel described contains 13,553 Sq. Ft.

SURVEYOR'S NOTES:

- 1.) THERE MAY BE EASEMENTS AND RESTRICTIONS OF RECORDS AND/OR PRIVATE AGREEMENTS NOT FURNISHED TO THIS SURVEYOR THAT MAY AFFECT PROPERTY RIGHTS AND/OR LAND USE RIGHTS OF THE LANDS SHOWN HEREON.
- 2.) NO UNDERGROUND INSTALLATIONS, FOUNDATION FOOTINGS OR UTILITIES HAVE BEEN LOCATED EXCEPT AS NOTED.
- 3.) BASED ON THE NATIONAL FLOOD INSURANCE PROGRAM "FIRM" MAP COMMUNITY - PANEL NUMBER 12131C0543 G, DATED SEPTEMBER 29, 2010 THE ABOVE DESCRIBED PROPERTY IS LOCATED IN ZONE X.
- 4.) BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATES, FLORIDA NORTH ZONE.
- 5.) EXPECTED USE OF THE SITE IS FOR COMMERCIAL PURPOSES AND THE ACCURACIES FOR CLOSURE WERE EXCEEDED FOR A SUBURBAN SURVEY THIS SURVEY TRUE AND CORRECT AS PER 5J-17.051 AND 5J-7.052, FLORIDA ADMINISTRATIVE CODE NO ADDITIONS OR DELETIONS TO THIS SURVEY WITHOUT CONSENT FROM SIGNING PARTY.

Sheet 2 of 2

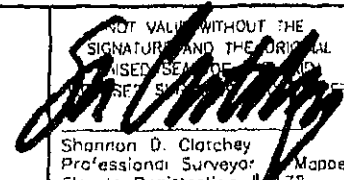
Revision _____ Date: _____ Revision _____ Date: _____	Job No. <u>051-Miracle 3</u> Cadd File <u>011309 3508</u> Field Date <u>31-22-13</u> Drawn By <u>SDC</u> Field By <u>CS/KD</u> Field Bk/Pg: <u>NE56</u>	<p>NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF THE SURVEYOR</p>  <p>Shannon D. Clatchey Professional Surveyor Florida Registration # 0178</p>
RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 117 Bayshore Drive, Okaloosa Florida 32578 TEL (850) 719-2712 FAX (850) 723-2791		

Exhibit B

OKALOOSA COUNTY AIRPORTS

MIMIMUM STANDARDS
FOR
FIXED BASE OPERATOR

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

MINIMUM STANDARDS
FOR
FULL-SERVICE FIXED BASE OPERATIONS
AND SPECIALITY SERVICE OPERATIONS

BOB SIKES AIRPORT - DESTIN/FT. WALTON BEACH AIRPORT

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Section 4. Line Service-----	5
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MINIMUM STANDARDS
FOR
FULL-SERVICE FIXED BASE OPERATIONS
AND SPECIALITY SERVICE OPERATIONS

BOB SIKES AIRPORT - DESTIN/FT. WALTON BEACH AIRPORT

SECTION 1. GENERAL PROVISIONS:

a. A full-service Fixed Base Operator (hereinafter referred to as "FBO") shall, at its sole expense, provide and maintain all equipment, facilities, and aircraft necessary to provide the required services and level of performance in a clean and safe condition at all times. In addition, all personnel of the FBO shall conduct themselves in a courteous and businesslike manner at all times. Personnel who have public/customer contact (excluding pilots and office personnel) shall be clothed in attractive uniforms with appropriate insignia and nameplate so they may be readily identified by customers. AIRPORT personnel will conduct inspections and evaluations, at least on a weekly basis, to ensure conformity with these standards. The AIRPORT personnel will also survey customers and users periodically to determine the overall quality of service being rendered by the FBO.

The FBO shall furnish good, prompt, courteous, and efficient services adequate to meet all reasonable demands on a fair, reasonable, and nondiscriminatory basis to all users of the AIRPORT. It shall maintain and operate its business in a first-class manner and shall at all times keep the premises in a safe, clean, and orderly condition, consistent with the business activity contemplated hereunder and satisfactory to the BOARD.

The FBO shall be properly staffed to provide services during minimum normal operating hours between 7:00 A.M. and 10:00 P.M., seven (7) days a week, and other hours when necessitated by business or emergency conditions.

b. Specialty Service Operators will be properly staffed to provide services during minimum normal operating hours between 8:00 A.M. and 5:00 P.M., five (5) days a week.

c. The FBO shall select and appoint a full-time manager of its operation herein authorized. Such manager shall be highly qualified and experienced, and vested with full power and authority to act in the name of the operator in respect to the method, manner, and conduct of the services to be performed hereunder. Such manager shall be available at the AIRPORT during regular business hours, and during the manager's absence, a duly authorized subordinate shall be in charge and available at the AIRPORT.

The FBO shall provide, at its sole expense, a sufficient number of employees to effectively and efficiently provide the services herein authorized. All operators shall control the conduct, demeanor, and appearance of its employees and representatives. Such employees shall be trained by the operator and shall possess any technical qualifications and hold certificates of qualification as may be required for such employee to carry out assigned

duties. It shall be the responsibility of the operator to maintain close supervision over its employees to assure a high standard of service to customers of the operator. Upon reasonable objection from the BOARD concerning the conduct, demeanor, or appearance of any employee, the operator shall forthwith take all steps necessary to remove the cause of the objection.

d. All operators shall comply with all applicable local, state, and federal environmental statutes and regulations, including but not limited to, requirements for aboveground storage tanks and piping, for the disposal of waste oil and other potentially hazardous substances, and for the refueling of aircraft and vehicles.

SECTION 2. FACILITIES:

The FBO shall lease a minimum of One Hundred Thousand (100,000) square feet to provide space for all buildings, aircraft parking, paved ramp area, and employee and customer parking.

a. The FBO shall provide a minimum of one thousand (1,000) square feet of properly lighted, heated and air conditioned building space on airport property for office, restrooms, and public use area.

b. The FBO shall provide a minimum of ten thousand (10,000) square feet of clear-span hangar of adequate dimensions to accommodate storage, maintenance, and repair of aircraft normally frequenting the AIRPORT.

c. The FBO shall provide a minimum of seventy-five thousand (75,000) square feet of paved area for the parking, tie-down, and maneuvering of aircraft.

d. The FBO shall have a minimum paved area sufficient to park and maneuver a minimum of twenty (20) automobiles for employee and patron parking.

e. No building, structure, tie-downs, ramps, paving, taxi areas, or other improvements or additions to the AIRPORT shall be altered, removed, placed, or constructed on the AIRPORT without the prior approval of the BOARD or its authorized representative. In the event of any construction, the BOARD may, at its discretion, require an appropriate bond to guarantee the completion of construction and/or demolition. The BOARD reserves the right to review any proposals for construction on the AIRPORT, particularly in regard to conformity with the existing Airport Layout Plan. Any proposal for construction on the AIRPORT shall be aesthetically compatible with existing buildings on the AIRPORT.

Off-airport facilities with access with access to the airfield ("through-the-fence" operations) are strictly prohibited.

SECTION 3. HANGARING, PARKING, AND TIE-DOWN:

The FBO shall provide, as a minimum, main hangar parking for at least four (4) twin-engine, based aircraft of 12,500 pounds or less, and apron parking for a minimum of twenty (20) based or itinerant aircraft.

SECTION 4. LINE SERVICE:

The FBO shall, during normal business hours, provide line service as follows:

- a. Ramp parking and tie-down assistance, including ramp personnel and vehicles as appropriate;
- b. Tie-down ropes, chains, and anchors;
- c. Aircraft towing services utilizing motor driven drawbar vehicles capable of moving single and multi-engine aircraft weighing up to 12,500 pounds;
- d. Mobile electrical ground power assistance with a minimum 14/28 volt, 1,600 ampere surge capacity;
- e. Cabin cleaning including on-board toilet, and catering services.

SECTION 5. MAINTENANCE AND REPAIR SERVICES:

The FBO shall provide service and repair of aircraft airframes and powerplants. The FBO must hold all applicable certificates/ratings and must offer these services for small aircraft of 12,500 pounds and under. The FBO must also meet all requirements as specified under FAR Parts 43, 65, and 145 for the operation of a certified repair station, not less than airframe Class 3 rating. The FBO is allowed, but not required, to provide repair, sales, and service of aircraft avionics, radios, instruments and other limited class ratings for propellers, accessories, and powerplants. If the FBO chooses to provide avionics, radio, instrument, propeller, accessory, or powerplant repair service, the service personnel must hold all applicable certificates and ratings required under FAR Part 145.

SECTION 6. MISCELLANEOUS CUSTOMER SERVICES:

The FBO shall provide a facility and trained employees who are capable of providing the following:

- a. UNICOM equipment to facilitate airborne customer requests;
- b. A discreet flight planning area properly equipped with appropriate wall charts, AIM, NOTAM's board, and a local-access telephone to contact the Flight Services Station.

- c. Flight planning aids and miscellaneous small flight aid and comfort accessories;
- d. Conveniently located pay telephones;
- e. A convenient, comfortably furnished, public waiting area with adjoining restroom facilities;
- f. A discrete vending area within the FBO premises with the availability of both hot and cold beverages and prepackaged snacks;
- g. Aviation grade inflight oxygen refills upon 24-hour notice;
- h. Acceptance of one or more national bank and one or more oil company credit cards for fueling, line, and related services.

SECTION 7. AIRCRAFT CHARTER AND TAXI SERVICE:

The FBO shall provide aircraft charter and taxi service and must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office and public use areas with such minimum space to be in addition to the minimum space requirements as identified in Section 2a of these Minimum Standards. The FBO must hold a valid FAA Commercial Air Taxi Operator's Certificate under Part 135 and be registered with the Civil Aeronautics Board, or replacement agency, under the Economic Regulations of Part 298 with ratings appropriate to, and licensing for, the functions to be accomplished. The FBO shall provide an adequate number of aircraft meeting all requirements of the certificates held. At least one (1) aircraft shall be multi-engine and completely equipped for flight under instrument conditions. Aircraft shall be owned by, or leased to, the FBO by agreement in writing, and shall meet all applicable requirements of Part 135 of the Federal Aviation Administration (FAA) regulations. The FBO shall provide an FAA-certified commercial pilot with instrument rating for each aircraft and who is authorized to conduct charter and air taxi operations.

SECTION 8. FLIGHT INSTRUCTION:

The FBO shall provide flight instruction and must occupy a minimum of 400 square feet of properly lighted, heated and air conditioned space on the AIRPORT for use as office, classroom, and briefings with such minimum space in addition to the minimum space requirements as identified in Section 2a of these Minimum Standards. The FBO shall employ at least one (1) full-time pilot who is properly certified by the FAA as a flight instructor with appropriate instrument ratings to cover instruction for both primary and complex flight instruction for multi-engine and single engine aircraft as certified by FAR Part 141. The FBO shall own or have under written lease at least two (2) properly certified aircraft equipped for flight instruction, with at least one of those aircraft fully equipped for instrument flight instruction.

SECTION 9. ASSISTANCE TO DISABLED AIRCRAFT:

The FBO shall, on thirty (30) minutes notice during normal business hours, and two (2) hours notice after normal business hours, provide equipment and trained personnel to remove disabled aircraft with a gross weight of 12,500 pounds or less from the Air Operations Area (AOA), and shall be required to perform such service on request of, and with acceptable release from, the owner or operator of the disabled aircraft, or the Airports Director or his or her designee.

SECTION 10. FUEL AND LUBRICANTS:

The FBO may provide aviation fuels, including Jet A and 100LL octane aviation gasoline, in sufficient quantities to meet the needs of the based and itinerant general aviation customers at the AIRPORT if the FBO is currently and continually providing services as set forth in Sections 2 through 9 of these Minimum Standards. The FBO must be in full compliance with such services and certified in compliance by the Airports Director prior to the FBO being granted permission to provide aviation fuels under this Section 10. In the event the FBO does not currently provide such services as identified in Sections 2 through 9 and/or fails to continually provide such services, in that event, the FBO will not be granted permission or permission will be withdrawn to provide aviation fuels at the AIRPORT. The Airports Director will periodically conduct inspections of the leased premises to certify the FBO is in compliance with all applicable sections of these Minimum Standards.

The FBO Shall provide, as a minimum, one (1) mobile tender (fuel truck) for Jet A fuel with a capacity of at least 2,000 gallons and one (1) mobile tender (fuel truck) of at least 1,000 gallon capacity of 100LL octane aviation gasoline.

The following general rules shall govern the refueling, defueling, oil services and sumping of aircraft, and the place of fuels in storage tanks or dispensers:

- a. No aircraft shall be refueled, defueled, or oil-serviced while aircraft engines are running or being warmed by application of heat, and/or while such aircraft is in a hangar. Aircraft shall be refueled on hard surface areas only and only in areas approved by the Airports Director.
- b. No person shall smoke or permit any open flame on the airfield within the perimeter fence, within 100 feet of an aircraft undergoing fuel servicing, or within 50 feet of any hangar.
- c. Prior to the fuel servicing of any aircraft, it and the fuel dispensing equipment shall be grounded to a point or points of zero electrical potential in order to prevent the possibility of static ignition of volatile liquids.

d. All equipment used to store or deliver fuel to aircraft or vehicles shall be inspected by a qualified representative of the County's Environmental Services Department on a semi-annual basis. Environmental officers are authorized to require and enforce the immediate cessation of fuel service operations under conditions which they deem jeopardizes public safety. All other situations which violate any provisions contained herein shall be cured by the FBO in a timely manner as determined by the Airports Director.

e. Fueling, pumps, meters, hoses, nozzles, fire extinguishers, and grounding devices shall be UL - approved where applicable and will be kept in first class condition at all times.

f. Fuel pumps shall be powered and the flow shall be controlled by a deadman flow control in the nozzle. Nozzles shall have a cable with a plug or clip for bonding to the aircraft. Pouring or gravity flow shall not be permitted.

g. Fuel systems shall have a means for quickly and completely stopping fuel flow in the event of an emergency. Fuel dispensing containers shall have a valve mechanism such that water or other contaminants can be drained from the lowest portion of the tank. An in-line filtration system utilizing a 5-micron or less fuel filter element shall be included in the dispensing system.

h. When a malfunction of the refueling equipment is detected, all refueling operations shall cease immediately and the malfunctions or irregularities detected on or within the aircraft being serviced will be brought to the attention of the aircraft owner or the FBO immediately.

i. Crews engaged in the fueling and defueling of aircraft shall exercise extreme caution to prevent spills. When a spill occurs, servicing will cease, the County's Environmental Services Department will be notified immediately, and spills will be removed or absorbed with suitable material dependent upon the nature of the spill, and approval by the Airports Director, and in conformance with all local, state, and federal rules.

j. During fuel handling operations in connection with any aircraft, no less than two (2) CO2 or approved dry chemical fire extinguishers of ten pounds or larger shall be immediately available for use in connection therewith.

k. No person shall perform or allow performance of any refueling activity when lightning is observed in the immediate vicinity of the AIRPORT or during an electrical storm.

l. No person shall use any material or equipment during fueling and defueling operations which is likely to cause a spark or ignition.

m. No person shall start the engine of an aircraft when there is a flammable substance on the ground under or around the aircraft.

n. All hoses, funnels, and appurtenances used in fueling and defueling operations shall be equipped with a grounding device to prevent ignition of volatile liquids. Furthermore, funnels shall be metal and have a capacity of not less than two (2) gallons to reduce the risk of spillage.

o. No aircraft shall be fueled or defueled while passengers are on board the aircraft.

p. No airborne radar equipment shall be operated or ground tested on any area wherein the directional beam of high intensity radar is within 300 feet, or low intensity radar (less than 50KW output) is within 100 feet of another operation or aircraft refueling truck.

q. During fueling and defueling, fuel handling devices and vehicles shall be placed so as to be readily removed in the event of fire so as to permit direct driving away from the loading or fueling position. Not more than one refueling truck shall be positioned to serve the same aircraft.

r. Fuel shall not be transferred from a vehicle fuel system to an aircraft fuel tank or intermediary tank for the purpose of fueling aircraft.

s. Storage of fuel shall be in compliance with all applicable federal, state, local and EPA requirements.

SECTION 11. SPECIAL AERONAUTICAL ACTIVITIES AND SERVICES:

The following categories of services may be as an optional service offered by a full-service FBO, or as an approved Specialty Service Operator:

a. **AVIONICS INSTRUMENT SALES, SERVICES AND REPAIRS** - The operator engaged in aircraft avionics must occupy a minimum of 300 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office, shop, and other needs. The operator shall have available to it at all times, by ownership, lease, or contract, hangar space to accommodate customer requirements. The operator must provide aircraft avionics, radio, and instrument repair service and shall hold all applicable certificates and ratings required under FAR Parts 145 and 65 and may, in addition, engage in aircraft radio and instrument sales.

b. **AIRCRAFT RENTAL** - The operator engaged in the rental of aircraft at the AIRPORT must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office and public use areas. The operator shall own or have under a written lease, and have available to rent to persons with a current

pilot certificate, at least one (1) two-place, fixed-gear aircraft, and one (1) four-place, retractable-gear aircraft equipped for night and instrument flight. Aircraft must meet all federal and state regulations including, but not limited to, those promulgated by the Federal Aviation Administration.

c. AIRCRAFT SALES - The operator engaged in the selling of new or used aircraft at the AIRPORT must occupy at least 200 square feet of properly lighted, heated and air conditioned space on airport property for office and public use areas. The operator must have under a lease a minimum amount of paved area or hangar space to accommodate the projected inventory of aircraft.

The operator shall have one full-time authorized agent to transact sales who maintains a current commercial pilot certificate with an instrument rating and is rated for the types of aircraft to be demonstrated. It will be at the discretion of the operator whether or not to be an authorized factory dealer, or what manufacturers he or she chooses to represent. A dealer of new aircraft shall have available or on call at least one current model demonstrator and shall provide for demonstrations of additional models of the manufacturer for which a dealership is held, if any. A dealer shall provide an adequate supply of parts and servicing facilities to customers during aircraft and parts warranty periods.

d. OTHER SERVICES - The operator who has been approved by the BOARD to offer the following services at the AIRPORT shall occupy an appropriate amount of office, vehicle and aircraft parking, maintenance, storage and apron space:

1. Aircraft exterior painting;
2. Aircraft interior modification including, but not limited to, custom seating and finishing;
3. Contract major airframe repair and/or rebuilding;
4. Whole or part aircraft type modifications under the auspices of a Supplemental Type Certificate;
5. Turbine engine hot section repair;
6. Propeller overhaul and repair;
7. Engine/flight instrument overhaul and repair;
8. Accessory overhaul and repair;
9. Avionics repair and installation with specialization in complex equipment such as pulse-radar and HIS systems;

10. Specialized aircraft sales of a single or limited type and/or manufacturer such as for a multi-engine turbine;

11. Contract reciprocating engine overhaul and rebuilding;

12. Specialized aircraft charter services;

13. Agricultural application;

14. Fire fighting;

15. Power line or pipeline patrol;

16. Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

Each repair service offered above shall be under an appropriate FAA-certified Repair Station license of either a class or limited rating as defined in FAR 145. All general and enforcement provisions of a full-service FBO shall apply to Specialty Service Operators.

SECTION 12. SPECIALIZED OPERATIONS AND OTHER AERONAUTICAL FUNCTIONS:

The requirements specified in this section, 12a through 12g, shall be applicable to any operator desiring to engage in specialized commercial aeronautical activities including, but not limited to, aerial photography, sightseeing, accessory overhaul, and prop shops.

a. Facilities - Said operators shall lease or construct the following facilities: Specialty shops and specialized commercial aeronautical activities are encouraged to be tenants of existing operators. However, special requirements will be reviewed by the Airports Director on an individual basis.

b. Pilots - Said operators shall provide a sufficient number of commercial pilots who are certificated by the FAA and are appropriately rated to conduct the specialized flight services offered.

c. Aircraft - Said operators shall provide a sufficient number of properly certificated aircraft owned by, or leased under a written agreement to, the operator to meet the public demand.

d. Hours of Operation - Said operators shall maintain sufficient hours of operations to meet the public demand.

e. Insurance - Said operators shall provide adequate comprehensive general liability insurance combined single limit coverage to protect the operator and the COUNTY from legal liabilities involved.

f. Other Services - Said operators may provide any of the other services contained in this Section 12 of these Minimum Standards. In providing any such services, said operators shall meet the standards for such services, the standards of which are contained in this Section 12.

g. Optional, Incidental Services - Said operators may provide any other services the operator deems incidental to its operation. However, no non-aeronautical activities may be performed that are presently being performed on a limited contractual basis by persons having valid contracts with the COUNTY to perform such services on the AIRPORT.

SECTION 13. SELF-FUELING BY PRIVATE OWNERS:

Self-fueling by private owners of aircraft using automotive gasoline (MoGas) will be permitted by the BOARD, provided that owners adhere to provisions in Sections 10a through 10s of these Minimum Standards as well as those further defined herein.

a. MoGas must meet ASTM D-439-58 standards at the time of delivery into the aircraft. MoGas may be substituted for AvGas in only those aircraft for which an individual Supplemental Type Certificate (STC) has been approved by the Federal Aviation Administration. A copy of the individually held STC must be on file with the BOARD.

b. All MoGas self-fueling operations will be governed by a permit issued by the Airports Director for a fee of \$500.00 and shall be valid for a period of one (1) year. A permit must be issued for each aircraft subject to self-fueling operations.

c. All private users shall also pay a fuel flowage fee as determined by the BOARD. A fuel flowage report, invoice, or receipt with the appropriate remittance shall be provided to the Airports Director by the tenth (10th) day of each month for fuel dispensed on the AIRPORT. Fees may be adjusted from time-to-time as deemed necessary by the BOARD.

d. Private users shall be responsible for the payment of the appropriate Federal Excise Tax on aviation gasoline and for all reports required by the Internal Revenue Service and shall comply with all applicable federal statutes and all regulations, including but not limited to, those promulgated by the Federal Aviation Administration.

e. All private users shall obtain and keep in effect during the term of their permit and/or operations, an insurance policy which provides coverage for general liability to include premises and property damage, of at least one million (\$1,000,000) dollars combined single limits, and said policy shall name the Okaloosa County Board of

Commissioners as an additional insured. The user shall also furnish the Airports Director with a certificate from the user's insurance carrier executed on an approved form showing such insurance to be in full force and effect.

f. Private users who do not have written permission from an FBO which allows the user to refuel on the FBO's leased premises shall coordinate with, and receive written permission from, the Airports Director for the location of, and access routes to, an alternative fueling location.

g. The Chapter 108, Hangarmates of Experimental Aircraft Association currently operating under lease agreement with the BOARD at the Bob Sikes Airport are heretofore considered exempt from the standards for self-fueling by private owners as set forth above.

SECTION 14. MINIMUM REQUIREMENT - FLYING CLUBS:

Regulations

Prior to commencement of aeronautical activities, each club must obtain approval from the BOARD and secure a lease and operating agreement for proposed activities. Prior to, and during the term of the lease and operating agreement, each club, at the request of the BOARD will submit sufficient documentation to establish ownership, financial status, and technical ability, in addition to adhering to the following regulations:

- a. Each club must be registered as a non-profit corporation or partnership.
- b. Each member must be a bona fide owner of the aircraft or stockholder in the corporation.
- c. The club may not derive greater revenue from the use of its aircraft than the amount necessary for the actual operation, maintenance, and replacement of its aircraft.
- d. The club will file and keep current with the Airports Director a complete list of the club's membership and investment share held by each member.
- e. The club's aircraft will not be used by other than bona fide members for rental and will not be used by anyone for commercial operations.
- f. Student instruction can be given in club aircraft to club members provided such instruction is given by a Lessee based at the AIRPORT who provides flight instruction, or by an instructor who shall not receive remuneration in any manner for such service.
- g. Aircraft maintenance performed by the club shall be limited to only that maintenance that does not require a certificated mechanic. All other maintenance must be

provided by a lessee based at the AIRPORT who provides such service, or by a properly certificated mechanic who shall not receive remuneration in any manner for such service.

SECTION 15. NEW APPLICATIONS:

Any corporation, partnership, or individual desiring to receive permission to operate as a full-service FBO, a Specialty Service operator, or any other business or aeronautical activity on the AIRPORT shall first make application to the BOARD's Airports Director. The application shall be in sufficient detail to discern the completed qualifications of the applicant to perform the desired service and shall include the following:

- a. A written letter detailing the nature of the proposed activity as well as the following:
 1. The name, address, and telephone number of the applicant;
 2. A detailed description of the proposed operation, to include the date of commencement;
 3. The professional qualifications of the personnel who will manage and/or operate the proposed service;
 4. Descriptions and cost estimates of any proposed capital improvements on the proposed site.
 5. Pro forma operating statement for first year's activity.
- b. A current financial statement prepared or certified by, a certified public accountant, if available, and if not, a current financial statement as provided to a financial institution. The BOARD shall be entitled to consider the type of financial statement in evaluating the applicant's financial ability to provide responsible, safe, and adequate service to the public.
- c. A written listing of the assets owned, leased, or being purchased which will be used in the business on the AIRPORT. Copies of any leases or purchase contracts must be attached.
- d. A current credit report covering all areas in which the applicant has done business in the past ten (10) years.
- e. A written authorization of the FAA and all aviation or aeronautic commissions, administrators, or departments of all states in which the applicant has engaged in aviation business to release information in their files relating to the applicant or its operation. The applicant will execute such forms, releases, or discharges as may be requested by those agencies.

f. The applications shall be signed and submitted by every person owning an interest in the business, those who will be managing the business if already designated, every partner of a partnership, and each director and/or officer of the corporation.

g. Any additional information and material necessary or requested by the BOARD to establish to the satisfaction of the BOARD that the applicant can qualify and will comply with these Minimum Standards.

The application together with all supporting documentation shall be submitted to the Airports Director. For Fixed Base Operations, once all application material is submitted and reviewed by the Airports Director, and provided the application is deemed complete, the Airports Director shall request BOARD directive to initiate the Bid Process.

All other aviation-related Specialty Service Operations and/or company or individual who uses the AIRPORT or any of its improvements of facilities for any revenue-producing business or commercial aeronautical activities and once all application material is submitted and reviewed by the Airports Director, the matter shall be considered within thirty (30) days of the next regularly scheduled meeting of the BOARD, provided the application is deemed complete.

The BOARD may deny any application if, in its opinion, it finds any one or more of the following:

a. The applicant for any reason does not meet the qualifications, standards, and requirements established by these rules and regulations, or is not prepared to meet same within a reasonable time to be established by the BOARD;

b. The applicant's proposed operation or construction will create a safety hazard on the AIRPORT;

c. The granting of the application will require the BOARD to spend funds or to supply labor or materials in connection with the proposed operation, or the operation will result in a financial loss to the BOARD;

d. No appropriate, adequate, or available space or building exists at the AIRPORT which would accommodate the entire activity of the applicant at the time of application nor is contemplated within a reasonable time thereafter;

e. The proposed operation, airport development, or construction does not comply with the Airport Master Plan then in effect;

f. The development or use of the area requested by the applicant will result in a congestion of aircraft or buildings, or will result in unduly interference with the operations

of any present Fixed Base Operator on the AIRPORT relating to problems with aircraft service and/or prevent free access to the Fixed Base Operator's area;

g. The applicant has either intentionally or unintentionally misrepresented or omitted any material fact in the application or in supporting documents;

h. The applicant has failed to make full disclosure on the application or in supporting documents;

i. The applicant has a record of violating the rules and regulations of any other airport or civil air regulations, FAA regulations, or any other rules and regulations applicable to Okaloosa County Airports;

j. The applicant has defaulted in the performance of any lease or any other agreement with the BOARD;

k. The applicant does not, in the opinion of the BOARD, exhibit adequate financial responsibility to undertake the project, based upon current financial information provided;

l. The applicant cannot provide a performance bond in the amount required by the BOARD for that contract;

m. The applicant has been convicted of any felony or a misdemeanor involving moral turpitude.

Nothing contained herein shall prohibit the BOARD from granting or denying, for any reason it deems sufficient, an application to do business on the AIRPORT for the purpose of selling, furnishing, or establishing non-aviation products supplied for any service or business of a non-aeronautical nature, or an application for the non-profit use of an airport facility.

SECTION 16. INSURANCE REQUIREMENTS:

The operator will provide, and maintain in full force and effect, insurance coverage in the following types and minimum amounts:

a. For full service Fixed Base Operations, general liability coverage to include premises and property damage of at least two million (\$2,000,000.00) dollars combined single limit (CSL); aircraft liability coverage of at least two million (\$2,000,000.00) dollars CSL; products/completed operations liability coverage of at least two million (2,000,000.00) dollars CSL; hangarkeepers liability coverage of at least two million (\$2,000,000.00) dollars CSL. Insurance coverage shall be applicable to the type of activity being conducted.

b. For any Specialty Service Operator offering one or more of the services in Section 11 above, general liability coverage to include premises and property damage of at least one million (\$1,000,000.00) CSL; aircraft liability coverage of at least one million (\$1,000,000.00) CSL; and products/completed operations liability coverage of at least one million (\$1,000,000.00) CSL.

The Okaloosa County Board of Commissioners shall be named as an additional insured on all such policies. The operator shall also submit to the Airports Director a certificate of insurance from the operator's insurance carrier, executed on the approved form, verifying the types, limits and expiration dates of all policies.

SECTION 17. WAIVER OF MINIMUM STANDARDS:

The BOARD may, at its discretion, waive all or any portion of the Minimum Standards set forth herein for the benefit of any government or governmental agency performing non-profit public services to the aircraft industry. The BOARD may further temporarily waive any of the Minimum Standards for non-governmental applicants where it deems such waiver to be in the best interest of the AIRPORT's operation and public good.

SECTION 18. VIOLATIONS, PENALTIES AND PROCEDURES:

If the Airports Director determines that any of these Minimum Standards have been violated by an entity operating on the AIRPORT, and that he or she cannot resolve the matter satisfactorily by notice to, and discussion with, the offending operator, then the Airports Director may recommend to the BOARD that formal action be taken against the offending operator. The BOARD shall allow the operator notice and an opportunity to be heard before deciding whether and what action should be taken against the operator for the alleged violation. Such action may include, but not limited to, reprimand, suspension of airport operations by the operator, or revocation of the operator's right to conduct business at the AIRPORT.

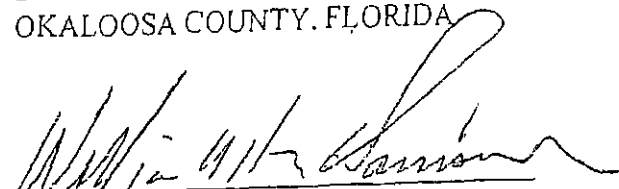
SECTION 19. SAFETY AND SECURITY:

All operators shall abide by all provisions of the approved AIRPORT rules and regulations. If violations of the approved AIRPORT rules and regulations result in fines being levied by any federal or state agency, the operator will reimburse the BOARD for the full cost of said fines within thirty (30) days of payment by the BOARD.

The attached Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations were adopted at the regular scheduled meeting of the Okaloosa County Board of Commissioners on _____, 1997.

These Minimum Standards supersede any standards previously established by the Okaloosa County Board of Commissioners.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

A handwritten signature in cursive script, appearing to read "William A. Harrison", written over a horizontal line.

WM A HARRISON
CHAIRMAN

Exhibit C

LEASE RATES

Exhibit C

Table 1

Ground and Building Lease Rates

Ground Lease Rate

Ground Lease Area	Rate/SF/Year	Square Footage	Annual Ground Lease
Ground Lease Parcel #1: Exhibit A-1: Ramp Area, Fuel Farm, Parking	\$0.06	813,953	\$48,837.18
Ground Lease Parcel #2: Exhibit A-2: Parking Lot	\$0.06	38,849	\$2,330.94
Ground Lease Parcel #3: Exhibit A-3: Parking Lot	\$0.06	<u>13,553</u>	<u>\$813.18</u>
Total		866,355	\$51,981.30

Building Lease Rate

Building Description	Square Footage	Annual Lease Rates
Passenger Terminal - Administrative Space	5,914	\$40,788.00
Maintenance Hangar	<u>15,474</u>	<u>\$31,973.88</u>
Total	21,388	\$72,761.88
Grand Totals	887,743	\$124,743.18

Total Monthly Rent: \$124,743.18 / 12 = \$10,395.27 per month

Exhibit D

Repayment Plan

AGREEMENT

THIS AGREEMENT is made and entered into this 19th day of March, 2013, by and between **OKALOOSA COUNTY, FLORIDA**, a political subdivision of the State of Florida (hereafter, the "County"), and **MIRACLE STRIP AVIATION, INC.**, a for profit corporation incorporated and authorized to do business in the State of Florida (hereafter, "Lessee" or "Operator"),

WITNESSETH:

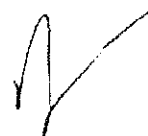
WHEREAS, the County owns, operates and maintains the Destin/Ft. Walton Beach Airport (hereafter, "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Lessee currently operates a Full Service Fixed Base Operation at the Airport, pursuant to the terms of that certain Lease and Operating Agreement entered into on June 23, 1998, as amended by Lease Amendment Nos. 1 and 2, entered into on August 5, 2003, and April 7, 2008, respectively (collectively, hereafter, the "Lease"); and

WHEREAS, the County placed Operator on notice of its default on various terms of the Lease, by certified and hand delivered correspondence dated January 4, 2013; and

WHEREAS, Operator was given 30 days under that default notice correspondence within which to cure the two separately described events of default; and

WHEREAS, during that 30 day cure period, the County received communications and confirmation that Operator has come under new ownership, in that all Miracle Strip Aviation, Inc. corporate stock has been purchased and is now owned by Regal Capital, LLC, a Florida Limited Liability Company (hereafter, "Regal"); and



WHEREAS, Regal has made a proposal for resolving the events of default as set out against Operator in the above-referenced January 4, 2013, default notice correspondence;

NOW, THEREFORE, the parties hereto stipulate and agree as follows:

1. Operator agrees to repay the County money owed from back rents and other unpaid charges in the principal amount of \$485,382.00 (the first event of default), under the following terms:

a) payment of \$150,000.00 in cash, shall be provided to the County within ten (10) business days after the Commencement Date, as that term is defined in Article VI of the Amended and Restated Lease Agreement entered or to be entered into by the parties;

b) Operator shall be given a credit of \$100,000.00 of the debt owed, by application of such funds toward renovations to the Airport terminal building and other miscellaneous improvements to be made on the Airport site; and

c) the remaining \$235,382.00 of the debt owed shall be repaid by Operator in equal monthly installments, to be amortized over 6 years, at 4% interest, with the first such installment due to the County on the first day of the month following the Commencement Date, and with each of the succeeding 71 monthly payments being due on the first day of each month thereafter.

2. The County agrees to waive any late fees or interest, other than as described above, which might otherwise be due and owing by Operator under the Lease on the principal amount owed for back rents and other miscellaneous charges, so long as Operator remains in compliance with the terms of paragraph 1 of this AGREEMENT, above.

3. Operator is responsible for securing all applicable permits and complying with all Federal, State and County statutes, regulations and ordinances in its construction of the Airport building terminal renovations referenced in paragraph 1 of this **AGREEMENT**, above.

4. The County retains the right to review and approve any plans for renovations to be made by Operator at the Airport terminal building; to monitor said renovation work; to review all paid receipts to verify amounts expended; and to review and approve the quality of the work performed in that regard.

5. Operator agrees that, in cure of its prior default with respect to its duty assure that the Airport is serviced by a fully operational maintenance facility, staffed by fully FAA certificated repair operators, as per the terms of the Lease and Exhibit C thereto (the second event of default), Operator intends to secure a third party maintenance operation meeting all such standards, and shall enter into a sublease with that maintenance operation in accordance with the requirements of Article XXXIV of the Lease, within thirty (30) days after the date this **AGREEMENT** is entered.

6. The parties agree that upon the entry of this **AGREEMENT**, they shall expeditiously undertake to renegotiate the terms of the Lease under which Lessee is currently operating, with the understanding that the agreements set out in paragraphs 1 - 5 of this **AGREEMENT**, above, shall not be impacted by said negotiations, but shall remain in full force and effect and shall become a part of any renegotiated Lease.

7. This **AGREEMENT** constitutes the entire agreement and understanding between the parties with respect to the matters addressed herein and supersedes all negotiations,

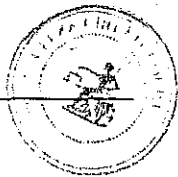
prior discussions, letters of intent and preliminary agreements. This AGREEMENT may not be amended except by written document executed by all parties.

IN WITNESS WHEREOF, the parties hereto have executed this instrument, through their respective authorized representatives, on the date first set out above.

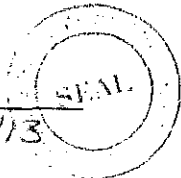
ATTEST:

BOARD OF COUNTY
COMMISSIONERS, OKALOOSA
COUNTY, FLORIDA

Ray J. Stafford
Clerk of Court



By: Don Amunds 3/26/13
Don Amunds
Chairman



Approved as to Form:

[Signature]

County Attorney

Approved as to Content:

[Signature]

Airports Director

ATTEST:

MIRACLE STRIP AVIATION, INC.

By: John Morris

John MORRIS
Printed Name

Admin. Fin. Mgr. NCFRA
Title

By: [Signature] 3-12-13
John E. Simmons
President

ANNEX B

MONTHLY BASE GROUND RENT AND REGAL NOTE PAYMENTS

Annex B

Invoice

Page 1 of 1

Okaloosa County Airports

REMIT TO:
Okaloosa County Airports
1701 Slate Rd 85 N
Eglin AFB, FL 32542

Invoice # 24121
Invoice Date 07/01/2016
Contract # L79-0101-AP
Total Amount Due \$16,080.45



Destin Jet South
P. O. Box 159
Payor#: 000288
Destin, FL 32541

Terms:
Due on Receipt

Destin Executive Airport

Billing Period 07/01/2016 To 07/31/2016

Line	Description	Amount
1	FBO Bldg & Ground Lease (4210R-344168) Passenger Terminal-Admin Space 1 @ (\$40,788.00/12)	\$3,399.00
2	FBO Bldg & Ground Lease (4210R-344168) Maintenance Hangar 1 @ (\$31,973.88/12)	\$2,664.49
3	FBO Ground Lease Regal Air (4210R-344168) Parcel #1 - Ramp Area, Fuel Farm & Pkg 813,953 SF @ (\$0.06/12)	\$4,069.77
4	FBO Ground Lease Regal Air (4210R-344168) Parcel #2 - Parking Lot 38,849 SF @ (\$0.06/12)	\$194.25
5	FBO Ground Lease Regal Air (4210R-344168) Parcel #3 - Parking Lot 13,553 SF @ (\$0.06/12)	\$87.77
6	Payment Plan - Regal Interest (4210R-361105) July Interest Payment 1 @ \$156.29	\$156.29 \$156.29
7	Payment Plan - Regal Note (00421-1280001) July Principal Payment 1 @ \$4,618.67	\$4,618.67 \$4,618.67
8	Tax 15,170.225 @ \$0.06	\$286.49 \$623.72 <u>\$910.21</u>
		\$5,061.45
Total Amount Due		\$5,061.45 + \$11,019.00 = \$16,080.45

Phone: 850-651-7180 Ext 1003
Email: lclark@co.okaloosa.fl.us



BOARD OF COUNTY COMMISSIONERS AGENDA REQUEST

DATE: September 20, 2016
TO: Honorable Chairman and Members of the Board
FROM: Tracy Stage
SUBJECT: Assignment, Consent and Assumption of Destin Jet, LLC and Regal Air Destin, LLC agreements
DEPARTMENT: Airport
BCC DISTRICT: 5

STATEMENT OF ISSUE: The Board is requested to approve the Assignment, Consent and Assumption of Lease and the Consent and Estoppel Certificates for the current lease agreements with the two current Fixed Based Operators (FBO), Destin Jet, LLC and Regal Air Destin, LLC at the Destin Executive Airport. The assignee for both agreements will be Triumph FBO Destin LLC.

BACKGROUND: Two FBOs currently operate at the Destin Executive Airport and provide all aeronautical services required of a FBO and in compliance with the County's Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations.

Agreement # L04-0233-AP between the County and Destin Jet, LLC was executed on February 26, 2004 and amended on December 4, 2007, November 20, 2008, February 3, 2009, and March 3, 2015. The terms and conditions of the agreement will remain the same and the applicable fees are summarized in the Consent and Estoppel Certificate. In addition, the requested Assignment is conditional and will only become effective if the following conditions are met:

- 1) Assignee must present to the County a current Certificate of Insurance in accordance with the terms of the Lease
- 2) A Security Deposit must be posted to the County by Assignee as required in the terms of the Lease

Agreement # L79-0101-AP between the County and Miracle Strip Aviation was Amended and Restated on March 19, 2013. The agreement was assigned to Regal Air Destin on June 6, 2013 and amended on December 6, 2013 and March 3, 2015. The terms and conditions of the agreement will remain the same and the applicable fees are summarized in the Consent and Estoppel Certificate. In addition, the requested Assignment is conditional and will only be effective if the following conditions are met:


- 1) Assignee must present to the County a current Certificate of Insurance in accordance with the terms of the Lease
- 2) A Security Deposit must be posted to the County by Assignee as required in the terms of the Lease

3) Operator must remit to the County the outstanding Miracle Strip Aviation debt. Debt principle balance is \$32,983.45 and accrued interest

Destin Jet FBO is a world class facility providing services to general aviation business and leisure travel. The improvements and customer service have earned Destin Jet consistent rankings in the Top 10 of all FBO's in the country by Aviation International News and Business Jet Traveler ranks Destin Jet # 3 in the world. These rankings are important to the continued success of general aviation in Okaloosa County. Airport staff has reviewed, researched and vetted information submitted on the proposed assignee, Triumph FBO Destin, LLC, specifically the managing partner's aviation management and FBO management experience, financial health and business plan. Staff believe this assumption is of sound acceptance.

OPTIONS: Approve, reject or table.

RECOMMENDATIONS: Staff recommends that the Board approve the Assignment, Consent and Assumption of Leases and the Consent and Estoppel Certificates approving and authorizing the Chairman to execute each assignment with conditions as provided above.



Tracy Stige, Airport Director 9/14/2016

RECOMMENDED BY:

APPROVED BY:

John Hofstad, County Administrator

CONTRACT & LEASE INTERNAL COORDINATION SHEET

Contract/Lease Number: LO4-0233-AP Tracking Number: 2027-16
Contractor/Lessee Name: Destin Jet Grant Funded: YES ___ NO ___
Purpose: Assignment of lease

Date/Term: 4/24/2019 1. GREATER THAN \$50,000
Amount: _____ 2. GREATER THAN \$25,000
Department: AP 3. \$25,000 OR LESS
Dept. Monitor Name: Stage/miner
Document has been reviewed and includes any attachments or exhibits.

Purchasing Review

Procurement requirements are met:
Ch - Powell Date: 9/13/2016
Purchasing Director or designee ~~Zan Fedorak, Charles Powell, DeRita Mason~~

Risk Management Review

Approved as written:
Laura J. Porter Date: 9/13/16
Risk Manager or designee Laura Porter or Krystal King

County Attorney Review
See Council dated 9/13/2016

Approved as written:

County Attorney Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee
Date: _____

Following Okaloosa County approval:

Contract & Grant

Document has been received:

Contracts & Grants Manager Date: _____

09-14-16 10:30 RCVD

Charles Powell

From: Parsons, Kerry <KParsons@ngn-tally.com>
Sent: Tuesday, September 13, 2016 7:53 AM
To: Stephanie Herrick; Charles Powell
Cc: Dave Miner
Subject: RE: Destin Jet Assignment of Lease (L04-0233-AP)

Good Morning Charles:

These are approved for legal sufficiency.

From: Stephanie Herrick [mailto:sherrick@co.okaloosa.fl.us]
Sent: Monday, September 12, 2016 9:25 PM
To: Parsons, Kerry; Charles Powell
Cc: Dave Miner
Subject: RE: Destin Jet Assignment of Lease (L04-0233-AP)

Charles,

Attached are the edited formats for the assignment, we'll need to coordination by Wednesday morning. Sorry for the quick turn and let me know if you see any issues. Thanks!!

Stephanie Herrick
Airports Financial Manager
Okaloosa County Airports
1701 State Road 85 N
Eglin AFB, FL 32542
(850) 651-7160 ext. 1051



Destin Executive Airport (DTS) . Destin - Fort Walton Beach Airport (VPS) . Bob Sikes Airport (CEW)

Please consider the environment before printing this email.



JLT Specialty USA

5847 San Felipe St., Ste. 2800

Houston, TX 77057

www.jltus.com

September 12, 2016

Triumph FBO Operating, LLC
1 Destin Jet Way
Destin, Florida 32541

RE: Client: Triumph FBO Operating, LLC – Purchase of Property and Operations at 1 Destin Jet Way (Destin Jet North) and 1001 Airport Road (Destin Jet South)

JLT Specialty Insurance Services Inc. is the insurance broker for Triumph FBO Operating, LLC, and we confirm that insurance required by the Leases with the County in the above referenced purchase can be made available in the event of executed closing documents. Insurance lines of coverage to be procured include, but are not limited to the following:

- Commercial Aviation General Liability – \$50,000,000 Limit
- Workers' Compensation and Employers' Liability – Statutory/\$1,000,000 Limit
- Commercial Property – Per Schedule of Values
- Commercial Auto Liability – \$1,000,000 Liability Limit
- Pollution Liability – \$1,000,000 Limit

Such coverage would be in the name of Triumph FBO Operating, LLC, which is the parent company of Triumph FBO Destin, LLC. Coverage would extend to scheduled subsidiaries of said parent company upon close.

For any questions, please feel free to contact JLT at 713-325-7608.

Regards,

William Helander

William Helander

Executive Vice President

09-15-16P:1:39 RCVD

Tyson S. Goetz

Tulsa, OK

tgoetz1@alumni.nd.edu

918-859-0942

EXECUTIVE OPERATIONS LEADER

Dynamic executive leader recognized for excellent leadership, quality, financial performance, process improvement, and the ability to set and achieve operational goals. A proven track record of success in strategic business planning, employee development, management of cross functional teams, and customer relations.

- Income & Cash Growth
- Employee Development
- Mergers & Acquisitions
- Customer Satisfaction
- Process Improvement
- Innovative Problem Solving
- Operations Management
- Business Analytics
- Change Management

Professional Experience

Landmark Aviation

March 2013 - Present

A global portfolio business of The Carlyle Group with approximately \$800M in annual revenues and 3,000 employees.

Regional Vice President of Operations

Profit and loss responsibility for 10 fixed base retail operations. Consistently improve the company's business position by offering a robust value proposition through enhanced customer service, employee development, and accident prevention. Design performance strategies, lead FBO General Managers in creating tactical execution plans, measure results, and ensure accountability. A balanced business approach focusing on financial performance, customer service, safety, employee development, internal business processes, and support of the community.

- Improved year over year regional earnings by 41% for same store locations versus a peer average of 14%.
- Outperformed the 2015 regional budgetary target by 26% for same store locations, and 20% for all locations within the region, versus peer averages of 6% and 3% respectively.
- Developed the General Management team resulting in 88% of General Managers within the region qualifying for the company's Circle of Excellence versus a peer average of 57%. Circle of Excellence recognizes exceptional performance in customer service, safety, community service, and income growth.
- Developed a fuel pricing and fee strategy that was later supported by the CFO and promoted to the entire network.
- Reduced days sales outstanding by 27% by improving the collection process and designing enhanced receivables reporting.
- Improved the regional safety culture leading to a 25% reduction in year over year incidents.
- Created an operational quality assessment program identifying and measuring the leading indicators of front line safety and customer service, and subsequent action plans to address deficiencies.
- Improved customer service and front line staff efficiency by assessing operational procedures and determining optimal process sequencing.
- Facilitated cascading employee development programs to foster and retain talent in key positions.
- Successfully completed a tenant contract program obtaining hangar licenses from more than 50 customers over multiple bases reducing financial and legal risk to the company.

Vice President of Business Development

- Participated in over \$400M in accretive acquisitions and the integration of 25 locations and 700 employees.
- Redesigned the Landmark integration plan to more effectively adapt newly acquired businesses to the company's performance culture and realize expected synergies at an accelerated rate.
- Identified potential targets and assisted in acquisition pricing.
- Identified synergies and capital requirements by conducting financial and operational due diligence.
- Constructed financial models, calculated deal returns and cash flow timing.
- Lead the transition and cultural integration of newly acquired bases.

Atlantic Aviation

February 2003 - March 2013

A portfolio business of Macquarie Infrastructure Company with approximately \$800M in annual revenues and 2,000 employees.

Regional Director of Operations

- Managed all business functions of 8 operations with \$95M in annual operating revenues, \$22M in EBITDA, and 240 team members.
- Mentored, coached, and developed 4 General Managers and 1 Regional Manager.
- Grew region earnings by 28.95% from 2009 to 2011 outpacing the company growth rate of 18.97% for the same period.
- Authored and implemented the network's leadership development program.
- Created more effective personnel selection and evaluation tools resulting in employee productivity improvement and cost reductions from associated accidents, injuries, and turnover across the network.
- Evaluated new acquisitions for strategic fit and investment return by creating and analyzing discounted cash flow models.
- Negotiated contracts and leases with customers, vendors, cities, and airport authorities including an 18 year operating lease extension in South Bend, and a 15 year lease extension in Cleveland, circumventing public RFPs.
- Managed a \$5.5M construction project in Chicago, \$550K remodel of the South Bend operation, and a \$750K remodel of the Cleveland operation including capital budgeting, project design approval, vendor coordination, and construction.
- Created business analytical tools that have identified opportunities and optimal price points leading to profitability improvements.
- Operational planning for high activity special events such as the Kentucky Derby, Super Bowl 38, and Notre Dame Football weekends.

General Manager

- Increased EBITDA by 12% and product flow by 20% through improved service and strategic pricing.
- Improved staff retention from 20% to 80% by improving the employee work environment and adding staff recognition and development programs which fostered individual self-esteem and created consistency in work-life routines.
- Inspired and trained customer service personnel to impact key sales metrics.
- Developed the annual operating and capital budget for the location.

Operations Manager

- Managed the Line Service, Customer Service, and Cargo departments, which included 52 employees.
- Implemented a facility fee program that generated an additional \$120K in annual gross profit.
- Created a customer service training program adopted by the network.

Education

University of Notre Dame

May 2010

Master of Business Administration, Corporate Finance

- Sub-Concentrate: Business Analytics
- Student Ambassador

Sam Houston State University

May 2006

Bachelor of Business Administration, Accounting

- Study Abroad: Costa Rica
- Minor: Spanish

Awards & Accomplishments

- Flightplan.com Top Ranked Aviation Service Provider in the East Central, 2010, 2011
- Aviation International News Top 20 Ranked Aviation Service Provider, 2009
- South Bend Regional Airport Stakeholder of the Year, 2008
- Exxon Mobile Premier Spirit Gold Award, 2003, 2004, 2005
- NATA Certification

Volunteer

- Meals on Wheels – food packer
- The Salvation Army – adopt a family
- Northern Indiana Food Bank – food drive sponsorships
- The DEED Project – youth leadership instructor
- University of Notre Dame – student ambassador, alumnus interviewer, expert judge
- The Bridge Youth Center – youth martial arts instructor and bible study leader

Chad Farischon

Accomplished executive with 20 years of diverse aviation leadership experience with a proven track record of achieving results and maximizing profitability. Aggressively identifies opportunities, develops focus and provides tactical business solutions. Tenacious and proactive leadership focused on team oriented excellence.

KEY ATTRIBUTES

- Positive, motivated and knowledgeable.
- Innovative and creative with excellent problem solving skills.
- Leader and team builder with dedication to succeed.
- Self-motivated and strategic thinker.
- Politically savvy with excellent marketing skills.

PROFESSIONAL EXPERIENCE

Regional Vice President, Landmark Aviation

Houston, TX

Sept 2009–Present

- Lead and direct a region consisting of General Managers up to 17 airports generating over \$140M revenue and \$30M EBITDA in FBO and MRO operations
- Achieved and exceeded regional budget targets each year without exception
- Coordinate allocation and direction of resources to address individual operations, equipment, staffing, training and administrative needs
- Oversee General Managers in preparing budgets and forecasts in a timely and accurate manner while monitoring and reviewing performance and operational efficiency
- Conduct due diligence for acquisition and post-acquisition integration activities
- Coordinate and actively participate in business development and strategy

Regional Director, Atlantic Aviation

Plano, TX

July 2006 –Sept 2009

- Lead and directed a region consisting of General Managers of up to 14 airports within region
- Coordinated allocation of resources across region to address individual operations, equipment, staffing, training and administrative needs
- Directed the Regional Controller and General Manager's in preparing budgets and forecasts in a timely and accurate manner
- Conducted due diligence for acquisition and post-acquisition integration activities
- Coordinated and actively participated in regional sales and marketing efforts

General Manager, Trajen FBO Network

Aspen/Pitkin County Airport, Aspen, CO

Oct. 2005 – July 2006

- Lead and directed day-to-day operational activities
- Managed and negotiated leases and agreements with corporate, maintenance, charter and individual tenants
- Planned and implemented business development
- Coordinated with governing airport entity and management with development and operational needs
- Expanded EBITDA over 40% in 6 months based on future pro-forma year over year

General Manager, Trajen FBO Network

Wiley Post Airport, Oklahoma City, OK

May 2004 – Sept. 2005

- Lead and directed day-to-day operational activities
- Managed and negotiated leases and agreements with corporate, maintenance, charter and individual tenants
- Planned and implemented hangar and business development
- Coordinated with governing airport entity and management with development and operational needs

Deputy Director, Operations & Finance, Central Illinois Regional Airport

Bloomington-Normal Airport Authority, Bloomington, IL

Sept. 2002 – April 2004

- Responsible for day-to-day operations under FAA Part 139 operating standards
- Assisted in efforts for all aspects of planning, development, air service recruitment and marketing
- Planned and assembled PFC bond issue, general obligation bond issue and AIP grant administration
- Liaison between tenants, concessionaires, and air carriers. Negotiated and prepared leases and agreements
- Prepared specifications, procured equipment and administered capital improvements
- Assisted in project management of the 120,000 sq. ft. passenger terminal construction project
- Assisted with security coordination between airport and the Transportation Security Administration

Manager, Administration & Finance, Central Illinois Regional Airport

Bloomington-Normal Airport Authority, Bloomington, IL

March 2000 - Sept. 2002

- Responsible for policy administration, daily finances and budget preparation and execution
- Liaison between tenants, concessionaires, and air carriers. Negotiated leases and agreements
- Administered property & liability airport insurance program
- Responsible for employee benefit package including health insurance and retirement
- Prepared applications and associated documentation for AIP Federal Aviation Administration and Illinois Department of Transportation grants
- Assisted with marketing and air service development efforts

Operations Superintendent, Decatur Airport

Decatur Park District, Decatur, IL

Oct. 1995 - March 2000

- Reviewed and updated FAA Part 139 Airport Operations and Security Manuals, including an update of the Airport Emergency Plan
- Responsible for all maintenance of all airfield, terminal, and snow removal
- Supervised ARFF operations and procedures

Airport Manager, Marshall County Airport

Marshall County, Lacon, IL

Jan. 1993 - Sept. 1995

- Promoted and organized airport development
- Represented Airport on community-related boards and organizations
- Supervised properties and tenants of the airport

- Expanded and promoted customer relations
- Maintained FAA airport operating standards

General Manager, Midstate Aviation

A Division of Midstate College, Lacon, IL Jan. 1993 - Jan. 1995

- Developed a successful, full service fixed based operation
- Developed and expanded the flight training program
- Directed administrative functions
- Developed and promoted general aviation traffic
- Supervised aircraft maintenance, aircraft rental and fueling operations

Director of Aviation Operations, Midstate College

Peoria, IL Feb. 1992 - Jan. 1995

- Developed new program to achieve outstanding learning experience
- Perfected public relations capabilities
- Instructed students for their maximum learning potential
- Marketed program for new enrollments

EDUCATION

Aviation Management B.S., Aviation Flight

Southern Illinois University, Carbondale, IL Aug. 1988 - May 1992

ACHIEVEMENTS

- Achieved year over year EBITDA growth exceeding budget in double digits percentage
- Transitioned and executed dozens of successful acquisitions exceeding EBITDA projections
- State of Illinois, "Primary Airport of the Year" award, 1998, 1999, 2000
- Planned and assembled \$41 million funding package for new passenger terminal building in 2001
- Planned and assembled \$27 million Letter of Intent construction financing for runway and taxiway improvements in 2002
- Elected official - Alderman, City of LeRoy, IL - April 2003 - March 2004

CERTIFICATES

Currently hold a private pilot license

PROFESSIONAL ORGANIZATIONS

National Business Aircraft Association
American Association of Airport Executives

Charles Powell

From: Parsons, Kerry <KParsons@ngn-tally.com>
Sent: Tuesday, September 13, 2016 7:53 AM
To: Stephanie Herrick; Charles Powell
Cc: Dave Miner
Subject: RE: Destin Jet Assignment of Lease (L04-0233-AP)
(L79-0101-AP)

Good Morning Charles:

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To: Parsons, Kerry; Charles Powell
Cc: Dave Miner
Subject: RE: Destin Jet Assignment of Lease (L04-0233-AP)

Charles,

Attached are the edited formats for the assignment, we'll need to coordination by Wednesday morning. Sorry for the quick turn and let me know if you see any issues. Thanks!!

Stephanie Herrick
Airports Financial Manager
Okaloosa County Airports
1701 State Road 85 N
Eglin AFB, FL 32542
(850) 651-7160 ext. 1051



Destin Executive Airport (DTS) . Destin - Fort Walton Beach Airport (VPS) . Bob Sikes Airport (CEW)

Please consider the environment before printing this email.

CONTRACT & LEASE INTERNAL COORDINATION SHEET

Contract/Lease Number: <u>L79-0101-AP</u>	Tracking Number: _____
Contractor/Lessee Name: <u>Regal Air Design, LLC</u>	Grant Funded: YES ___ NO <input checked="" type="checkbox"/>
Purpose: <u>FBO DTS</u>	
Date/Term: <u>3/26/2033</u>	1. <input checked="" type="checkbox"/> GREATER THAN \$50,000
Amount: _____	2. <input type="checkbox"/> GREATER THAN \$25,000
Department: <u>AP</u>	3. <input type="checkbox"/> \$25,000 OR LESS
Dept. Monitor Name: <u>Stage / miner</u>	
Document has been reviewed and includes any attachments or exhibits.	

Purchasing Review	
Procurement requirements are met:	
<u>Ch - Powell</u>	Date: <u>9/13/2016</u>
Purchasing Director or designee	Zan Fedorak, Charles Powell, DeRita Mason

Risk Management Review	
Approved as written:	
<u>Laura Porter</u>	Date: <u>9/13/16</u>
Risk Manager of designee	Laura Porter or Krystal King

County Attorney Review	
Approved as written:	
<i>See email dated 9/13/2016</i>	
County Attorney	Date: _____
Gregory T. Stewart, Lynn Hoshihara, Kerry Parsons or Designee	

Following Okaloosa County approval:

Contract & Grant	
Document has been received:	
_____	Date: _____
Contracts & Grants Manager	

09-14-16 10:30 AM RCR



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/17/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER SterlingRisk of Florida 1001 Airport Rd Destin FL 32541	CONTACT NAME: PHONE (A/C, Hrs, Ext): 850-650-1811 FAX (A/C, No): 850-270-2602 E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE	
INSURED DJFO, LLC; The Jay Odom Group; Destin Jet, LLC; Regal Air Destin, LLC 1 Destin Jet Way Destin FL 32541 Destin Jet, LLC: Destin Jet North Regal Air Destin, LLC: Destin Jet South	INSURER A: Federal Insurance Company NAIC # 20281	
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES **CERTIFICATE NUMBER: 905167488** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDC/SUBR INSD/WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE L. MIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	99152225	3/1/2016	3/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER **CANCELLATION**

OKALOOSA COUNTY AIRPORT ADMINISTRATION 602-C NORTH PEARL STREET CRESTVIEW FL 32536	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	---



**STARR
COMPANIES**

GLOBAL INSURANCE & INVESTMENTS

3353 Peachtree Road NE, Suite 1000
Atlanta, GA 30326

Certificate of Insurance

Certificate Holder: OKALOOSA COUNTY
602-C NORTH PEARL STREET
CRESTVIEW, FL 32536

Named Insured: DESTIN JET LLC., CRESTVIEW HANGAR #51 LLC., AND AS ENDORSED
DTS AIRPORT LOCATION #1 (NORTH), 1 DESTIN JET WAY
DESTIN, FL 32541

Policy Period: From JANUARY 21, 2016 To JANUARY 21, 2017

Policy Number: 9977-8574-03

Issuing Company: FEDERAL INSURANCE COMPANY

This is to certify that the policy(ies) listed herein have been issued providing coverage for the listed insured as further described. This certificate of insurance is not an insurance policy and does not amend, extend, or alter the coverage afforded by the policy(ies) listed herein. Notwithstanding any requirement, term or condition of any contract, or other document with respect to which this certificate of insurance may be concerned or may pertain, the insurance afforded by the policy(ies) listed on this certificate is subject to all the terms, exclusions, and conditions of such policy(ies).

Aviation Commercial General Liability

Limits of Insurance

Each Occurrence Limit	\$ <u>50,000,000.</u>
Damage to Premises Rented to You Limit	\$ <u>1,000,000.</u> Any one premises
Medical Expense Limit	\$ <u>25,000.</u> Any one person
Personal & Advertising Injury Aggregate Limit	\$ <u>25,000,000.</u>
General Aggregate Limit	\$ <u>NOT APPLICABLE</u>
Products/Completed Operations Aggregate Limit	\$ <u>50,000,000.</u>
Hangarkeepers Limit	
Each Aircraft Limit	\$ <u>50,000,000.</u>
Each Loss Limit	\$ <u>50,000,000.</u>
Hangarkeeper's Deductible	\$ <u>NIL</u> Each Aircraft

FOR FURTHER INFORMATION, PLEASE REFER TO THE STARR ENDORSEMENT FORM NUMBER 10060.

THE COMPANY AGREES TO PROVIDE THE CERTIFICATE HOLDER WITH THIRTY (30) DAYS [TEN (10) DAYS IF FOR NON-PAYMENT OF PREMIUM] NOTICE OF CANCELLATION IF MADE BY THE COMPANY.

THE INSURANCE EVIDENCED BY THIS CERTIFICATE SHALL NOT APPLY TO, AND NO PERSON OR ORGANIZATION TO WHICH COVERAGE IS EVIDENCED IN THE CERTIFICATE SHALL BE INSURED FOR BODILY INJURY OR PROPERTY DAMAGE WHICH ARISES FROM THE DESIGN, MANUFACTURE, MODIFICATION, REPAIR, SALE, OR SERVICING OF AIRCRAFT BY THAT PERSON OR ORGANIZATION.

INSURED LOCATIONS:

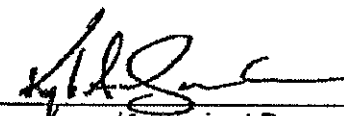
DTS AIRPORT (NORTH), 1 DESTIN JET WAY, DESTIN, FL 32541

DTS AIRPORT (SOUTH) 1001 AIRPORT ROAD, DESTIN, FL 32541

AND THOSE PREMISES NECESSARY AND/OR INCIDENTAL TO THE OPERATIONS OF THE NAMED INSURED.

Certificate Number: 9.1
Issued By, and Date: JANUARY 13, 2016 (SBC)

Starr 10058 (6/06)

By 
(Authorized Representative)

ADDITIONAL INSURED - DESIGNATED PERSON OR ORGANIZATION

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE FORM

SCHEDULE

Name of Additional Insured Person(s) or Organization(s): OKALOOSA COUNTY 602-C NORTH PEARL STREET CRESTVIEW, FL 32536
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

SECTION II - WHO IS AN INSURED is amended to include as an additional Insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A. In the performance of your ongoing operations; or
- B. In connection with your premises owned by or rented to you.


All other provisions of this policy remain the same.

This endorsement becomes effective JANUARY 21, 2016 to be attached to and hereby made a part of:
Policy No. 9977-8574-03
Issued to DESTIN JET, LLC., DJFO, LLC. AND AS ENDORSED

By FEDERAL INSURANCE COMPANY

Endorsement No. 32

Date of Issue JANUARY 14, 2016 (SBC)

By 
(Authorized Representative)

NAMED INSURED ENDORSEMENT

This policy is amended as follows:

The Named Insured and/or Address set forth on the Declarations is EXTENDED as follows:

DESTIN JET, LLC, CRESTVIEW HANGAR #51, LLC, MIRACLE STRIP AVIATION, INC., REGAL AIR DESTIN, LLC, REGAL CAPITAL, LLC, STERLING DIVERSIFIED, LLC, DJFO, LLC, SO INVESTMENTS FREEPORT, LLC., CRYSTAL BEACH DEVELOPMENT OF NORTHWEST FL, RUNWAY TRANSPORTATION RENTALS, LLC., CRYSTAL BEACH DEVELOPMENT OF DESTIN, LTD., AND ANY SUBSIDIARY, AFFILIATED, MANAGED, OWNED OR CONTROL COMPANIES OR ENTITIES NOW IN EXISTENCE OR HERINAFTER FORMED OR ACQUIRED JOINTLY OR SEVERALLY, AS THEIR RESPECTIVE INTERESTS MAY APPEAR.


All other provisions of this policy remain the same.

This endorsement becomes effective JULY 26, 2016 to be attached to and hereby made a part of:
Policy No. 9977-8574-03
Issued to DESTIN JET, LLC., DJFO, LLC. AND AS ENDORSED

By FEDERAL INSURANCE COMPANY

Endorsement No. 76

Date of Issue JULY 26, 2016 (PB)

By 
(Authorized Representative)

EXCESS LIABILITIES

This policy is amended as follows:

SCHEDULE

Exclusions **g** and **h** (1) under **COVERAGE A** do not apply to any use of an automobile owned, operated by, rented, leased, or loaned to you.

The coverage provided by this endorsement will apply only to your "aviation operations" and will apply excess of underlying liability insurance as set forth below, carried by you, or any Insured. An underlying policy shall be maintained with limits as shown below. Except as stated below, coverage provided by this endorsement shall follow the underlying insurance terms, conditions, provisions, and failure of the Insured to maintain the underlying insurance shall not invalidate the coverage afforded under this endorsement, but the Company shall be liable only to the same extent as they would have been had the Insured maintained the underlying coverage.

1. Excess Auto Legal Liability:

The limit of liability provided by this endorsement is \$ 4,000,000. excess of \$ 1,000,000. for any one "occurrence".

Exclusions:

In addition to the exclusion in the underlying policy, coverage provided by this endorsement is subject to the following additional exclusions:

- (a) **COMMON POLICY EXCLUSIONS** set forth under this policy, and
- (b) Coverage does not apply to any obligation of the insured under a "No Fault", "Uninsured Motorist" or "Underinsured Motorist" law.

2. Excess Employer's Liability:

The limit of liability provided by this endorsement is \$ 4,000,000. excess of \$ 1,000,000. for any one "occurrence".

All other provisions of this policy remain the same.

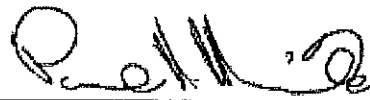
This endorsement becomes effective JANUARY 21, 2016 to be attached to and hereby made a part of:
Policy No. 9977-8574-03
Issued to DESTIN JET, LLC., DJFO, LLC. AND AS ENDORSED

By FEDERAL INSURANCE COMPANY

Endorsement No. 44

Date of Issue JANUARY 14, 2016 (SBC)

By



(Authorized Representative)

NOTE: The format shown in the below document is a sample. The requirement is for the information to be shown; the way it is shown is up to the preparer.

STORAGE TANK CERTIFICATE OF INSURANCE TO DEMONSTRATE FINANCIAL RESPONSIBILITY

40 CFR Part 280.97(b)(2)

Name and Address [name and address of each covered location]:

Destin Jet, LLC
1001 Airport Road
Destin, FL 32541

Policy Number: STV-201397-0316

Period of Coverage [current policy period]: March 27, 2015 - March 27, 2017

Name and Address of Insurer or Risk Retention Group:

Catlin Specialty Insurance Company
160 Greentree Drive, Suite 101, Dover, Delaware 19904

Name and Address of Insured:

Destin Jet, LLC
1001 Airport Road, Destin, FL 32541

1. Catlin Specialty Insurance Company, the Insurer, as identified above, hereby
[Name of Insurer or Risk Retention Group] ["Insurer" or "Group"]
certifies that it has issued liability insurance covering the following aboveground
[“underground” and/or “aboveground”]
storage tank(s):

[List the number of tanks at each facility and the name(s) and address(es) of the facility(ies) where the tanks are located. If more than one instrument is used to assure different tanks at any one facility, for each tank covered by this instrument, list the tank identification number provided in the notification submitted pursuant to 40 CFR 280.22, or the corresponding state requirement, and the name and address of the facility.]

Identification Number

Facility Name and Address

Number of Tanks

98010874

Destin Jet, LLC
1001 Airport Road
Destin, FL 32541

1. - 20,000 aviation gas
2. - 20,000 jet fuel
3. - 20,000 jet fuel

for taking corrective action and/or compensating third parties
for bodily injury and property damages
[insert: "taking corrective action" and/or "compensating third parties for bodily injury and property damage"]
caused by accidental releases
[insert: either "sudden accidental releases" or
"nonsudden accidental releases" or
"accidental releases"]

In accordance with and subject to the limits of liability, exclusions, conditions, and other terms of the policy; [if coverage is different for different tanks or locations, indicate the type of coverage applicable to each tank or location] arising from operating the storage tanks(s) identified above.

The limits of liability are

Each Occurrence: \$ 1,000,000

Annual Aggregate: \$ 2,000,000

[insert the dollar amount of "each occurrence" and "annual aggregate" limits of the insurer's or Group's liability; if the amount of coverage is different for different types of coverage or for different storage tanks or locations, indicate the amount of coverage for each type of coverage and/or for each storage tank or location]

exclusive of legal defense costs, which are subject to a separate limit under the policy. This coverage is provided under SN-201397-0317. The effective date of said policy is March 27, 2015.
[policy number] [date]

2. The Insurer further certifies the following with respect to the insurance described in Paragraph 1:

a. Bankruptcy or insolvency of the insured shall not relieve the Insurer of its obligations under the policy to which this certificate applies.
[Insurer or "Group"]

b. The Insurer is liable for the payment of amounts within any deductible applicable to the policy to the provider of corrective action or a damaged third-party, with a right of reimbursement by the insured for any such payment made by the Insurer.
[Insurer or "Group"]

This provision does not apply with respect to that amount of any deductible for which coverage is demonstrated under another mechanism or combination of mechanisms as specified in 40 CFR 280.95-280.102.

c. Whenever requested by a Director of an implementing agency, the Insurer agrees to furnish to The Director a signed duplicate original of the policy and all endorsements.
[a Director of an implementing agency]
[Insurer or "Group"] [the Director]

d. Cancellation or any other termination of the insurance by the Insurer except for non-payment of premium or misrepresentation by the insured, will be effective only upon written notice and only after the expiration of 60 days after a copy of such written notice is
[Insurer or "Group"]

received by the Insured. Cancellation for non-payment of premium or misrepresentation by the Insured will be effective only upon written notice and only after expiration of a minimum of 10 days after a copy of such written notice is received by the Insured.

[Insert for claims-made policies:

e. The insurance covers claims otherwise covered by the policy that are reported to the Insurer within six months of the effective date of cancellation or non-renewal of the policy except where the new or renewed policy has the same retroactive date or a retroactive date earlier than that of the prior policy, and which arise out of any covered occurrence that commenced after the policy retroactive date, if applicable, and prior to such policy renewal or termination date. Claims reported during such extended reporting period are subject to the terms, conditions, limits, including limits of liability, and exclusions of the policy.]

I hereby certify that the wording of this instrument is identical to the wording in 40 CFR 280.97(b)(2) and that the Insurer is licensed to transact the business of insurance, ["Insurer" or "Group"]

[insert "licensed to transact the business of insurance" or "eligible to provide insurance as an excess or surplus lines insurer in one or more states"].

Edward L. Sheffield, Jr.
[Signature of authorized representative of Insurer]
Edward L. Sheffield, Jr.
[Name of person signing]
Director of Environmental, Catlin Specialty Insurance Company
[Title of person signing] Authorized Representative of [Name of Insurer or Risk Retention Group]
535 Springfield Avenue, Suite 130, Summit, NJ 07901
[Address of Representative]



CRYSBEA-03 DMC DONALD

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

8/29/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Acentria, Inc - Destin Office 4634 Gulfstar Drive Destin, FL 32541	CONTACT NAME: PHONE (A/C, No, Ext): (850) 650-1950		FAX (A/C, No): (850) 650-9288
	E-MAIL ADDRESS:		
INSURER(S) AFFORDING COVERAGE			NAIC#
INSURER A: Westfield Insurance Company			24112
INSURED Destin Jet LLC 1001 Airport Rd. Destin, FL 32540			
INSURER B:			
INSURER C:			
INSURER D:			
INSURER E:			
INSURER F:			

COVERAGES**CERTIFICATE NUMBER:****REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:						EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	\$ \$ \$ \$ \$ \$
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input type="checkbox"/> HIRED AUTOS <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS			CMM4714890	03/01/2016	03/01/2017	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	\$ 1,000,000 \$ \$ \$
A	UMBRELLA LIAB <input checked="" type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED <input checked="" type="checkbox"/> RETENTION \$ 0			CMM4714890	03/01/2016	03/01/2017	EACH OCCURRENCE AGGREGATE	\$ 10,000,000 \$ 10,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below		N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	\$ \$ \$ \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

Ocalaosa County
Dept. of Risk Management
801-A Pearl Street
Crestview, FL 32536

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF PROPERTY INSURANCE

DMCDONALD

DATE (MM/DD/YYYY)

8/29/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

If this certificate is being prepared for a party who has an insurable interest in the property, do not use this form. Use ACORD 27 or ACORD 28.

PRODUCER Acentria, Inc - Destin Office 4634 Gulfstarr Drive Destin, FL 32541	CONTACT NAME: PHONE (A/C. No. Ex): (850) 650-1950	FAX (A/C. No): (850) 650-9288
	E-MAIL ADDRESS: PRODUCER CUSTOMER ID: CRYSBEA-03	
INSURED Destin Jet LLC 1001 Airport Rd. Destin, FL 32541	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Arch Specialty Insurance Company	NAIC # 21199
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
INSURER F:		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

LOCATION OF PREMISES / DESCRIPTION OF PROPERTY (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Destin Jet LLC
 1001 Airport Rd., Destin, FL 32541
 SEE ATTACHED ACORD 101

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE		POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	COVERED PROPERTY	LIMITS
A	<input checked="" type="checkbox"/>	PROPERTY	ESP004866104	03/01/2016	03/01/2017	BUILDING	\$
	CAUSES OF LOSS					PERSONAL PROPERTY	\$
		BASIC				BUSINESS INCOME	\$
		BROAD				EXTRA EXPENSE	\$
	<input checked="" type="checkbox"/>	SPECIAL				RENTAL VALUE	\$
		EARTHQUAKE				BLANKET BUILDING	\$
		WIND				BLANKET PERS PROP	\$
		FLOOD				BLANKET BLDG & PP	\$
	INLAND MARINE	TYPE OF POLICY				\$	
	CAUSES OF LOSS	POLICY NUMBER				\$	
	NAMED PERILS					\$	
	CRIME					\$	
	TYPE OF POLICY					\$	
	BOILER & MACHINERY / EQUIPMENT BREAKDOWN					\$	

SPECIAL CONDITIONS / OTHER COVERAGES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

CERTIFICATE HOLDER**CANCELLATION**

Okaloosa County
 Department of Risk Management
 601-A Pearl Street
 Crestview, FL 32536

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

[Signature]

**ADDITIONAL REMARKS SCHEDULE**

AGENCY Acentria, Inc - Destin Office		NAMED INSURED Destin Jet LLC 1001 Airport Rd. Destin, FL 32641	
POLICY NUMBER SEE PAGE 1			
CARRIER SEE PAGE 1	NAIC CODE SEE P 1	EFFECTIVE DATE: SEE PAGE 1	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 24 FORM TITLE: Certificate of Property Insurance

Description of Property:

- 1) Block 12, Bldg. 17, 4 Hangars: Limits \$1,200,000
- 2) Block 12, Bldg. 16, 6 Hangars: Limits \$1,800,000
- 3) Block 12, Fuel Farm, Aviation Fuel Station: Limits \$415,369; Signs \$8,000
- 4) Block 12, Bldg. 15, FBO Terminal: Limits \$1,200,000; Contents \$250,000

CRYSTAL BEACH DEVELOPMENT OF NW FLORIDA AND JAY ODOM**PROPERTY POLICIES INCLUDING WIND, Effective 3/1/2016 to 3/1/2017:**

- 1) Arch Specialty Insurance Co. - Policy #ESP0048661-04
- 2) Kinsale Insurance Co. - Policy #0100017792-1
- 3) Evanston Insurance- Policy #MKLV11XP004358
- 4) Landmark American Insurance Co. - Policy #LHD395718
- 5) Aspen Specialty Insurance Co. - Policy #PXA55GV15

Replacement Cost Applies; Coinsurance Waived

DEDUCTIBLES:

Named Storm: 3% of Building Values, subject to \$50,000 minimum
All Other Wind: \$25,000 Per Occurrence
All Other Perils: \$5,000 Per Occurrence

30 Day Cancellation Notice

Okaloosa County is listed as Additional Insured.

EXHIBIT B

CONTRACT, LEASE, AGREEMENT CONTROL FORM

Date: ~~2/27/2004~~ ~~1/20/04~~ ~~Ja~~ 3/12/15 *jk*

Contract/Lease Control #: L04-0233-AP20-93 *Ja*

Bid #: AP 79-03 Contract/Lease Type: REVENUE

Award To/Lessee: DESTINJET, LLC

Lessor: OKALOOSA COUNTY

Effective Date: 2/26/2004 \$926,940.00

Term: 20 YEARS EXPIRES ~~2/25/2024~~ ~~2/26/2011~~ *Ja* 04/14/49 *jk*

Description of Contract/Lease: DAP FIXED BASE OPERATOR

Department Manager: AIRPORT

Department Monitor: ~~J. SEALY~~ G. Donovan

Monitor's Telephone #: 651-7160

Monitor's FAX #: 651-7164

Date Closed:

EXHIBIT B

CONTRACT & LEASE AGREEMENT CONTROL FORM

Date: ~~6/27/13~~ 1/7/14

Contract/Lease Control #: C79-0101-AF

Bid #: N/A

Contract/Lease Type: REVENUE

Award to/Lessee: Regal Air Destin, LLC (Formerly MSA)

Lessor: OKALOOSA COUNTY/AIRPORT

Effective Date: 10/9/1978

Term/Expires: 3/26/2033 W/ONE 10 YEAR RENEWAL

Description of Contract/Lease: DAP FIXED BASE OPERATOR

Department Manager: AIRPORT

Department Monitor: Harman jk

Monitor's Telephone #: 651-7160

Monitor's Fax #: 651-7164

Date Closed:



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/17/2016

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER SterlingRisk of Florida 1001 Airport Rd Destin FL 32541	CONTACT NAME: PHONE (A/C, No, Ext): 850-650-1811 FAX (A/C, No): 850-270-2602 E-MAIL ADDRESS:	
	INSURER(S) AFFORDING COVERAGE NAIC # INSURER A : Federal Insurance Company 20281 INSURER B : INSURER C : INSURER D : INSURER E : INSURER F :	
INSURED Regal Air Destin, LLC 1001 Airport Rd Destin FL 32541		

COVERAGES **CERTIFICATE NUMBER: 497794560** **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:					EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$	
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS					COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$	
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$					EACH OCCURRENCE \$ AGGREGATE \$ \$	
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input type="checkbox"/> N/A	99152225	3/1/2016	3/1/2017	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000	

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

02-25-16A07:52 RCVD

Lease 0101

CERTIFICATE HOLDER OKALOOSA COUNTY 602-C NORTH PEARL ST CRESTVIEW FL 32536	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE
--	--

Certificate of Insurance

Named Insured : Stevens Aviation, Inc.
 Address of Insured: Donaldson Center, Industrial Park, 600 Delaware Street, Greenville, SC 29605
 Company : Catlin Insurance Company, Inc./W. Brown & Associates
 Policy Number : NAF4038389
 Effective Date : July 14, 2015 at 1:00 P.M., Local Standard Time
 Expiration Date : May 1, 2016 at 12:01 A.M., Local Standard Time
 Location Covered : Aviation premises owned, rented or occupied by the Named Insured is Destin Executive Airport (DTS)

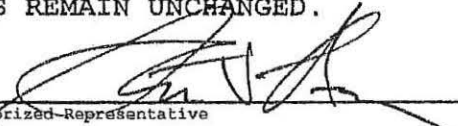
COVERAGES	LIMITS OF LIABILITY
AIRPORT PREMISES LEGAL LIABILITY-	
Combined Single Limit Bodily Injury and Property Damage Liability:	\$50,000,000 Each Occurrence <small>-Amended to include bodily injury or property damage arising out of the ownership, maintenance, operation, use, loading or unloading of any automobile owned or operated by or rented or loaned to the Named Insured, or any other auto operated by any person in the course of his/her employment by the Named Insured, but only while such auto is on the Airport Premises. The coverage provided by this endorsement is included within, and not in addition to the Limits of Liability applicable to Premises Liability coverage. This coverages shall be excess insurance cover any other valid and collectible insurance available to the Named Insured.</small>
AVIATION PRODUCTS & COMPLETED OPERATIONS	
LEGAL LIABILITY (INCLUDING 100% GROUNDING LEGAL LIABILITY)	
Combined Single Limit Bodily Injury and Property Damage Liability:	\$50,000,000 Each Occurrence/ \$50,000,000 Annual Aggregate

Certificate Holder: **REGAL AIR DESTIN**
P.O. BOX 159, 1001 AIRPORT ROAD
DESTIN, FL 32540

L79-0101-AP

This Certificate of Insurance is issued for informational purposes only and confers no rights upon the Certificate Holder. Should any of the above described Policies be cancelled before the expiration date thereof, the Company will endeavor to mail 30 days written notice, except 10 day for non-payment of premium, to the Certificate Holder but failure to mail such notice shall impose no obligation or liability of any kind upon the Company, its Agents or Representatives. Aviation Insurance Managers, Inc. assumes no legal responsibility for failure to provide such notice. Aviation Insurance Managers, Inc. is not the insurer hereunder, and shall not be held liable for any loss or damage. This Certificate does not amend, extend or alter the coverage provided by the Insurance Policy referenced above. The actual policy of insurance contains the complete description of the coverages, limitations, terms and conditions of coverage.

Endorsements Attached- The Certificate Holder shall be included as an Additional Insured, Including Hold Harmless & Indemnification Provisions, but only to the extent and scope of insurance coverages afforded to the Named Insured, with respect to Bodily Injury and Property Damage and only for claims arising out of the operations of the Named Insured; In addition, notwithstanding any provision in the contract to the contrary, the Company Waives its Rights of Subrogation against Additional Insured. This waiver shall not affect any of the Insured's own Rights under this contract. However, nothing in this agreement shall prejudice the Insurance Company's rights of recourse against the additional Insured as manufacturers, repairers, suppliers or servicing agents where such rights of recourse would have existed had this agreement not been effected. The limits shown above in favor of the Certificate Holder are within, and not in addition to, the limits provided to the Named Insured.
ALL OTHER POLICY TERMS & CONDITIONS REMAIN UNCHANGED.


 July 14, 2015
 Date
 Js



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
2/20/2015

V 0101 NA

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER SterlingRisk of Florida 1001 Airport Rd Destin FL 32541	CONTACT NAME: Carl S. Shephard	PHONE (A/C, No, Ext): 850-650-1811	FAX (A/C, No): 850-270-2602	
	E-MAIL ADDRESS: cshephard@sterlingrisk.com			
INSURED Regal Air Destin, LLC 1001 Airport Rd Destin FL 32541	INSURER(S) AFFORDING COVERAGE		NAIC #	
	INSURER A : Federal Insurance Company		20281	
	INSURER B :			
	INSURER C :			
	INSURER D :			
	INSURER E :			
INSURER F :				

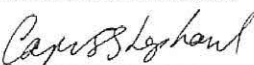
COVERAGES **CERTIFICATE NUMBER:** 1769165055 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER:						EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COMP/OP AGG \$ \$
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS <input type="checkbox"/> HIRED AUTOS						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	UMBRELLA LIAB <input type="checkbox"/> OCCUR EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE DED RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N	N/A	99152225	3/1/2015	3/1/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER **CANCELLATION**

OKALOOSA COUNTY 602-C NORTH PEARL ST CRESTVIEW FL 32536	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE 
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Airports

BOARD OF COUNTY COMMISSIONERS AGENDA REQUEST

DATE: March 3, 2015
TO: Honorable Chairman and Members of the Board
FROM: Sunil Harman
SUBJECT: Proposed Settlement Agreement with mitigation terms for Destin Jet to operate both FBO locations
DEPARTMENT: Airport
BCC DISTRICT: All

STATEMENT OF ISSUE: The Board is requested to approve proposed amendments to the current lease agreements with the two FBOs, Destin Jet and Regal Air Destin, to allow Destin Jet to assume the Regal Air Destin lease as amended and operate both FBO locations under the Destin Jet brand at DTS. The Department of Airports staff and the County Attorney negotiated the lease amendments as a settlement with the FBO operators to resolve ongoing lease compliance issues and declining airport revenues. The amendments were negotiated with terms in exchange for assurance that the current Regal Air Destin purpose built FBO terminal and leasehold will continue to be operated for that use only, an increase in fuel flowage fees paid to the County and accelerated repayment of Regal Air Destin's debt.

BACKGROUND: Over the last year, concerns have been raised regarding the viability of sustaining two FBOs at the Destin Airport due to declining fuel sales due to downturn in general aviation activity; resultant losses of airport revenues and compliance with existing lease agreements.

The following is a summary of the negotiated settlement proposal:

County agrees to authorize Destin Jet and Regal Air to operate under common ownership and brand with the following conditions:

- a. Destin Jet and Regal Air agree to increase its fuel flowage to \$.075 cents per gallon from \$0.05 and \$0.06 per gallon respectively.
- b. Regal Air agrees to pay \$50,000 towards the balance owed to the County for the assumption of Miracle Strip Aviation's past due lease payments and the remaining balance over a 24 month period, rather than a sixty (60) month period as originally agreed to by Regal Capital, LLC.
- c. Regal Air agrees to remove all "Regal Air" signage and operate the two FBO locations as a single brand, Destin Jet.
- d. County agrees to extend the Destin Jet lease from February 24, 2044 to April 14, 2049. The language in the lease allowed for a 20 year lease and a 20 year extension which was to begin from the Date of Beneficial Occupancy which was April 15, 2009 and ending April 14, 2049. The lease effective date is February

26, 2004 and expires on February 26, 2044. This will correct an error in the original agreement.

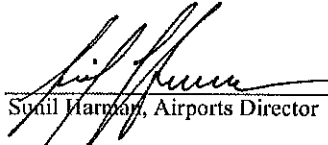
To enable and adopt the negotiated settlement terms the Board is being presented with the following lease amendments for approval:

- 1) EXHIBIT A - Amendment Number 4 to Lease Agreement L04-0233-AP20-93 with Destin Jet, LLC, for Fixed Base Operator Destin/Ft. Walton Beach (DTS)
- 2) EXHIBIT B - First Amendment to amended and restated lease agreement L97-101-AP with Regal Air Destin for Fixed Base Operator Destin/Ft. Walton Beach (DTS).

OPTIONS: Approve, reject or table.

RECOMMENDATIONS: Staff recommends that the Board approve the negotiated settlement agreement by approving and authorizing the Chairman to execute the lease amendments as provided.

RECOMMENDED BY:


Suail Harman, Airports Director 2/2/2015

APPROVED BY:


John Hofstad, County Administrator 2/11/2015
John Hofstad, County Administrator

Teresa Ward

From: Greg Stewart <gstewart@co.okaloosa.fl.us>
Sent: Wednesday, March 04, 2015 11:20 AM
To: Teresa Ward
Cc: manchors@kagmlaw.com
Subject: RE: Destin Jet settlement agreement

Go ahead and make the change. By copy of this to Michelle Anchors, I would ask that she arrange for Mr. Odom to get in touch with you to initial the change. He slipped out before the end and wasn't able to sign it after the meeting.

Gregory T. Stewart
County Attorney
Okaloosa County, Florida

Please note: Due to Florida's very broad public records laws, most written communications to or from County employees regarding County business are public records, available to the public and media upon request. Therefore, this written e-mail communication, including your e-mail address, may be subject to public disclosure.

From: Teresa Ward [tward@okaloosaclerk.com]
Sent: Wednesday, March 04, 2015 11:11 AM
To: Greg Stewart
Subject: Destin Jet settlement agreement

Greg,
We did decide to go forward with execution of the settlement agreement and Mr. Odom was to come in and initial change to his title, right?
Do you want me to strike through and put "Authorizing Member" or let him do it?
Teresa

[cid:abcc42.png@e1143d8f.46a27d71]

Teresa Ward
Deputy Clerk to BCC
Okaloosa County Clerk of Circuit Court
BCC Finance Division
302 N. Wilson Street, Suite 203
Crestview, FL 32536
Tel: (850) 689-5000 x 3412
Fax: (850) 689-5882
My new email address is tward@okaloosaclerk.com

January 15, 2015

Sunil Harman, A.A.E., IAP
Okaloosa County Director of Airports
1701 State Road 85N
Eglin Air Force Base, FL 32542-1413

RE: Destin Airport

Dear Mr. Harman:

I am in receipt of the final versions of the amendments to the Destin Jet (DJ) lease, Exhibit A, the Regal Air Destin (RAD) lease, Exhibit B, and the Operating Agreement for Vertol Systems Company, Inc., Exhibit C.

These are the versions that came back from the County attorney's office with their changes subsequent to our agreement on all the operational terms, fee increases, term corrections and operational hours. It had taken us about nine months to work through all the issues with the leases, the FAA and the County's rules and regulations to finalize what you sent to the attorneys. Even though we didn't agree on things in the beginning, you and your staff worked diligently and professionally with me to arrive at a resolution to every issue. I respect and appreciate your expertise on the issues facing the County in their aviation businesses and airport operations. Your extensive knowledge has been a major factor in my agreement of the increased fees you requested that I pay to help offset what the County has to do to make it possible for me to run my business at the Destin Airport.

The lease modifications we agreed to make it a win-win deal for the long-term financial viability of the airport, which makes it an investment I am whole-heartedly willing to invest more money in. As you know, I have over \$10M invested at the Destin Airport and with the lease amendments we have agreed to, I feel secure in investing even more money in the coming years.

The revisions made by the County attorneys to the DJ and RAD lease amendments are not what I would have preferred, but I have agreed to and accepted them as written. I have executed both addendums, and these documents are attached (3 signed originals of each addendum will be hand delivered to your office today). I am prepared to begin the new 50% increase in fuel flowage structure you proposed in the lease addendums, as well as the \$50,000.00 accelerated payment on the past due lease payments inherited from MSA as soon as I receive the fully executed lease addendums back from the County.

As to the Vertol Operating Agreement, the major operational changes made by the County attorneys are not workable. Vertol originally agreed to the voluntary night time curfew; even though it required more time, effort and money for Vertol to implement this, they were willing to do it. But the requirements put in the Operating Agreement by the County attorneys, requiring a complete prohibition to helicopter operations on the north ramp at the Destin Airport, are not workable. Vertol has invested millions of dollars at the north end of the Destin Airport, and a requirement to move to the south end will require building complete new facilities. This is a financial burden that Vertol cannot take on, as we discussed before agreeing to the night time curfew.

Vertol obtained their lease approval by the County many years ago and spent millions of dollars based on this lease. It is not reasonable after this many years to now ask Vertol to move and spend this money again to duplicate what they already have.

Via Hand Delivery

3 originals of each
addendum are
attached

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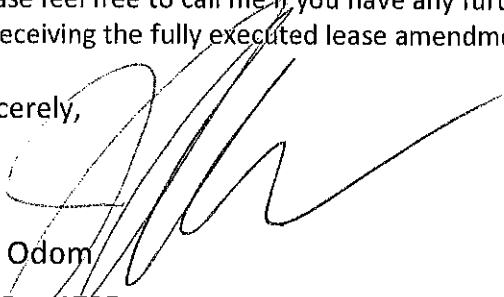
I can no longer negotiate on behalf of Vertol. All future dealings on Vertol's Operating Agreement will need to be directly with Vertol.

Because there is nothing common between the DJ and RAD lease amendments and Vertol's helicopter operations, this will allow us to execute the DJ and RAD lease amendments and the County lawyers can continue to work with Vertol to finalize whatever they need.

Again, my thanks to you and your staff for the friendly and professional work on all these issues. It has been a pleasure working with you, and I look forward to a long, prosperous relationship with you, your staff and the County.

Please feel free to call me if you have any further discussion or questions on these issues. I look forward to receiving the fully executed lease amendments.

Sincerely,



Jay Odom

PO Box 1735

Destin, FL 32540

(850) 654-4126

jodom@crystalbeachdevelopment.com

EXHIBIT A

**AMENDMENT NO. 4 TO LEASE AGREEMENT
FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT**

LEASE # L04-0233-AP20-93

**AMENDMENT NO. 4 TO LEASE AGREEMENT
FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT**

LEASE # L04-0233-AP20-93

This AMENDMENT NO. 4 made and entered into this 3rd day of March, 2015 (the "Effective Date"), amends the Lease Agreement For Fixed Base Operator Destin/Ft. Walton Beach Airport, dated February 26, 2004, as subsequently amended, by and between **Okaloosa County, Florida**, a political subdivision of the State of Florida (the "County") and **Destin Jet, LLC**, (the "Operator").

WHEREAS, on or about February 26, 2004, the County and Operator entered into a Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport (the "Lease Agreement"); and

WHEREAS, the Lease Agreement was subsequently amended by the First Amendment to Lease Agreement on December 4, 2007, by Amendment No. 2 to the Lease Agreement on November 20, 2008, and by the Third Amendment to Lease Agreement on February 3, 2009; and

WHEREAS, fuel sales data has demonstrated the Airport can only sustain a single Fixed Base Operator, the County has determined that this Amendment will not have any anti-competitive results; and

WHEREAS, the County and Operator desire to make additional modifications, clarifications and corrections to the Lease Agreement and amendments thereto.

NOW, THEREFORE, in consideration of the covenants, agreements and promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the County and Operator agree as follows:

1. Consent of the County. The County hereby consents to Destin Jet, LLC and Regal Air Destin, LLC coordinating together to provide any and all aeronautical services required of the Fixed Based Operators (FBOs), including but not limited to compliance with the County's Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations (the "Minimum Standards"). The County will not regard it as breach of the Minimum Standards so long as each entity continues to provide FBO services; and further, so long as collectively all the Minimum Standards are satisfied. Nothing contained herein shall be construed as permission to conduct any commercial activity or venture exclusive of other operators.

2. Article V 'TERM' of the Lease Agreement is hereby deleted in its entirety and the following language hereby replaces the language in Article V of the Lease Agreement:

ARTICLE V
TERM

The term of this Agreement shall commence at midnight on February 26, 2004 (the "commencement date") and shall continue for a period of forty (40) years (which period



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AND CORRECT COPY
JD PEACOCK II
CLERK CIRCUIT COURT
BY [Signature]
DEPUTY CLERK
DATE 3-6-15

consists of the original 20 year term plus the exercised option for an additional 20 years) from the Date of Beneficial Occupancy, defined as April 15, 2009, and shall expire at midnight on April 14, 2049.

3. Article VI, Section 1.C of the Lease Agreement is hereby deleted in its entirety.
4. Article VI, Section 1.E. of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE VI, 1.E.

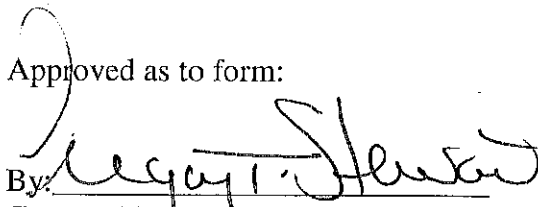
A fuel flowage fee (currently \$0.075 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft, including fuel for aircraft used, leased, owned or otherwise operated by Destin Jet or its affiliates. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. The County may adjust the fuel flowage fee. However, under no circumstance will the fuel flowage fee be adjusted prior to five (5) years from the Effective Date of the Amendment No. 4 to Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport and Agreement of the Parties.

5. Article XXIX of the Lease Agreement is hereby deleted in its entirety.
6. All other provisions of the Lease Agreement as subsequently amended shall remain in full force and effect.

This Amendment No. 4 to Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport shall become effective upon execution by all parties and said date shall be entered into this Amendment above as the Effective Date.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed on the day and year first hereinabove written.

Approved as to form:


By: 
Gregory T. Stewart, County Attorney

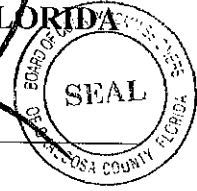
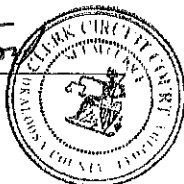

OKALOOSA COUNTY, FLORIDA

Nathan D. Boyles, Chairman
Board of County Commissioners

Date: March 5, 2015

ATTEST:


JD Peacock II
Interim Clerk



DESTIN JET, LLC

JW B

Authorizing
By: DJFO, LLC, as Managing Member
of Destin-Jet, LLC

By: *[Signature]*
Jay Odom, Managing Member of
DJFO, LLC Authorizing

Date: JAN 14, 2015

Witnesses:

Sarah J Burgess
Signature

Sarah J. Burgess
Print Name

Donna Olsen
Signature

DONNA OLSEN
Print Name

EXHIBIT B

**FIRST AMENDMENT TO AMENDED AND RESTATED LEASE
AGREEMENT FOR FIXED BASE OPERATOR DESTIN/
FT. WALTON BEACH AIRPORT AND AGREEMENT OF THE PARTIES**

LEASE # L79-101-AP

**FIRST AMENDMENT TO AMENDED AND RESTATED LEASE
AGREEMENT FOR FIXED BASE OPERATOR DESTIN/
FT. WALTON BEACH AIRPORT AND AGREEMENT OF THE PARTIES**

LEASE # L79-101-AP

THIS FIRST AMENDMENT TO AMENDED AND RESTATED LEASE AGREEMENT FOR FIXED BASED OPERATOR DESTIN/FORT WALTON BEACH AIRPORT dated March 19, 2013 and all subsequent amendments, assignments and subleases thereto, is made and entered into this 3rd day of March, 2015 (the 'Effective Date'), by and between **OKALOOSA COUNTY, FLORIDA** (the "County") and **REGAL AIR DESTIN, LLC** (the "Regal Air").

WHEREAS, on or about June 23, 1998, the County and Miracle Strip Aviation, Inc. (the "MSA") entered into a Lease and Operating Agreement, which was subsequently amended by Amendment No. 1 to the Lease on or about August 5, 2003; and

WHEREAS, on or about March 19, 2013, the County and MSA entered into an Amended and Restated Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport (the "Lease Agreement"), which is attached hereto as EXHIBIT A and incorporated herein; and

WHEREAS, on or about June 6, 2013, the Lease Agreement was assigned from MSA to Regal Air with the consent and approval of Okaloosa County; and

WHEREAS, fuel sales data has demonstrated the Airport can only sustain a single Fixed Base Operator, the County has determined that this Amendment will not have any anti-competitive results.

NOW, THEREFORE, in consideration of the promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. Consent of the County. The County hereby consents to Destin Jet, LLC and Regal Air Destin, LLC coordinating together to provide any and all aeronautical services required of the Fixed Based Operators (FBOs), including but not limited to compliance with the County's Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations (the "Minimum Standards"). The County will not regard it as breach of the Minimum Standards so long as each entity continues to provide FBO services; and further, so long as collectively all the Minimum Standards are satisfied. Nothing contained herein shall be construed as permission to conduct any commercial activity or venture exclusive of other operators.

Accelerated Payoff of Miracle Strip Aviation's Debt. At the time the Lease Agreement was transferred from MSA to Regal Air, Regal Air agreed to assume MSA's lease payment debt to the County totaling \$485,382.00. As of December 2, 2014, the current principal balance due on this debt is \$172,452.19. Regal Air agrees to make a \$50,000.00 principal reduction to the remaining debt within ten (10) days of the Effective Date of



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AND CORRECT COPY
JD PEACOCK II
CLERK CIRCUIT COURT
BY: *[Signature]*
DEPUTY CLERK
DATE: 3-6-15

this Agreement. Regal Air further agrees to accelerate payment of the remainder of the balance due, which shall be paid to the County in 24 equal monthly installments of principal and interest. The monthly installments shall begin thirty (30) days after the Effective Date of this First Amendment to Amended and Restated Lease Agreement for Fixed Base Operator Destin/Ft. Walton Beach Airport and Agreement of the Parties. Interest shall continue to accumulate at a rate of 4% on the unpaid balance due until paid in full.

3. Article VII, Section 1.C. of the Lease Agreement is hereby deleted in its entirety.
4. Article VII, Section 1.E. of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE VII, 1.E.

A fuel flowage fee (currently \$0.075 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft, including fuel for aircraft used, leased, owned or otherwise operated by Regal Air or its affiliates. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. The County may adjust the fuel flowage fee. However, under no circumstances will the fuel flowage fee be adjusted prior to five (5) years from the Effective Date of this Agreement.

5. Article VII, Section 2.B. 'Adjustments to Fuel Fee:' of the Lease Agreement is hereby deleted in its entirety and replaced with the following:

ARTICLE VII, 2.B. Adjustments to Fuel Fee: The County reserves the right to adjust the fuel flowage fees commencing October 1, 2004, and every five years thereafter, using a Market Based analysis by an independent consultant.

The fuel flowage fee shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the Market Analysis for the previous five (5) years. Said adjustment shall be made six months after the analysis is completed and accepted by the County. This adjustment to the fuel flowage fee would apply to all operators/lessees at the Destin/Ft. Walton Beach Airport except where no fuel flowage fee is applicable per Article VII, Section 1.E. herein.

6. Regal Air agrees to replace all "Regal Air" signage with "Destin Jet South" signage.
7. All other provisions of the Lease Agreement and subsequent amendments, assignments and subleases thereto shall remain in full force and effect.

The Amendment shall become effective upon execution by all parties and said date shall be entered into this Amendment above as the Effective Date.

EXHIBIT C

**OPERATING AGREEMENT FOR COMMERCIAL BUSINESS ACTIVITIES BETWEEN
OKALOOSA COUNTY, FLORIDA AND VERTOL SYSTEMS COMPANY, INC.
AND VERTOL RELATED ENTITIES AT OKALOOSA COUNTY AIRPORTS**

OPERATING AGREEMENT FOR COMMERCIAL BUSINESS ACTIVITIES BETWEEN
OKALOOSA COUNTY, FLORIDA AND VERTOL SYSTEMS COMPANY, INC.
AND VERTOL RELATED ENTITIES AT OKALOOSA COUNTY AIRPORTS

This OPERATING AGREEMENT FOR COMMERCIAL BUSINESS ACTIVITIES (the "Operating Agreement") fully executed this _____ day of _____, ~~2014~~2015, by and between OKALOOSA COUNTY, FLORIDA, a political subdivision of the State of Florida, acting by and through its BOARD OF COUNTY COMMISSIONERS (the "COUNTY") and VERTOL SYSTEMS COMPANY, INC., AND RELATED VERTOL ENTITIES, INCLUDING BUT NOT LIMITED TO VSC AIRCRAFT MAINTENANCE, LLC (collectively the "OPERATOR");

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WHEREAS, County and Destin Jet, LLC ("Destin Jet") entered into a 40-year lease agreement for the real property located at Destin/Fort Walton Beach Airport ("Destin Airport") dated February 26, 2004, as subsequently amended (the "Primary Lease Agreement"); and

WHEREAS, pursuant to the Primary Lease Agreement, Destin Jet had the right to sublease hangar sites upon written consent of the public for 40-year terms; County; and

WHEREAS, Destin Jet subleased a portion of the Destin Airport property to Operator, as set forth in that agreement known as the Destin Jet Hangar Purchase and Sublease of Leasehold Interest dated June 9, 2011 between Destin Jet and Operator (the "Sublease Agreement"); and

WHEREAS, County and Miracle Strip Aviation, Inc. entered into a lease agreement, dated June 23, 1998, which was subsequently assigned from Miracle Strip Aviation to Regal Air Destin on or about June 6, 2013; and

WHEREAS, County acknowledges that VSC Aircraft Maintenance, LLC Operator and Regal Air, Destin entered into a Sublease Agreement, dated June 4, 2013, for a term which expires on June 4, 2043; and

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WHEREAS, County acknowledges that Vertol System Company, Inc Operator and Crestview Hangar #51, LLC entered into an agreement to sublease property at Bob Sikes Airport, dated October 10, 2008 that terminates July 19, 2046; and

WHEREAS, County and Operator desire to enter into this Operating Agreement to clarify and confirm certain terms regarding the Operator's operations at the County Airports;

NOW, THEREFORE, County and Operator enter into this Operating Agreement in consideration of the mutual promises contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, and agree as follows:

1. TERM. This Operating Agreement shall run for a term commensurate with that set forth in the Primary Lease Agreement and the Sublease Agreement with Destin Jet, LLC, unless earlier terminated as provided herein.

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2. PERMITTED ACTIVITIES. OPERATOR may only conduct FAA and County approved commercial and non-commercial aviation-related activities, ~~including, which may include military and non-military government-related contract helicopter training and maintenance.~~ Such activities shall apply be conducted within the area of County approved operations of Operator or any of its related entities on Airport property specifically approved airport property in Okaloosa County for such activities as depicted on Exhibit A.

3. INDEMNIFICATION AND HOLD HARMLESS. OPERATOR shall, to the fullest extent permitted by law, indemnify and hold harmless the COUNTY, its officers and employees from any claims, liabilities, damages, losses, and costs including but not limited to reasonable attorneys' fees, to the extent caused by negligence, recklessness, or intentional, wrongful conduct of OPERATOR and other persons employed or utilized by OPERATOR in the performance of this OPERATING AGREEMENT.

4. INSURANCE. OPERATOR shall comply with all insurance requirements pursuant to the Minimum Standards for Full-Service Fixed Based Operations and Special Service Operations ("Minimum Standards") set forth in the Primary Lease Agreement, attached hereto as Attachment 1.

5. COMPLIANCE WITH RULES AND REGULATIONS. OPERATOR shall comply with ~~all Airport rules and regulations and all applicable federal and state laws, and local rules and regulations.~~ OPERATOR shall comply with such local rules and regulations existing at the time of execution of this Operating Agreement, which are attached hereto as Attachment 2, including specifically rules and regulations as set forth in the provision of the approved Minimum Standards that address and Operating Policy for Okaloosa County general aviation airports, most specifically for fueling of aircraft by private owners. ~~Any local ordinances, rules, regulations or minimum standards which become effective following the execution of this The Minimum Standards are attached and incorporated herein as Attachment 1 and the Operating Agreement will not affect the parties' rights or obligations hereunder.~~ Policy is attached and incorporated herein as Attachment 2. Further, this Agreement is subject to FAA grant assurances and shall comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds.

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6. ANNUAL FEE. OPERATOR shall pay to COUNTY TWO THOUSAND DOLLARS (\$2,000.00) immediately upon execution of this Agreement and annually on the first day of October for its operations at the Destin/Pt. Walton Beach Airport and Bob Sikes Airport. Payment shall be payable to Okaloosa County, by direct wire transfer or deposit.

7. OPERATIONAL PROCEDURES. OPERATOR shall immediately comply with the operational procedures established herein to ensure community compatibility and minimize noise impacts to residential areas.

a. Effective immediately, upon approval of this agreement, OPERATOR shall be prohibited comply with a Noise Compatibility Curfew, which prohibits OPERATOR from conducting any rotorcraft or rotary-wing aircraft run-ups and operations (i.e., shall not run engines) within the Destin Jet's Jet north leasehold between the hours of 10:30 p.m. and 8:00 a.m., seven days a week, 365 days per year.

b. While the Noise Compatibility Curfew is in effect OPERATOR shall only conduct rotorcraft or rotary-wing aircraft run-ups and operations from the Regal Air Destin South Ramp by positing and retrieving helicopters by tow to and from that location.

c. Upon final completion and commissioning of the Taxiway A engine run-up ramp by the COUNTY, OPERATOR shall conduct all rotorcraft or rotary-wing aircraft run-ups and operations at the Regal Air Destin South Ramp only and shall refrain from conducting such activity at any other location of DTS at any time of the day.

d. OPERATOR may conduct any rotorcraft or rotary-wing aircraft run-ups and operations such operations without any limitations, including hours of operation, within its leasehold and at any other areas eapproved by the Destin Airport or the COUNTY at Bob Sikes Airport. Attached

e. Upon completion and operation of the Air Traffic Control Tower, OPERATOR shall comply with all operational procedures as Attachment 3 is a depiction of these areas. developed and approved with the FAA for safety and noise compatibility purposes.

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8. SAFETY AND SECURITY. OPERATOR shall be responsible for control of its employees and students and their vehicles inside and outside of the Airport's security fence and shall be required to ensure safety at its location. OPERATOR shall at its sole expense maintain the structural integrity of all temporary operational interior fence boundaries for the purpose of security, safety, and operational containment.

9. COMPLIANCE WITH LEASE AGREEMENTS. OPERATOR entered into the Sublease Agreement and is bound by the terms, covenants, conditions, and agreements to be kept, performed and observed by OPERATOR as set forth in the Sublease Agreement, as subsequently amended.

10. NON-EXCLUSIVITY. Nothing contained herein shall be construed as permission to conduct any commercial activity or venture exclusive of other operators.

11. RIGHT TO CURE. ~~Notwithstanding anything in this Operating~~ TERMINATION. This Agreement, Operator will not may be in violation underterminated by the COUNTY if there is a material breach of this Operating Agreement, the Sublease Agreement or the Primary Agreement unless and until Operator fails to cure said violation which is not cured within thirty (30) days of after the receipt of written notice from County. In of the event of an uncured violation, breach. Upon the County in its sole discretion may assess Operator as liquidated damages giving of written notice and the sum of Five Hundred Dollars (\$500.00)

per violation, failure to cure, this Agreement shall be terminated automatically at the end of the cure period.

IN WITNESS, the parties hereto have executed these presents as of the day and year first written above.

**BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA**

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CHARLES K. WINDES, JR
NATHAN D.
CHAIRMAN

BOYLES

ATTESTS:

JD PEACOCK II
INTERIM CLERK
OKALOOSA COUNTY, FLORIDA

**VERTOL SYSTEMS COMPANY, INC.
and the Vertol related entities**

JAMES MONTGOMERIE

WITNESSED:

SIGNATURE

PRINTED NAME

SIGNATURE

PRINTED NAME

ACKNOWLEDGMENTS

STATE OF FLORIDA
COUNTY OF OKALOOSA

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared JAMES MONTGOMERIE who, under oath, deposes and says that HE is a duly authorized representative of VERTOL SYSTEMS COMPANY, INC., and the Vertol related entities to execute contracts and lease agreements and that HE executed the foregoing instrument for the uses and purposes contained therein.

| SWORN and SUBSCRIBED before this _____ day of _____, ~~2014~~2015.

NOTARY PUBLIC

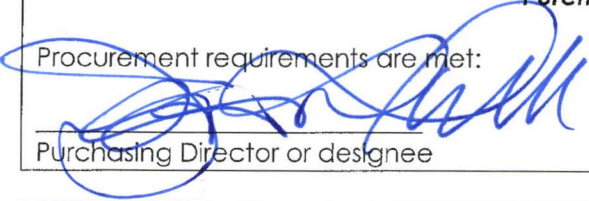
My Commission expires: _____

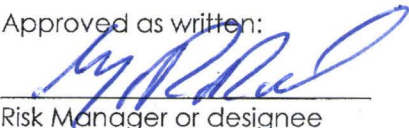
ORIGINAL

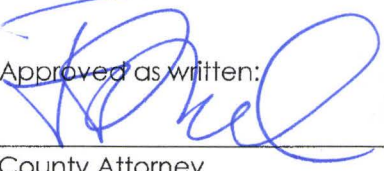
CONTRACT & LEASE INTERNAL COORDINATION SHEET

11-26-13

Contract/Lease Number: L79-101-AP Tracking Number: 799-14
Contractor/Lessee Name: Regal Air Destin, LLC Grant Funded: YES ___ NO x
Purpose: Amendment Number one
Date/Term: 3-26-2033 1. GREATER THAN \$50,000
Amount: \$132,227.82 per year for Ground Lease 2. GREATER THAN \$25,000
Department: Airports 3. \$25,000 OR LESS
Dept. Monitor Name: Harman / Miner
Document has been reviewed and includes any attachments or exhibits.

Purchasing Review
Procurement requirements are met:

Purchasing Director or designee Date: 11-26-13

Risk Management Review
Approved as written:

Risk Manager or designee Date: 11/27/13

County Attorney Review
Approved as written:

County Attorney Date: 11/29/13

Following Okaloosa County approval:

Contract & Grant
Document has been received:

Contracts & Grants Manager Date: _____

NOTE: This document was approved by the BCC on December 17, 2013. It was not fully executed until December 23, 2013. T Ward, BCC Records

AMENDMENT NUMBER ONE

NOTE:

This AMENDMENT NUMBER ONE OF THE AMENDED SND RESTATED LEASE FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT, fully executed this 6 day of DEC., 2013, by and between OKALOOSA COUNTY, FLORIDA, a political subdivision of the State of Florida, (hereinafter referred to as LESSOR) and REGAL AIR DESTIN, LLC, (hereinafter referred to as the "LESSEE").

WITNESSETH:

WHEREAS, the LESSEE entered into an Assignment of Lease dated June 6, 2013, Amended and Restated Lease Agreement for a Full Fixed Base Operator at the Destin/Ft. Walton Beach Airport dated March 19, 2013, Lease Amendment No. 2 dated April 7, 2008, Lease Amendment No. 1 dated August 5, 2003 and the original lease dated June 23, 1998.

WHEREAS, this Amendment Number One shall be subject to the terms, covenants, conditions, and agreements to be kept, performed and observed by LESSEE as stipulated in all leases mentioned above not otherwise amended in this amendment.

WHEREAS, the LESSOR and the LESSEE, each in consideration of the agreements to be performed by the other, intending to be legally bound, do hereby agree to the following sections being added to the LEASE:

SECTION 1: ADDITION TO ARTICLE XVI, MAINTENANCE

Insert this paragraph to the end of Article XVI.

Upon approval of this Amendment, LESSEE will be reimbursed ONE HUNDRED FORTY EIGHT THOUSAND NINE HUNDRED DOLLARS (\$148,900.00). This amount equals the amount bid for replacement of the maintenance hangar door during the competitive bid process. LESSEE understands that any expense for the replacement of the door above \$148,900.00 will not be reimbursed and becomes LESSEEs responsibility. Furthermore LESSEE understands that any maintenance or repairs of the proposed maintenance hangar door will be the responsibility of LESSEE or its tenants. Attachments 1, 2, 3 and 4 are included.

SECTION 2: ENTIRE AMENDMENT NUMBER ONE

This Amendment Number One consists of the following: Sections 1 – 2. It constitutes this entire Amendment Number One of the parties and may not be changed, modified, discharged, or extended except by written instrument duly executed by LESSOR and LESSEE.

Instr # 2903277 BK: 3131 PG:2467, Page 1 of 7
Recorded 12/31/2013 at 04:38 PM.
RECORDING: \$33.00 RECORDING ARTICLE V: \$28.00
DEPUTY CLERK K SCHOOLCRAFT
DON W. HOWARD, CLERK OF COURTS, OKALOOSA COUNTY, FL

**LEASE # L79-0101-AP
REGAL AIR DESTIN, LLC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033**

JOHN E. SIMMONS
REGAL AIR DESTIN, LLC

ATTESTS:

WITNESS

WITNESS

IN WITNESS, the parties hereto have executed these presents as of the day and year first above written.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

DON R. AMUNDS
CHAIRMAN



ATTEST:

GARY J. STANFORD
DEPUTY CLERK OF CIRCUIT COURT
OKALOOSA COUNTY, FLORIDA



ACKNOWLEDGMENTS

STATE OF FLORIDA
COUNTY OF OKALOOSA

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared JOHN E. SIMMONS who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the uses and purposes contained therein.

Sworn and subscribed before me this 6 day of December 2013, AD.



DONNA LYNN OLSEN
MY COMMISSION # FF 073113
EXPIRES: December 20, 2017
Bonded Thru Budget Notary Services

NOTARY

Donna Lynn Olsen

My Commission expires: 12-20-17



Formally known as Miracle Strip Aviation

November 14, 2013

Okaloosa County Board of County Commissioners
101 E James Lee Blvd.
Crestview, FL 32536

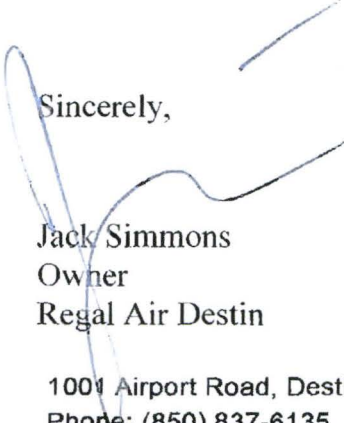
To Whom It May Concern,

It has come to our attention that the County is willing to work directly with Regal Air Destin for the replacement of the maintenance hangar door located adjacent to our terminal building. We appreciate this offer and ask that you accept the proposal attached and allow us to proceed with the replacement of the door. With the current door rendered unsafe for use, we ask that this be done as soon as possible.

Upon approval of this proposal, we ask to be reimbursed \$148,900. This amount equals the amount proposed for replacement of the door during the initial bid process. Regal Air understands that any expense for the replacement of the door above \$148,900 will not be reimbursed and becomes our responsibility. Furthermore, Regal Air Destin understands that any maintenance or repairs of the proposed door will be the responsibility of Regal Air Destin or its' tenants. The contractor's that we have chosen for the project will pull all necessary permits, will be licensed and bonded, and will name Regal Air Destin and Okaloosa County Board of County Commissioners as additional insured.

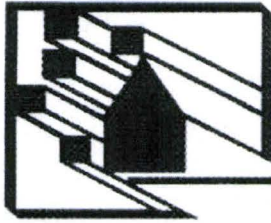
Again, we appreciate your attention to this issue and look forward to a permanent resolution. If I can be of help throughout this process, please let me know.

Sincerely,



Jack Simmons
Owner
Regal Air Destin

1001 Airport Road, Destin, FL 32541
Phone: (850) 837-6135 • (850) 654-0618
CustomerService@RegalAirDestin.com
www.RegalAirDestin.com



THE TURN KEY GROUP, INC.

A Full Service Development/Construction Company

November 19, 2013

Mr. Brian Cherry
Regal Air Destin, LLC
1001 Airport Road
Destin, FL 32541

RE: Hangar Door Replacement

Mr. Cherry,

We hereby propose to provide and install a new hangar door for the Regal maintenance hangar for the sum of \$151,750. Our proposal includes the following:

Hangar door by DES per the attached design and specifications
Demolition and disposal of old door
Structural engineering
Permitting
New concrete foundation for the new door structure
Assembly and erection of new door and structure
Daily cleanup, dumpsters, and temporary toilets

The Turn Key Group is a licensed and insured contractor. Upon acceptance of this proposal, we will provide a certificate of insurance naming Regal Air Destin and Okaloosa County as additional insured.

If you have any questions, please contact me at 850-259-1438.

Sincerely,

Robert Vierheller
Vice-President

Diversified Erecting Services, LLC

174 Thompson Rd.
LaPine, AL 36046
Office: 334-285-5518
Mobile: 334-312-4507

Date: 11/20/2013

Mr. Brian Cherry
Regal Air Destin, LLC
1001 Airport Rd.
Destin, FL 32541

Cell: 850-585-7555
Fax:
Email: bcherry@regalairdestin.com

Ref: Hangar Door Modification – Destin, FL; Design & Material Quote

Mr. Cherry,
Diversified Erection Services is pleased to provide the following quote for the hangar door modification. The modification will require the addition of an independent rolling door system added to the front of an existing hangar building. The addition will be designed in accordance with the Florida Building Code and be certified by a professional engineer registered in Florida.

D.E.S. proposes to furnish material for a Hangar Door Modification as follows:

ADDITION SIZE 110' WIDE X 8' DEEP X 29 EAVE +/-
HANGAR DOOR OPENING 100 WIDE X 24 HIGH +/-
ROOF SLOPE 1 /12
ROOF LIVE LOAD 20/12 PSF
WIND LOAD 142 MPH
ROOF MATERIAL 26 GAGE PBR PANEL SCREW-DOWN, GALVALUME FINISH
WALL MATERIAL 26 GAGE "R" PANEL, SILICON/POLYESTER, STANDARD COLOR
BACK SHEETING & FLASHING TO EXISTING 26 GAGE, GALVALUME FINISH
GUTTERS & DOWNSPOUTS - NONE
WALKDOORS – NONE
(1) BOTTOM ROLLING, TOP GUIDED DOOR SEALS, TRACK, AND (1) OUT-RIGGER.

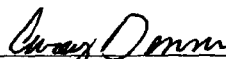
The price for the above material is **\$98,369** including tax, plus freight of **\$2,000**.

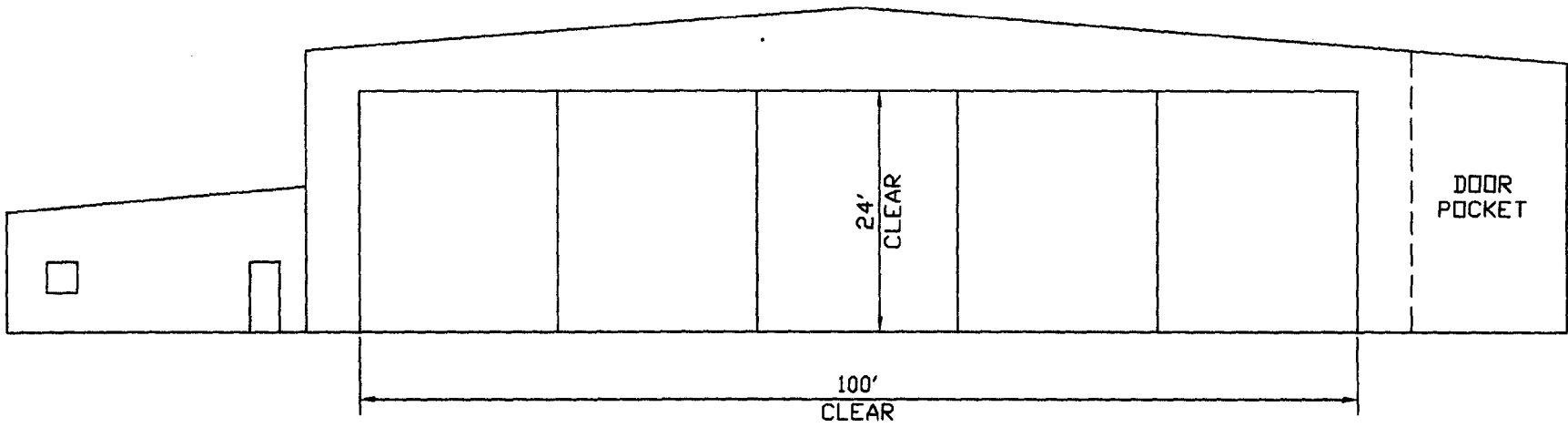
Clarification, Adds & Deducts:

- 1.) A-bolts, insulation, vents, windows, foundation, door motors/operators, and erection ---- **excluded**.
- 2.) Primary & secondary framing to receive one coat of standard shop primer.
- 3.) Hangar door opens in one direction into a non-sheeted out-rigger

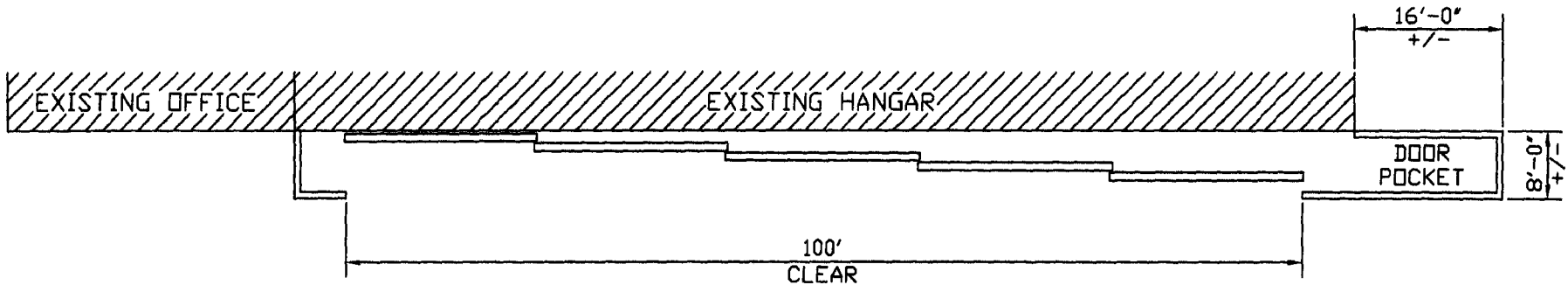
DES's terms are 25% down payment, balance on delivery. Pricing is subject to material **ESCALATION** based on steel producer and supplier price changes from date of this quote until time of actual steel procurement.

Sincerely,
DES, LLC.


Carey Dennis
Principal



FRONT ELEVATION



PLAN VIEW

DESTIN HANGAR DOOR PROPOSAL

EXHIBIT B

CONTRACT & LEASE AGREEMENT CONTROL FORM

Date: 4/17/13

Contract/Lease Control #: C79-0101-AP

Bid #: N/A

Contract/Lease Type: REVENUE

Award to/Lessee: Regal Air Destin, LLC (Formerly MSA)

Lessor: OKALOOSA COUNTY/AIRPORT

Effective Date: 10/9/1978

Term/Expires: 3/26/2033 W/ONE 10 YEAR RENEWAL

Description of Contract/Lease: DAP FIXED BASE OPERATOR

Department Manager: AIRPORT

Department Monitor: D. Villani (interim)

Monitor's Telephone #: 651-7160

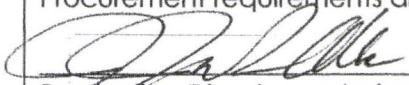
Monitor's Fax #: 651-7164

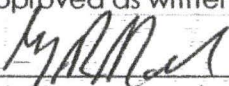
Date Closed:

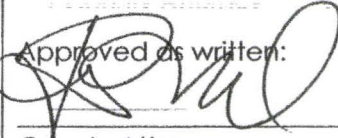
CONTRACT & LEASE INTERNAL COORDINATION SHEET

5-8-13

Contract/Lease Number: <u>L79-101-AP</u>	Tracking Number: <u>609-13</u>
Contractor/Lessee Name: <u>Regal Air, Destin</u>	Grant Funded: YES ___ NO <u>X</u>
Purpose: <u>Sublease Agreement between RA, D and VSC Aircraft Maintenance</u>	
Date/Term: <u>20 years</u>	1. <input checked="" type="checkbox"/> GREATER THAN \$50,000
Amount: <u>\$3,200.00 plus \$373.00 per month plus tax</u>	2. <input type="checkbox"/> GREATER THAN \$25,000
Department: <u>Airports</u>	3. <input type="checkbox"/> \$25,000 OR LESS
Dept. Monitor Name: <u>David Miner</u>	
Document has been reviewed and includes any attachments or exhibits.	

Purchasing Review	
Procurement requirements are met:  Purchasing Director or designee	Date: <u>5/9/13</u>

Risk Management Review	
Approved as written:  Risk Manager or designee	<u>pg 3 PIC, "or as reasonably determined by Sub-Landlord..." I think should be drop "terms of lease"</u> Date: <u>5/14/13</u>

County Attorney Review	
Approved as written:  County Attorney	<u>Subject to above</u> Date: <u>5/15/13</u>

Following Okaloosa County approval:

Contract & Grant	
Document has been received: Contracts & Grants Manager	Date: _____

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT (hereinafter referred to as "Agreement") is entered into this 4th day of JUNE, 2013, by and between REGAL AIR, DESTIN (hereafter referred to as "Sub-Landlord") and VSC AIRCRAFT MAINTENANCE, LLC (hereafter referred to as "Sub-Tenant").

WHEREAS, Sub-Landlord and the County of Okaloosa (a political subdivision of the State of Florida hereinafter referred to as the "County") have entered into a Lease and Operating Agreement as amended from time to time (hereinafter collectively referred to as "Lease") a copy of which is attached as Exhibit "A", by which Sub-Landlord leases and maintains a full service fixed base operation on the County's airport located in Destin, Florida;

WHEREAS, Sub-Landlord desires to outsource its maintenance and flight school to "Sub-Tenant";

WHEREAS, Sub-Tenant acknowledges that Sub-Landlord has significant obligations and legitimate business interests which are in need of protecting, including but not limited to Sub-Landlord's obligations to provide certain services and maintain certain facilities pursuant to the Lease and as such, Sub-Landlord shall be entitled to extra ordinary remedies under this Agreement and under any other agreement related hereto to protect such business interest and to honor said obligations;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter made by each of the parties, which shall be deemed consideration for each other, the parties hereby agree as follow:

1. Sub-Lease. Sub-Landlord agrees to lease to Sub-Tenant and Sub-Tenant agrees to rent from Sub-Landlord, the premises described in Exhibit "B" (hereafter individually and collectively referred to as the "Property").

2. Terms of Sub-lease. This Sub-Lease shall commence on date sublease is approved by the Okaloosa County Board of County Commissioners, and shall continue for twenty (20) years.

a. Renewal Options: If Sub-Tenant is not in default of any provision of the Sub-Lease they shall have one (1), ten (10) year renewal option.

**LEASE # L79-101-AP
REGAL AIR DESTIN, LLC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033**

b. Sub-Tenant shall provide the Sub-Landlord their desire to renew this agreement, in writing, no earlier than one hundred and eighty (180) days prior to the end of the Sub-Lease term.

3. Approval of Sub-Lease. This Sub-Lease is subject to the approval of the Okaloosa County Board of County Commissioners. Sub-Tenant shall begin paying rent in advance the first day of the month after Sublease is approved by Okaloosa County Board of Commissioners. Should the Board of Commissioners fail to approve this Sub-Lease, then Sub-Landlord shall be entitled to terminate this Agreement with 10 days written notice. Any rental payments made while Sub-Tenant is in possession of the property, and prior to approval of this Sub-Lease by the Board of Commissioners shall be refundable.

4. Rent. Sub-Tenant agrees to pay rent at the rate of \$3,200.00 for the building plus \$373.00 per month, plus applicable sales tax, if any, to lease 74,600 square feet of ramp space which amount shall be paid to Regal Air, Destin at 9171 Ashbury Lane, Gulfport MS 39503, in advance on the first day of each month during the term of this Agreement. Said monthly amount shall be adjusted accordingly and proportionately if and when the County of Okaloosa adjusts the rent due from Sub-Landlord. Notification of any rent adjustment shall be made in writing to Sub-Tenant. Payments received on or after the 10th day of each month shall be subject to a 5% late fee. Sub-Tenant will be required to pay the County 5% of all maintenance and flight school gross sales. This 5% amount will be due and payable by the 20th of each month following the month the gross sales are generated in.

5. Sub-Landlord's Obligations. The Sub-Landlord is not to be required to provide any services or do any act with respect to the Property for the benefit of the Sub-Tenant except as specifically provided herein. The Sub-Landlord shall remain bound by its Lease with Okaloosa County, and this Sublease shall not relieve Sub-Landlord of any of its responsibilities pursuant to the Lease.

6. Triple Net Lease. This is a triple net sublease. Therefore, throughout the term of this Agreement and any extension thereof, Sub-Tenant shall, at Sub-Tenant's expense:

(a). maintain and repair the Property in a timely manner so as to not jeopardize the general public, the customers or personnel at the airport or to allow the buildings

located thereon to be in disrepair or to deteriorate; except that Sub-Tenant is not responsible for any maintenance or repairs that are specifically the responsibility of the County or the Sub-Landlord.

(b). contract for and pay any and all utilities or other services required for use of the premises, pay any and all taxes and assessments associated with the Property:

(c). maintain adequate insurance coverage (in accordance with the terms of the Lease) on the building, their contents and the business operated therein (including general liability insurance), naming the Sub-Landlord as an additional named insured. Sub-Tenant, and any and all subsidiaries, contractors, or other entities operating on the Property with Sub-Tenant's knowledge, permission or authority, shall provide written evidence of such insurance coverage within 5 days of signing this Agreement or the date of any renewal of insurance coverage. Sub-Tenant shall notify Sub-Landlord of any and all changes in insurance coverage, including but not limited to, any claims against Sub-Tenant's insurance.

7. Use. The premises shall be used as an aviation maintenance facility, flight school, and other related aviation activities and limited to Sub-Landlord's rights and obligations under the Lease. Hangar space for transient aircraft shall be based on space availability. Non-aviation uses shall not be allowed.

8. Lease Incorporation. Sub-Tenant hereby agrees to provide such other services and pay such other fees to the County or other appropriate agency as may be required by Sub-Landlord under the Lease, consistent with the nature of the businesses operated on or related to the Property, including but not limited to Sub-Landlord's obligation to provide disabled airplane services at the airport. The terms of this Lease are incorporated into this Agreement and become a part hereof.

9. Compliance with Lease and FAA Requirements. Sub-Tenant shall take, at its expense, any and all steps necessary to maintain Sub-Landlord's compliance with all Sub-Landlord's obligations under the Lease as to the flight school, airplane maintenance and all other services related thereto, including but not limited to being in compliance with all Federal Aviation Administration (FAA) Regulations related to the flight school and airplane maintenance

operations. Sub-Tenant shall maintain at least one airframe and engine licensed mechanic on the Property during normal business hours, and shall provide Sub-Landlord with a copy of all licenses maintained by any and all mechanics employed by Sub-Tenant.

10. Sub-Tenant Improvements. Provided such conduct does not violate the terms and conditions of the Lease, the Sub-Tenant may from time to time, at its expense, paint and decorate the Property and make such alterations, additions and improvements as will, in the judgment of the Sub-Tenant, better adapt the same for the purpose of its business. Sub-Tenant shall not make any structural addition or alteration without Sub-Landlord's prior written approval, and Sub-Landlord shall not unreasonably withhold consent after receiving information reasonably necessary for explaining and identifying the proposed alterations and additions. Sub-Tenants shall, at or before the end of the term as described above, remove any nonstructural alterations or additions and restore the Property to the condition that would exist in the absence of the alteration or addition, ordinary wear and tear excepted; but need not to do so if Sub-Landlord has agreed in writing that removal and restoration is not required by Sub-Tenant.

11. Advertisements. Sub-Tenant shall not publish, post, or otherwise disseminate any advertisements, press releases, statements, brochures, or other documents which includes the name of or refers to Sub-Landlord without the prior written approval of Sub-Landlord. Sub-Landlord shall not unreasonably withhold such consent after reviewing the item, and shall provide consent or denial of consent within 10 days of receipt of Sub-Tenant's request for consent.

12. Indemnification. To the fullest extent permitted by law, Sub-Tenant shall indemnify and hold harmless COUNTY, its officers and employees from liabilities, damages, losses, and costs including, but not limited to, reasonable attorney fees, to the extent caused by the negligence, recklessness, or intentionally wrongful conduct of the Sub-Tenant and other persons employed or utilized by the Sub-Tenant in the performance of this Agreement.

13. Sub-Tenant's Default. Sub-Tenant shall be in default hereunder if:

(a). Sub-Tenant fails to timely pay rent or any other payment under this Sub-Lease and if such defaults are continued for more than fourteen (14) days, including weekends, after notice in the manner prescribed below;

(b). Sub-Tenant fails to observe or perform any of the terms, covenants, and/or conditions of this Sub-Lease or causes Sub-Landlord to be in default of any of the terms and/or

conditions of the Lease and if such default shall continue for more than seven (7) days after notice in the manner prescribed below or after notice in any manner provided from any governmental agency or third party vendor (i.e., insurance carrier). Notwithstanding the preceding part of this sub-paragraph (b), if such default cannot be practically cured within said time period, the Sub-Tenant shall not be in default if it has made a good faith effort to cure the default within said time period. However, if such default could have been anticipated and avoided by taken reasonable steps, Sub-Tenant shall not be afforded any additional time to cure and Sub-Tenant shall be considered in default without a time period to cure;

(c). Sub-Tenant vacates or abandons the property prior to the termination of this Agreement, or without the express written consent of Sub-landlord; or

(d). Sub-Tenant becomes insolvent, files bankruptcy or discontinues its business operations.

14. Sub-Landlord's Remedies Upon Default. In the event of any default by Sub-Tenant, then the Sub-Landlord may proceed as follows:

(a). Terminate this Sub-Lease and immediately resume possession of the property for its own account pursuant to Sub-Landlord's lease agreement and recover immediately from Sub-Tenant's prospective damages limited and calculated under the following formula: Rent for two years;

(b). Immediately resume possession pursuant to Sub-Landlord's lease agreement and relet or rent the Property for remainder of the term for the account of the Sub-Tenant, at the end of the term or at the time each payment of rent comes due under this Sub-Lease as the Sub-Tenant may choose, the difference between the rent specified in the rent on the reletting or renting; or

(c). such other remedies provided by law.

15. Special Remedies Upon Default. Sub-Tenant acknowledges that Sub-Landlord's rights and entitlement to operate a full service fixed based operation under the Lease constitutes a special privilege, the value of which may not be subject to calculation or replaced in any other manner. As a result the Sub-Tenant agrees that Sub-Landlord should have and be entitled, in addition to all other rights and remedies otherwise provided in this Agreement or by law, including monetary damages, to extra-ordinary protection of Sub-Landlord's rights and privileges under the Lease. Therefore, if Sub-Landlord has a reasonable belief that the conduct

or lack thereof by the Sub-Tenant, its employees or representatives will jeopardize Sub-Landlord's rights under the Lease or will subject Sub-Landlord to liability pursuant to any city, county, state or federal regulations, Sub-Landlord shall be entitled, without providing advance notice to obtain an ex parte temporary injunction, without being required to post a bond, for the purpose of taking immediate control of Sub-Tenant and its business conducted on the Property.

16. Radon Gas Notification. Pursuant to Florida Statutes 404.056(5) you are hereby given the following notice:

RADON GAS: Radon is a 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.

17. Expenses. Except as otherwise provided herein, each party shall bear its own expenses in connection with the making and execution of this Agreement and the transactions contemplated hereby.

18. Waiver. The waiver by either party of a breach of any provision of this Agreement, or the terms incorporated herein, shall not operate or be construed as a waiver of any subsequent breach thereof.

19. Assignment. The rights and benefits of Sub-Tenant under this Agreement shall be non-transferable.

20. Captions. The captions and titles appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of the articles, paragraphs or sections of this Agreement or in any way affect this Agreement.

21. Gender. For purposes of this Agreement, singular pronouns shall include the plural and masculine pronouns shall include the feminine. The term "person" or "persons" shall be defined as an individual, partnership, corporation or any other entity recognized by law.

22. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and if any litigation should arise as to either party's breach of this Agreement, venue shall lie in Okaloosa County, Florida.

23. Specific Performance. Sub-Tenant expressly agrees and understands that the remedy at law for any breach of this Agreement will be inadequate and that the damage flowing from any such breach is not readily susceptible to being measured in monetary terms.

Accordingly, it is acknowledged that upon adequate proof of the Sub-Tenant's violation of any legally enforceable provision of the Agreement or as provided under the Special Remedies Upon Default paragraph of the Agreement, Sub-Landlord shall be entitled to specific performance of such breached provision, including but not limited to, immediate injunctive relief, a temporary order restraining any threatened or further breach and such other equitable relief as may be appropriate. Nothing in this Agreement shall be deemed to limit Sub-Landlord's remedies at law or in equity for any breach by Sub-Tenant of any of the provisions contained in this Agreement. Sub-Tenant has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon Sub-Landlord by this Agreement and hereby acknowledges and agrees that the same are reasonable, are fully required to protect the legitimate interest of Sub-Landlord and do not confer a benefit upon Sub-Landlord disproportionate to the detriment to Sub-Tenant.

24. Time. Time is of the essence.

25. Force Majeure. Failure of a party to observe or perform its obligations hereunder shall not be deemed default or breach hereof if such failure is the result of fire, explosion, flood, strike, riot, communications or power supply failure, delay in delivery, failure or malfunction of equipment, or other cause beyond the reasonable control of the party.

26. Notice. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and will be deemed to have been given if delivered by hand, posted at the Property, prepaid telegram or mailed (registered or certified mail, postage prepaid, return receipt requested or any means of express mail with confirmed delivery) as follows:

If to Sub-Tenant: VSC Aircraft Maintenance, LLC
1001 Airport Road
Hangar 17-101
Destin, FL 32541

If to Sub-Landlord: REGAL AIR, DESTIN
9171 Ashbury Lane
Gulfport MS 39503

27. Binding Effect. This Agreement shall be binding upon the parties, their heirs, personal representatives, successors, and assigns.

28. Incorporation by Reference. Sub-Tenant hereby agrees to be bound by and assume Sub-Landlord's obligations and covenants set forth in Lease, not in conflict with the representations and covenants set forth herein.

29. Survival. All recitals, representations, warranties and agreements of the parties contained herein or in any of the Exhibits, Schedules, agreements or documents referred to herein which are not in conflict with the terms of this Agreement, are true, shall survive the termination or expiration of this Agreement or any other agreement referred to herein and be enforceable as to the parties hereto.

30. Illegality. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

31. Attorney's Fees. In connection with any breach, default, collection or litigation, including appellate proceedings, arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

32. Corporate Documents. Simultaneous with the execution of this Agreement, Sub-Tenant shall deliver to Sub-Landlord a resolution from the Board of Directors of VSC Aircraft Maintenance, LLC, stating it is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with the full corporate power and authority to enter into this Agreement and further providing approval of this Agreement and the transactions contemplated hereby.

33. Additional Instruments. The parties hereto shall execute and deliver or cause to be executed and delivered at such times and places as shall be reasonably agreed on, such additional instruments as the other party may reasonably request for the purpose of carrying out the transactions contemplated hereby.

34. VSC Aircraft Maintenance, LLC will provide maintenance and assistance to all general aviation aircraft on a priority bases. VSC Aircraft Maintenance, LLC has over twenty years' experience maintaining aircraft and they are a 145 certified repair facility. VSC will have the right to work on aircraft owned by VSC. VSC will be excluded from doing government contract work on helicopters (to the extent that this does not violate exclusivity rights between the Destin / Ft. Walton Airport and the Crestview Airport). VSC's intent is to build a world class general aircraft maintenance facility at the Destin/ Ft. Walton Airport.

35. Miscellaneous Provisions. This Agreement contains the entire agreement of the parties and may not be modified except in writing signed by the parties. Typewritten or handwritten provisions inserted in this Agreement shall control all printed provisions in conflict therewith. This Agreement may be executed in counterparts each of which shall be deemed the original and all of which together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand the date first mentioned above.

Signed, sealed and delivered
in our presence as witnesses:

Jarica Redmond

Wendy S Cain

STATE OF FLORIDA
COUNTY OF OKALOOSA

SUB-TENANT:

Douglas C. Dunham

VSC AIRCRAFT MAINTENANCE, LLC

By: Douglas C. Dunham

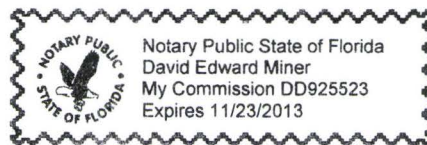
Its: DIRECTOR

The foregoing instrument was acknowledged before me this 29 day of May, 2010³ by Douglas Dunham as Director of VSC AIRCRAFT MAINTENANCE, LLC, who [] is personally known to me, or [X] ~~produced~~ Virginia DL T61714232 as identification, and who did not take an oath.

[Seal]

David E Miner

Notary Public



Signed, sealed and delivered
in our presence as witnesses:

[Signature]

Angela Wallace

SUB-LANDLORD:

REGAL AIR, DESTIN

By: _____

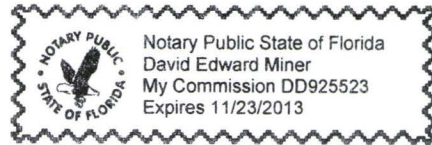
Its: _____

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 3 day of _____, 2010 by John E. Simmons as President of REGAL AIR, DESTIN, who [] is personally known to me, or [] produced _____ as identification, and who did not take an oath.

[Seal]
David E. Miner

Notary Public



BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

Don R. Amunds

DON R. AMUNDS
CHAIRMAN



ATTEST:

Gary J. Stanford
GARY J. STANFORD
DEPUTY CLERK OF CIRCUIT COURT
OKALOOSA COUNTY, FLORIDA



Exhibit "A"
LEASE AGREEMENT WITH COUNTY OF OKALOOSA

**AMENDED AND RESTATED
LEASE AGREEMENT FOR
FULL FIXED BASE OPERATOR
DESTIN/FT. WALTON BEACH AIRPORT**

THIS AMENDED AND RESTATED LEASE AND OPERATING AGREEMENT (hereinafter referred to as "Agreement" or "Lease"), made and entered into this 19th day of March, 2013, by and between Okaloosa County, a political subdivision of the State of Florida (hereinafter referred to as the "County"), and Miracle Strip Aviation, Inc., a

- sole proprietorship
- limited partnership
- general partnership
- corporation
- limited liability company

authorized to do business in Florida (hereinafter referred to as "Lessee" or "Operator"),

WITNESSETH:

WHEREAS, the County owns, operates, and maintains Destin/Ft. Walton Beach Airport (hereinafter referred to as "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Operator desires to lease land and facilities on the Airport to conduct air transportation services pursuant to the terms of this Agreement, See Exhibits A-1, A-2, & A-3 leased premises; and

WHEREAS, the parties desire to place the property under Lease upon which Operator will operate a Full Service, Fixed Base Operator facilities on the property described in Article II, paragraph B; and

WHEREAS, the County and Operator have heretofore entered into a lease and operating agreement ("Existing Agreement") for a full fixed base operation at the Airport and amended said agreement through two (2) major amendments thereto; and

WHEREAS, the parties desire to further amend said Existing Agreement to incorporate therein a plan for repayment for past due rent amounts and to resolve certain events of default related thereto, and to incorporate all of the same in this new Amended and Restated Lease and Operating Agreement; and

WHEREAS, this Agreement is in the best interests of the County to encourage air transportation services at the Airport;

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

ARTICLE I EXHIBITS

This Agreement contains the following Exhibits, which are attached hereto, incorporated herein and made a part of this Agreement, for all further purposes:

- Exhibit A Legal Description, Leased Premises, Boundary Surveys
 A-1 Leased Parcel #1
 A-2 Leased Parcel #2
 A-3 Leased Parcel #3
- Exhibit B Okaloosa County Minimum Standards for Fixed Base Operator
- Exhibit C Lease Rates — Table 1
- Exhibit D Agreement, entered on the 19th day of March, 2013, between Operator and the County, regarding Payoff Schedule For Past Due Rent and other events of default

ARTICLE II LEASED PREMISES

The County hereby leases and demises to Operator, and Operator hereby hires and takes from the County, the tract(s) of land (herein referred to as the "Leased Premises", see Exhibit A), in Okaloosa County, Florida, and any and all rights, privileges, easements and appurtenances now or hereafter belonging to said tract(s) of real property, subject, however, to all liens, easements, restrictions and other encumbrances of record, provided such matters do not prevent Operator from conducting its business on the Leased Premises as contemplated herein.

- A. The Operator shall use the existing above ground fuel farm area. (Fuel tank shall be constructed according to FAA, Federal and State Safety Regulations).
- B. Commencing upon the Commencement Date (defined in Article VI below) and until the termination of this Agreement, the Leased Premises shall consist of: see Exhibits A-1, A-2, & A-3.

The Leased Property shall be taken by Operator in its AS IS condition, and shall be maintained and operated at Operator's sole cost and expense except as may otherwise be specifically provided in this Agreement. It is the express intention of the parties hereto that the Operator's improvements, use and occupancy of the Leased Premises, and all costs associated therewith, shall be and remain the financial obligation of the Operator.

Any helicopter landing pads furnished by the Airport used by Operator or its customers shall be used solely for the landing, take-off, parking, fueling, and servicing of helicopters and for no other purpose whatsoever.

ARTICLE III GRANT OF USE

The County hereby grants Operator the exclusive right to the Leased Premises, and all of the improvements located thereon, to conduct on a non-exclusive basis, commercial aeronautical services/activities described as Full Service Fixed Base Operation in accordance with this Agreement and in accordance with the Requirements and Minimum Standards for Services and Activities as outlined in Exhibit B. The County further grants to Operator the rights of ingress and egress to and from the Leased Premises over Airport common use roadways and the Airport aprons as necessary for Operator's refueling operations, subject to any rules and regulations which may have been established or shall be established in the future by the County.

Operator shall not use, nor permit others to use, the Leased Premises, and any improvements thereon, for any commercial or noncommercial purpose, other than the authorized purposes set forth above, nor shall Operator use the Leased Premises to store any material not required for the execution of the authorized purposes. Should the Operator wish to perform any additional commercial aeronautical services from its leased premises, Operator shall make written application to the County requesting permission to provide such additional services. The County shall apply the criteria and standards embodied in the Requirements and Minimum Standards for Services and Activities in determining whether to authorize Operator to perform such services. If the County determines that the Operator is qualified to perform the requested aeronautical services under the Requirements and Minimum Standards for Services and Activities, and if the Operator and County execute an addendum to the Lease setting forth the terms and conditions by which Operator shall perform the additional aeronautical services or activities, including any additional fees, then Operator shall be deemed authorized to perform said additional services or activities.

ARTICLE IV ENVIRONMENTAL RESPONSIBILITIES

The County and Operator hereby agree and acknowledge that this lease in no way is intended to discharge, release, increase, or otherwise modify the parties' existing contractual or other legal obligations or responsibilities concerning the operator's existing FBO site or the Operator's existing fuel farm. Any other provision of this Agreement notwithstanding, Operator shall continue to have the contractual and legal obligations to remediate any existing non-compliant environmental conditions for which it is responsible under its Existing Agreement, including but not limited to those disclosed pursuant to the first paragraph of the following Section titled "Environmental Assessments".

Environmental Assessments:

Immediately upon the execution of this Agreement, the Operator shall, at its expense, obtain an ASTM Standards environmental assessment encompassing all of the Leased Premises described in Article I, Exhibit A above. The environmental assessment will be obtained from a financially stable environmental consulting firm acceptable to the County and Operator. If the ASTM Environmental Assessment recommends further investigation such as sampling and testing, the Operator will undertake, at its expense, to obtain such additional testing. (The initial ASTM assessment and any additional testing hereinafter "First Environmental Review"). The environmental consulting firm must be insured for errors and omissions in a minimum limit of \$20,000,000 per occurrence with a deductible no greater than \$25,000 and its insurance policy must be made showing the County and Operator as additional insured. All environmental assessments must be certified to the County and Operator and contain no limitation of liability for errors and omissions.

Upon the expiration or sooner termination of this Agreement, the Operator, at the operator's Expense, shall obtain an additional environmental assessment encompassing all of the Leased Premises described in Article I, Exhibit A. The same criteria and additional testing that applies for the First Environmental Review and environmental consulting firm described above will also apply for the environmental assessment done at the termination of this Lease.

Any environmental contamination disclosed in the environmental assessment prepared at the termination of the Agreement not also disclosed in the environmental assessment prepared prior to the Operator taking possession of the Leased Premises, taking into account any matters that may have been present in the First Environmental Review but not detected due to improved detection methods, shall be the responsibility of the Operator, and the Operator shall be obligated to promptly effect the remediation of such environmental contamination, and to have prepared, at the operator's expense, a post-remediation environmental assessment substantiating completion of such remediation in accordance with applicable laws, including without limitation all post-remediation sampling and additional or supplemental remediation. The County and Operator shall furnish to the other party true and complete copies of all environmental assessments of the Leased Premises including copies of all sampling and other data obtained as a result of the environmental assessments. Each party shall provide the other party reasonable advance notice of any environmental assessments and shall grant the County access to the Leased Premises during any environmental assessment activities and the right to accompany persons conducting any environmental assessments.

Off Site Environmental Contamination:

Nothing in this Article IV shall be construed to make Operator liable in any way for any contamination or release of Hazardous Substances affecting the Leased Premises that occurs by reason of the migration or flow to the Leased Premises from verifiable or documented offsite contamination that is not attributable to Operator's activities at the Leased Premises.

Environmental Compliance:

Excepting the aircraft fuel stored in the Operator's mobile tenders and the fuel farm as required in Article II(A) and except as otherwise set forth below, Operator agrees that no oils, petroleum products, synthetic lubricants, gasoline, solvents, or other hazardous materials may be permanently or temporarily stored on the Leased Premises. No storage tanks, either of the above ground type or below ground type, may be constructed or stored on the Leased Premises.

Small quantities of the above items, which are necessary for the day-to-day operation of the Operator, shall be permitted. However, the combined total of all such substances allowed on the Leased Premises at any one time shall not exceed 1000 gallons, exclusive of the quantities which are contained within Operator's mobile Tenders, fuel farm, and the fuel and power train systems of vehicles located upon the Leases Premises. Fuel tenders will be parked and refilled on Florida Department of Environmental Protection (FDEP) approved hard stands with recovery systems.

Upon request, the Operator shall provide a detailed listing of all such substances used in its day-to-day operations, and the past and current methods used for the handling and disposal of such material.

Operator shall comply with all laws, including, without limitation, any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating or relating to the environment, air quality, hazardous substances or materials, or petroleum products that may apply to the use of the premises, as such laws are now or at any time hereafter in effect. In the event the premises become environmentally contaminated during the Operator's occupancy of the Leased Premises under this Agreement due to the Operator, its invitees, guests, licensees, officers, employees, agents, or independent contractor's negligence, inaction, or other acts, or acts of God ("Operator Contamination"), the Operator shall be responsible for all costs related to the environmental remediation of the premises as required by applicable governmental regulatory bodies. Operator may contest the remediation requirements of such regulatory bodies as applicable law may allow. The Operator shall defend and indemnify the County and hold the County harmless from and against any and all claims, losses, liabilities (including, without limitation, strict liability), damages, injuries, costs, expenses (including, without limitation, attorneys' fees), claims for damage to the environment, claims for fines or civil penalties, costs of any settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against the County by any person, entity, or governmental agency for, with respect to, or as a direct result of Operator Contamination including without limitation all post-remediation sampling and additional supplemental remediation.

Operator acknowledges that the County is subject to Florida and/or Federal storm water regulations, 40 C.F.R/ Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication),

equipment cleaning operations and/or deicing operations that occur at Destin/Ft. Walton Beach Airport. Operator may not conduct any of the above operations without first applying for a storm water discharge permit. Operator may petition the County to file as a co-permittee to the storm water discharge permit issued to the Destin/Ft. Walton Beach Airport. Operator acknowledges that it is the responsibility of the Operator to be familiar with the storm water regulations should it conduct any of the above activities and Operator is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

Operator shall cooperate with the County in minimizing the exposure of storm water to "significant materials" as defined in 40 C.F.R. Part 122(b)(12), and shall comply with the County's Storm Water Pollution Prevention Plan as it may currently exist or be changed in the future. Operator hereby agrees that it is solely responsible for the compliance and construction of any storm water/surface water facilities, holding areas, treatment areas, diversionary fixtures or improvements, or other water flow control mechanisms deemed necessary by an authorized governmental entity due to Operator's use of the Leased Premises.

ARTICLE V COMPLIANCE WITH RULES AND REGULATIONS

In addition to those environmental laws, ordinances, statutes, etc. outlined in Article IV, it is expressly understood that the Operator agrees to conform to all other Federal, State, or local laws and regulations, as well as all Okaloosa County Codes and ordinances, all of which may apply to the services to be performed and that Okaloosa County is to be held free and harmless from any act or failures by the Operator to do so.

The Operator shall obtain and maintain in force all licenses, permits and other certificates required by Federal, State, County, or Municipal authorities for its operation under the terms of this Agreement.

The Operator agrees to observe all security requirements of Federal Regulations and the Airport Security Program, as may be applicable, and as the same may, from time to time, be amended, and to take such steps as may be necessary or directed by the County to ensure that employees, invitees, agents and guests observe these requirements. If the County incurs any fines and/or penalties imposed by Federal, State, County, or Municipal authorities as a result of the acts or omissions of Operator, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then Operator shall be responsible to pay or reimburse the County for all such costs and expenses.

ARTICLE VI TERM

The term of this Agreement shall commence at midnight on the last date this Agreement is signed by all Parties to the Lease (the "Commencement Date") and shall continue for a period of twenty (20) years from the Commencement Date,

unless changed or modified as set forth in this Agreement.

ARTICLE VII RENT & FEES

In consideration of the rights and privileges herein granted, the Operator hereby covenants and agrees to pay the County:

1. Commencing upon the Commencement Date of this Agreement.
 - A. 0.06 cents per square foot per year for the 866,355 square feet of base ramp area (See Exhibit C, Table 1).
 - B. 5% of gross receipts for sale of aircraft, aircraft engines, and all other services, equipment, and supplies except aircraft fuel and oil

The term "gross receipts" with respect to sales at all locations shall include all charges or other fees charged by Operator on all sales made by Operator, and all revenues of any kind and character derived from, arising out of, or payable on account of the business conducted by Operator or from the operations of Operator under this Agreement, whether for cash or credit and without any deduction for credit card discounts. Any gross receipts included in the formula for determining percentage payments owed the County and determined by Operator at a later date to be uncollectible shall not offset future percentage fees owed the County. The term shall also include the value of goods and services when provided or given by Operator to anyone without charge except as provided herein. The term shall not include warranty work for which Operator receives no mark-up over cost nor shall it include any sales tax or excise tax stated separately and collected from the customer for remittance to the taxing authority.

All gross receipts shall be deemed to be received at the time of the determination of the amount due to Operator not at the time of billing or payment, unless specifically authorized by the Airport Director.

- C. \$0.05 per gallon for all fuel sold to others or placed in aircraft owned, leased, or operated by Operator.
- D. \$0.10 per quart for all oil sold to others or placed in aircraft owned, leased, or operated by Operator.
- E. A fuel flowage fee (currently \$0.06 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. (The County and Operator acknowledge that the County charges a flowage fee for certain fuels sold at the Airport and used in aircraft, and the Operator hereby agrees to collect that fuel flowage fee, as agent for the County. The parties further

agree that the collection of this fee and its remittance to the County is not an additional fee paid by the Operator for use of the leased premises.)

2. Fees shall be adjusted as follows:

A. Adjustments to Base Ground Rent: The annual base ramp (see Exhibits A-1, A-2, & A-3) lease for each successive five (5) year period of the term of this LEASE from the Commencement Date shall be increased to reflect the increase in the Consumer Price Index ("CPI") from the Commencement Date of Lease (as defined in Article VI). The "CPI" shall be the revised Consumer Price Index for All Urban Consumers for all items U. S. City Average, published by the Bureau of Labor Statistics, U. S. Department of Labor, 1982- 84=100 (CPI-U). Base ground rent shall be subject to renegotiation for any option period hereunder.

B. Adjustments to Fuel Fee: The County reserves the right to adjust the fuel fee specified in subparagraph C of paragraph 1 above every five years after the Commencement Date, using an appropriate Producer Price Index for aviation fuels published by the U.S. Department of Labor, Bureau of Labor Statistics—more specifically the North American Industry Classification System (NAICS) code 324110 (Aviation Fuel).

PAYMENTS

Operator agrees to pay base ramp rent and building rent due to the County, in advance on or before the tenth (10th) day of the month for which the rent is due (See Exhibit C).

All percentage fees and flowage fees owed shall be payable by the twentieth (20th) day of the month immediately following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment. County reserves the right to develop and prescribe a report form for Operator to report gross receipts and fuel related activity upon which fees are levied.

Monthly rent payments, percentage payments, flowage fees and any other payments required under this Agreement which are not received when due shall accrue interest at the rate of twelve percent (12%) per annum from the due date until receipt of payment.

ARTICLE VIII BOOKS, RECORDS AND AUDITS

Operator must maintain full and accurate books of account and records, in a form acceptable to the County and according to standard and accepted accounting

practices. The books of account and records that Operator must maintain must include, but not be limited to, sales slips, cash register tapes, credit card invoices, monthly sales tax returns, sales and disbursement journals, general ledgers, bank statements, bank books, bank deposit slips and annual federal income tax returns. In lieu of maintaining the books of account and records required herein, Operator may maintain computer records instead, provided that the County determines, in its sole discretion reasonably exercised, in advance that said computer records are a reasonably equivalent alternative to the maintenance of books and records otherwise required herein. These books and records shall be stored in Okaloosa County, Florida, for a period of at least five (5) years following the end of each annual period of this Agreement and be made available to the County upon request.

The County reserves the right, from the Commencement Date forward, to audit Operator's books and records at any time for the purpose of verifying amounts payable hereunder. If, as a result of such an audit, it is established that Operator has understated amounts payable to the County by two percent (2%) or more (after deductions and exclusions provided for herein) Operator shall pay the full cost of the audit and shall pay the full amount underpaid, plus twelve percent (12%) interest on said underpayment from the time said underpayment should have been paid to the time said underpayment is fully paid. The cost of the audit and the payment of the underpaid amount, plus interest, shall be made by Operator to the County within thirty (30) days of receipt of written notice, except for past due amounts before the Commencement Date, which amounts are addressed in and will be due in accordance with the terms of the Agreement attached hereto as Exhibit D.

ARTICLE VIX SECURITY DEPOSIT

Surety in the form of an irrevocable letter of credit or performance bond equal to \$50,000 shall be posted with the County upon the Commencement Date of this Agreement and must thereafter be continuously maintained at all times during the term of this Agreement, to cover Operator's performance of all its obligations under this Agreement. The Surety is to be provided by Operator in a form acceptable to the County. The surety company shall be licensed to do business in the State of Florida, and shall be otherwise acceptable to the County. Operator shall be responsible for paying all required premiums.

An annually renewable Performance Bond may be substituted by the Operator each year in lieu of providing a single bond. Such Performance Bond shall not contain any exclusion or condition based on the time period for the discovery of, and the making of a claim for any loss, which is less than one year after the expiration date of such bond. In other words, the Performance Bond shall allow the County to make a claim under the Bond for losses, which totally or partially occurred during the period of such Bond. Such extended claim discovery and/or claim reporting period shall be for a period of at least one year or longer after the expiration of such Bond. Such Bond shall not contain any wording, which would allow for the cancellation or reduction in coverage under the Bond, other than at the listed expiration date, provided that 30 days notice of such expiration is given to the County before

termination of coverage at any such expiration date.

The performance bond, or a portion thereof, shall be payable to the County in the event Operator defaults in any of its monetary obligations to the County hereunder. In the event of Operator default, the amount or portion thereof, of the performance bond payable to the County shall, under no circumstances, exceed the amount of Operator's default.

**ARTICLE X
TAXES AND ASSESSMENTS**

Operator shall be responsible for and shall promptly pay all property taxes; personal property taxes; all sales and other taxes to include Fire District Assessments measured by or related to the payments hereunder required under law; all license fees; and any and all other taxes, charges, assessments, imposts or levies of any nature, whether general or special, which, at any time, may be in any way imposed by local, state, or federal authorities other than the County, or that become a lien upon Operator, the County, the Leased Premises, or any improvements thereon, by reason of this Agreement or Operator's activities in, or improvements upon, the Leased Premises pursuant to this Agreement. The County warrants and represents that it shall not impose any taxes, assessments, or charges upon Operator during the term of this Agreement, other than assessments and charges authorized by this Agreement, or by any other agreement or agreements with the County.

**ARTICLE XI
INSURANCE AND INDEMNIFICATION**

Before starting and until termination of this Agreement, the Operator shall procure and maintain insurance of the types and to the limits specified.

The term County as used in this section of the Agreement is defined to mean the Okaloosa County itself, any subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents.

Insurance shall be issued by an insurer whose business reputation; financial stability and claims payment reputation is satisfactory to the County, for the County's protection only. Unless otherwise agreed, the amounts, form and type of insurance shall conform to the following minimum requirements:

1. WORKER'S COMPENSATION

The Operator shall purchase and maintain Worker's Compensation Insurance Coverage for all Workers' Compensation obligations

<u>Workers' Compensation</u>	<u>LIMIT</u>
1) State	Statutory
2) Employer's Liability	\$1 million accident

2. **AIRPORT LIABILITY, AUTOMOBILE, ENVIRONMENTAL IMPAIRMENT, AND UMBRELLA LIABILITY COVERAGES**

The Operator shall purchase coverage provided by Property/Casualty Insurance Companies whose rating by the A.M. Best Company is "A" or better. For Business Auto policies, the Operator shall purchase coverage on forms no more restrictive than Business Auto policies filed by the Insurance Services Office. The County shall be an Additional Insured and such coverage shall be at least as broad as that provided to the Named Insured under the policy for the terms and conditions of this Lease. The County shall not be considered liable for premium payment, entitled to any premium return or dividend and shall not be considered a member of any mutual or reciprocal company. Minimum limits and coverage as outlined below must be provided, with umbrella insurance coverage making up any difference between the policy limits of underlying policies coverage and the total amount of coverage required.

Airport liability coverage including bodily injury and property damage liability for premises, operations, products and completed operations, hangar keepers, and independent contractors. The coverage shall be written on occurrence type basis with minimum limits of \$10,000,000 combined single limit.

Aircraft Liability coverage including bodily injury and property damage liability arising out of the operation of owned and non-owned aircraft. This coverage shall be written on an occurrence type basis with minimum limits of \$10,000,000 combined single limit.

Business Auto coverage including bodily injury and property damage arising out of operation, maintenance or use of owned, non-owned and hired automobiles and employee non-ownership use. This coverage shall be written on a per accident basis with minimum limits of \$5,000,000 combined single limit.

Environmental Impairment coverage including spillage, leakage, seeping or the like arising out of the fuel storage tank system (fuel farm), effective for such environmental impairments arising subsequent to the Commencement Date, all of which may be sudden and accidental or over a long period of time. This coverage shall be written on a claim made type basis with minimum limits of \$5,000,000 combined single limit or as required by Federal or State Statute.

Umbrella Liability coverage shall not be more restrictive than the underlying insurance policy coverage. The coverage shall be written on an occurrence-type basis.

Operator and the County understand and agree that the minimum limits and type of insurance herein required may become inadequate, and Operator agrees that it will increase such coverage or Limits of Liability to commercially reasonable levels within ninety (90) days upon receipt of notice in writing from the Airport Director.

3. PROPERTY INSURANCE

Operator shall maintain in force at all times, property insurance coverage which insures any buildings constructed on the Leased Premises against fire, extended coverage and Standard Insurance Office (ISO) defined "Special Cause of Loss" of physical damage. In addition to the other requirements of this Section, the company or companies providing property insurance coverage pursuant to this paragraph shall be qualified to do business in the State of Florida. The Okaloosa County shall be an Additional Insured under such policy with coverage afforded to the County which is at least as broad as that provided to the Operator/Named Insured under the policy for the terms and conditions of such policy. The amount of coverage will be 100% of the replacement cost of such Improvements excluding foundation and site work. The policy will not contain a deductible feature, which exceeds five percent (5%) of replacement cost of such buildings. Such policy shall contain a Waiver of Subrogation endorsement in favor of the County. Operator agrees to apply any payment made as a result of any insurable loss to the repair or replacement of such Improvements. In the event that the insurance funds are greater than the amount required to repair or replace the improvements, with like kind and quality, the excess funds shall be retained by Operator subject to the rights of any Lender or Mortgagee. Such funds shall be expended on such repair or replacement within a reasonable period of time. A period of more than fourteen (14) months shall be deemed as an unreasonable period of time. If such funds are not expended as required, such funds will be turned over to the County for the use and benefit of the Airports system.

4. CERTIFICATES OF INSURANCE

Required insurance shall be documented in the Certificates of Insurance, which provide that the Okaloosa County shall be notified as least thirty (30) days in advance of cancellation, non-renewal or adverse change or restriction in coverage. The Okaloosa County shall be named on each Certificate as an Additional Insured and this contract shall be listed. If required by the County, the Operator shall furnish copies of the Operator's insurance policies, forms, endorsements, jackets and other items forming a part of, or relating to such policies. Certificates shall be on the "Certificate of Insurance" form equal to, as determined by the County an ACORD 25. The Operator shall replace any cancelled, adversely changed, restricted or non-renewed policies with new policies acceptable to the County and shall file with the County Certificates of Insurance under the new policies prior to the effective date of such cancellation, adverse change or restriction. If any policy is not timely replaced, in a manner acceptable to the County, the Operator shall, upon instructions of the County, cease all operations under the Contract until directed by the County, in writing, to resume operations. The "Certificate Holder" address should read: Okaloosa County, Department of Risk Management, 601-A Pearl Street, Crestview, FL 32536. A copy of the certificate and any updates shall be sent to the Airports Director at 1701 SR 85 N, Eglin AFB, FL 32542.

5. INSURANCE OF THE OPERATOR PRIMARY

The Operator required coverage shall be considered primary and all other insurance

shall be considered as excess, over and above the Operator's coverage. The Operator's policies of coverage will be considered primary as relates to all provisions of the contract.

LOSS CONTROL AND SAFETY

The Operator shall retain control over its employees, agents, servants and subcontractors, as well as over its invitees, and its activities on and about the subject premises and the manner in which such activities shall be undertaken and to that end, the Operator shall not be deemed to be an agent of the County. Precaution shall be exercised at all times by the Operator for the protection of all persons, including employees, and property. The Operator shall make special effort to detect hazards and shall take prompt action where loss control/safety measures should reasonably be expected.

HOLD HARMLESS

The Operator shall hold harmless the Okaloosa County, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury, or property damage, including loss or use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the performance of this Agreement, provided any such claim, suit, action, damage, liability or expense is caused in whole or in part by an act or omission of the Operator, or the Operator's subtenants, subcontractors, representatives, licensees, invitees, agents or employees of the Operator or employees of any of the aforementioned individuals or entities. The Operator's obligation shall not be limited by, or in any way to, any insurance coverage or by any provision in or exclusion or omission from any policy of insurance. Nothing contained herein shall obligate the Operator to hold harmless the County for the County's own negligence to the extent the claim is caused by such negligence.

PAY ON BEHALF OF THE COUNTY

The Operator agrees to pay on behalf of the County, as well as provide a legal defense for the County, both of which will be done only if and when requested by the County, for all claims as described in the Hold Harmless paragraph. Such payment on the behalf of the County shall be in addition to any and all other legal remedies available to the County and shall not be considered to be the County's exclusive remedy.

ALL OPERATORS AT DESTIN/FT. WALTON BEACH AIRPORT

All Operators located at the Destin/Ft. Walton Beach Airport will be required to meet the same insurance requirements.

**ARTICLE XII
PATENTS AND TRADEMARKS**

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

**ARTICLE XIII
IMPROVEMENTS**

Initial Improvements:

Upon execution of this Agreement, County shall maintain all public and common or joint use areas of the Airport, including the Aircraft Operations Area, in good repair, and shall make such repairs, replacements or additions thereto as, in its opinion, are required and necessary for the safe and efficient operation of the Airport.

Additional Improvements:

During the term of this Agreement, Operator shall have the right to construct, at its own expense, improvements, alterations, or additions anywhere on the Airport that would benefit the Airport or its operators, to facilitate and further the authorized usage of the Airport, provided that Operator conforms with all conditions of this Article including:

- (a) the proposed improvements and alterations are submitted to the County for its prior review;
- (b) the County determines, in its discretion (which discretion shall be reasonably applied and the determination not unreasonably withheld or delayed), that the proposed improvements and alterations will be consistent with the Airport's Master Plan, land use plan and architectural design and quality of construction in effect at the time of construction; and
- (c) the improvements, alterations, and additions are to be constructed by qualified and licensed contractors and subcontractors.
- (d) such improvements shall include but not be limited to items such as:
 - 1. construction of aircraft hangars
 - 2. construction of office space for aviation activities
 - 3. covered area for arrival and departure of aircraft
 - 4. flight school
 - 5. major remodeling of passenger terminal

The cost of these improvements shall first apply as reductions to the past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached. Thereafter, such improvements shall be at Operator's own expense.

General Construction Requirements:

Prior to the commencement of any construction activity, Operator shall submit detailed plans, specifications, and a construction time schedule for the improvements, to the County for approval. The Airport Director shall either approve or disapprove the plans and/or specifications submitted by the Operator. Approval by the Airport Director of any plans and specifications refers only to the conformity of such plans and specifications to the general architectural and aesthetic plan for the area assigned to the Operator. Such plans are not approved for architectural or engineering design or compliance with applicable laws or codes and the County, acting through the Airport Director, by approving such plans and specifications, assumes no liability or responsibility hereof or for defect in any structure or improvement constructed according to such plans and specifications. The Airport Director reserves the right to reject any design submitted and shall state the reasons for such action; provided, however, the Airport Director will not unreasonably deny such plans and specifications. No changes or alterations shall be made to said plans and specifications after approval by the Airport Director.

Immediately upon receipt of the County's written approval of said plans, specifications, and construction time schedule, Operator shall proceed with construction of said improvements. Work shall not be performed at times other than shown on the construction time schedule without the prior approval of the Airport Director.

Operator shall construct all improvements and additions to the Leased Premises at its own expense, except that a credit shall first be given for past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached. Thereafter, such improvements shall be at Operator's own expense. Although the County has the right to review proposed improvement plans, and veto the plans only if the plans are inconsistent with the airport development plans or construction quality and design control, pursuant to the standards set forth above, if the County does not veto said improvement plans, and Operator thereafter constructs the improvements, the improvements shall be commissioned and constructed at Operator's sole initiative and behest, and nothing herein shall be construed as an authorization by County to Operator to construct the improvements, or as an agreement by County to be responsible for paying for the improvements, except as listed in Exhibit D and neither the Leased Premises, nor the County's interest in said Leased Premises or any improvements constructed thereon, shall be subjected to a mechanic's lien for any improvements constructed by Operator hereunder.

Where the cost of improvements exceed \$100,000; the County may require Operator to post a bond or letter of credit or other security acceptable to the County

guaranteeing payment for construction of the improvements, as a condition precedent to the commencement of construction of the improvements.

Operator shall be responsible for assuring that all of the improvements; alterations and additions to the Leased Premises are constructed in accordance with applicable local, state and federal law. Operator shall reimburse the County for all costs and expenses, including attorney's fees, the County incurs:

- (a) as a result of the fact that the improvements, additions, or alterations do not comply with local, state and federal law;
- (b) in defending against, settling or satisfying any claims that the County is responsible for paying for improvements commissioned by Operator hereunder, except as allowed in Exhibit D; or
- (c) in defending against, settling or satisfying any mechanic's lien claims, asserted as a result of unpaid for improvements commissioned by Operator hereunder.

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

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

Operator shall provide County with one complete set of "as-built" drawings for each improvement, alteration, or addition made to the Leased Premises during the term of this Agreement.

Immediately upon completion of any improvements, alterations, or additions, Operator shall submit to the County a detailed, certified statement from the construction contractor(s), architect(s), and engineer(s) specifying the total construction costs, both hard costs such as building contractor and material costs and soft costs such as architect fees, bond costs, letter of credit fees, attorney fees to review and negotiate construction contracts and construction issues and for loan closing, and design and closing costs, but excluding debt service (collectively, "Direct Costs"). Operator shall also submit the proposed useful life of said improvements. The County shall review the costs and proposed useful life and upon its approval, said approval not to be unreasonably denied or delayed, such costs shall become the basis for depreciation of Operator improvements as provided for in Article XXVII

(or the amount applied to the past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached).

Title to all permanent leasehold improvements, alterations, or additions, as defined by Florida Law, will vest in the County upon termination or sooner expiration of this agreement, free and clear of any liens or encumbrances whatsoever arising by, through or under the Operator.

Notwithstanding the above paragraph, title to all of the Operator's trade fixtures and signs and personal property shall at all times during the term of this Agreement remain with the Operator.

Operator shall not remove or demolish, in whole or in part, any improvements upon the Leased Premises without the prior written consent of the Airport Director,

ARTICLE XIV SIGNS

Operator shall have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place in or on the Leased Premises or Airport a sign or signs identifying the Operator. Operator shall also have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place Operator identifying signage at the Airport entryway and to place directional signs to the FBO from the Airport entryway to the Leased Premises. Such sign(s) shall be of a size, shape and design, and at a location or locations, approved in writing in advance by the Airport Director and in conformance with standards established by the Airport Director with respect to the Airport's overall directional graphics and sign program. Sign(s) and location(s) may be changed and altered from time to time with the written approval of the Airport Director, said approval not to be unreasonably denied or delayed. The Operator, upon written request from the County, shall remove, at the Operators expense, all lettering and signs so erected on the Leased Premises at the expiration, said expiration to include any extensions, or sooner termination of this Agreement.

ARTICLE XV VENDING MACHINES

Amusement or vending machines or other machines operated by coins or tokens may be installed or maintained in or upon the Leased Premises, as well as any improvements or additions thereon, with the permission of the County, and the number, type, kind and locations thereof shall be solely in discretion of the County. Operator shall not permit the installation of any such machines, except by a concessionaire authorized by the County or unless the County agrees to Operator or its subtenants installing their own machines for use by the employees and guests of Operator and its subtenants.

ARTICLE XVI MAINTENANCE

During the term of this Agreement, Operator agrees, at its own expense, to maintain and keep in good condition and repair, all portions of the Leased Premises, including any improvements, alterations, or additions thereon, and any utility lines thereon or thereunder. As used herein, maintenance shall include, without limitation, the upkeep, repair, and replacement of all structural aspects of the Leased Premises and all existing and future improvements thereto. Maintenance shall include, but not be limited to:

1. The maintenance of all fencing (excluding the airport perimeter fence), landscaping, foundations, walls, heating and cooling systems, drainage installations, curbs, islands, sidewalks, driveways, aircraft ramp, parking areas (vehicular and aircraft), and Operator-constructed and/or modified vehicular and aircraft ingress/egress and access-ways provided for in this Lease; excluding roofs and the maintenance hangar main door;
2. The maintenance of all interior utility lines, exterior equipment, fixtures and connections in accordance with Article XVII;
3. The maintenance of all interior lighting fixtures; including bulbs, ballasts, starters, switches, and outlets;
4. All security service;
5. All interior and exterior painting; and
6. Maintenance of all interior and exterior doors, locks, walls, windows, ceilings and partitions.

The County shall not be liable for damage caused by wind, water, steam, sewage, snow, ice, gas, bursting or leaking of pipes or plumbing or electrical causes, unless the damage is proved to be the result of gross negligence of the County.

The County shall have no responsibility for maintenance, repair, or replacement of the Leased Premises including any Permanent Approved Capital Operator Improvements. The Operator, at its sole cost and expense, shall provide custodial service and other service(s) required by the Operator, and the County shall have no obligation therefore.

During the term of this Agreement, Operator agrees to maintain all portions of the Leased Premises not maintained by County, and any improvements, alterations, or additions thereon, in a safe, clean, and neat condition, and not permit any accumulation of wreckage, debris, or trash. Operator agrees to provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, waste and other refuse caused as a result of Operator's

use of the Leased Premises; to provide and use suitable covered metal receptacles, to be approved by the Airport Director, for all trash, garbage and other refuse on or about the Leased Premises, and not to pile boxes, cartons, carts, drums, or the like on the outside of the buildings, or dump any waste matter of any nature, in a liquid state or otherwise, on the Leased Premises nor to permit contamination of the County's sewers or the Airport's drainage control reservoir.

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

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

ARTICLE XVII UTILITIES

During the term of this Agreement, Operator shall be responsible for providing, maintaining, and repairing, at its sole cost and expense, all utilities; including, but not limited to telephone, lighting (except ramp lighting which will be the County's expense for power and repair), water, gas, sewer, and electric as County, required for the Leased Premises and any improvements, alterations, or additions thereon. Throughout the term of this Agreement, Operator shall not render any utility lines inaccessible.

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

The County, or the utility company as the case may be, will be responsible for utility lines up to property lines of the leased Premises as defined in Exhibits A-1, A-2, and A-3. Should Operator have a problem with any exterior utility line and it be determined that said problem exists at a point prior to where the line enters upon the Leased Premises, Operator shall coordinate the required maintenance and repair with both the appropriate utility company and the County.

The Operator may, at its sole cost and expense, install any additional utilities at the Leased Premises, as it so desires, provided that Operator shall be responsible for

obtaining any easements necessary to make such utilities available to the Leased Premises and the Operator complies with all provision Article XIII herein.

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

The Operator shall be solely liable for the cost of all utility consumption on the Leased Premises, except ramp lights, and the Operator shall obtain separate meters accordingly.

ARTICLE XVIII DAMAGE OR DESTRUCTION

Operator shall be liable for any damage to the Airport and to any improvements thereon caused by Operator, its partners, officers, agents, invitees, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, ordinary wear and tear excepted. All repairs for which Operator is liable shall be made by Operator unless the County determines that it is more appropriate for the County to make the repairs; provided, however, notwithstanding anything herein to the contrary, repairs to the improvements constructed by Operator may be made by the Operator unless Operator fails to undertake such repairs as set forth below. In such a case, the County shall make the repairs at Operator's expense. All repairs for which Operator is liable and which are not undertaken after the County has given Operator written notice to so do shall be performed by the County, in which event Operator shall reimburse the County for the cost thereof, plus a ten percent (10%) administrative charge, and said amount shall be due by the 10th day of the following month in addition to any other payment due.

In case of damage to or destruction of the improvements upon the Leased Premises, the Operator, at its sole expense, shall commence the repair or reconstruction of the improvements within sixty (60) days thereafter and diligently complete such repair or reconstruction within a reasonable time period and to a condition as near as reasonably practicable to the condition thereof immediately prior to such damage or destruction. In accordance with Article XI, a period of more than 14 months shall be deemed unreasonable. In the event the Operator fails to commence repairs within the specified time, then, at the County's sole discretion, this Agreement shall terminate or the County may exercise its remedies under this Agreement.

In the event this Agreement terminates pursuant to the paragraph above, the County

shall notify the Operator in writing whether the County elects that (1) the Operator surrender possession of the Leased Premises to the County immediately and assign the County (or, if the same has already been received by the Operator, pay to the County) all of its right, title and interest in all of the proceeds from the casualty insurance upon the Leased Premises specified in Article XI, and pay to the County an amount equal to the Operator's deductible thereunder, or (2) the Operator at its sole cost and expense, within four (4) months after the receipt of the County's written notice as aforesaid, tear down and remove all parts of the improvements then remaining and the debris resulting from such fire or other casualty and otherwise clean up the Leased Premises, and place the area in a condition similar to that when it was first provided to the Operator. In all events, the Leased Premises shall be free and clear of liens, including the lien of any leasehold mortgage, arising by, through or under the Operator. In the event the County elects option (2) hereunder, within five (5) days after the completion of such cleanup and restoration, the Operator shall surrender to the County possession of the Leased Premises, cleaned up as aforesaid, and assign to the County (or if the same has been received by the Operator, pay to the County) all of the insurance proceeds from the insurance upon the Leased Premises specified in Article XI plus the amount of any deductible thereunder, minus the costs of cleanup and restoration.

In the event of damage or destruction to the Leased Premises, it is expressly understood that Operator shall continue to be liable for complying with all terms and conditions of this Agreement, including fees payable, during the time required for Operator to fulfill its obligations hereunder, unless the damage makes it impractical for the Operator to continue the Operator's business. In this event, the base rent will be abated for up to the time it takes for Operator to reopen for business but in no event longer than 14 months from the date the damage or destruction occurred.

Notwithstanding anything in this Article or the Lease to the contrary, Operator's and County's rights to insurance proceeds will be subject and subordinate to the rights of the lender holding the leasehold mortgage covering the Leased Premises pursuant to Article XLIV below.

ARTICLE XIX RIGHT TO ENTER

The County and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right to enter upon the Leased Premises and any improvements and alterations thereon at reasonable times (and in an emergency, any time) for the following purposes:

1. To inspect such premises to determine whether Operator has complied and is complying with the terms and conditions of the Agreement
2. To perform maintenance and make repairs in any case where Operator is obligated but has failed to do so.
3. In the exercise of County's police powers.

ARTICLE XX QUIET ENJOYMENT

The County warrants and represents that it has good and marketable title to the Leased Premises free of encumbrances. The County represents that upon payment of fees when due and upon performance of all other conditions required herein, and under other agreements between the parties, Operator shall peaceably and quietly have, hold, possess and enjoy the Leased Premises, and all improvements thereon, for all terms under this Agreement, subject to the County's rights of inspection and maintenance contained herein.

ARTICLE XXI NON-DISCRIMINATION

Operator, for itself, its personal representatives, successors in interest, assigns and subtenants, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises and any improvements thereon; (2) no person on the grounds of race, color, religion, sex, national origin, or disability shall be subjected to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services therein; and (3) Operator shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

Operator shall furnish its accommodations and/or services on a fair, equal, and non-discriminatory basis to all users thereof and it shall charge fair, reasonable, and non-discriminatory prices for each unit or service, PROVIDED THAT Operator may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

County, as part of the consideration hereof, does hereby covenant and agree that Lessee will not be required to provide any service(s) or meet any requirement(s) contained in this Agreement, including Exhibit B hereto (Okaloosa County Minimum Standards for Fixed Base Operator), unless all Fixed Base Operators located at the Destin/Ft. Walton Beach Airport are providing the same service(s) or meet the same requirement(s), i.e., the Lessee would not be required to provide twin engine charter service unless all Fixed Base Operators at the Destin/Ft. Walton Beach Airport provide twin engine charter service.

County, as part of consideration hereof, does hereby covenant and agree that any and all FBOs located at the Destin/Ft. Walton Airport may meet their Minimum Standards, as stated in Exhibit B, for maintenance, flight school, and charter operations by contracting with a certified third party, so long as done in accordance

with Articles XXXIV and/or XXXV of this Agreement, as applicable.

In the event of breach of any of the above non-discrimination covenants, the County shall have the right, subject to rights of cure otherwise, forth herein, to terminate this agreement and to re-enter and repossess said Leased Premises and hold the same as if said agreement had never been made or issued.

ARTICLE XXII WAIVER

Should Operator breach any of its obligations hereunder, the County, nevertheless, thereafter may accept from Operator any payment or payments due under this Agreement, and continue this Agreement in effect without in any way waiving its ability to exercise and enforce all available remedies upon default provided hereunder or provided by law for said breach. In addition, any waiver by either party of any default, breach, or omission of the other under this Agreement shall not be construed as a waiver of any subsequent or different default, breach, or omission.

ARTICLE XXIII DEFAULTS AND REMEDIES

Events of Default: Subject to any cure periods otherwise set forth herein, the following shall constitute defaults by Operator:

1. Failure to pay any fees or any other monies owed hereunder, or under any other agreements between the parties, when such fees and monies are due.
2. The failure to keep any covenant, agreement, or obligation covered under this Agreement, or under any other agreement between Operator and the County.
3. The operation of the Operator should change to such an extent that it is no longer able to meet the criteria set forth in the Requirements and Minimum Standards for Services and Activities for the activities permitted under this Agreement or be able to provide these Requirements and Minimum Standards through a County approved third party at the Airport.
4. Operator undertakes any other commercial or noncommercial service or activity not specifically permitted under this Agreement, unless first approved by the County in writing.
5. If any court shall take jurisdiction of Operator and its assets pursuant to any proceeding other than under the provisions of the Bankruptcy Reform Act of 1978, or if a Receiver for Operator's assets is appointed, or if Operator shall be divested of its rights, powers, and privileges under this agreement by other operation of law, other than under the

Bankruptcy Act of 1978.

6. Subject to casualty and the terms of Article XVIII hereof, abandonment of Operator's operations, which shall be defined as Operator's failure to conduct regular and continuing operations on the Leased Premises in accordance with the requirements hereof for thirty (30) days.
7. A default in, or the termination of any other agreement between Operator and the County, or default in or the termination of any sublease executed between Operator and any third party pursuant to which Operator is entitled access to land, buildings, improvements, or any portions thereof, located on the Airport, or to do business on the Airport.

Should the County so request in writing after execution of this Agreement, Operator shall provide a copy of the additional agreements pursuant to which Operator is authorized to do business on the Airport, within ten (10) days of said notice. The failure to provide copies of said agreements shall also constitute a default on Operator's part and shall entitle the County to exercise any and all of its default powers set forth in this Agreement.

Remedies Upon Default: Upon the occurrence of any of the events of default set forth above, the County may exercise any one or more of the following remedies. These remedies shall be cumulative and not alternative:

1. The County may sue for recovery of all damages incurred by the County, including incidental damages, consequential damages, if any, and attorney's fees.
2. The County may utilize any portion, or all, of the security deposit provided by Operator to remedy the default and to reimburse the County for any damages, including attorney's fees and other expenses of collection that it may sustain as a result of the default. In such event, Operator shall not be permitted to resume operations under this Agreement until such time as it furnishes another security deposit that satisfies the requirements of Article VIII. However, this Agreement shall not be deemed terminated during said period unless written notice of termination shall have been given and become effective in accordance with subparagraph 3, below.
3. The County may terminate this Agreement and, at the option of the County, any other agreement in effect between the County and Operator. The termination of these agreements, however, shall only be effective upon written notice of same provided by the County to Operator as required in Article XXIII, Remedies Upon Default, No. 6. In no event shall this Agreement be construed to be terminated unless and until such notice is provided. With respect to Article XXIII, Events of Default, Nos. 3 and 6, only, the termination may be effective

immediately upon provision of said notice, or at any other time specified in the notice. If this Agreement is terminated, Operator shall continue to be liable for: (a) the performance of all terms and conditions and the payment of all monies due hereunder prior to the effective date of said termination; (b) all damages, including attorney's fees and other expenses of collection, incurred as a result of any default; and (c) all conditions, terms and obligations in Article XI of this Agreement, entitled Insurance and Indemnification.

4. Without terminating the Agreement by so doing, and without further notice to Operator, the County may reenter the Leased Premises with process of law, repossess the Leased Premises and all fixtures and improvements thereon, and remove Operator and any third parties who may be occupying or within the Leased Premises and all of their respective personal property, by using either such reasonable force as may be necessary, summary proceedings, ejectment, or any other means the County, in its sole discretion, deems appropriate without being deemed guilty of trespass, eviction, or forcible entry and detainer by so doing. In such case, the County shall be obligated to attempt, in good faith, to negotiate the reletting of the Leased Premises, and any improvements thereon, or any portion thereof, on behalf of Operator, for such period of time and upon such terms and conditions as the County deems appropriate. The County shall in no way be obligated under the terms of this subparagraph to relet all or any portion of the Leased premises, or any improvement thereon, to any third party, or upon terms and conditions that are not acceptable to the County, or which the County, in its sole discretion, does not feel to be in the best interests of the Airport; nor shall the County be responsible for any failure of the sub operator or new tenant to pay rent or to perform any other conditions due upon such reletting. Operator hereby expressly authorizes the County to make any reasonable repairs necessary to relet the Leased Premises or any improvements thereon, on Operator's behalf. Assuming the County attempts to relet the Leased Premises in good faith, whether or not the County is able to relet the Leased Premises, Operator shall remain liable for the performance of all terms and conditions of the Agreement and the payment of all fees due under the terms of the Agreement for the remainder of the Leasehold term, although Operator shall receive credit for any fees paid or conditions performed as a result of subletting. Operator shall also be responsible for reimbursing the County for all costs and expenses the County incurs in reletting or attempting to relet the Leased Premises, including commission/broker fees and reasonable repair costs. Finally, if, as a result of such reletting, the County becomes entitled to receive excess fees or other benefits over and above what the County would have been entitled to receive under this Agreement, the Operator shall be entitled to retain all such surplus fees and other benefits, and the County shall have no rights or interest therein.

5. The County may utilize any other remedy provided by law or equity as a result of any events of default.
6. Notwithstanding anything in this Lease to the contrary, Operator will not be in default under Article XXIII, Events of Default, Nos. 1, 2, 4, 5, 6 and 7, of this Lease unless and until Operator defaults in the payments of rent, and fails to pay said rent for a period of thirty (30) days after receipt of written notice from County, or Operator defaults in the performance of any provision under this Lease and fails to cure said default within thirty (30) days of receipt of written notice from County, or, if such default is of a nature that it could not reasonably be cured within thirty (30) days after receipt of such written notice and Operator does not commence and proceed with reasonable diligence and in good faith to cure such default.

ARTICLE XXIV NONADEFAULT TERMINATION EVENTS

A. Non-Default Termination Events:

The occurrence of any of the following shall constitute a non-default termination hereunder and entitle the Operator to terminate this Agreement by giving ninety (90) days written notice:

1. The lawful assumption by the United States of America, or any authorized agency thereof, of the operation, control, or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict the Operator from operating therefrom for a period in excess of ninety (90) days.
2. The abandonment of the Airport as an airport or airfield for a period greater than 90 days.
3. In the event this Agreement is terminated under Article XXIV(A)(1) or under Article XXIV(A)(2), above, the County is obligated to comply with the terms of Article XXVII.

B. Termination for Other Purposes:

In accordance with Article XXXI, if the County at any time during the term of this Agreement determines, in its sole judgment, that the Leased Premises are required for other airport purposes, and not for fixed based operations, the County shall have the right to terminate this Agreement by giving the Operator 90 days written notice; provided, however that County complies with the terms of Article XXVII.

C. Lost Profits:

The County shall not be responsible to the Operator for any lost profits, expenses,

liabilities or claims whatsoever that may result from termination by the Operator or the County pursuant to this Article, except for the reimbursement provided for under Article XVII.

**ARTICLE XXV
ATTORNEYS FEES, COSTS AND EXPENSES OF LITIGATION**

In the event of a breach of this Agreement, the breaching party shall pay to the non-breaching party all attorneys' fees, costs and other expenses incurred by the non-breaching party in enforcing its rights as a result of said breach.

**ARTICLE XXVI
FORCE MAJEURE**

Subject to the provisions herein concerning the payment of fees and other monies by Operator to the County, and except as otherwise expressly provided herein, neither the County nor Operator shall be liable for any failure, delay or interruption in performing their obligations hereunder (other than the Operator's obligations to pay fees and other monies) due to causes or conditions beyond their control; by which is meant acts of God, the elements, weather conditions, earthquakes, fire, acts of governmental authority (other than the County or agency thereof), war, shortage of labor or materials, acts of third parties for which neither the County nor Operator is responsible, injunctions, labor troubles or disputes of every kind (including those affecting the County, Operator, their contractors, suppliers, or subcontractors), or any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances), which is beyond the control of the County or Operator or which could not be prevented or remedied by reasonable effort and at reasonable expense.

**ARTICLE XXVII
BUYOUT OF IMPROVEMENTS**

In the event of any cancellation or termination of this Agreement prior to the expiration date pursuant to Article XXIV(A)(1), Article XXIV(A)(2) or Article XXIV(B), the County shall, within ninety (90) days after the effective date of such termination or cancellation, pay the Operator the "undepreciated cost of leasehold improvements" for all Operator Improvements installed or constructed by the Operator which were approved by the County pursuant to the terms hereof, whether in place on the Commencement Date or constructed thereafter; provided, however, the County shall not make any payments hereunder for any Operator Improvements not then in existence at the time of any such cancellation or termination. For purposes of this provision, undepreciated cost of leasehold improvements shall be the cost of said improvements, less depreciation on a straight-line basis over their useful lives, as approved by the County pursuant to Article XIII.

**ARTICLE XXVIII
SURRENDER UPON TERMINATION**

Upon the expiration or sooner termination of this Agreement, for any reason whatsoever, Operator shall peaceably surrender to the County possession of the Leased Premises, together with any improvements, alterations, or fixtures previously constructed by Operator or the County within said Leased Premises, and any of the County's personal property located thereon, in as good a condition as the Leased Premises and improvements, alterations and fixtures constructed thereon were initially provided to, or constructed by, the County or Operator, ordinary wear and tear excepted, and, subject to terms of Article XXVII above, without any compensation whatsoever, and free and clear of any claims or interests of Operator or of any mortgages or any other third party whose position was derived from or through Operator. If any of said improvements, alterations or fixtures are encumbered by a mortgage or lien at the time of expiration or sooner termination of this Agreement, Operator shall be responsible for eliminating said mortgage or lien and shall hold the County harmless therefrom.

Operator shall have the right to remove its items of personal property and trade fixtures and signs from the Leased Premises through 30 days after the close of business on the day of expiration or sooner termination of this Agreement. Should Operator fail to remove its personal property and trade fixtures and signs within said time, the County shall have the right to remove said personal property and trade fixtures and signs and to place said personal property and trade fixtures and signs into storage at Operator's behalf and at Operator's sole cost and expense. The County shall be entitled to reasonable rental from Operator for the use of the Leased Premises occupied by Operator's personal property and trade fixtures and signs, until the County places said property into storage.

Title to all personal property and trade fixtures and signs not removed by Operator from the Leased Premises or claimed from storage within thirty (30) days of the expiration or sooner termination of this Agreement shall be subject to the County taking ownership of such personal property and trade fixtures and signs, without payment by the County to Operator of any compensation whatsoever, and said personal property and trade fixtures and signs shall thereafter be owned by the County free and clear of any claim or interest by Operator or of any mortgagee or any third party whose position was derived from or through Operator.

**ARTICLE XXIX
HOLDING OVER**

If Operator remains in possession of the Leased Premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement but shall create only a tenancy from month to month which may be terminated at any time by the County upon thirty (30) days written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

**ARTICLE XXX
RENEWAL**

Provided that Operator is not currently in default of any of the terms of this Agreement, including those contained in Exhibit D, Operator shall be provided one (1) 10-year renewal option, exercisable no sooner than January 1, 2032, by providing County with written notice at least one hundred eighty (180) days prior to the expiration of the lease term. All of the terms and conditions of the lease shall apply during the renewal term including CPI increases to the lease payments at each successive five (5) year period.

**ARTICLE XXXI
SUBSTITUTION OF PREMISES**

Operator understands and agrees that the County has the right to take all or any portion of the Leased Premises, and any additions, alterations, or improvements thereon, should the County, in its sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes and not for fixed base aircraft operations. If such action is taken, the County may terminate this Agreement in accordance with Article XXIV, NON-DEFAULT TERMINATION EVENTS, or may and if the County intends to maintain a Fixed Base Operation at the Airport will substitute in a reasonable time using reasonable diligence comparable areas within the Airport, brought to the same level of improvement to the area taken. The County shall bear all expenses of bringing the substituted area to the same level of improvement as the area taken, and of moving Operator's improvements, equipment, furniture and fixtures to the substituted area. If any of Operator's improvements, equipment, furniture, or fixtures cannot be relocated, the County shall replace, at its own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the County shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Operator, or any mortgagee or other third party. It is the specific intent of this paragraph that Operator be placed, to the extent possible, in the same position it would have been had the County not substituted new premises for the Leased Premises, provided, however, that the County shall not be obligated to reimburse Operator for lost profits or revenues due to such substitution.

**ARTICLE XXXII
AIRPORT DEVELOPMENT RIGHTS**

Subject to the provisions of Article XXXI concerning Substitution of Premises rights above, the County reserves the right to further develop or improve all areas within the Airport, including landing areas, as the County may determine in its sole discretion, which discretion shall not unreasonably be exercised, to be in the best interests of the Airport, regardless of the desires or views of Operator, and without further interference or hindrance from Operator.

Except as may be required by this Agreement or any other agreement between the

parties, the County reserves the right, but shall not be obligated to Operator, to keep and repair all areas, including landing areas, of the Airport.

ARTICLE XXXIII SUBORDINATION

This Agreement shall be subordinate to existing and future Airport Bond Resolutions. This agreement shall also be subject to and subordinate to agreements between the County and State and Federal agencies for grants-in-aid and to the provisions of any agreements heretofore made between the County, the City, and the United States, relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights of property to the County for Airport purposes, or to the expenditure of federal funds for the extension, expansion, or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Airport Act of 1958, as it has been amended from time to time. Any agreement hereafter made between the County, the City, and the United States will not be inconsistent with rights granted to Operator herein.

ARTICLE XXXIV ASSIGNMENT

Operator shall not assign its rights, title and interest herein nor allow or effectuate a "change in control" of Operator's entity without the prior payment of an assignment fee of \$1,000.00 and the prior written consent of the County, said consent not to be unreasonably denied or delayed. If an assignment or change of control is made, Operator shall continue to be liable, jointly and severally, with its assignee or successor, for the fulfillment of all terms and conditions arising under this Agreement subsequent to the assignment, unless the County releases Operator in writing from such liability for future obligations, which release shall not be unreasonably withheld. The release shall be effective only if made in writing. All subsequent assignors and assignees shall be subject to the terms and conditions of this Agreement, including this Section, as if they were the original operator/assignor. For purposes of this provision and this Agreement, "change of control" shall mean any transfer in control of Operator's entity structure, whether by action of Operator or by operation of law. Without limiting the generality of the foregoing, for purposes of this Agreement, the transfer of forty percent (40%) or more of Operator's stock (if a corporation) during any 12-month period shall constitute a change in control. Any transfer of control not so approved by County shall be a violation of the covenants of Article XXIV enabling County to exercise any and all rights of County pursuant to Article XXIII.

ARTICLE XXXV SUBLEASE

Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County, said consent not to be unreasonably denied or delayed. Any such sublease must be in writing and be made subject to the terms and conditions of this

Agreement. In addition, before any sublease may take effect, any sub operator must execute an agreement with the County, in a form and for a fee acceptable to the County, by which such sub operator is authorized to do business on the Airport.

ARTICLE XXXVI SUCCESSORS

The provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the legal representatives, successors and assigns of the parties hereto.

ARTICLE XXXVII PARTIAL INVALIDITY

If any term or condition of this Agreement or application thereof to any person, entity or event shall to any extent be held or deemed invalid and unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons, entities or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XXXVIII NOTICES

All notices by either party to the other shall be made by depositing such notice in the registered or certified mail of the United States of America, postage prepaid, return receipt requested or with a nationally recognized overnight express courier service requiring signature and receipt, and such notice shall be deemed to have been served on the actual date of receipt, or, in the event addressee, or addressee's agent, refuses to accept delivery or delivery attempt is unsuccessful, so long as the notice is properly addressed as shown below or as subsequently provided to the other party in compliance with the provisions of this Article XXXVIII, then notice shall be deemed to have been served on either i) the date delivery is refused, ii) the next business day in the case of delivery by overnight courier, or iii) three (3) business days after mailing the notice in the case of registered or certified mail. All notices to the County shall be mailed to:

Airports Director
Northwest Florida Regional Airport
1701 Hwy 85 North
Eglin AFB, Florida 32542-1413

All notices to Operator shall be mailed to:

Regal Capital, LLC
Attn: Jack Simmons
9171 Ashbury Lane
Gulfport, MS 39503

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

ARTICLE XXXIX REPRESENTATIONS REGARDING AUTHORITY

The County represents that it has the authority to enter into this Agreement and grant the rights contained herein to Operator.

If Operator is a limited liability company or general partnership, the undersigned warrants and represents that (1) he/she is a general partner of said partnership; (2) his/her execution of this Lease is in the usual course of the partnership's business; and (3) by his/her execution of this Lease, the partnership shall be deemed a signator to this Lease in the same fashion as if all of the general partners of the partnership had executed this Lease.

If Operator is a corporation, the undersigned warrants and represents that (1) he/she is an agent of the corporation; (2) he/she is authorized to execute this Lease on the corporation's behalf; and (3) the corporation shall be bound as a signator to this Lease by his/her execution of this Lease.

ARTICLE XL RELATIONSHIP OF PARTIES

It is understood that the County is not in any way or for any purpose a partner or joint venturer with, or agent of, Operator in the use of the Leased Premises or any improvements thereon, for any purpose.

ARTICLE XLI AIRPORT PROTECTION

The County reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect or permit the erection or growth of, or permit to remain in or on the Leased Premises, any structure, natural growth or other object extending into the airspace above the Leased Premises higher than as permitted in Federal Aviation Regulation Part 77, as such regulation may be amended from time to time.

The Operator shall not use or permit the use in or on the Leased Premises of any device in such a manner as to create electrical or electronic interference with communications between the Destin/Ft. Walton Beach Airport and aircraft, or between aircraft and any navigational controls, whether or not located on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect, install or permit the erection or installation in or on the Leased Premises of any lights that will or might make it difficult for aircraft pilots to distinguish between the airport lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

ARTICLE XLII HEADINGS

The headings contained in this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provision of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

ARTICLE XLIII GOVERNING LAW/VENUE

This Agreement is made and entered into, and will be performed in, Okaloosa County, Florida, and Florida law shall govern and apply to its interpretation. In the event of a dispute or disputes between the parties hereto, and in the event litigation is instituted, such litigation shall be commenced only in the court of appropriate jurisdiction in Okaloosa County, Florida.

ARTICLE XLIV ENCUMBRANCE OF LEASEHOLD ESTATE AND NOTICE TO MORTGAGEES

- A. With the prior written consent of County as set forth below, Operator may, at any time or from time to time during the term of this lease, encumber by mortgage or other security instrument, by way of assignment, or otherwise, Operator's interest in this leasehold estate.
- B. Any lender on the security of the leasehold estate ("Lender") shall have the right at any time during the term of this Lease:
 - 1. To do any act or thing required of Operator hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Operator's rights hereunder as if done by the Operator; and
 - 2. To realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale") or to acquire by deed-in-lieu, and to transfer, convey, or assign the title of Operator to the leasehold estate created hereby to any purchaser at any such foreclosure sale or transfer from Lender if Lender acquires by a deed-in-lieu and to acquire and succeed to the interest of Operator hereunder by virtue of any such foreclosure sale or deed-in-lieu.

- C. Notwithstanding anything to the contrary provided for in this Article, or elsewhere in this Lease, the rights of County, in the event of a default, may not be exercised until written notice of such default is provided to any Lender, or to the person or firm designated by any such Lender to accept such notices. It is agreed that such Lender shall have the right to cure any such default within thirty (30) days from receipt of said notice with respect to any default that can be cured by the payment of money, or within thirty (30) days from receipt of said notice with respect to any other covenant or condition or term of this Lease; and, if such default is of such nature that it cannot be remedied within said time, then such Lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said thirty (30) day period, and thereafter diligently continues the curing of the same.
- D. No such Lender shall be required at any time to subordinate its mortgage to other mortgages or security instruments nor shall such Lender be liable to the County as an assignee of this Lease unless and until such time as such Lender shall acquire the rights of Operator hereunder through foreclosure or other appropriate proceedings in the nature thereof, or by deed-in-lieu or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law,
- E. No modification, cancellation or surrender of this Lease shall be made without the consent of any Lender on the security of the leasehold estate when such Lender requests, or Lender's documents require, such authority to consent.
- F. The County agrees to provide any estoppel upon request of Lender acknowledging that (and noting any exceptions) this Lease is in full force and effect; that there are no defaults that exist under the Lease; that the rent is current; and such other matters as Lender may reasonably require.

Notwithstanding the foregoing, the Lender selected by Operator and the ultimate successor to Operator under the Lease, in the event of foreclosure, deed-in-lieu or otherwise, is subject to the written approval of the County. Said approvals will not be unreasonably denied or delayed. As a minimum, any replacement Operator considered by Lender must be able to demonstrate the appropriate financial ability to conduct the operations and have at least five (5) years experience in the operation of a full service fixed base operation of a similar size and offering similar services as that covered under this Agreement.

ARTICLE XLV ENTIRE AGREEMENT

This Agreement, together with all exhibits hereto, constitutes the entire Agreement and understanding between the parties with respect to the Leased Premises, and supersedes all negotiations, prior discussions, letters of intent and preliminary agreements. This Agreement may not be amended except by a writing executed by

all of the parties.

IN WITNESS WHEREOF, the Lessor/County has signed this instrument and the Lessee has cause this instrument to be signed in its corporate name by its Managing Member, all by the authority of its Board of Directors, this Lease being executed in duplicate originals, one being retained by the Lessee and one being retained by the Lessor/County.

ATTEST:

BOARD OF COUNTY
COMMISSIONERS, OKALOOSA
COUNTY, FLORIDA
LESSOR

CLERK OF CIRCUIT COURT

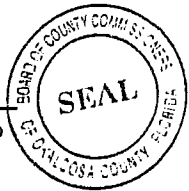
By:

Army J. Deafol
Deputy Clerk



By:

Don Amunds 3/26/13
Chairman



Approved As To Form:

[Signature]

County Attorney

Approved As To Content:

[Signature]

Airports Director

ATTEST:

Jan Morris

MIRACLE STRIP AVIATION, INC.
LESSEE

By:

3-12-13

Name

John E. Simmons

Title:

President

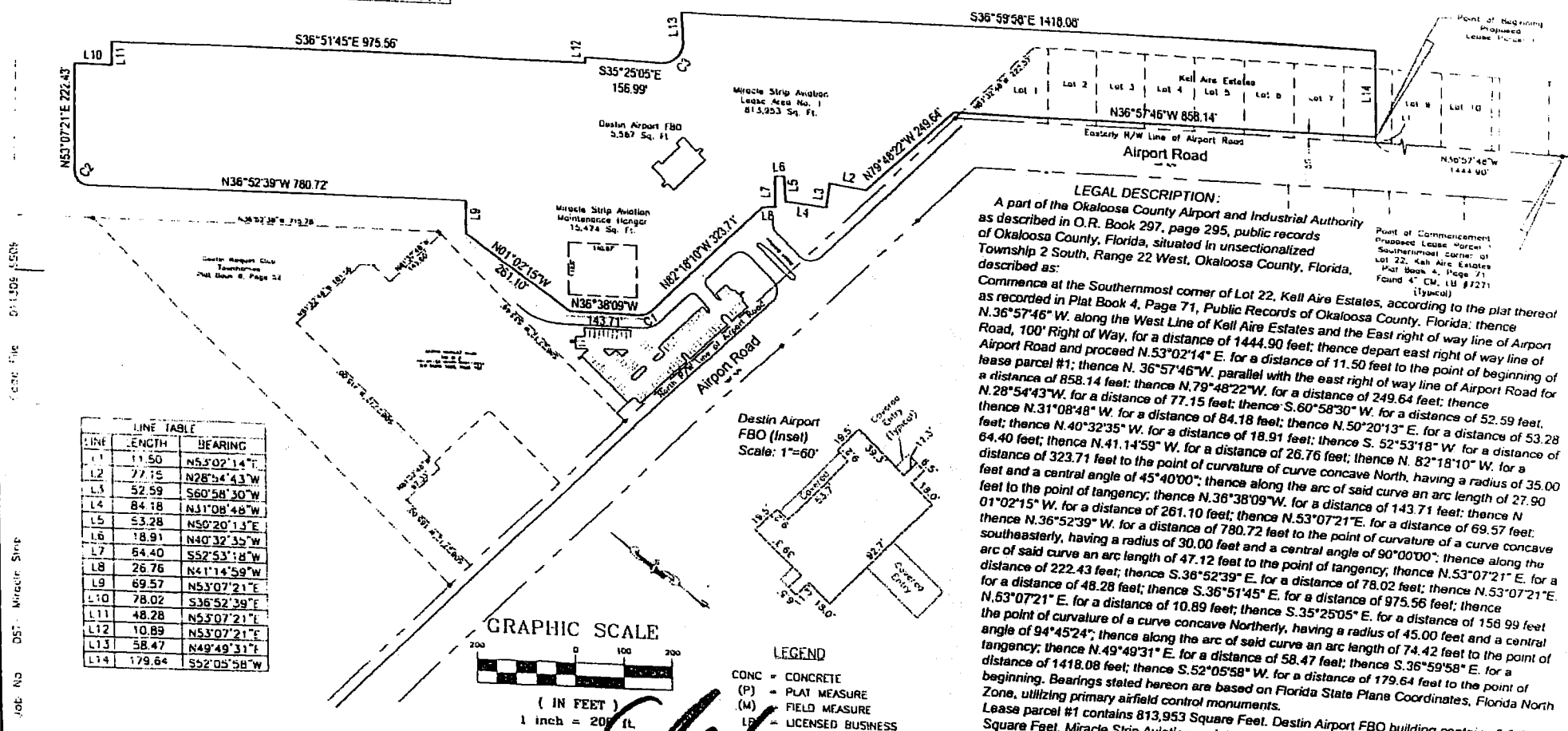
“LEASED PREMISES”

EXHIBIT A
A-1, A-2, and A-3

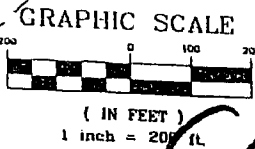
LEGAL DESCRIPTION AND
PROPERTY BOUNDARY SURVEY
OF “LEASED PREMISES”

CURVE TABLE					
CURVE	RADIUS	LENGTH	CHORD	CH. BRG.	DELTA
C1	35.00'	27.90'	27.16'	N59°28'09"W	45°40'00"
C2	30.00'	47.12'	42.43'	N08°07'21"E	90°00'00"
C3	45.00'	74.42'	66.23'	S62°47'47"E	94°45'24"

DUSTIN AIRPORT
TAX ID #
00-25-22-0000-0007-0000



LINE TABLE		
LINE	LENGTH	BEARING
L1	11.50	N53°02'14"E
L2	77.15	N28°54'43"W
L3	52.59	S60°58'30"W
L4	84.18	N31°08'48"W
L5	53.28	N50°20'13"E
L6	18.91	N40°32'35"W
L7	64.40	S52°53'18"W
L8	26.76	N41°14'59"W
L9	69.57	N53°07'21"E
L10	78.02	S36°52'39"E
L11	48.28	N53°07'21"E
L12	10.89	N53°07'21"E
L13	58.47	N49°49'31"E
L14	179.64	S52°05'58"W



- LEGEND**
- CONC = CONCRETE
 - (P) = PLAT MEASURE
 - (M) = FIELD MEASURE
 - LB = LICENSED BUSINESS
 - IR = IRON ROD

Field Date: _____
 Drawn By: SDC
 Field By: _____
 Field Bk/Pg: _____

Rev. _____ Date: _____
 Rev. _____ Date: _____
 NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.

Shannon D. Clatney
 Professional Surveyor
 and Mapper Florida
 Registration #6178

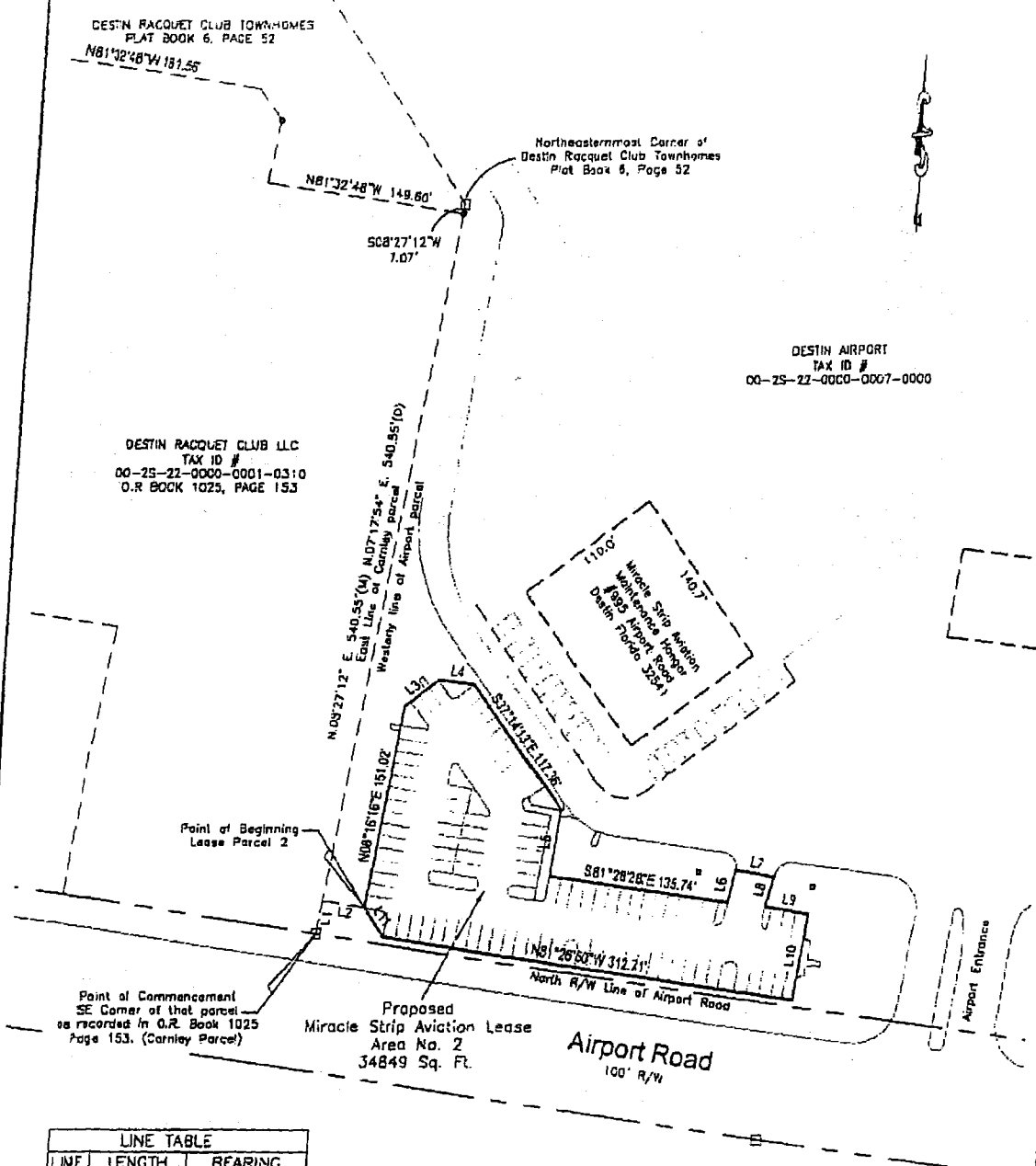
Not a boundary survey.
Sketch of Description
 Miracle Strip Aviation
 Lease Parcel #1
 Destin Airport

RARE EARTH SURVEYING & MAPPING
 Professional Land Surveying - Florida Licensed Business No. 7326
 1112 Bayshore Dr., Marietta, FL 32576
 TEL (352) 729-2727 FAX (352) 729-2737
 shannon@rareearthfl.com

EXHIBIT A-1

Sketch of Description
Proposed Lease Parcel 2
Parking Lot
For
Miracle Strip Aviation

EXHIBIT A-2
PAGE 1 OF 2

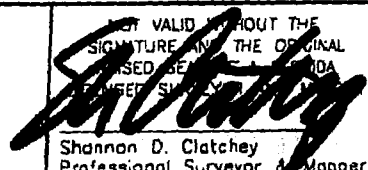


LINE TABLE		
LINE	LENGTH	BEARING
L1	23.79	S08°27'12"W
L2	32.35	S81°32'48"E
L3	31.32	N51°19'50"E
L4	27.39	S83°17'32"E
L5	49.21	S07°24'50"W
L6	24.71	N10°47'49"E
L7	29.43	S79°09'28"E
L8	22.48	S°3'21'40"W
L9	33.19	S80°09'29"E
L10	62.74	S07°53'25"W
L11	26.08	N38°24'27"W

Not a boundary survey.

- LEGEND
- CONC. = CONCRETE
 - (P) = PLAT MEASURE
 - (M) = FIELD MEASURE
 - LB = LICENSED BUSINESS
 - IR = IRON ROD
 - ⊗ = FIRE HYDRANT

Sheet 1 of 2

Revision: _____ Date: _____	Job No: DST-Miracle	<p>NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL LICENSED SURVEYOR'S REGISTER SURVEY</p>  <p>Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration #6178</p>
Revision: _____ Date: _____	Cadd File: 011309 S507	
	Field Date: 01-22-13	
	Drawn By: SGC	
	Field By: CS/KO	
<p>RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 111 Bayshore Drive, Miramar Florida 33170 TEL (850) 729-2722 FAX (850) 729-2777</p>		<p>Field Sk/Pg: RES6</p>

Sketch of Description
Proposed Lease Parcel 2
Parking Lot
For
Miracle Strip Aviation

EXHIBIT A-2
PAGE 2 OF 2

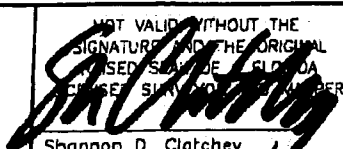
LEGAL DESCRIPTION:

A part of the Okaloosa County Airport and Industrial Authority as described in O.R. Book 297, page 295, public records of Okaloosa County, Florida, situated in unsectionalized township 2 South, Range 22 West, Okaloosa County, Florida, described as:
Commence at the Southeast corner of that parcel as described in O.R. Book 1025, Page 153, Public Records of Okaloosa County, Florida, parcel henceforth referred as Carnley parcel; thence proceed N.08°27'12" E. (basis of bearing) along the east line of Carnley parcel for a distance of 23.79 feet; thence depart east line and proceed S.81°32'48" E. for a distance of 32.35 feet to the point of beginning of lease parcel #2; thence N.08°16'16" E. for a distance of 151.02 feet; thence N.51°19'50" E. for a distance of 31.32 feet; thence S.83°17'32" E. for a distance of 27.39 feet; thence S.37°14'13" E. for a distance of 117.36 feet; thence S.07°24'50" W. for a distance of 49.21 feet; thence S.81°28'28" E. for a distance of 135.74 feet; thence N.10°47'49" E. for a distance of 24.71 feet; thence S. 79°09'28" E. for a distance of 29.43 feet; thence S.13°21'40" W. for a distance of 22.48 feet; thence S.80°09'29"E. for a distance of 33.19 feet; thence S.07°53'25" W. for a distance of 62.74 feet; thence N.81°26'50" W. for a distance of 312.71 feet; thence N.36°24'27" W. for a distance of 26.08 feet to the point of beginning. Parcel described contains 38,849 Sq. Ft.

SURVEYOR'S NOTES:

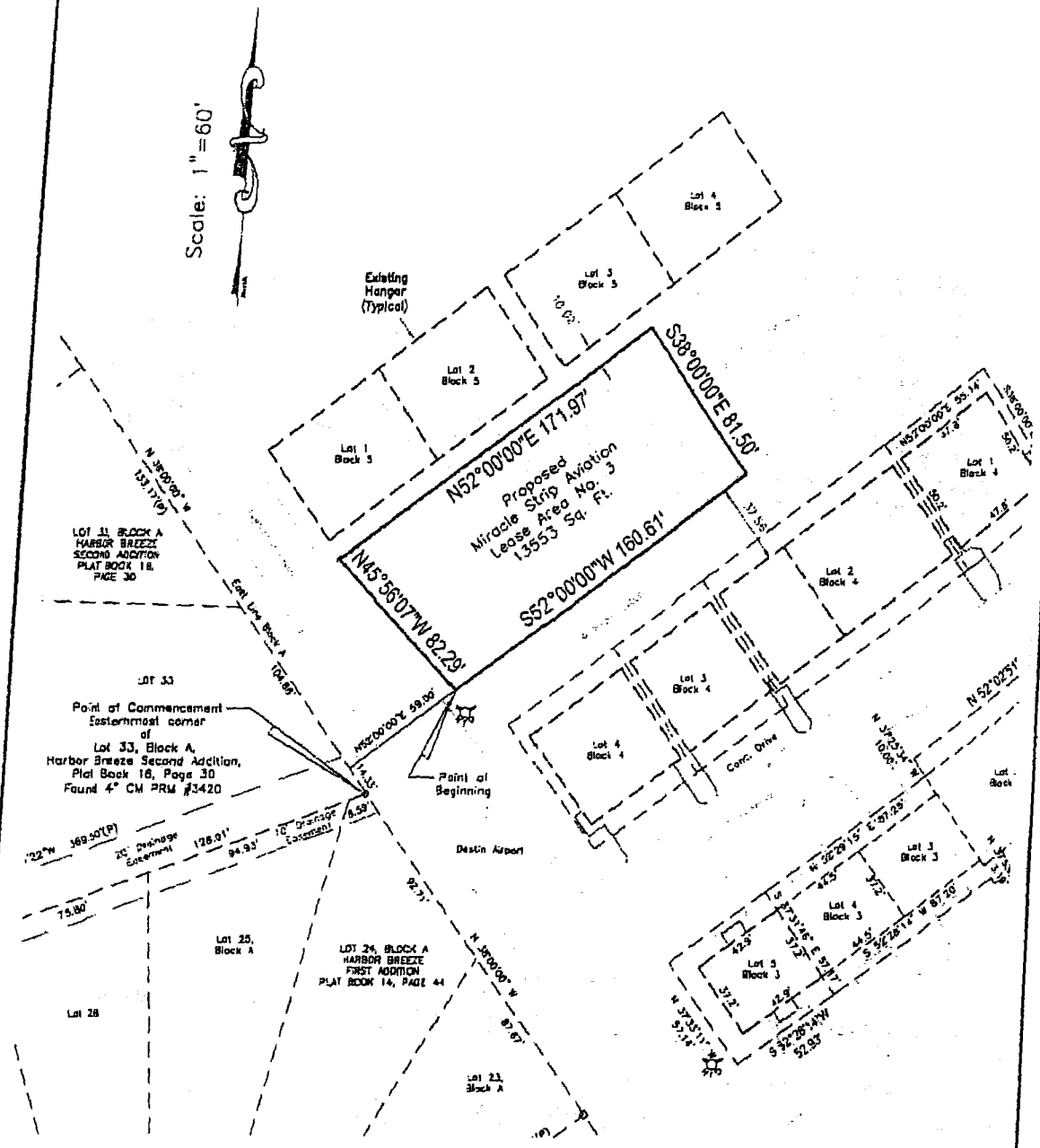
- 1.) THERE MAY BE EASEMENTS AND RESTRICTIONS OF RECORDS AND/OR PRIVATE AGREEMENTS NOT FURNISHED TO THIS SURVEYOR THAT MAY AFFECT PROPERTY RIGHTS AND/OR LAND USE RIGHTS OF THE LANDS SHOWN HEREON.
- 2.) NO UNDERGROUND INSTALLATIONS, FOUNDATION FOOTINGS OR UTILITIES HAVE BEEN LOCATED EXCEPT AS NOTED.
- 3.) BASED ON THE NATIONAL FLOOD INSURANCE PROGRAM "FIRM" MAP COMMUNITY - PANEL NUMBER 12131C0543 G, DATED SEPTEMBER 29, 2010 THE ABOVE DESCRIBED PROPERTY IS LOCATED IN ZONE X.
- 4.) BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATES, FLORIDA NORTH ZONE.
- 5.) EXPECTED USE OF THE SITE IS FOR COMMERCIAL PURPOSES AND THE ACCURACIES FOR CLOSURE WERE EXCEEDED FOR A SUBURBAN SURVEY. THIS SURVEY TRUE AND CORRECT AS PER 5J-17.051 AND 5J-7.052, FLORIDA ADMINISTRATIVE CODE. NO ADDITIONS OR DELETIONS TO THIS SURVEY WITHOUT CONSENT FROM SIGNING PARTY.

Sheet 2 of 2

Revision: _____ Date: _____ Revision: _____ Date: _____	Job No: <u>05-Miracle</u> Cadd File: <u>01-309 SS07</u> Field Date: <u>01-22-13</u> Drawn By: <u>SDC</u> Field By: <u>CS/KO</u> Field Bk/Pg: <u>956</u>	<p style="text-align: center;">NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL PROFESSED SURVEY OF FLORIDA LICENSE SURVEYOR NUMBER</p>  <p style="text-align: center;">Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration # 678</p>
RARE EARTH SURVEYING & MAPPING <small>Professional Land Surveying - Authorization No. 7350</small> <small>117 Bayshore Drive, Niceville Florida 32578</small> <small>TEL (850) 729-2722 FAX (850) 729-2797</small>		

Sketch of Description
 Proposed Lease Parcel 3
 Parking Area
 For
 Miracle Strip Aviation

EXHIBIT A-3
 PAGE 1 OF 2

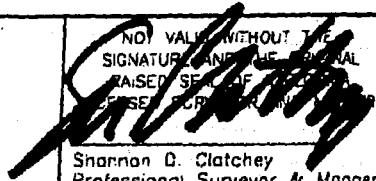


LEGEND

- CONC. = CONCRETE
- (P) = PLAT MEASURE
- (M) = FIELD MEASURE
- LB = LICENSED BUSINESS
- IR = IRON ROD
- ☼ = FIRE HYDRANT

Not a boundary survey.

Sheet 1 of 2

Revision: _____ Date: _____	Job No: 057-Miracle 3	NOT VALID WITHOUT THE SIGNATURE AND ORIGINAL RAISED SEAL OF THE LICENSED SURVEYOR  Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration #5178
Revision: _____ Date: _____	Code File: 011309 SS08	
	Field Date: 01-22-13	
	Drawn By: SDC	
	Field By: CS/KC	
RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No 7350 717 Sapphire Drive, Niceville Florida 32578 TEL (850) 723-2722 FAX (850) 723-2797		Field Bk/Pg: RESB

Sketch of Description
Proposed Lease Parcel 3
Parking Area
For
Miracle Strip Aviation

LEGAL DESCRIPTION:

A part of Destin Airport, situated in unsectionalized Township 2 South, Range 23 West, Okaloosa County, Florida, described as:
Commence at the Easternmost corner of Lot 33, Block A, Harbor Breeze Second Addition, according to the plat thereof as recorded in Plat Book 16, Page 30, Public records of Okaloosa County, Florida; thence proceed N.38°00'00" W. along the east line of Lot 33 for a distance of 14.33 feet; thence depart east line and proceed N.52°00'00" E. for a distance of 59.00 feet to the point of beginning of lease parcel #3; thence N.45°56'07" W. for a distance of 82.29 feet; thence N.52°00'00" E. for a distance of 171.97 feet; thence S.38°00'00" E. for a distance of 81.50 feet; thence S.52°00'00" W. for a distance of 160.61 feet to the point of beginning. Parcel described contains 13,553 Sq. Ft.

SURVEYOR'S NOTES:

- 1.) THERE MAY BE EASEMENTS AND RESTRICTIONS OF RECORDS AND/OR PRIVATE AGREEMENTS NOT FURNISHED TO THIS SURVEYOR THAT MAY AFFECT PROPERTY RIGHTS AND/OR LAND USE RIGHTS OF THE LANDS SHOWN HEREON.
- 2.) NO UNDERGROUND INSTALLATIONS, FOUNDATION FOOTINGS OR UTILITIES HAVE BEEN LOCATED EXCEPT AS NOTED.
- 3.) BASED ON THE NATIONAL FLOOD INSURANCE PROGRAM "FIRM" MAP COMMUNITY - PANEL NUMBER 12131C0543 G, DATED SEPTEMBER 29, 2010 THE ABOVE DESCRIBED PROPERTY IS LOCATED IN ZONE X.
- 4.) BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATES, FLORIDA NORTH ZONE.
- 5.) EXPECTED USE OF THE SITE IS FOR COMMERCIAL PURPOSES AND THE ACCURACIES FOR CLOSURE WERE EXCEEDED FOR A SUBURBAN SURVEY THIS SURVEY TRUE AND CORRECT AS PER 5J-17.051 AND 5J-7.052, FLORIDA ADMINISTRATIVE CODE. NO ADDITIONS OR DELETIONS TO THIS SURVEY WITHOUT CONSENT FROM SIGNING PARTY.

Sheet 2 of 2

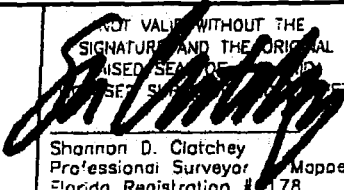
Revision: _____ Date: _____	Job No: 251-Miracle 3	<p>NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF THE SURVEYOR</p>  <p>Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration # 1178</p>
Revision: _____ Date: _____	Cadd File: 011308 5508	
	Field Date: 01-22-13	
	Drawn By: SDC	
	Field By: CS/KD	
	Field Bk/Pg: RESB	
<p>RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 117 Bayshore Drive, Ft. Walton Beach, Florida 32578 TEL. (850) 738-2722 FAX (850) 729-2797</p>		

Exhibit B

OKALOOSA COUNTY AIRPORTS

MIMIMUM STANDARDS
FOR
FIXED BASE OPERATOR

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

MINIMUM STANDARDS
FOR
FULL-SERVICE FIXED BASE OPERATIONS
AND SPECIALITY SERVICE OPERATIONS

BOB SIKES AIRPORT - DESTIN/FT. WALTON BEACH AIRPORT

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MINIMUM STANDARDS
FOR
FULL-SERVICE FIXED BASE OPERATIONS
AND SPECIALITY SERVICE OPERATIONS

BOB SIKES AIRPORT - DESTIN/FT. WALTON BEACH AIRPORT

SECTION 1. GENERAL PROVISIONS:

a. A full-service Fixed Base Operator (hereinafter referred to as "FBO") shall, at its sole expense, provide and maintain all equipment, facilities, and aircraft necessary to provide the required services and level of performance in a clean and safe condition at all times. In addition, all personnel of the FBO shall conduct themselves in a courteous and businesslike manner at all times. Personnel who have public/customer contact (excluding pilots and office personnel) shall be clothed in attractive uniforms with appropriate insignia and nameplate so they may be readily identified by customers. AIRPORT personnel will conduct inspections and evaluations, at least on a weekly basis, to ensure conformity with these standards. The AIRPORT personnel will also survey customers and users periodically to determine the overall quality of service being rendered by the FBO.

The FBO shall furnish good, prompt, courteous, and efficient services adequate to meet all reasonable demands on a fair, reasonable, and nondiscriminatory basis to all users of the AIRPORT. It shall maintain and operate its business in a first-class manner and shall at all times keep the premises in a safe, clean, and orderly condition, consistent with the business activity contemplated hereunder and satisfactory to the BOARD.

The FBO shall be properly staffed to provide services during minimum normal operating hours between 7:00 A.M. and 10:00 P.M., seven (7) days a week, and other hours when necessitated by business or emergency conditions.

b. Specialty Service Operators will be properly staffed to provide services during minimum normal operating hours between 8:00 A.M. and 5:00 P.M., five (5) days a week.

c. The FBO shall select and appoint a full-time manager of its operation herein authorized. Such manager shall be highly qualified and experienced, and vested with full power and authority to act in the name of the operator in respect to the method, manner, and conduct of the services to be performed hereunder. Such manager shall be available at the AIRPORT during regular business hours, and during the manager's absence, a duly authorized subordinate shall be in charge and available at the AIRPORT.

The FBO shall provide, at its sole expense, a sufficient number of employees to effectively and efficiently provide the services herein authorized. All operators shall control the conduct, demeanor, and appearance of its employees and representatives. Such employees shall be trained by the operator and shall possess any technical qualifications and hold certificates of qualification as may be required for such employee to carry out assigned

duties. It shall be the responsibility of the operator to maintain close supervision over its employees to assure a high standard of service to customers of the operator. Upon reasonable objection from the BOARD concerning the conduct, demeanor, or appearance of any employee, the operator shall forthwith take all steps necessary to remove the cause of the objection.

d. All operators shall comply with all applicable local, state, and federal environmental statutes and regulations, including but not limited to, requirements for aboveground storage tanks and piping, for the disposal of waste oil and other potentially hazardous substances, and for the refueling of aircraft and vehicles.

SECTION 2. FACILITIES:

The FBO shall lease a minimum of One Hundred Thousand (100,000) square feet to provide space for all buildings, aircraft parking, paved ramp area, and employee and customer parking.

a. The FBO shall provide a minimum of one thousand (1,000) square feet of properly lighted, heated and air conditioned building space on airport property for office, restrooms, and public use area.

b. The FBO shall provide a minimum of ten thousand (10,000) square feet of clear-span hangar of adequate dimensions to accommodate storage, maintenance, and repair of aircraft normally frequenting the AIRPORT.

c. The FBO shall provide a minimum of seventy-five thousand (75,000) square feet of paved area for the parking, tie-down, and maneuvering of aircraft.

d. The FBO shall have a minimum paved area sufficient to park and maneuver a minimum of twenty (20) automobiles for employee and patron parking.

e. No building, structure, tie-downs, ramps, paving, taxi areas, or other improvements or additions to the AIRPORT shall be altered, removed, placed, or constructed on the AIRPORT without the prior approval of the BOARD or its authorized representative. In the event of any construction, the BOARD may, at its discretion, require an appropriate bond to guarantee the completion of construction and/or demolition. The BOARD reserves the right to review any proposals for construction on the AIRPORT, particularly in regard to conformity with the existing Airport Layout Plan. Any proposal for construction on the AIRPORT shall be aesthetically compatible with existing buildings on the AIRPORT.

Off-airport facilities with access with access to the airfield ("through-the-fence" operations) are strictly prohibited.

SECTION 3. HANGARING, PARKING, AND TIE-DOWN:

The FBO shall provide, as a minimum, main hangar parking for at least four (4) twin-engine, based aircraft of 12,500 pounds or less, and apron parking for a minimum of twenty (20) based or itinerant aircraft.

SECTION 4. LINE SERVICE:

The FBO shall, during normal business hours, provide line service as follows:

- a. Ramp parking and tie-down assistance, including ramp personnel and vehicles as appropriate;
- b. Tie-down ropes, chains, and anchors;
- c. Aircraft towing services utilizing motor driven drawbar vehicles capable of moving single and multi-engine aircraft weighing up to 12,500 pounds;
- d. Mobile electrical ground power assistance with a minimum 14/28 volt, 1,600 ampere surge capacity;
- e. Cabin cleaning including on-board toilet, and catering services.

SECTION 5. MAINTENANCE AND REPAIR SERVICES:

The FBO shall provide service and repair of aircraft airframes and powerplants. The FBO must hold all applicable certificates/ratings and must offer these services for small aircraft of 12,500 pounds and under. The FBO must also meet all requirements as specified under FAR Parts 43, 65, and 145 for the operation of a certified repair station, not less than airframe Class 3 rating. The FBO is allowed, but not required, to provide repair, sales, and service of aircraft avionics, radios, instruments and other limited class ratings for propellers, accessories, and powerplants. If the FBO chooses to provide avionics, radio, instrument, propeller, accessory, or powerplant repair service, the service personnel must hold all applicable certificates and ratings required under FAR Part 145.

SECTION 6. MISCELLANEOUS CUSTOMER SERVICES:

The FBO shall provide a facility and trained employees who are capable of providing the following:

- a. UNICOM equipment to facilitate airborne customer requests;
- b. A discreet flight planning area properly equipped with appropriate wall charts, AIM, NOTAM's board, and a local-access telephone to contact the Flight Services Station.

- c. Flight planning aids and miscellaneous small flight aid and comfort accessories;
- d. Conveniently located pay telephones;
- e. A convenient, comfortably furnished, public waiting area with adjoining restroom facilities;
- f. A discrete vending area within the FBO premises with the availability of both hot and cold beverages and prepackaged snacks;
- g. Aviation grade inflight oxygen refills upon 24-hour notice;
- h. Acceptance of one or more national bank and one or more oil company credit cards for fueling, line, and related services.

SECTION 7. AIRCRAFT CHARTER AND TAXI SERVICE:

The FBO shall provide aircraft charter and taxi service and must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office and public use areas with such minimum space to be in addition to the minimum space requirements as identified in Section 2a of these Minimum Standards. The FBO must hold a valid FAA Commercial Air Taxi Operator's Certificate under Part 135 and be registered with the Civil Aeronautics Board, or replacement agency, under the Economic Regulations of Part 298 with ratings appropriate to, and licensing for, the functions to be accomplished. The FBO shall provide an adequate number of aircraft meeting all requirements of the certificates held. At least one (1) aircraft shall be multi-engine and completely equipped for flight under instrument conditions. Aircraft shall be owned by, or leased to, the FBO by agreement in writing, and shall meet all applicable requirements of Part 135 of the Federal Aviation Administration (FAA) regulations. The FBO shall provide an FAA-certified commercial pilot with instrument rating for each aircraft and who is authorized to conduct charter and air taxi operations.

SECTION 8. FLIGHT INSTRUCTION:

The FBO shall provide flight instruction and must occupy a minimum of 400 square feet of properly lighted, heated and air conditioned space on the AIRPORT for use as office, classroom, and briefings with such minimum space in addition to the minimum space requirements as identified in Section 2a of these Minimum Standards. The FBO shall employ at least one (1) full-time pilot who is properly certified by the FAA as a flight instructor with appropriate instrument ratings to cover instruction for both primary and complex flight instruction for multi-engine and single engine aircraft as certified by FAR Part 141. The FBO shall own or have under written lease at least two (2) properly certified aircraft equipped for flight instruction, with at least one of those aircraft fully equipped for instrument flight instruction.

SECTION 9. ASSISTANCE TO DISABLED AIRCRAFT:

The FBO shall, on thirty (30) minutes notice during normal business hours, and two (2) hours notice after normal business hours, provide equipment and trained personnel to remove disabled aircraft with a gross weight of 12,500 pounds or less from the Air Operations Area (AOA), and shall be required to perform such service on request of, and with acceptable release from, the owner or operator of the disabled aircraft, or the Airports Director or his or her designee.

SECTION 10. FUEL AND LUBRICANTS:

The FBO may provide aviation fuels, including Jet A and 100LL octane aviation gasoline, in sufficient quantities to meet the needs of the based and itinerant general aviation customers at the AIRPORT if the FBO is currently and continually providing services as set forth in Sections 2 through 9 of these Minimum Standards. The FBO must be in full compliance with such services and certified in compliance by the Airports Director prior to the FBO being granted permission to provide aviation fuels under this Section 10. In the event the FBO does not currently provide such services as identified in Sections 2 through 9 and/or fails to continually provide such services, in that event, the FBO will not be granted permission or permission will be withdrawn to provide aviation fuels at the AIRPORT. The Airports Director will periodically conduct inspections of the leased premises to certify the FBO is in compliance with all applicable sections of these Minimum Standards.

The FBO Shall provide, as a minimum, one (1) mobile tender (fuel truck) for Jet A fuel with a capacity of at least 2,000 gallons and one (1) mobile tender (fuel truck) of at least 1,000 gallon capacity of 100LL octane aviation gasoline.

The following general rules shall govern the refueling, defueling, oil services and sumping of aircraft, and the place of fuels in storage tanks or dispensers:

- a. No aircraft shall be refueled, defueled, or oil-serviced while aircraft engines are running or being warmed by application of heat, and/or while such aircraft is in a hangar. Aircraft shall be refueled on hard surface areas only and only in areas approved by the Airports Director.
- b. No person shall smoke or permit any open flame on the airfield within the perimeter fence, within 100 feet of an aircraft undergoing fuel servicing, or within 50 feet of any hangar.
- c. Prior to the fuel servicing of any aircraft, it and the fuel dispensing equipment shall be grounded to a point or points of zero electrical potential in order to prevent the possibility of static ignition of volatile liquids.

d. All equipment used to store or deliver fuel to aircraft or vehicles shall be inspected by a qualified representative of the County's Environmental Services Department on a semi-annual basis. Environmental officers are authorized to require and enforce the immediate cessation of fuel service operations under conditions which they deem jeopardizes public safety. All other situations which violate any provisions contained herein shall be cured by the FBO in a timely manner as determined by the Airports Director.

e. Fueling, pumps, meters, hoses, nozzles, fire extinguishers, and grounding devices shall be UL - approved where applicable and will be kept in first class condition at all times.

f. Fuel pumps shall be powered and the flow shall be controlled by a deadman flow control in the nozzle. Nozzles shall have a cable with a plug or clip for bonding to the aircraft. Pouring or gravity flow shall not be permitted.

g. Fuel systems shall have a means for quickly and completely stopping fuel flow in the event of an emergency. Fuel dispensing containers shall have a valve mechanism such that water or other contaminants can be drained from the lowest portion of the tank. An in-line filtration system utilizing a 5-micron or less fuel filter element shall be included in the dispensing system.

h. When a malfunction of the refueling equipment is detected, all refueling operations shall cease immediately and the malfunctions or irregularities detected on or within the aircraft being serviced will be brought to the attention of the aircraft owner or the FBO immediately.

i. Crews engaged in the fueling and defueling of aircraft shall exercise extreme caution to prevent spills. When a spill occurs, servicing will cease, the County's Environmental Services Department will be notified immediately, and spills will be removed or absorbed with suitable material dependent upon the nature of the spill, and approval by the Airports Director, and in conformance with all local, state, and federal rules.

j. During fuel handling operations in connection with any aircraft, no less than two (2) CO₂ or approved dry chemical fire extinguishers of ten pounds or larger shall be immediately available for use in connection therewith.

k. No person shall perform or allow performance of any refueling activity when lightning is observed in the immediate vicinity of the AIRPORT or during an electrical storm.

l. No person shall use any material or equipment during fueling and defueling operations which is likely to cause a spark or ignition.

m. No person shall start the engine of an aircraft when there is a flammable substance on the ground under or around the aircraft.

n. All hoses, funnels, and appurtenances used in fueling and defueling operations shall be equipped with a grounding device to prevent ignition of volatile liquids. Furthermore, funnels shall be metal and have a capacity of not less than two (2) gallons to reduce the risk of spillage.

o. No aircraft shall be fueled or defueled while passengers are on board the aircraft.

p. No airborne radar equipment shall be operated or ground tested on any area wherein the directional beam of high intensity radar is within 300 feet, or low intensity radar (less than 50KW output) is within 100 feet of another operation or aircraft refueling truck.

q. During fueling and defueling, fuel handling devices and vehicles shall be placed so as to be readily removed in the event of fire so as to permit direct driving away from the loading or fueling position. Not more than one refueling truck shall be positioned to serve the same aircraft.

r. Fuel shall not be transferred from a vehicle fuel system to an aircraft fuel tank or intermediary tank for the purpose of fueling aircraft.

s. Storage of fuel shall be in compliance with all applicable federal, state, local and EPA requirements.

SECTION 11. SPECIAL AERONAUTICAL ACTIVITIES AND SERVICES:

The following categories of services may be as an optional service offered by a full-service FBO, or as an approved Specialty Service Operator:

a. **AVIONICS INSTRUMENT SALES, SERVICES AND REPAIRS** - The operator engaged in aircraft avionics must occupy a minimum of 300 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office, shop, and other needs. The operator shall have available to it at all times, by ownership, lease, or contract, hangar space to accommodate customer requirements. The operator must provide aircraft avionics, radio, and instrument repair service and shall hold all applicable certificates and ratings required under FAR Parts 145 and 65 and may, in addition, engage in aircraft radio and instrument sales.

b. **AIRCRAFT RENTAL** - The operator engaged in the rental of aircraft at the AIRPORT must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office and public use areas. The operator shall own or have under a written lease, and have available to rent to persons with a current

pilot certificate, at least one (1) two-place, fixed-gear aircraft, and one (1) four-place, retractable-gear aircraft equipped for night and instrument flight. Aircraft must meet all federal and state regulations including, but not limited to, those promulgated by the Federal Aviation Administration.

c. AIRCRAFT SALES - The operator engaged in the selling of new or used aircraft at the AIRPORT must occupy at least 200 square feet of properly lighted, heated and air conditioned space on airport property for office and public use areas. The operator must have under a lease a minimum amount of paved area or hangar space to accommodate the projected inventory of aircraft.

The operator shall have one full-time authorized agent to transact sales who maintains a current commercial pilot certificate with an instrument rating and is rated for the types of aircraft to be demonstrated. It will be at the discretion of the operator whether or not to be an authorized factory dealer, or what manufacturers he or she chooses to represent. A dealer of new aircraft shall have available or on call at least one current model demonstrator and shall provide for demonstrations of additional models of the manufacturer for which a dealership is held, if any. A dealer shall provide an adequate supply of parts and servicing facilities to customers during aircraft and parts warranty periods.

d. OTHER SERVICES - The operator who has been approved by the BOARD to offer the following services at the AIRPORT shall occupy an appropriate amount of office, vehicle and aircraft parking, maintenance, storage and apron space:

1. Aircraft exterior painting;
2. Aircraft interior modification including, but not limited to, custom seating and finishing;
3. Contract major airframe repair and/or rebuilding;
4. Whole or part aircraft type modifications under the auspices of a Supplemental Type Certificate;
5. Turbine engine hot section repair;
6. Propeller overhaul and repair;
7. Engine/flight instrument overhaul and repair;
8. Accessory overhaul and repair;
9. Avionics repair and installation with specialization in complex equipment such as pulse-radar and HIS systems;

10. Specialized aircraft sales of a single or limited type and/or manufacturer such as for a multi-engine turbine;

11. Contract reciprocating engine overhaul and rebuilding;

12. Specialized aircraft charter services;

13. Agricultural application;

14. Fire fighting;

15. Power line or pipeline patrol;

16. Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

Each repair service offered above shall be under an appropriate FAA-certified Repair Station license of either a class or limited rating as defined in FAR 145. All general and enforcement provisions of a full-service FBO shall apply to Specialty Service Operators.

SECTION 12. SPECIALIZED OPERATIONS AND OTHER AERONAUTICAL FUNCTIONS:

The requirements specified in this section, 12a through 12g, shall be applicable to any operator desiring to engage in specialized commercial aeronautical activities including, but not limited to, aerial photography, sightseeing, accessory overhaul, and prop shops.

a. Facilities - Said operators shall lease or construct the following facilities: Specialty shops and specialized commercial aeronautical activities are encouraged to be tenants of existing operators. However, special requirements will be reviewed by the Airports Director on an individual basis.

b. Pilots - Said operators shall provide a sufficient number of commercial pilots who are certificated by the FAA and are appropriately rated to conduct the specialized flight services offered.

c. Aircraft - Said operators shall provide a sufficient number of properly certificated aircraft owned by, or leased under a written agreement to, the operator to meet the public demand.

d. Hours of Operation - Said operators shall maintain sufficient hours of operations to meet the public demand.

e. Insurance - Said operators shall provide adequate comprehensive general liability insurance combined single limit coverage to protect the operator and the COUNTY from legal liabilities involved.

f. Other Services - Said operators may provide any of the other services contained in this Section 12 of these Minimum Standards. In providing any such services, said operators shall meet the standards for such services, the standards of which are contained in this Section 12.

g. Optional, Incidental Services - Said operators may provide any other services the operator deems incidental to its operation. However, no non-aeronautical activities may be performed that are presently being performed on a limited contractual basis by persons having valid contracts with the COUNTY to perform such services on the AIRPORT.

SECTION 13. SELF-FUELING BY PRIVATE OWNERS:

Self-fueling by private owners of aircraft using automotive gasoline (MoGas) will be permitted by the BOARD, provided that owners adhere to provisions in Sections 10a through 10s of these Minimum Standards as well as those further defined herein.

a. MoGas must meet ASTM D-439-58 standards at the time of delivery into the aircraft. MoGas may be substituted for AvGas in only those aircraft for which an individual Supplemental Type Certificate (STC) has been approved by the Federal Aviation Administration. A copy of the individually held STC must be on file with the BOARD.

b. All MoGas self-fueling operations will be governed by a permit issued by the Airports Director for a fee of \$500.00 and shall be valid for a period of one (1) year. A permit must be issued for each aircraft subject to self-fueling operations.

c. All private users shall also pay a fuel flowage fee as determined by the BOARD. A fuel flowage report, invoice, or receipt with the appropriate remittance shall be provided to the Airports Director by the tenth (10th) day of each month for fuel dispensed on the AIRPORT. Fees may be adjusted from time-to-time as deemed necessary by the BOARD.

d. Private users shall be responsible for the payment of the appropriate Federal Excise Tax on aviation gasoline and for all reports required by the Internal Revenue Service and shall comply with all applicable federal statutes and all regulations, including but not limited to, those promulgated by the Federal Aviation Administration.

e. All private users shall obtain and keep in effect during the term of their permit and/or operations, an insurance policy which provides coverage for general liability to include premises and property damage, of at least one million (\$1,000,000) dollars combined single limits, and said policy shall name the Okaloosa County Board of

Commissioners as an additional insured. The user shall also furnish the Airports Director with a certificate from the user's insurance carrier executed on an approved form showing such insurance to be in full force and effect.

f. Private users who do not have written permission from an FBO which allows the user to refuel on the FBO's leased premises shall coordinate with, and receive written permission from, the Airports Director for the location of, and access routes to, an alternative fueling location.

g. The Chapter 108, Hangarmates of Experimental Aircraft Association currently operating under lease agreement with the BOARD at the Bob Sikes Airport are heretofore considered exempt from the standards for self-fueling by private owners as set forth above.

SECTION 14. MINIMUM REQUIREMENT - FLYING CLUBS:

Regulations

Prior to commencement of aeronautical activities, each club must obtain approval from the BOARD and secure a lease and operating agreement for proposed activities. Prior to, and during the term of the lease and operating agreement, each club, at the request of the BOARD will submit sufficient documentation to establish ownership, financial status, and technical ability, in addition to adhering to the following regulations:

- a. Each club must be registered as a non-profit corporation or partnership.
- b. Each member must be a bona fide owner of the aircraft or stockholder in the corporation.
- c. The club may not derive greater revenue from the use of its aircraft than the amount necessary for the actual operation, maintenance, and replacement of its aircraft.
- d. The club will file and keep current with the Airports Director a complete list of the club's membership and investment share held by each member.
- e. The club's aircraft will not be used by other than bona fide members for rental and will not be used by anyone for commercial operations.
- f. Student instruction can be given in club aircraft to club members provided such instruction is given by a Lessee based at the AIRPORT who provides flight instruction, or by an instructor who shall not receive remuneration in any manner for such service.
- g. Aircraft maintenance performed by the club shall be limited to only that maintenance that does not require a certificated mechanic. All other maintenance must be

provided by a lessee based at the AIRPORT who provides such service, or by a properly certificated mechanic who shall not receive remuneration in any manner for such service.

SECTION 15. NEW APPLICATIONS:

Any corporation, partnership, or individual desiring to receive permission to operate as a full-service FBO, a Specialty Service operator, or any other business or aeronautical activity on the AIRPORT shall first make application to the BOARD's Airports Director. The application shall be in sufficient detail to discern the completed qualifications of the applicant to perform the desired service and shall include the following:

- a. A written letter detailing the nature of the proposed activity as well as the following:
 1. The name, address, and telephone number of the applicant;
 2. A detailed description of the proposed operation, to include the date of commencement;
 3. The professional qualifications of the personnel who will manage and/or operate the proposed service;
 4. Descriptions and cost estimates of any proposed capital improvements on the proposed site.
 5. Pro forma operating statement for first year's activity.
- b. A current financial statement prepared or certified by, a certified public accountant, if available, and if not, a current financial statement as provided to a financial institution. The BOARD shall be entitled to consider the type of financial statement in evaluating the applicant's financial ability to provide responsible, safe, and adequate service to the public.
- c. A written listing of the assets owned, leased, or being purchased which will be used in the business on the AIRPORT. Copies of any leases or purchase contracts must be attached.
- d. A current credit report covering all areas in which the applicant has done business in the past ten (10) years.
- e. A written authorization of the FAA and all aviation or aeronautic commissions, administrators, or departments of all states in which the applicant has engaged in aviation business to release information in their files relating to the applicant or its operation. The applicant will execute such forms, releases, or discharges as may be requested by those agencies.

f. The applications shall be signed and submitted by every person owning an interest in the business, those who will be managing the business if already designated, every partner of a partnership, and each director and/or officer of the corporation.

g. Any additional information and material necessary or requested by the BOARD to establish to the satisfaction of the BOARD that the applicant can qualify and will comply with these Minimum Standards.

The application together with all supporting documentation shall be submitted to the Airports Director. For Fixed Base Operations, once all application material is submitted and reviewed by the Airports Director, and provided the application is deemed complete, the Airports Director shall request BOARD directive to initiate the Bid Process.

All other aviation-related Specialty Service Operations and/or company or individual who uses the AIRPORT or any of its improvements of facilities for any revenue-producing business or commercial aeronautical activities and once all application material is submitted and reviewed by the Airports Director, the matter shall be considered within thirty (30) days of the next regularly scheduled meeting of the BOARD, provided the application is deemed complete.

The BOARD may deny any application if, in its opinion, it finds any one or more of the following:

a. The applicant for any reason does not meet the qualifications, standards, and requirements established by these rules and regulations, or is not prepared to meet same within a reasonable time to be established by the BOARD;

b. The applicant's proposed operation or construction will create a safety hazard on the AIRPORT;

c. The granting of the application will require the BOARD to spend funds or to supply labor or materials in connection with the proposed operation, or the operation will result in a financial loss to the BOARD;

d. No appropriate, adequate, or available space or building exists at the AIRPORT which would accommodate the entire activity of the applicant at the time of application nor is contemplated within a reasonable time thereafter;

e. The proposed operation, airport development, or construction does not comply with the Airport Master Plan then in effect;

f. The development or use of the area requested by the applicant will result in a congestion of aircraft or buildings, or will result in unduly interference with the operations

of any present Fixed Base Operator on the AIRPORT relating to problems with aircraft service and/or prevent free access to the Fixed Base Operator's area;

g. The applicant has either intentionally or unintentionally misrepresented or omitted any material fact in the application or in supporting documents;

h. The applicant has failed to make full disclosure on the application or in supporting documents;

i. The applicant has a record of violating the rules and regulations of any other airport or civil air regulations, FAA regulations, or any other rules and regulations applicable to Okaloosa County Airports;

j. The applicant has defaulted in the performance of any lease or any other agreement with the BOARD;

k. The applicant does not, in the opinion of the BOARD, exhibit adequate financial responsibility to undertake the project, based upon current financial information provided;

l. The applicant cannot provide a performance bond in the amount required by the BOARD for that contract;

m. The applicant has been convicted of any felony or a misdemeanor involving moral turpitude.

Nothing contained herein shall prohibit the BOARD from granting or denying, for any reason it deems sufficient, an application to do business on the AIRPORT for the purpose of selling, furnishing, or establishing non-aviation products supplied for any service or business of a non-aeronautical nature, or an application for the non-profit use of an airport facility.

SECTION 16. INSURANCE REQUIREMENTS:

The operator will provide, and maintain in full force and effect, insurance coverage in the following types and minimum amounts:

a. For full service Fixed Base Operations, general liability coverage to include premises and property damage of at least two million (\$2,000,000.00) dollars combined single limit (CSL); aircraft liability coverage of at least two million (\$2,000,000.00) dollars CSL; products/completed operations liability coverage of at least two million (2,000,000.00) dollars CSL; hangarkeepers liability coverage of at least two million (\$2,000,000.00) dollars CSL. Insurance coverage shall be applicable to the type of activity being conducted.

b. For any Specialty Service Operator offering one or more of the services in Section 11 above, general liability coverage to include premises and property damage of at least one million (\$1,000,000.00) CSL; aircraft liability coverage of at least one million (\$1,000,000.00) CSL; and products/completed operations liability coverage of at least one million (\$1,000,000.00) CSL.

The Okaloosa County Board of Commissioners shall be named as an additional insured on all such policies. The operator shall also submit to the Airports Director a certificate of insurance from the operator's insurance carrier, executed on the approved form, verifying the types, limits and expiration dates of all policies.

SECTION 17. WAIVER OF MINIMUM STANDARDS:

The BOARD may, at its discretion, waive all or any portion of the Minimum Standards set forth herein for the benefit of any government or governmental agency performing non-profit public services to the aircraft industry. The BOARD may further temporarily waive any of the Minimum Standards for non-governmental applicants where it deems such waiver to be in the best interest of the AIRPORT's operation and public good.

SECTION 18. VIOLATIONS, PENALTIES AND PROCEDURES:

If the Airports Director determines that any of these Minimum Standards have been violated by an entity operating on the AIRPORT, and that he or she cannot resolve the matter satisfactorily by notice to, and discussion with, the offending operator, then the Airports Director may recommend to the BOARD that formal action be taken against the offending operator. The BOARD shall allow the operator notice and an opportunity to be heard before deciding whether and what action should be taken against the operator for the alleged violation. Such action may include, but not limited to, reprimand, suspension of airport operations by the operator, or revocation of the operator's right to conduct business at the AIRPORT.

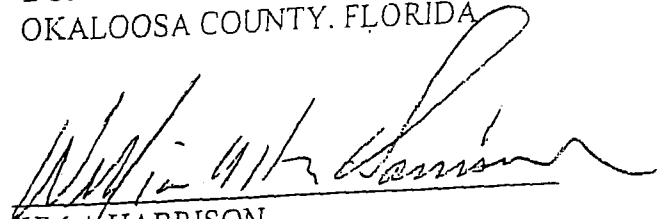
SECTION 19. SAFETY AND SECURITY:

All operators shall abide by all provisions of the approved AIRPORT rules and regulations. If violations of the approved AIRPORT rules and regulations result in fines being levied by any federal or state agency, the operator will reimburse the BOARD for the full cost of said fines within thirty (30) days of payment by the BOARD.

The attached Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations were adopted at the regular scheduled meeting of the Okaloosa County Board of Commissioners on _____, 1997.

These Minimum Standards supersede any standards previously established by the Okaloosa County Board of Commissioners.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

A handwritten signature in cursive script, appearing to read "William A. Harrison", written over a horizontal line.

WM A HARRISON
CHAIRMAN

Exhibit C

LEASE RATES

Exhibit C

Table 1

Ground and Building Lease Rates

Ground Lease Rate

Ground Lease Area	Rate/SF/Year	Square Footage	Annual Ground Lease
Ground Lease Parcel #1: Exhibit A-1: Ramp Area, Fuel Farm, Parking	\$0.06	813,953	\$48,837.18
Ground Lease Parcel #2: Exhibit A-2: Parking Lot	\$0.06	38,849	\$2,330.94
Ground Lease Parcel #3: Exhibit A-3: Parking Lot	\$0.06	<u>13,553</u>	<u>\$813.18</u>
Total		866,355	\$51,981.30

Building Lease Rate

Building Description	Square Footage	Annual Lease Rates
Passenger Terminal - Administrative Space	5,914	\$40,788.00
Maintenance Hangar	<u>15,474</u>	<u>\$31,973.88</u>
Total	21,388	\$72,761.88
Grand Totals	887,743	\$124,743.18

Total Monthly Rent: \$124,743.18 / 12 = \$10,395.27 per month

Exhibit D

Repayment Plan

AGREEMENT

THIS AGREEMENT is made and entered into this 19th day of March 2013, by and between **OKALOOSA COUNTY, FLORIDA**, a political subdivision of the State of Florida (hereafter, the "County"), and **MIRACLE STRIP AVIATION, INC.**, a for profit corporation incorporated and authorized to do business in the State of Florida (hereafter, "Lessee" or "Operator"),

WITNESSETH:

WHEREAS, the County owns, operates and maintains the Destin/Ft. Walton Beach Airport (hereafter, "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Lessee currently operates a Full Service Fixed Base Operation at the Airport, pursuant to the terms of that certain Lease and Operating Agreement entered into on June 23, 1998, as amended by Lease Amendment Nos. 1 and 2, entered into on August 5, 2003, and April 7, 2008, respectively (collectively, hereafter, the "Lease"); and

WHEREAS, the County placed Operator on notice of its default on various terms of the Lease, by certified and hand delivered correspondence dated January 4, 2013; and

WHEREAS, Operator was given 30 days under that default notice correspondence within which to cure the two separately described events of default; and

WHEREAS, during that 30 day cure period, the County received communications and confirmation that Operator has come under new ownership, in that all Miracle Strip Aviation, Inc. corporate stock has been purchased and is now owned by Regal Capital, LLC, a Florida Limited Liability Company (hereafter, "Regal"); and



WHEREAS, Regal has made a proposal for resolving the events of default as set out against Operator in the above-referenced January 4, 2013, default notice correspondence;

NOW, THEREFORE, the parties hereto stipulate and agree as follows:

1. Operator agrees to repay the County money owed from back rents and other unpaid charges in the principal amount of \$485,382.00 (the first event of default), under the following terms:

a) payment of \$150,000.00 in cash, shall be provided to the County within ten (10) business days after the Commencement Date, as that term is defined in Article VI of the Amended and Restated Lease Agreement entered or to be entered into by the parties;

b) Operator shall be given a credit of \$100,000.00 of the debt owed, by application of such funds toward renovations to the Airport terminal building and other miscellaneous improvements to be made on the Airport site; and

c) the remaining \$235,382.00 of the debt owed shall be repaid by Operator in equal monthly installments, to be amortized over 6 years, at 4% interest, with the first such installment due to the County on the first day of the month following the Commencement Date, and with each of the succeeding 71 monthly payments being due on the first day of each month thereafter.

2. The County agrees to waive any late fees or interest, other than as described above, which might otherwise be due and owing by Operator under the Lease on the principal amount owed for back rents and other miscellaneous charges, so long as Operator remains in compliance with the terms of paragraph 1 of this **AGREEMENT**, above.

3. Operator is responsible for securing all applicable permits and complying with all Federal, State and County statutes, regulations and ordinances in its construction of the Airport building terminal renovations referenced in paragraph 1 of this **AGREEMENT**, above.

4. The County retains the right to review and approve any plans for renovations to be made by Operator at the Airport terminal building; to monitor said renovation work; to review all paid receipts to verify amounts expended; and to review and approve the quality of the work performed in that regard.

5. Operator agrees that, in cure of its prior default with respect to its duty assure that the Airport is serviced by a fully operational maintenance facility, staffed by fully FAA certificated repair operators, as per the terms of the Lease and Exhibit C thereto (the second event of default), Operator intends to secure a third party maintenance operation meeting all such standards, and shall enter into a sublease with that maintenance operation in accordance with the requirements of Article XXXIV of the Lease, within thirty (30) days after the date this **AGREEMENT** is entered.

6. The parties agree that upon the entry of this **AGREEMENT**, they shall expeditiously undertake to renegotiate the terms of the Lease under which Lessee is currently operating, with the understanding that the agreements set out in paragraphs 1 - 5 of this **AGREEMENT**, above, shall not be impacted by said negotiations, but shall remain in full force and effect and shall become a part of any renegotiated Lease.

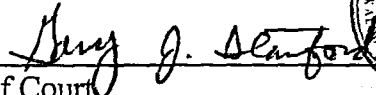

7. This **AGREEMENT** constitutes the entire agreement and understanding between the parties with respect to the matters addressed herein and supersedes all negotiations,

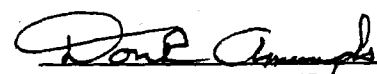
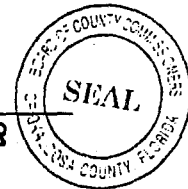
prior discussions, letters of intent and preliminary agreements. This AGREEMENT may not be amended except by written document executed by all parties.

IN WITNESS WHEREOF, the parties hereto have executed this instrument, through their respective authorized representatives, on the date first set out above.

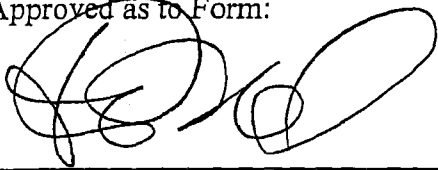
ATTEST:

BOARD OF COUNTY
COMMISSIONERS, OKALOOSA
COUNTY, FLORIDA


Clerk of Court 

By: 
Don Amunds 3/26/13
Chairman 

Approved as to Form:



County Attorney


Approved as to Content:



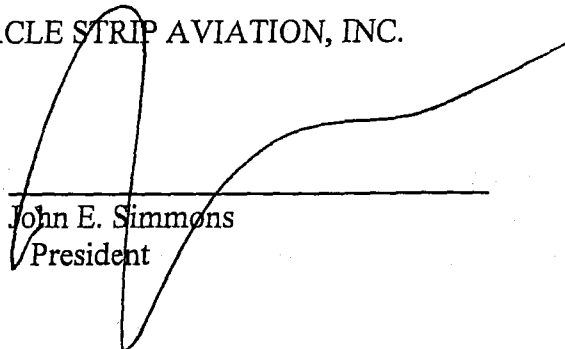
Airports Director

ATTEST:

MIRACLE STRIP AVIATION, INC.

By: 
Jon MORRIS
Printed Name

ADM & FIN MGR NWFRA
Title

By: 
John E. Simmons
President

RECEIVED MAY 20 2013

CONTRACT & LEASE INTERNAL COORDINATION SHEET

5-17-13

Contract/Lease Number: L79-101-AP Tracking Number: 621-13

Contractor/Lessee Name: Miracle Strip Aviation Grant Funded: YES ___ NO

Purpose: Name Change to Regal Air, Destin

Date/Term: 3-26-33 1. GREATER THAN \$50,000

Amount: 124,943.18 per yr. plus tax 2. GREATER THAN \$25,000

Department: Airports 3. \$25,000 OR LESS

Dept. Monitor Name: David Miner

Document has been reviewed and includes any attachments or exhibits.

Purchasing Review

Procurement requirements are met:

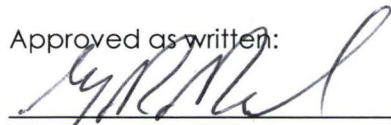


Purchasing Director or designee

Date: 5/21/13

Risk Management Review

Approved as written:

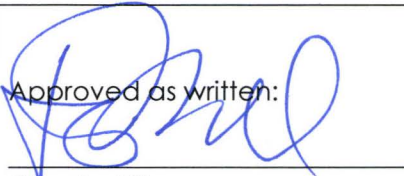


Risk Manager or designee

Date: 5/22/13

County Attorney Review

Approved as written:



County Attorney

Date: 5/28/13

Following Okaloosa County approval:

Contract & Grant

Document has been received:

Contracts & Grants Manager

Date: _____

LEASE # L79-101-AP
REGAL AIR DESTIN, LLC.
FIXED BASE OPERATOR - DAP
EXPIRES:03/26/2033

ASSIGNMENT OF LEASE

This ASSIGNMENT OF LEASE FOR FIXED BASE OPERATOR DESTIN/FT. WALTON BEACH AIRPORT, fully executed this 6th day of JUNE, 2013, by and between MIRACLE STRIP AVIATION, INC., a Florida corporation (hereinafter referred to as the "FIRST PARTY"), REGAL AIR DESTIN, LLC, a Florida limited liability company (hereinafter referred to as the "SECOND PARTY") and OKALOOSA COUNTY, a political subdivision of the State of Florida (hereinafter referred to as the "COUNTY")

WITNESSETH:

WHEREAS, Regal Capital LLC, a Florida limited liability company, purchased all of the stock of FIRST PARTY, which operates the fixed base operation pursuant an Amended and Restated Lease Agreement for a Full Fixed Base Operator at the Destin/Ft. Walton Beach Airport dated March 19, 2013 (the "**Amended and Restated Lease**", capitalized but undefined terms herein have the meaning ascribed to them in the Amended and Restated Lease) under the name Miracle Strip Aviation;

WHEREAS, the FIRST PARTY desires to assign to the SECOND PARTY the Amended and Restated Lease in order for the SECOND PARTY to operate the fixed based operation pursuant to the Amended and Restated Lease under the name Regal Air Destin.

WHEREAS, pursuant to the Amended and Restated Lease, the FIRST PARTY may not assign its rights, title and interest in the Amended and Restated Lease without the prior payment of an assignment fee of \$1,000.00 and the prior written consent of the COUNTY.

SECTION 1: ENTIRE ASSIGNMENT OF LEASE

FIRST PARTY hereby assigns to SECOND PARTY all of its leasehold interest in the Leased Premises, and all rights, title and interests in, to and under the Amended and Restated Lease (the "**Assignment**"). SECOND PARTY, by execution of this ASSIGNMENT OF LEASE, and in consideration of approval by the COUNTY of the same does hereby assume all responsibilities, duties, obligations, rights, and privileges as set forth in the Amended and Restated Lease, and does hereby expressly relieve and indemnify the FIRST PARTY against any duty or responsibility for the same.

SECTION 2: CONSENT OF THE COUNTY

The COUNTY hereby consents to this assignment from FIRST PARTY to SECOND PARTY and lets to SECOND PARTY and SECOND PARTY hereby hires and takes from COUNTY at the Destin/Ft. Walton Beach Airport in the County of Okaloosa, State of Florida (hereinafter referred to as "AIRPORT"), that certain location designated as Full Fixed Base Operator as shown on file in the office of the Airports Director. The

COUNTY hereby waives the requirement that the FIRST PARTY pay an assignment fee of \$1,000.00 in order to assign its right, title and interests in the Amended and Restated Lease.

SECTION 3: EFFECTIVENESS OF THE ASSIGNMENT OF LEASE

This ASSIGNMENT OF LEASE shall become effective as of the date it is signed by the last of FIRST PARTY, SECOND PARTY and the COUNTY.

SECTION 4 – FURTHER ACTIONS

Each of the parties hereto covenants and agrees to execute and deliver, at the request of the other party hereto, such further instruments of transfer and assignment and to take such other actions as such other party may reasonably request to more effectively consummate the assignments and assumptions contemplated by this ASSIGNMENT OF LEASE.

SECTION 5: ENTIRE AGREEMENT

This ASSIGNMENT OF LEASE constitutes this entire Assignment of Lease of the parties on the subject matter hereof and may not be changed, modified, discharged, or extended except by written instrument duly executed by FIRST PARTY, SECOND PARTY and the COUNTY.

[The remainder of this page is intentionally left blank.]

IN WITNESS, the parties hereto have executed these presents as of the day and year first above written.

ATTESTS:

Angela Waller
WITNESS

[Signature]
WITNESS

FIRST PARTY:

MIRACLE STRIP AVIATION, INC.

By: [Signature]
John E. Simmons, President

Date: 5-29-13

ATTESTS:

Angela Walloce
WITNESS

[Signature]
WITNESS

SECOND PARTY:

REGAL AIR DESTIN, LLC

By: [Signature]
John E. Simmons, Manager

Date: 5-29-13

COUNTY:

BOARD OF COUNTY COMMISSIONERS,
OKALOOSA COUNTY, FLORIDA

By: [Signature]
Don R. Amunds, Chairman

Date: June 4, 2013

ATTESTS:

Gary J. Stanford
Gary J. Stanford
Deputy Clerk of Circuit Court
Okaloosa County, Florida



EXHIBIT D

CONTRACT & LEASE
INTERNAL COORDINATION SHEET

Contract/Lease Number: L79-101-AP

Tracking Number: 554-13

Contractor/Lessee Name: Miracle Strip Aviation, Inc.

Purpose: Settlement Agreement / Lease Amend & Restated

Date/Term: 71 months / 3/26/2033

1. GREATER THAN \$50,000

Amount: \$ 485,382.00 / Various

2. GREATER THAN \$25,001

Department: Airport

3. \$25,000 OR LESS

Dept. Monitor Name: D. Villaniz / Interim Director

Purchasing Review

Procurement requirements are met:

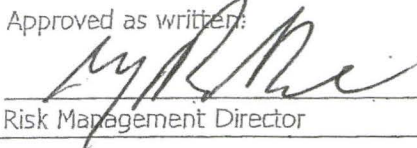


Date: 3/4/13

Contracts & Lease Coordinator

Risk Management Review

Approved as written:



Date: 3/6/13

Risk Management Director

County Attorney Review

Approved as written:

 AS REVISED

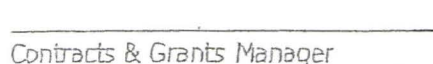
Date: 3/10/13

County Attorney

Following Okaloosa County approval:

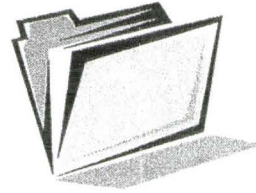
Contract & Grant

Document has been received:



Date: _____

Contracts & Grants Manager



OFFICE OF CONTRACTS & GRANTS
CLERK OF THE CIRCUIT COURT
1804 Lewis Turner Blvd, Suite 206

(850) 651-7200, ext 4381

MEMORANDUM

TO: Jack Allen,
Purchasing Manager
From

FROM: Brenda L. Bailey, *[Signature]*
Contracts & Grants Manager
To:

DATE: March ²⁹ 28, 2013

RE: BCC Meeting Date: March 19, 2013

The Okaloosa County Board of Commissioners has approved the attached document(s) on the date specified above. The documents are being returned for the following action:

- Please submit to other party for signatures. When fully executed please return one "original" to our office.
- If document is fully executed, please make final distribution including returning one "original" to our office.

Jack,
I've retained one original to send for recording.
I'm attaching the remaining originals for
distribution. The airport is trying to get a
hand delivered copy to Miracle Strip.
Please forward a label for our bills. I didn't
pick up the documents due to recording
[Signature]

**AMENDED AND RESTATED
LEASE AGREEMENT FOR
FULL FIXED BASE OPERATOR
DESTIN/FT. WALTON BEACH AIRPORT**

THIS AMENDED AND RESTATED LEASE AND OPERATING AGREEMENT (hereinafter referred to as "Agreement" or "Lease"), made and entered into this 19th day of March, 2013, by and between Okaloosa County, a political subdivision of the State of Florida (hereinafter referred to as the "County"), and Miracle Strip Aviation, Inc., a

- sole proprietorship
- limited partnership
- general partnership
- corporation
- limited liability company

authorized to do business in Florida (hereinafter referred to as "Lessee" or "Operator"),

WITNESSETH:

WHEREAS, the County owns, operates, and maintains Destin/Ft. Walton Beach Airport (hereinafter referred to as "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Operator desires to lease land and facilities on the Airport to conduct air transportation services pursuant to the terms of this Agreement, See Exhibits A-1, A-2, & A-3 leased premises; and

WHEREAS, the parties desire to place the property under Lease upon which Operator will operate a Full Service, Fixed Base Operator facilities on the property described in Article II, paragraph B; and

WHEREAS, the County and Operator have heretofore entered into a lease and operating agreement ("Existing Agreement") for a full fixed base operation at the Airport and amended said agreement through two (2) major amendments thereto; and

WHEREAS, the parties desire to further amend said Existing Agreement to incorporate therein a plan for repayment for past due rent amounts and to resolve certain events of default related thereto, and to incorporate all of the same in this new Amended and Restated Lease and Operating Agreement; and

WHEREAS, this Agreement is in the best interests of the County to encourage air transportation services at the Airport;

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

**ARTICLE I
EXHIBITS**

This Agreement contains the following Exhibits, which are attached hereto, incorporated herein and made a part of this Agreement, for all further purposes:

- | | |
|-----------|---|
| Exhibit A | Legal Description, Leased Premises, Boundary Surveys
A-1 Leased Parcel #1
A-2 Leased Parcel #2
A-3 Leased Parcel #3 |
| Exhibit B | Okaloosa County Minimum Standards for Fixed Base Operator |
| Exhibit C | Lease Rates — Table 1 |
| Exhibit D | Agreement, entered on the <u>19th</u> day of March, 2013, between Operator and the County, regarding Payoff Schedule For Past Due Rent and other events of default |

**ARTICLE II
LEASED PREMISES**

The County hereby leases and demises to Operator, and Operator hereby hires and takes from the County, the tract(s) of land (herein referred to as the "Leased Premises", see Exhibit A), in Okaloosa County, Florida, and any and all rights, privileges, easements and appurtenances now or hereafter belonging to said tract(s) of real property, subject, however, to all liens, easements, restrictions and other encumbrances of record, provided such matters do not prevent Operator from conducting its business on the Leased Premises as contemplated herein.

- A. The Operator shall use the existing above ground fuel farm area. (Fuel tank shall be constructed according to FAA, Federal and State Safety Regulations).

- B. Commencing upon the Commencement Date (defined in Article VI below) and until the termination of this Agreement, the Leased Premises shall consist of: see Exhibits A-1, A-2, & A-3.

The Leased Property shall be taken by Operator in its AS IS condition, and shall be maintained and operated at Operator's sole cost and expense except as may otherwise be specifically provided in this Agreement. It is the express intention of the parties hereto that the Operator's improvements, use and occupancy of the Leased Premises, and all costs associated therewith, shall be and remain the financial obligation of the Operator.

Any helicopter landing pads furnished by the Airport used by Operator or its customers shall be used solely for the landing, take-off, parking, fueling, and servicing of helicopters and for no other purpose whatsoever.

ARTICLE III GRANT OF USE

The County hereby grants Operator the exclusive right to the Leased Premises, and all of the improvements located thereon, to conduct on a non-exclusive basis, commercial aeronautical services/activities described as Full Service Fixed Base Operation in accordance with this Agreement and in accordance with the Requirements and Minimum Standards for Services and Activities as outlined in Exhibit B. The County further grants to Operator the rights of ingress and egress to and from the Leased Premises over Airport common use roadways and the Airport aprons as necessary for Operator's refueling operations, subject to any rules and regulations which may have been established or shall be established in the future by the County.

Operator shall not use, nor permit others to use, the Leased Premises, and any improvements thereon, for any commercial or noncommercial purpose, other than the authorized purposes set forth above, nor shall Operator use the Leased Premises to store any material not required for the execution of the authorized purposes. Should the Operator wish to perform any additional commercial aeronautical services from its leased premises, Operator shall make written application to the County requesting permission to provide such additional services. The County shall apply the criteria and standards embodied in the Requirements and Minimum Standards for Services and Activities in determining whether to authorize Operator to perform such services. If the County determines that the Operator is qualified to perform the requested aeronautical services under the Requirements and Minimum Standards for Services and Activities, and if the Operator and County execute an addendum to the Lease setting forth the terms and conditions by which Operator shall perform the additional aeronautical services or activities, including any additional fees, then Operator shall be deemed authorized to perform said additional services or activities.

ARTICLE IV ENVIRONMENTAL RESPONSIBILITIES

The County and Operator hereby agree and acknowledge that this lease in no way is intended to discharge, release, increase, or otherwise modify the parties' existing contractual or other legal obligations or responsibilities concerning the operator's existing FBO site or the Operator's existing fuel farm. Any other provision of this Agreement notwithstanding, Operator shall continue to have the contractual and legal obligations to remediate any existing non-compliant environmental conditions for which it is responsible under its Existing Agreement, including but not limited to those disclosed pursuant to the first paragraph of the following Section titled "Environmental Assessments".

Environmental Assessments:

Immediately upon the execution of this Agreement, the Operator shall, at its expense, obtain an ASTM Standards environmental assessment encompassing all of the Leased Premises described in Article I, Exhibit A above. The environmental assessment will be obtained from a financially stable environmental consulting firm acceptable to the County and Operator. If the ASTM Environmental Assessment recommends further investigation such as sampling and testing, the Operator will undertake, at its expense, to obtain such additional testing. (The initial ASTM assessment and any additional testing hereinafter "First Environmental Review"). The environmental consulting firm must be insured for errors and omissions in a minimum limit of \$20,000,000 per occurrence with a deductible no greater than \$25,000 and its insurance policy must be made showing the County and Operator as additional insured. All environmental assessments must be certified to the County and Operator and contain no limitation of liability for errors and omissions.

Upon the expiration or sooner termination of this Agreement, the Operator, at the operator's Expense, shall obtain an additional environmental assessment encompassing all of the Leased Premises described in Article I, Exhibit A. The same criteria and additional testing that applies for the First Environmental Review and environmental consulting firm described above will also apply for the environmental assessment done at the termination of this Lease.

Any environmental contamination disclosed in the environmental assessment prepared at the termination of the Agreement not also disclosed in the environmental assessment prepared prior to the Operator taking possession of the Leased Premises, taking into account any matters that may have been present in the First Environmental Review but not detected due to improved detection methods, shall be the responsibility of the Operator, and the Operator shall be obligated to promptly effect the remediation of such environmental contamination, and to have prepared, at the operator's expense, a post-remediation environmental assessment substantiating completion of such remediation in accordance with applicable laws, including without limitation all post-remediation sampling and additional or supplemental remediation. The County and Operator shall furnish to the other party true and complete copies of all environmental assessments of the Leased Premises including copies of all sampling and other data obtained as a result of the environmental assessments. Each party shall provide the other party reasonable advance notice of any environmental assessments and shall grant the County access to the Leased Premises during any environmental assessment activities and the right to accompany persons conducting any environmental assessments.

Off Site Environmental Contamination:

Nothing in this Article IV shall be construed to make Operator liable in any way for any contamination or release of Hazardous Substances affecting the Leased Premises that occurs by reason of the migration or flow to the Leased Premises from verifiable or documented offsite contamination that is not attributable to Operator's activities at the Leased Premises.

Environmental Compliance:

Excepting the aircraft fuel stored in the Operator's mobile tenders and the fuel farm as required in Article II(A) and except as otherwise set forth below, Operator agrees that no oils, petroleum products, synthetic lubricants, gasoline, solvents, or other hazardous materials may be permanently or temporarily stored on the Leased Premises. No storage tanks, either of the above ground type or below ground type, may be constructed or stored on the Leased Premises.

Small quantities of the above items, which are necessary for the day-to-day operation of the Operator, shall be permitted. However, the combined total of all such substances allowed on the Leased Premises at any one time shall not exceed 1000 gallons, exclusive of the quantities which are contained within Operator's mobile Tenders, fuel farm, and the fuel and power train systems of vehicles located upon the Leases Premises. Fuel tenders will be parked and refilled on Florida Department of Environmental Protection (FDEP) approved hard stands with recovery systems.

Upon request, the Operator shall provide a detailed listing of all such substances used in its day-to-day operations, and the past and current methods used for the handling and disposal of such material.

Operator shall comply with all laws, including, without limitation, any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating or relating to the environment, air quality, hazardous substances or materials, or petroleum products that may apply to the use of the premises, as such laws are now or at any time hereafter in effect. In the event the premises become environmentally contaminated during the Operator's occupancy of the Leased Premises under this Agreement due to the Operator, its invitees, guests, licensees, officers, employees, agents, or independent contractor's negligence, inaction, or other acts, or acts of God ("Operator Contamination"), the Operator shall be responsible for all costs related to the environmental remediation of the premises as required by applicable governmental regulatory bodies. Operator may contest the remediation requirements of such regulatory bodies as applicable law may allow. The Operator shall defend and indemnify the County and hold the County harmless from and against any and all claims, losses, liabilities (including, without limitation, strict liability), damages, injuries, costs, expenses (including, without limitation, attorneys' fees), claims for damage to the environment, claims for fines or civil penalties, costs of any settlement or judgment and claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against the County by any person, entity, or governmental agency for, with respect to, or as a direct result of Operator Contamination including without limitation all post-remediation sampling and additional supplemental remediation.

Operator acknowledges that the County is subject to Florida and/or Federal storm water regulations, 40 C.F.R/ Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication),

equipment cleaning operations and/or deicing operations that occur at Destin/Ft. Walton Beach Airport. Operator may not conduct any of the above operations without first applying for a storm water discharge permit. Operator may petition the County to file as a co-permittee to the storm water discharge permit issued to the Destin/Ft. Walton Beach Airport. Operator acknowledges that it is the responsibility of the Operator to be familiar with the storm water regulations should it conduct any of the above activities and Operator is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

Operator shall cooperate with the County in minimizing the exposure of storm water to "significant materials" as defined in 40 C.F.R. Part 122(b)(12), and shall comply with the County's Storm Water Pollution Prevention Plan as it may currently exist or be changed in the future. Operator hereby agrees that it is solely responsible for the compliance and construction of any storm water/surface water facilities, holding areas, treatment areas, diversionary fixtures or improvements, or other water flow control mechanisms deemed necessary by an authorized governmental entity due to Operator's use of the Leased Premises.

ARTICLE V COMPLIANCE WITH RULES AND REGULATIONS

In addition to those environmental laws, ordinances, statutes, etc. outlined in Article IV, it is expressly understood that the Operator agrees to conform to all other Federal, State, or local laws and regulations, as well as all Okaloosa County Codes and ordinances, all of which may apply to the services to be performed and that Okaloosa County is to be held free and harmless from any act or failures by the Operator to do so.

The Operator shall obtain and maintain in force all licenses, permits and other certificates required by Federal, State, County, or Municipal authorities for its operation under the terms of this Agreement.

The Operator agrees to observe all security requirements of Federal Regulations and the Airport Security Program, as may be applicable, and as the same may, from time to time, be amended, and to take such steps as may be necessary or directed by the County to ensure that employees, invitees, agents and guests observe these requirements. If the County incurs any fines and/or penalties imposed by Federal, State, County, or Municipal authorities as a result of the acts or omissions of Operator, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then Operator shall be responsible to pay or reimburse the County for all such costs and expenses.

ARTICLE VI TERM

The term of this Agreement shall commence at midnight on the last date this Agreement is signed by all Parties to the Lease (the "Commencement Date") and shall continue for a period of twenty (20) years from the Commencement Date,

unless changed or modified as set forth in this Agreement.

ARTICLE VII RENT & FEES

In consideration of the rights and privileges herein granted, the Operator hereby covenants and agrees to pay the County:

1. Commencing upon the Commencement Date of this Agreement.
 - A. 0.06 cents per square foot per year for the 866,355 square feet of base ramp area (See Exhibit C, Table 1).
 - B. 5% of gross receipts for sale of aircraft, aircraft engines, and all other services, equipment, and supplies except aircraft fuel and oil

The term "gross receipts" with respect to sales at all locations shall include all charges or other fees charged by Operator on all sales made by Operator, and all revenues of any kind and character derived from, arising out of, or payable on account of the business conducted by Operator or from the operations of Operator under this Agreement, whether for cash or credit and without any deduction for credit card discounts. Any gross receipts included in the formula for determining percentage payments owed the County and determined by Operator at a later date to be uncollectible shall not offset future percentage fees owed the County. The term shall also include the value of goods and services when provided or given by Operator to anyone without charge except as provided herein. The term shall not include warranty work for which Operator receives no mark-up over cost nor shall it include any sales tax or excise tax stated separately and collected from the customer for remittance to the taxing authority.

All gross receipts shall be deemed to be received at the time of the determination of the amount due to Operator not at the time of billing or payment, unless specifically authorized by the Airport Director.

- C. \$0.05 per gallon for all fuel sold to others or placed in aircraft owned, leased, or operated by Operator.
- D. \$0.10 per quart for all oil sold to others or placed in aircraft owned, leased, or operated by Operator.
- E. A fuel flowage fee (currently \$0.06 per gallon) shall be collected and remitted for all fuel sold or delivered to all persons and entities and used in aircraft. No fuel flowage fee shall be collected on fuel sales to military aircraft or carriers with agreements with the County, or who pay landing fees to the County. (The County and Operator acknowledge that the County charges a flowage fee for certain fuels sold at the Airport and used in aircraft, and the Operator hereby agrees to collect that fuel flowage fee, as agent for the County. The parties further

agree that the collection of this fee and its remittance to the County is not an additional fee paid by the Operator for use of the leased premises.)

2. Fees shall be adjusted as follows:

A. Adjustments to Base Ground Rent: The annual base ramp (see Exhibits A-1, A-2, & A-3) lease for each successive five (5) year period of the term of this LEASE from the Commencement Date shall be increased to reflect the increase in the Consumer Price Index ("CPI") from the Commencement Date of Lease (as defined in Article VI). The "CPI" shall be the revised Consumer Price Index for All Urban Consumers for all items U. S. City Average, published by the Bureau of Labor Statistics, U. S. Department of Labor, 1982- 84=100 (CPI-U). Base ground rent shall be subject to renegotiation for any option period hereunder.

B. Adjustments to Fuel Fee: The County reserves the right to adjust the fuel fee specified in subparagraph C of paragraph 1 above every five years after the Commencement Date, using an appropriate Producer Price Index for aviation fuels published by the U.S. Department of Labor, Bureau of Labor Statistics—more specifically the North American Industry Classification System (NAICS) code 324110 (Aviation Fuel).

PAYMENTS

Operator agrees to pay base ramp rent and building rent due to the County, in advance on or before the tenth (10th) day of the month for which the rent is due (See Exhibit C).

All percentage fees and flowage fees owed shall be payable by the twentieth (20th) day of the month immediately following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment. County reserves the right to develop and prescribe a report form for Operator to report gross receipts and fuel related activity upon which fees are levied.

Monthly rent payments, percentage payments, flowage fees and any other payments required under this Agreement which are not received when due shall accrue interest at the rate of twelve percent (12%) per annum from the due date until receipt of payment.

ARTICLE VIII BOOKS, RECORDS AND AUDITS

Operator must maintain full and accurate books of account and records, in a form acceptable to the County and according to standard and accepted accounting

practices. The books of account and records that Operator must maintain must include, but not be limited to, sales slips, cash register tapes, credit card invoices, monthly sales tax returns, sales and disbursement journals, general ledgers, bank statements, bank books, bank deposit slips and annual federal income tax returns. In lieu of maintaining the books of account and records required herein, Operator may maintain computer records instead, provided that the County determines, in its sole discretion reasonably exercised, in advance that said computer records are a reasonably equivalent alternative to the maintenance of books and records otherwise required herein. These books and records shall be stored in Okaloosa County, Florida, for a period of at least five (5) years following the end of each annual period of this Agreement and be made available to the County upon request.

The County reserves the right, from the Commencement Date forward, to audit Operator's books and records at any time for the purpose of verifying amounts payable hereunder. If, as a result of such an audit, it is established that Operator has understated amounts payable to the County by two percent (2%) or more (after deductions and exclusions provided for herein) Operator shall pay the full cost of the audit and shall pay the full amount underpaid, plus twelve percent (12%) interest on said underpayment from the time said underpayment should have been paid to the time said underpayment is fully paid. The cost of the audit and the payment of the underpaid amount, plus interest, shall be made by Operator to the County within thirty (30) days of receipt of written notice, except for past due amounts before the Commencement Date, which amounts are addressed in and will be due in accordance with the terms of the Agreement attached hereto as Exhibit D.

ARTICLE VIX SECURITY DEPOSIT

Surety in the form of an irrevocable letter of credit or performance bond equal to \$50,000 shall be posted with the County upon the Commencement Date of this Agreement and must thereafter be continuously maintained at all times during the term of this Agreement, to cover Operator's performance of all its obligations under this Agreement. The Surety is to be provided by Operator in a form acceptable to the County. The surety company shall be licensed to do business in the State of Florida, and shall be otherwise acceptable to the County. Operator shall be responsible for paying all required premiums.

An annually renewable Performance Bond may be substituted by the Operator each year in lieu of providing a single bond. Such Performance Bond shall not contain any exclusion or condition based on the time period for the discovery of, and the making of a claim for any loss, which is less than one year after the expiration date of such bond. In other words, the Performance Bond shall allow the County to make a claim under the Bond for losses, which totally or partially occurred during the period of such Bond. Such extended claim discovery and/or claim reporting period shall be for a period of at least one year or longer after the expiration of such Bond. Such Bond shall not contain any wording, which would allow for the cancellation or reduction in coverage under the Bond, other than at the listed expiration date, provided that 30 days notice of such expiration is given to the County before

termination of coverage at any such expiration date.

The performance bond, or a portion thereof, shall be payable to the County in the event Operator defaults in any of its monetary obligations to the County hereunder. In the event of Operator default, the amount or portion thereof, of the performance bond payable to the County shall, under no circumstances, exceed the amount of Operator's default.

**ARTICLE X
TAXES AND ASSESSMENTS**

Operator shall be responsible for and shall promptly pay all property taxes; personal property taxes; all sales and other taxes to include Fire District Assessments measured by or related to the payments hereunder required under law; all license fees; and any and all other taxes, charges, assessments, imposts or levies of any nature, whether general or special, which, at any time, may be in any way imposed by local, state, or federal authorities other than the County, or that become a lien upon Operator, the County, the Leased Premises, or any improvements thereon, by reason of this Agreement or Operator's activities in, or improvements upon, the Leased Premises pursuant to this Agreement. The County warrants and represents that it shall not impose any taxes, assessments, or charges upon Operator during the term of this Agreement, other than assessments and charges authorized by this Agreement, or by any other agreement or agreements with the County.

**ARTICLE XI
INSURANCE AND INDEMNIFICATION**

Before starting and until termination of this Agreement, the Operator shall procure and maintain insurance of the types and to the limits specified.

The term County as used in this section of the Agreement is defined to mean the Okaloosa County itself, any subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents.

Insurance shall be issued by an insurer whose business reputation; financial stability and claims payment reputation is satisfactory to the County, for the County's protection only. Unless otherwise agreed, the amounts, form and type of insurance shall conform to the following minimum requirements:

1. WORKER'S COMPENSATION

The Operator shall purchase and maintain Worker's Compensation Insurance Coverage for all Workers' Compensation obligations

<u>Workers' Compensation</u>	<u>LIMIT</u>
1) State	Statutory
2) Employer's Liability	\$1 million accident

2. **AIRPORT LIABILITY, AUTOMOBILE, ENVIRONMENTAL IMPAIRMENT, AND UMBRELLA LIABILITY COVERAGES**

The Operator shall purchase coverage provided by Property/Casualty Insurance Companies whose rating by the A.M. Best Company is "A" or better. For Business Auto policies, the Operator shall purchase coverage on forms no more restrictive than Business Auto policies filed by the Insurance Services Office. The County shall be an Additional Insured and such coverage shall be at least as broad as that provided to the Named Insured under the policy for the terms and conditions of this Lease. The County shall not be considered liable for premium payment, entitled to any premium return or dividend and shall not be considered a member of any mutual or reciprocal company. Minimum limits and coverage as outlined below must be provided, with umbrella insurance coverage making up any difference between the policy limits of underlying policies coverage and the total amount of coverage required.

Airport liability coverage including bodily injury and property damage liability for premises, operations, products and completed operations, hangar keepers, and independent contractors. The coverage shall be written on occurrence type basis with minimum limits of \$10,000,000 combined single limit.

Aircraft Liability coverage including bodily injury and property damage liability arising out of the operation of owned and non-owned aircraft. This coverage shall be written on an occurrence type basis with minimum limits of \$10,000,000 combined single limit.

Business Auto coverage including bodily injury and property damage arising out of operation, maintenance or use of owned, non-owned and hired automobiles and employee non-ownership use. This coverage shall be written on a per accident basis with minimum limits of \$5,000,000 combined single limit.

Environmental Impairment coverage including spillage, leakage, seeping or the like arising out of the fuel storage tank system (fuel farm), effective for such environmental impairments arising subsequent to the Commencement Date, all of which may be sudden and accidental or over a long period of time. This coverage shall be written on a claim made type basis with minimum limits of \$5,000,000 combined single limit or as required by Federal or State Statute.

Umbrella Liability coverage shall not be more restrictive than the underlying insurance policy coverage. The coverage shall be written on an occurrence-type basis.

Operator and the County understand and agree that the minimum limits and type of insurance herein required may become inadequate, and Operator agrees that it will increase such coverage or Limits of Liability to commercially reasonable levels within ninety (90) days upon receipt of notice in writing from the Airport Director.

3. PROPERTY INSURANCE

Operator shall maintain in force at all times, property insurance coverage which insures any buildings constructed on the Leased Premises against fire, extended coverage and Standard Insurance Office (ISO) defined "Special Cause of Loss" of physical damage. In addition to the other requirements of this Section, the company or companies providing property insurance coverage pursuant to this paragraph shall be qualified to do business in the State of Florida. The Okaloosa County shall be an Additional Insured under such policy with coverage afforded to the County which is at least as broad as that provided to the Operator/Named Insured under the policy for the terms and conditions of such policy. The amount of coverage will be 100% of the replacement cost of such Improvements excluding foundation and site work. The policy will not contain a deductible feature, which exceeds five percent (5%) of replacement cost of such buildings. Such policy shall contain a Waiver of Subrogation endorsement in favor of the County. Operator agrees to apply any payment made as a result of any insurable loss to the repair or replacement of such Improvements. In the event that the insurance funds are greater than the amount required to repair or replace the improvements, with like kind and quality, the excess funds shall be retained by Operator subject to the rights of any Lender or Mortgagee. Such funds shall be expended on such repair or replacement within a reasonable period of time. A period of more than fourteen (14) months shall be deemed as an unreasonable period of time. If such funds are not expended as required, such funds will be turned over to the County for the use and benefit of the Airports system.

4. CERTIFICATES OF INSURANCE

Required insurance shall be documented in the Certificates of Insurance, which provide that the Okaloosa County shall be notified as least thirty (30) days in advance of cancellation, non-renewal or adverse change or restriction in coverage. The Okaloosa County shall be named on each Certificate as an Additional Insured and this contract shall be listed. If required by the County, the Operator shall furnish copies of the Operator's insurance policies, forms, endorsements, jackets and other items forming a part of, or relating to such policies. Certificates shall be on the "Certificate of Insurance" form equal to, as determined by the County an ACORD 25. The Operator shall replace any cancelled, adversely changed, restricted or non-renewed policies with new policies acceptable to the County and shall file with the County Certificates of Insurance under the new policies prior to the effective date of such cancellation, adverse change or restriction. If any policy is not timely replaced, in a manner acceptable to the County, the Operator shall, upon instructions of the County, cease all operations under the Contract until directed by the County, in writing, to resume operations. The "Certificate Holder" address should read: Okaloosa County, Department of Risk Management, 601-A Pearl Street, Crestview, FL 32536. A copy of the certificate and any updates shall be sent to the Airports Director at 1701 SR 85 N, Eglin AFB, FL 32542.

5. INSURANCE OF THE OPERATOR PRIMARY

The Operator required coverage shall be considered primary and all other insurance

shall be considered as excess, over and above the Operator's coverage. The Operator's policies of coverage will be considered primary as relates to all provisions of the contract.

LOSS CONTROL AND SAFETY

The Operator shall retain control over its employees, agents, servants and subcontractors, as well as over its invitees, and its activities on and about the subject premises and the manner in which such activities shall be undertaken and to that end, the Operator shall not be deemed to be an agent of the County. Precaution shall be exercised at all times by the Operator for the protection of all persons, including employees, and property. The Operator shall make special effort to detect hazards and shall take prompt action where loss control/safety measures should reasonably be expected.

HOLD HARMLESS

The Operator shall hold harmless the Okaloosa County, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury, or property damage, including loss or use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the performance of this Agreement, provided any such claim, suit, action, damage, liability or expense is caused in whole or in part by an act or omission of the Operator, or the Operator's subtenants, subcontractors, representatives, licensees, invitees, agents or employees of the Operator or employees of any of the aforementioned individuals or entities. The Operator's obligation shall not be limited by, or in any way to, any insurance coverage or by any provision in or exclusion or omission from any policy of insurance. Nothing contained herein shall obligate the Operator to hold harmless the County for the County's own negligence to the extent the claim is caused by such negligence.

PAY ON BEHALF OF THE COUNTY

The Operator agrees to pay on behalf of the County, as well as provide a legal defense for the County, both of which will be done only if and when requested by the County, for all claims as described in the Hold Harmless paragraph. Such payment on the behalf of the County shall be in addition to any and all other legal remedies available to the County and shall not be considered to be the County's exclusive remedy.

ALL OPERATORS AT DESTIN/FT. WALTON BEACH AIRPORT

All Operators located at the Destin/Ft. Walton Beach Airport will be required to meet the same insurance requirements.

**ARTICLE XII
PATENTS AND TRADEMARKS**

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

**ARTICLE XIII
IMPROVEMENTS**

Initial Improvements:

Upon execution of this Agreement, County shall maintain all public and common or joint use areas of the Airport, including the Aircraft Operations Area, in good repair, and shall make such repairs, replacements or additions thereto as, in its opinion, are required and necessary for the safe and efficient operation of the Airport.

Additional Improvements:

During the term of this Agreement, Operator shall have the right to construct, at its own expense, improvements, alterations, or additions anywhere on the Airport that would benefit the Airport or its operators, to facilitate and further the authorized usage of the Airport, provided that Operator conforms with all conditions of this Article including:

- (a) the proposed improvements and alterations are submitted to the County for its prior review;
- (b) the County determines, in its discretion (which discretion shall be reasonably applied and the determination not unreasonably withheld or delayed), that the proposed improvements and alterations will be consistent with the Airport's Master Plan, land use plan and architectural design and quality of construction in effect at the time of construction; and
- (c) the improvements, alterations, and additions are to be constructed by qualified and licensed contractors and subcontractors.
- (d) such improvements shall include but not be limited to items such as:
 - 1. construction of aircraft hangars
 - 2. construction of office space for aviation activities
 - 3. covered area for arrival and departure of aircraft
 - 4. flight school
 - 5. major remodeling of passenger terminal

The cost of these improvements shall first apply as reductions to the past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached. Thereafter, such improvements shall be at Operator's own expense.

General Construction Requirements:

Prior to the commencement of any construction activity, Operator shall submit detailed plans, specifications, and a construction time schedule for the improvements, to the County for approval. The Airport Director shall either approve or disapprove the plans and/or specifications submitted by the Operator. Approval by the Airport Director of any plans and specifications refers only to the conformity of such plans and specifications to the general architectural and aesthetic plan for the area assigned to the Operator. Such plans are not approved for architectural or engineering design or compliance with applicable laws or codes and the County, acting through the Airport Director, by approving such plans and specifications, assumes no liability or responsibility hereof or for defect in any structure or improvement constructed according to such plans and specifications. The Airport Director reserves the right to reject any design submitted and shall state the reasons for such action; provided, however, the Airport Director will not unreasonably deny such plans and specifications. No changes or alterations shall be made to said plans and specifications after approval by the Airport Director.

Immediately upon receipt of the County's written approval of said plans, specifications, and construction time schedule, Operator shall proceed with construction of said improvements. Work shall not be performed at times other than shown on the construction time schedule without the prior approval of the Airport Director.

Operator shall construct all improvements and additions to the Leased Premises at its own expense, except that a credit shall first be given for past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached. Thereafter, such improvements shall be at Operator's own expense. Although the County has the right to review proposed improvement plans, and veto the plans only if the plans are inconsistent with the airport development plans or construction quality and design control, pursuant to the standards set forth above, if the County does not veto said improvement plans, and Operator thereafter constructs the improvements, the improvements shall be commissioned and constructed at Operator's sole initiative and behest, and nothing herein shall be construed as an authorization by County to Operator to construct the improvements, or as an agreement by County to be responsible for paying for the improvements, except as listed in Exhibit D and neither the Leased Premises, nor the County's interest in said Leased Premises or any improvements constructed thereon, shall be subjected to a mechanic's lien for any improvements constructed by Operator hereunder.

Where the cost of improvements exceed \$100,000; the County may require Operator to post a bond or letter of credit or other security acceptable to the County

guaranteeing payment for construction of the improvements, as a condition precedent to the commencement of construction of the improvements.

Operator shall be responsible for assuring that all of the improvements; alterations and additions to the Leased Premises are constructed in accordance with applicable local, state and federal law. Operator shall reimburse the County for all costs and expenses, including attorney's fees, the County incurs:

- (a) as a result of the fact that the improvements, additions, or alterations do not comply with local, state and federal law;
- (b) in defending against, settling or satisfying any claims that the County is responsible for paying for improvements commissioned by Operator hereunder, except as allowed in Exhibit D; or
- (c) in defending against, settling or satisfying any mechanic's lien claims, asserted as a result of unpaid for improvements commissioned by Operator hereunder.

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

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

Operator shall provide County with one complete set of "as-built" drawings for each improvement, alteration, or addition made to the Leased Premises during the term of this Agreement.

Immediately upon completion of any improvements, alterations, or additions, Operator shall submit to the County a detailed, certified statement from the construction contractor(s), architect(s), and engineer(s) specifying the total construction costs, both hard costs such as building contractor and material costs and soft costs such as architect fees, bond costs, letter of credit fees, attorney fees to review and negotiate construction contracts and construction issues and for loan closing, and design and closing costs, but excluding debt service (collectively, "Direct Costs"). Operator shall also submit the proposed useful life of said improvements. The County shall review the costs and proposed useful life and upon its approval, said approval not to be unreasonably denied or delayed, such costs shall become the basis for depreciation of Operator improvements as provided for in Article XXVII

(or the amount applied to the past due amounts owed, in accordance with the terms of the Agreement attached hereto as Exhibit D, until the maximum credit referenced in that Agreement is reached).

Title to all permanent leasehold improvements, alterations, or additions, as defined by Florida Law, will vest in the County upon termination or sooner expiration of this agreement, free and clear of any liens or encumbrances whatsoever arising by, through or under the Operator.

Notwithstanding the above paragraph, title to all of the Operator's trade fixtures and signs and personal property shall at all times during the term of this Agreement remain with the Operator.

Operator shall not remove or demolish, in whole or in part, any improvements upon the Leased Premises without the prior written consent of the Airport Director,

ARTICLE XIV SIGNS

Operator shall have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place in or on the Leased Premises or Airport a sign or signs identifying the Operator. Operator shall also have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place Operator identifying signage at the Airport entryway and to place directional signs to the FBO from the Airport entryway to the Leased Premises. Such sign(s) shall be of a size, shape and design, and at a location or locations, approved in writing in advance by the Airport Director and in conformance with standards established by the Airport Director with respect to the Airport's overall directional graphics and sign program. Sign(s) and location(s) may be changed and altered from time to time with the written approval of the Airport Director, said approval not to be unreasonably denied or delayed. The Operator, upon written request from the County, shall remove, at the Operators expense, all lettering and signs so erected on the Leased Premises at the expiration, said expiration to include any extensions, or sooner termination of this Agreement.

ARTICLE XV VENDING MACHINES

Amusement or vending machines or other machines operated by coins or tokens may be installed or maintained in or upon the Leased Premises, as well as any improvements or additions thereon, with the permission of the County, and the number, type, kind and locations thereof shall be solely in discretion of the County. Operator shall not permit the installation of any such machines, except by a concessionaire authorized by the County or unless the County agrees to Operator or its subtenants installing their own machines for use by the employees and guests of Operator and its subtenants.

ARTICLE XVI MAINTENANCE

During the term of this Agreement, Operator agrees, at its own expense, to maintain and keep in good condition and repair, all portions of the Leased Premises, including any improvements, alterations, or additions thereon, and any utility lines thereon or thereunder. As used herein, maintenance shall include, without limitation, the upkeep, repair, and replacement of all structural aspects of the Leased Premises and all existing and future improvements thereto. Maintenance shall include, but not be limited to:

1. The maintenance of all fencing (excluding the airport perimeter fence), landscaping, foundations, walls, heating and cooling systems, drainage installations, curbs, islands, sidewalks, driveways, aircraft ramp, parking areas (vehicular and aircraft), and Operator-constructed and/or modified vehicular and aircraft ingress/egress and access-ways provided for in this Lease; excluding roofs and the maintenance hangar main door;
2. The maintenance of all interior utility lines, exterior equipment, fixtures and connections in accordance with Article XVII;
3. The maintenance of all interior lighting fixtures; including bulbs, ballasts, starters, switches, and outlets;
4. All security service;
5. All interior and exterior painting; and
6. Maintenance of all interior and exterior doors, locks , walls, windows, ceilings and partitions.

The County shall not be liable for damage caused by wind, water, steam, sewage, snow, ice, gas, bursting or leaking of pipes or plumbing or electrical causes, unless the damage is proved to be the result of gross negligence of the County.

The County shall have no responsibility for maintenance, repair, or replacement of the Leased Premises including any Permanent Approved Capital Operator Improvements. The Operator, at its sole cost and expense, shall provide custodial service and other service(s) required by the Operator, and the County shall have no obligation therefore.

During the term of this Agreement, Operator agrees to maintain all portions of the Leased Premises not maintained by County, and any improvements, alterations, or additions thereon, in a safe, clean, and neat condition, and not permit any accumulation of wreckage, debris, or trash. Operator agrees to provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, waste and other refuse caused as a result of Operator's

use of the Leased Premises; to provide and use suitable covered metal receptacles, to be approved by the Airport Director, for all trash, garbage and other refuse on or about the Leased Premises, and not to pile boxes, cartons, carts, drums, or the like on the outside of the buildings, or dump any waste matter of any nature, in a liquid state or otherwise, on the Leased Premises nor to permit contamination of the County's sewers or the Airport's drainage control reservoir.

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

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

ARTICLE XVII UTILITIES

During the term of this Agreement, Operator shall be responsible for providing, maintaining, and repairing, at its sole cost and expense, all utilities; including, but not limited to telephone, lighting (except ramp lighting which will be the County's expense for power and repair), water, gas, sewer, and electric as County, required for the Leased Premises and any improvements, alterations, or additions thereon. Throughout the term of this Agreement, Operator shall not render any utility lines inaccessible.

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

The County, or the utility company as the case may be, will be responsible for utility lines up to property lines of the leased Premises as defined in Exhibits A-1, A-2, and A-3. Should Operator have a problem with any exterior utility line and it be determined that said problem exists at a point prior to where the line enters upon the Leased Premises, Operator shall coordinate the required maintenance and repair with both the appropriate utility company and the County.

The Operator may, at its sole cost and expense, install any additional utilities at the Leased Premises, as it so desires, provided that Operator shall be responsible for

obtaining any easements necessary to make such utilities available to the Leased Premises and the Operator complies with all provision Article XIII herein.

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

The Operator shall be solely liable for the cost of all utility consumption on the Leased Premises, except ramp lights, and the Operator shall obtain separate meters accordingly.

ARTICLE XVIII DAMAGE OR DESTRUCTION

Operator shall be liable for any damage to the Airport and to any improvements thereon caused by Operator, its partners, officers, agents, invitees, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, ordinary wear and tear excepted. All repairs for which Operator is liable shall be made by Operator unless the County determines that it is more appropriate for the County to make the repairs; provided, however, notwithstanding anything herein to the contrary, repairs to the improvements constructed by Operator may be made by the Operator unless Operator fails to undertake such repairs as set forth below. In such a case, the County shall make the repairs at Operator's expense. All repairs for which Operator is liable and which are not undertaken after the County has given Operator written notice to so do shall be performed by the County, in which event Operator shall reimburse the County for the cost thereof, plus a ten percent (10%) administrative charge, and said amount shall be due by the 10th day of the following month in addition to any other payment due.

In case of damage to or destruction of the improvements upon the Leased Premises, the Operator, at its sole expense, shall commence the repair or reconstruction of the improvements within sixty (60) days thereafter and diligently complete such repair or reconstruction within a reasonable time period and to a condition as near as reasonably practicable to the condition thereof immediately prior to such damage or destruction. In accordance with Article XI, a period of more than 14 months shall be deemed unreasonable. In the event the Operator fails to commence repairs within the specified time, then, at the County's sole discretion, this Agreement shall terminate or the County may exercise its remedies under this Agreement.

In the event this Agreement terminates pursuant to the paragraph above, the County

shall notify the Operator in writing whether the County elects that (1) the Operator surrender possession of the Leased Premises to the County immediately and assign the County (or, if the same has already been received by the Operator, pay to the County) all of its right, title and interest in all of the proceeds from the casualty insurance upon the Leased Premises specified in Article XI, and pay to the County an amount equal to the Operator's deductible thereunder, or (2) the Operator at its sole cost and expense, within four (4) months after the receipt of the County's written notice as aforesaid, tear down and remove all parts of the improvements then remaining and the debris resulting from such fire or other casualty and otherwise clean up the Leased Premises, and place the area in a condition similar to that when it was first provided to the Operator. In all events, the Leased Premises shall be free and clear of liens, including the lien of any leasehold mortgage, arising by, through or under the Operator. In the event the County elects option (2) hereunder, within five (5) days after the completion of such cleanup and restoration, the Operator shall surrender to the County possession of the Leased Premises, cleaned up as aforesaid, and assign to the County (or if the same has been received by the Operator, pay to the County) all of the insurance proceeds from the insurance upon the Leased Premises specified in Article XI plus the amount of any deductible thereunder, minus the costs of cleanup and restoration.

In the event of damage or destruction to the Leased Premises, it is expressly understood that Operator shall continue to be liable for complying with all terms and conditions of this Agreement, including fees payable, during the time required for Operator to fulfill its obligations hereunder, unless the damage makes it impractical for the Operator to continue the Operator's business. In this event, the base rent will be abated for up to the time it takes for Operator to reopen for business but in no event longer than 14 months from the date the damage or destruction occurred.

Notwithstanding anything in this Article or the Lease to the contrary, Operator's and County's rights to insurance proceeds will be subject and subordinate to the rights of the lender holding the leasehold mortgage covering the Leased Premises pursuant to Article XLIV below.

ARTICLE XIX RIGHT TO ENTER

The County and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right to enter upon the Leased Premises and any improvements and alterations thereon at reasonable times (and in an emergency, any time) for the following purposes:

1. To inspect such premises to determine whether Operator has complied and is complying with the terms and conditions of the Agreement
2. To perform maintenance and make repairs in any case where Operator is obligated but has failed to do so.
3. In the exercise of County's police powers.

**ARTICLE XX
QUIET ENJOYMENT**

The County warrants and represents that it has good and marketable title to the Leased Premises free of encumbrances. The County represents that upon payment of fees when due and upon performance of all other conditions required herein, and under other agreements between the parties, Operator shall peaceably and quietly have, hold, possess and enjoy the Leased Premises, and all improvements thereon, for all terms under this Agreement, subject to the County's rights of inspection and maintenance contained herein.

**ARTICLE XXI
NON-DISCRIMINATION**

Operator, for itself, its personal representatives, successors in interest, assigns and subtenants, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises and any improvements thereon; (2) no person on the grounds of race, color, religion, sex, national origin, or disability shall be subjected to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services therein; and (3) Operator shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

Operator shall furnish its accommodations and/or services on a fair, equal, and non-discriminatory basis to all users thereof and it shall charge fair, reasonable, and non-discriminatory prices for each unit or service, PROVIDED THAT Operator may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

County, as part of the consideration hereof, does hereby covenant and agree that Lessee will not be required to provide any service(s) or meet any requirement(s) contained in this Agreement, including Exhibit B hereto (Okaloosa County Minimum Standards for Fixed Base Operator), unless all Fixed Base Operators located at the Destin/Ft. Walton Beach Airport are providing the same service(s) or meet the same requirement(s), i.e., the Lessee would not be required to provide twin engine charter service unless all Fixed Base Operators at the Destin/Ft. Walton Beach Airport provide twin engine charter service.

County, as part of consideration hereof, does hereby covenant and agree that any and all FBOs located at the Destin/Ft. Walton Airport may meet their Minimum Standards, as stated in Exhibit B, for maintenance, flight school, and charter operations by contracting with a certified third party, so long as done in accordance

with Articles XXXIV and/or XXXV of this Agreement, as applicable.

In the event of breach of any of the above non-discrimination covenants, the County shall have the right, subject to rights of cure otherwise, forth herein, to terminate this agreement and to re-enter and repossess said Leased Premises and hold the same as if said agreement had never been made or issued.

ARTICLE XXII WAIVER

Should Operator breach any of its obligations hereunder, the County, nevertheless, thereafter may accept from Operator any payment or payments due under this Agreement, and continue this Agreement in effect without in any way waiving its ability to exercise and enforce all available remedies upon default provided hereunder or provided by law for said breach. In addition, any waiver by either party of any default, breach, or omission of the other under this Agreement shall not be construed as a waiver of any subsequent or different default, breach, or omission.

ARTICLE XXIII DEFAULTS AND REMEDIES

Events of Default: Subject to any cure periods otherwise set forth herein, the following shall constitute defaults by Operator:

1. Failure to pay any fees or any other monies owed hereunder, or under any other agreements between the parties, when such fees and monies are due.
2. The failure to keep any covenant, agreement, or obligation covered under this Agreement, or under any other agreement between Operator and the County.
3. The operation of the Operator should change to such an extent that it is no longer able to meet the criteria set forth in the Requirements and Minimum Standards for Services and Activities for the activities permitted under this Agreement or be able to provide these Requirements and Minimum Standards through a County approved third party at the Airport.
4. Operator undertakes any other commercial or noncommercial service or activity not specifically permitted under this Agreement, unless first approved by the County in writing.
5. If any court shall take jurisdiction of Operator and its assets pursuant to any proceeding other than under the provisions of the Bankruptcy Reform Act of 1978, or if a Receiver for Operator's assets is appointed, or if Operator shall be divested of its rights, powers, and privileges under this agreement by other operation of law, other than under the

Bankruptcy Act of 1978.

6. Subject to casualty and the terms of Article XVIII hereof, abandonment of Operator's operations, which shall be defined as Operator's failure to conduct regular and continuing operations on the Leased Premises in accordance with the requirements hereof for thirty (30) days.
7. A default in, or the termination of any other agreement between Operator and the County, or default in or the termination of any sublease executed between Operator and any third party pursuant to which Operator is entitled access to land, buildings, improvements, or any portions thereof, located on the Airport, or to do business on the Airport.

Should the County so request in writing after execution of this Agreement, Operator shall provide a copy of the additional agreements pursuant to which Operator is authorized to do business on the Airport, within ten (10) days of said notice. The failure to provide copies of said agreements shall also constitute a default on Operator's part and shall entitle the County to exercise any and all of its default powers set forth in this Agreement.

Remedies Upon Default: Upon the occurrence of any of the events of default set forth above, the County may exercise any one or more of the following remedies. These remedies shall be cumulative and not alternative:

1. The County may sue for recovery of all damages incurred by the County, including incidental damages, consequential damages, if any, and attorney's fees.
2. The County may utilize any portion, or all, of the security deposit provided by Operator to remedy the default and to reimburse the County for any damages, including attorney's fees and other expenses of collection that it may sustain as a result of the default. In such event, Operator shall not be permitted to resume operations under this Agreement until such time as it furnishes another security deposit that satisfies the requirements of Article VIII. However, this Agreement shall not be deemed terminated during said period unless written notice of termination shall have been given and become effective in accordance with subparagraph 3, below.
3. The County may terminate this Agreement and, at the option of the County, any other agreement in effect between the County and Operator. The termination of these agreements, however, shall only be effective upon written notice of same provided by the County to Operator as required in Article XXIII, Remedies Upon Default, No. 6. In no event shall this Agreement be construed to be terminated unless and until such notice is provided. With respect to Article XXIII, Events of Default, Nos. 3 and 6, only, the termination may be effective

immediately upon provision of said notice, or at any other time specified in the notice. If this Agreement is terminated, Operator shall continue to be liable for: (a) the performance of all terms and conditions and the payment of all monies due hereunder prior to the effective date of said termination; (b) all damages, including attorney's fees and other expenses of collection, incurred as a result of any default; and (c) all conditions, terms and obligations in Article XI of this Agreement, entitled Insurance and Indemnification.

4. Without terminating the Agreement by so doing, and without further notice to Operator, the County may reenter the Leased Premises with process of law, repossess the Leased Premises and all fixtures and improvements thereon, and remove Operator and any third parties who may be occupying or within the Leased Premises and all of their respective personal property, by using either such reasonable force as may be necessary, summary proceedings, ejectment, or any other means the County, in its sole discretion, deems appropriate without being deemed guilty of trespass, eviction, or forcible entry and detainer by so doing. In such case, the County shall be obligated to attempt, in good faith, to negotiate the reletting of the Leased Premises, and any improvements thereon, or any portion thereof, on behalf of Operator, for such period of time and upon such terms and conditions as the County deems appropriate. The County shall in no way be obligated under the terms of this subparagraph to relet all or any portion of the Leased premises, or any improvement thereon, to any third party, or upon terms and conditions that are not acceptable to the County, or which the County, in its sole discretion, does not feel to be in the best interests of the Airport; nor shall the County be responsible for any failure of the sub operator or new tenant to pay rent or to perform any other conditions due upon such reletting. Operator hereby expressly authorizes the County to make any reasonable repairs necessary to relet the Leased Premises or any improvements thereon, on Operator's behalf. Assuming the County attempts to relet the Leased Premises in good faith, whether or not the County is able to relet the Leased Premises, Operator shall remain liable for the performance of all terms and conditions of the Agreement and the payment of all fees due under the terms of the Agreement for the remainder of the Leasehold term, although Operator shall receive credit for any fees paid or conditions performed as a result of subletting. Operator shall also be responsible for reimbursing the County for all costs and expenses the County incurs in reletting or attempting to relet the Leased Premises, including commission/broker fees and reasonable repair costs. Finally, if, as a result of such reletting, the County becomes entitled to receive excess fees or other benefits over and above what the County would have been entitled to receive under this Agreement, the Operator shall be entitled to retain all such surplus fees and other benefits, and the County shall have no rights or interest therein.

5. The County may utilize any other remedy provided by law or equity as a result of any events of default.
6. Notwithstanding anything in this Lease to the contrary, Operator will not be in default under Article XXIII, Events of Default, Nos. 1, 2, 4, 5, 6 and 7, of this Lease unless and until Operator defaults in the payments of rent, and fails to pay said rent for a period of thirty (30) days after receipt of written notice from County, or Operator defaults in the performance of any provision under this Lease and fails to cure said default within thirty (30) days of receipt of written notice from County, or, if such default is of a nature that it could not reasonably be cured within thirty (30) days after receipt of such written notice and Operator does not commence and proceed with reasonable diligence and in good faith to cure such default.

**ARTICLE XXIV
NONDEFAULT TERMINATION EVENTS**

A. Non-Default Termination Events:

The occurrence of any of the following shall constitute a non-default termination hereunder and entitle the Operator to terminate this Agreement by giving ninety (90) days written notice:

1. The lawful assumption by the United States of America, or any authorized agency thereof, of the operation, control, or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict the Operator from operating therefrom for a period in excess of ninety (90) days.
2. The abandonment of the Airport as an airport or airfield for a period greater than 90 days.
3. In the event this Agreement is terminated under Article XXIV(A)(1) or under Article XXIV(A)(2), above, the County is obligated to comply with the terms of Article XXVII.

B. Termination for Other Purposes:

In accordance with Article XXXI, if the County at any time during the term of this Agreement determines, in its sole judgment, that the Leased Premises are required for other airport purposes, and not for fixed based operations, the County shall have the right to terminate this Agreement by giving the Operator 90 days written notice; provided, however that County complies with the terms of Article XXVII.

C. Lost Profits:

The County shall not be responsible to the Operator for any lost profits, expenses,

liabilities or claims whatsoever that may result from termination by the Operator or the County pursuant to this Article, except for the reimbursement provided for under Article XVII.

**ARTICLE XXV
ATTORNEYS FEES, COSTS AND EXPENSES OF LITIGATION**

In the event of a breach of this Agreement, the breaching party shall pay to the non-breaching party all attorneys' fees, costs and other expenses incurred by the non-breaching party in enforcing its rights as a result of said breach.

**ARTICLE XXVI
FORCE MAJEURE**

Subject to the provisions herein concerning the payment of fees and other monies by Operator to the County, and except as otherwise expressly provided herein, neither the County nor Operator shall be liable for any failure, delay or interruption in performing their obligations hereunder (other than the Operator's obligations to pay fees and other monies) due to causes or conditions beyond their control; by which is meant acts of God, the elements, weather conditions, earthquakes, fire, acts of governmental authority (other than the County or agency thereof), war, shortage of labor or materials, acts of third parties for which neither the County nor Operator is responsible, injunctions, labor troubles or disputes of every kind (including those affecting the County, Operator, their contractors, suppliers, or subcontractors), or any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances), which is beyond the control of the County or Operator or which could not be prevented or remedied by reasonable effort and at reasonable expense.

**ARTICLE XXVII
BUYOUT OF IMPROVEMENTS**

In the event of any cancellation or termination of this Agreement prior to the expiration date pursuant to Article XXIV(A)(1), Article XXIV(A)(2) or Article XXIV(B), the County shall, within ninety (90) days after the effective date of such termination or cancellation, pay the Operator the "undepreciated cost of leasehold improvements" for all Operator Improvements installed or constructed by the Operator which were approved by the County pursuant to the terms hereof, whether in place on the Commencement Date or constructed thereafter; provided, however, the County shall not make any payments hereunder for any Operator Improvements not then in existence at the time of any such cancellation or termination. For purposes of this provision, undepreciated cost of leasehold improvements shall be the cost of said improvements, less depreciation on a straight-line basis over their useful lives, as approved by the County pursuant to Article XIII.

**ARTICLE XXVIII
SURRENDER UPON TERMINATION**

Upon the expiration or sooner termination of this Agreement, for any reason whatsoever, Operator shall peaceably surrender to the County possession of the Leased Premises, together with any improvements, alterations, or fixtures previously constructed by Operator or the County within said Leased Premises, and any of the County's personal property located thereon, in as good a condition as the Leased Premises and improvements, alterations and fixtures constructed thereon were initially provided to, or constructed by, the County or Operator, ordinary wear and tear excepted, and, subject to terms of Article XXVII above, without any compensation whatsoever, and free and clear of any claims or interests of Operator or of any mortgages or any other third party whose position was derived from or through Operator. If any of said improvements, alterations or fixtures are encumbered by a mortgage or lien at the time of expiration or sooner termination of this Agreement, Operator shall be responsible for eliminating said mortgage or lien and shall hold the County harmless therefrom.

Operator shall have the right to remove its items of personal property and trade fixtures and signs from the Leased Premises through 30 days after the close of business on the day of expiration or sooner termination of this Agreement. Should Operator fail to remove its personal property and trade fixtures and signs within said time, the County shall have the right to remove said personal property and trade fixtures and signs and to place said personal property and trade fixtures and signs into storage at Operator's behalf and at Operator's sole cost and expense. The County shall be entitled to reasonable rental from Operator for the use of the Leased Premises occupied by Operator's personal property and trade fixtures and signs, until the County places said property into storage.

Title to all personal property and trade fixtures and signs not removed by Operator from the Leased Premises or claimed from storage within thirty (30) days of the expiration or sooner termination of this Agreement shall be subject to the County taking ownership of such personal property and trade fixtures and signs, without payment by the County to Operator of any compensation whatsoever, and said personal property and trade fixtures and signs shall thereafter be owned by the County free and clear of any claim or interest by Operator or of any mortgagee or any third party whose position was derived from or through Operator.

**ARTICLE XXIX
HOLDING OVER**

If Operator remains in possession of the Leased Premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement but shall create only a tenancy from month to month which may be terminated at any time by the County upon thirty (30) days written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

**ARTICLE XXX
RENEWAL**

Provided that Operator is not currently in default of any of the terms of this Agreement, including those contained in Exhibit D, Operator shall be provided one (1) 10-year renewal option, exercisable no sooner than January 1, 2032, by providing County with written notice at least one hundred eighty (180) days prior to the expiration of the lease term. All of the terms and conditions of the lease shall apply during the renewal term including CPI increases to the lease payments at each successive five (5) year period.

**ARTICLE XXXI
SUBSTITUTION OF PREMISES**

Operator understands and agrees that the County has the right to take all or any portion of the Leased Premises, and any additions, alterations, or improvements thereon, should the County, in its sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes and not for fixed base aircraft operations. If such action is taken, the County may terminate this Agreement in accordance with Article XXIV, NON-DEFAULT TERMINATION EVENTS, or may and if the County intends to maintain a Fixed Base Operation at the Airport will substitute in a reasonable time using reasonable diligence comparable areas within the Airport, brought to the same level of improvement to the area taken. The County shall bear all expenses of bringing the substituted area to the same level of improvement as the area taken, and of moving Operator's improvements, equipment, furniture and fixtures to the substituted area. If any of Operator's improvements, equipment, furniture, or fixtures cannot be relocated, the County shall replace, at its own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the County shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Operator, or any mortgagee or other third party. It is the specific intent of this paragraph that Operator be placed, to the extent possible, in the same position it would have been had the County not substituted new premises for the Leased Premises, provided, however, that the County shall not be obligated to reimburse Operator for lost profits or revenues due to such substitution.

**ARTICLE XXXII
AIRPORT DEVELOPMENT RIGHTS**

Subject to the provisions of Article XXXI concerning Substitution of Premises rights above, the County reserves the right to further develop or improve all areas within the Airport, including landing areas, as the County may determine in its sole discretion, which discretion shall not unreasonably be exercised, to be in the best interests of the Airport, regardless of the desires or views of Operator, and without further interference or hindrance from Operator.

Except as may be required by this Agreement or any other agreement between the

parties, the County reserves the right, but shall not be obligated to Operator, to keep and repair all areas, including landing areas, of the Airport.

ARTICLE XXXIII SUBORDINATION

This Agreement shall be subordinate to existing and future Airport Bond Resolutions. This agreement shall also be subject to and subordinate to agreements between the County and State and Federal agencies for grants-in-aid and to the provisions of any agreements heretofore made between the County, the City, and the United States, relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights of property to the County for Airport purposes, or to the expenditure of federal funds for the extension, expansion, or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Airport Act of 1958, as it has been amended from time to time. Any agreement hereafter made between the County, the City, and the United States will not be inconsistent with rights granted to Operator herein.

ARTICLE XXXIV ASSIGNMENT

Operator shall not assign its rights, title and interest herein nor allow or effectuate a "change in control" of Operator's entity without the prior payment of an assignment fee of \$1,000.00 and the prior written consent of the County, said consent not to be unreasonably denied or delayed. If an assignment or change of control is made, Operator shall continue to be liable, jointly and severally, with its assignee or successor, for the fulfillment of all terms and conditions arising under this Agreement subsequent to the assignment, unless the County releases Operator in writing from such liability for future obligations, which release shall not be unreasonably withheld. The release shall be effective only if made in writing. All subsequent assignors and assignees shall be subject to the terms and conditions of this Agreement, including this Section, as if they were the original operator/assignor. For purposes of this provision and this Agreement, "change of control" shall mean any transfer in control of Operator's entity structure, whether by action of Operator or by operation of law. Without limiting the generality of the foregoing, for purposes of this Agreement, the transfer of forty percent (40%) or more of Operator's stock (if a corporation) during any 12-month period shall constitute a change in control. Any transfer of control not so approved by County shall be a violation of the covenants of Article XXIV enabling County to exercise any and all rights of County pursuant to Article XXIII.

ARTICLE XXXV SUBLEASE

Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County, said consent not to be unreasonably denied or delayed. Any such sublease must be in writing and be made subject to the terms and conditions of this

Agreement. In addition, before any sublease may take effect, any sub operator must execute an agreement with the County, in a form and for a fee acceptable to the County, by which such sub operator is authorized to do business on the Airport.

**ARTICLE XXXVI
SUCCESSORS**

The provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the legal representatives, successors and assigns of the parties hereto.

**ARTICLE XXXVII
PARTIAL INVALIDITY**

If any term or condition of this Agreement or application thereof to any person, entity or event shall to any extent be held or deemed invalid and unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons, entities or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

**ARTICLE XXXVIII
NOTICES**

All notices by either party to the other shall be made by depositing such notice in the registered or certified mail of the United States of America, postage prepaid, return receipt requested or with a nationally recognized overnight express courier service requiring signature and receipt, and such notice shall be deemed to have been served on the actual date of receipt, or, in the event addressee, or addressee's agent, refuses to accept delivery or delivery attempt is unsuccessful, so long as the notice is properly addressed as shown below or as subsequently provided to the other party in compliance with the provisions of this Article XXXVIII, then notice shall be deemed to have been served on either i) the date delivery is refused, ii) the next business day in the case of delivery by overnight courier, or iii) three (3) business days after mailing the notice in the case of registered or certified mail. All notices to the County shall be mailed to:

Airports Director
Northwest Florida Regional Airport
1701 Hwy 85 North
Eglin AFB, Florida 32542-1413

All notices to Operator shall be mailed to:

Regal Capital, LLC
Attn: Jack Simmons
9171 Ashbury Lane
Gulfport, MS 39503

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

**ARTICLE XXXIX
REPRESENTATIONS REGARDING AUTHORITY**

The County represents that it has the authority to enter into this Agreement and grant the rights contained herein to Operator.

If Operator is a limited liability company or general partnership, the undersigned warrants and represents that (1) he/she is a general partner of said partnership; (2) his/her execution of this Lease is in the usual course of the partnership's business; and (3) by his/her execution of this Lease, the partnership shall be deemed a signator to this Lease in the same fashion as if all of the general partners of the partnership had executed this Lease.

If Operator is a corporation, the undersigned warrants and represents that (1) he/she is an agent of the corporation; (2) he/she is authorized to execute this Lease on the corporation's behalf; and (3) the corporation shall be bound as a signator to this Lease by his/her execution of this Lease.

**ARTICLE XL
RELATIONSHIP OF PARTIES**

It is understood that the County is not in any way or for any purpose a partner or joint venturer with, or agent of, Operator in the use of the Leased Premises or any improvements thereon, for any purpose.

**ARTICLE XLI
AIRPORT PROTECTION**

The County reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect or permit the erection or growth of, or permit to remain in or on the Leased Premises, any structure, natural growth or other object extending into the airspace above the Leased Premises higher than as permitted in Federal Aviation Regulation Part 77, as such regulation may be amended from time to time.

The Operator shall not use or permit the use in or on the Leased Premises of any device in such a manner as to create electrical or electronic interference with communications between the Destin/Ft. Walton Beach Airport and aircraft, or between aircraft and any navigational controls, whether or not located on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect, install or permit the erection or installation in or on the Leased Premises of any lights that will or might make it difficult for aircraft pilots to distinguish between the airport lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

ARTICLE XLII HEADINGS

The headings contained in this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provision of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

ARTICLE XLIII GOVERNING LAW/VENUE

This Agreement is made and entered into, and will be performed in, Okaloosa County, Florida, and Florida law shall govern and apply to its interpretation. In the event of a dispute or disputes between the parties hereto, and in the event litigation is instituted, such litigation shall be commenced only in the court of appropriate jurisdiction in Okaloosa County, Florida.

ARTICLE XLIV ENCUMBRANCE OF LEASEHOLD ESTATE AND NOTICE TO MORTGAGEES

- A. With the prior written consent of County as set forth below, Operator may, at any time or from time to time during the term of this lease, encumber by mortgage or other security instrument, by way of assignment, or otherwise, Operator's interest in this leasehold estate.
- B. Any lender on the security of the leasehold estate ("Lender") shall have the right at any time during the term of this Lease:
 - 1. To do any act or thing required of Operator hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Operator's rights hereunder as if done by the Operator; and
 - 2. To realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale") or to acquire by deed-in-lieu, and to transfer, convey, or assign the title of Operator to the leasehold estate created hereby to any purchaser at any such foreclosure sale or transfer from Lender if Lender acquires by a deed-in-lieu and to acquire and succeed to the interest of Operator hereunder by virtue of any such foreclosure sale or deed-in-lieu.

- C. Notwithstanding anything to the contrary provided for in this Article, or elsewhere in this Lease, the rights of County, in the event of a default, may not be exercised until written notice of such default is provided to any Lender, or to the person or firm designated by any such Lender to accept such notices. It is agreed that such Lender shall have the right to cure any such default within thirty (30) days from receipt of said notice with respect to any default that can be cured by the payment of money, or within thirty (30) days from receipt of said notice with respect to any other covenant or condition or term of this Lease; and, if such default is of such nature that it cannot be remedied within said time, then such Lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said thirty (30) day period, and thereafter diligently continues the curing of the same.
- D. No such Lender shall be required at any time to subordinate its mortgage to other mortgages or security instruments nor shall such Lender be liable to the County as an assignee of this Lease unless and until such time as such Lender shall acquire the rights of Operator hereunder through foreclosure or other appropriate proceedings in the nature thereof, or by deed-in-lieu or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law,
- E. No modification, cancellation or surrender of this Lease shall be made without the consent of any Lender on the security of the leasehold estate when such Lender requests, or Lender's documents require, such authority to consent.
- F. The County agrees to provide any estoppel upon request of Lender acknowledging that (and noting any exceptions) this Lease is in full force and effect; that there are no defaults that exist under the Lease; that the rent is current; and such other matters as Lender may reasonably require.

Notwithstanding the foregoing, the Lender selected by Operator and the ultimate successor to Operator under the Lease, in the event of foreclosure, deed-in-lieu or otherwise, is subject to the written approval of the County. Said approvals will not be unreasonably denied or delayed. As a minimum, any replacement Operator considered by Lender must be able to demonstrate the appropriate financial ability to conduct the operations and have at least five (5) years experience in the operation of a full service fixed base operation of a similar size and offering similar services as that covered under this Agreement.

ARTICLE XLV ENTIRE AGREEMENT

This Agreement, together with all exhibits hereto, constitutes the entire Agreement and understanding between the parties with respect to the Leased Premises, and supersedes all negotiations, prior discussions, letters of intent and preliminary agreements. This Agreement may not be amended except by a writing executed by

all of the parties.

IN WITNESS WHEREOF, the Lessor/County has signed this instrument and the Lessee has cause this instrument to be signed in its corporate name by its Managing Member, all by the authority of its Board of Directors, this Lease being executed in duplicate originals, one being retained by the Lessee and one being retained by the Lessor/County.

ATTEST:

BOARD OF COUNTY
COMMISSIONERS, OKALOOSA
COUNTY, FLORIDA
LESSOR

CLERK OF CIRCUIT COURT

By: *Dany J. Stafford*
Deputy Clerk



By: *Don Amunds* *3/26/13*
Don Amunds
Chairman



Approved As To Form:

[Signature]
County Attorney

Approved As To Content:

[Signature]
Airports Director

ATTEST:

MIRACLE STRIP AVIATION, INC.
LESSEE

John Morris

By: *[Signature]* *3-12-13*
Name: John E. Simmons
Title: President

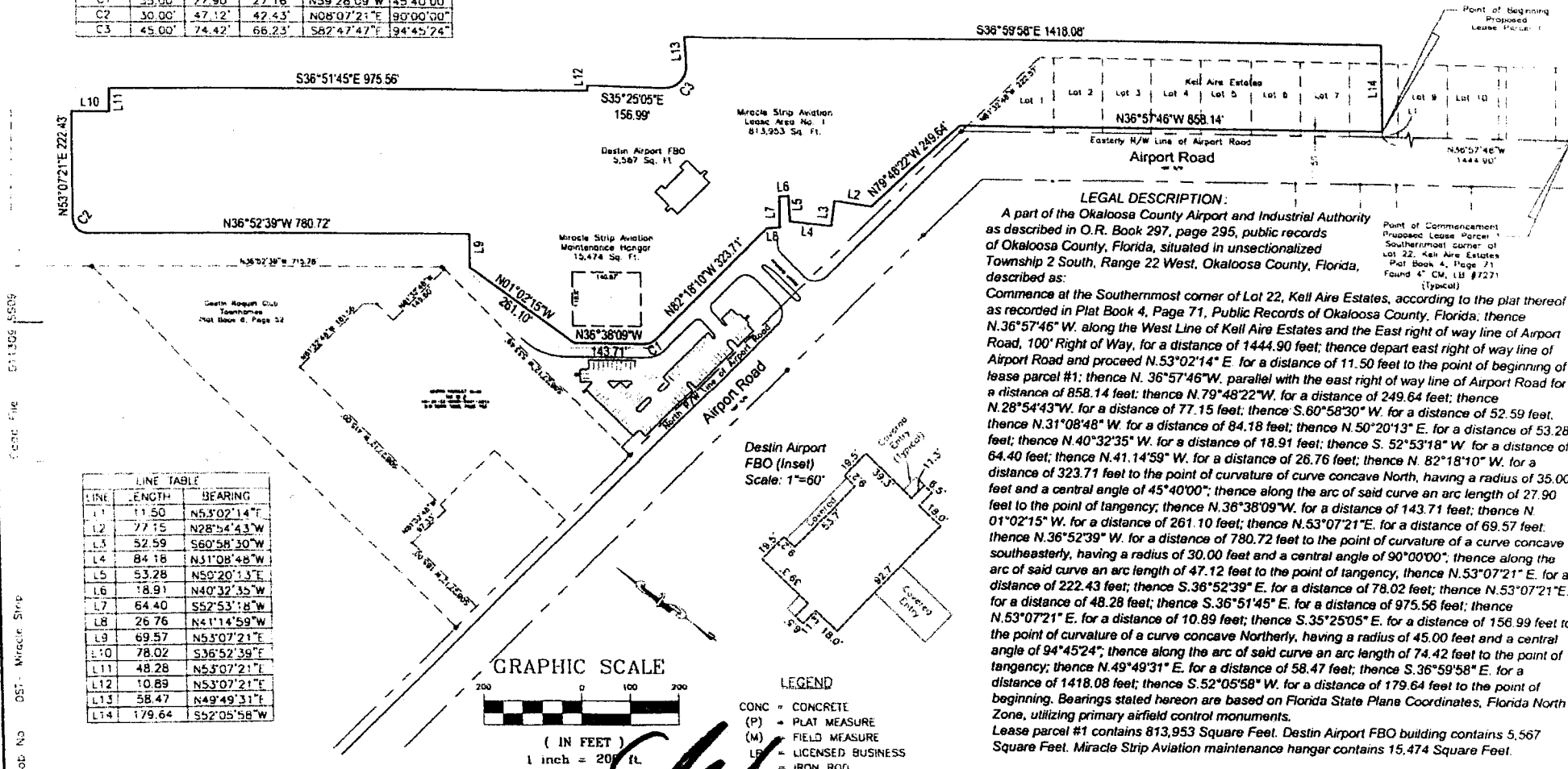
“LEASED PREMISES”

EXHIBIT A
A-1, A-2, and A-3

LEGAL DESCRIPTION AND
PROPERTY BOUNDARY SURVEY
OF “LEASED PREMISES”

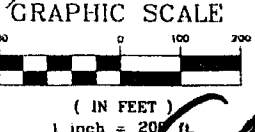
CURVE TABLE					
CURVE	RADIUS	LENGTH	CHORD	CH. BRG.	DELTA
C1	35.00'	27.90'	27.16'	N59°28'09"W	45°40'00"
C2	30.00'	47.12'	47.43'	N08°07'21"E	90°00'00"
C3	45.00'	74.42'	66.23'	S62°47'47"E	94°45'24"

DESTIN AIRPORT
TAX ID #
00-25-22-0000-0001-0000



LEGAL DESCRIPTION:
A part of the Okaloosa County Airport and Industrial Authority as described in O.R. Book 297, page 295, public records of Okaloosa County, Florida, situated in unsectionalized Township 2 South, Range 22 West, Okaloosa County, Florida, described as:
Commence at the Southernmost corner of Lot 22, Kell Aire Estates, according to the plat thereof as recorded in Plat Book 4, Page 71, Public Records of Okaloosa County, Florida; thence N.36°57'46" W. along the West Line of Kell Aire Estates and the East right of way line of Airport Road, 100' Right of Way, for a distance of 1444.90 feet; thence depart east right of way line of Airport Road and proceed N.53°02'14" E. for a distance of 11.50 feet to the point of beginning of lease parcel #1; thence N.36°57'46"W. parallel with the east right of way line of Airport Road for a distance of 858.14 feet; thence N.79°48'22"W. for a distance of 249.64 feet; thence N.28°54'43"W. for a distance of 77.15 feet; thence S.60°58'30" W. for a distance of 52.59 feet; thence N.31°08'48" W. for a distance of 84.18 feet; thence N.50°20'13" E. for a distance of 53.28 feet; thence N.40°32'35" W. for a distance of 18.91 feet; thence S.52°53'18" W. for a distance of 64.40 feet; thence N.41°14'59" W. for a distance of 26.76 feet; thence N.82°18'10" W. for a distance of 323.71 feet to the point of curvature of curve concave North, having a radius of 35.00 feet and a central angle of 45°40'00"; thence along the arc of said curve an arc length of 27.90 feet to the point of tangency; thence N.36°38'09"W. for a distance of 143.71 feet; thence N.01°02'15" W. for a distance of 261.10 feet; thence N.53°07'21"E. for a distance of 69.57 feet; thence N.36°52'39" W. for a distance of 780.72 feet to the point of curvature of a curve concave southeasterly, having a radius of 30.00 feet and a central angle of 90°00'00"; thence along the arc of said curve an arc length of 47.12 feet to the point of tangency; thence N.53°07'21" E. for a distance of 222.43 feet; thence S.36°52'39" E. for a distance of 78.02 feet; thence N.53°07'21"E. for a distance of 48.28 feet; thence S.36°51'45" E. for a distance of 975.56 feet; thence N.53°07'21" E. for a distance of 10.89 feet; thence S.35°25'05" E. for a distance of 156.99 feet to the point of curvature of a curve concave Northerly, having a radius of 45.00 feet and a central angle of 94°45'24"; thence along the arc of said curve an arc length of 74.42 feet to the point of tangency; thence N.49°49'31" E. for a distance of 58.47 feet; thence S.36°59'58" E. for a distance of 1418.08 feet; thence S.52°05'58" W. for a distance of 179.64 feet to the point of beginning. Bearings stated hereon are based on Florida State Plane Coordinates, Florida North Zone, utilizing primary airfield control monuments.
Lease parcel #1 contains 813,953 Square Feet. Destin Airport FBO building contains 5,567 Square Feet. Miracle Strip Aviation maintenance hanger contains 15,474 Square Feet.

LINE TABLE		
LINE	LENGTH	BEARING
L1	11.50	N53°02'14"E
L2	77.15	N28°54'43"W
L3	52.59	S60°58'30"W
L4	84.18	N31°08'48"W
L5	53.28	N50°20'13"E
L6	18.91	N40°32'35"W
L7	64.40	S52°53'18"W
L8	26.76	N41°14'59"W
L9	69.57	N53°07'21"E
L10	78.02	S36°52'39"E
L11	48.28	N53°07'21"E
L12	10.89	N53°07'21"E
L13	58.47	N49°49'31"E
L14	179.64	S52°05'58"W



- LEGEND**
- CONC = CONCRETE
 - (P) = PLAT MEASURE
 - (M) = FIELD MEASURE
 - LF = LICENSED BUSINESS
 - = IRON ROD

Job No. DST - Miracle Strip

Field Date: _____
 Drawn By: SOC
 Field By: _____
 Field Bk/Pg: _____

Rev. _____ Date: _____
 Rev. _____ Date: _____
 NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF A FLORIDA LICENSED SURVEYOR AND MAPPER.

Shannon D. Clatchey
 Shannon D. Clatchey
 Professional Surveyor and Mapper
 Florida
 Registration #6178

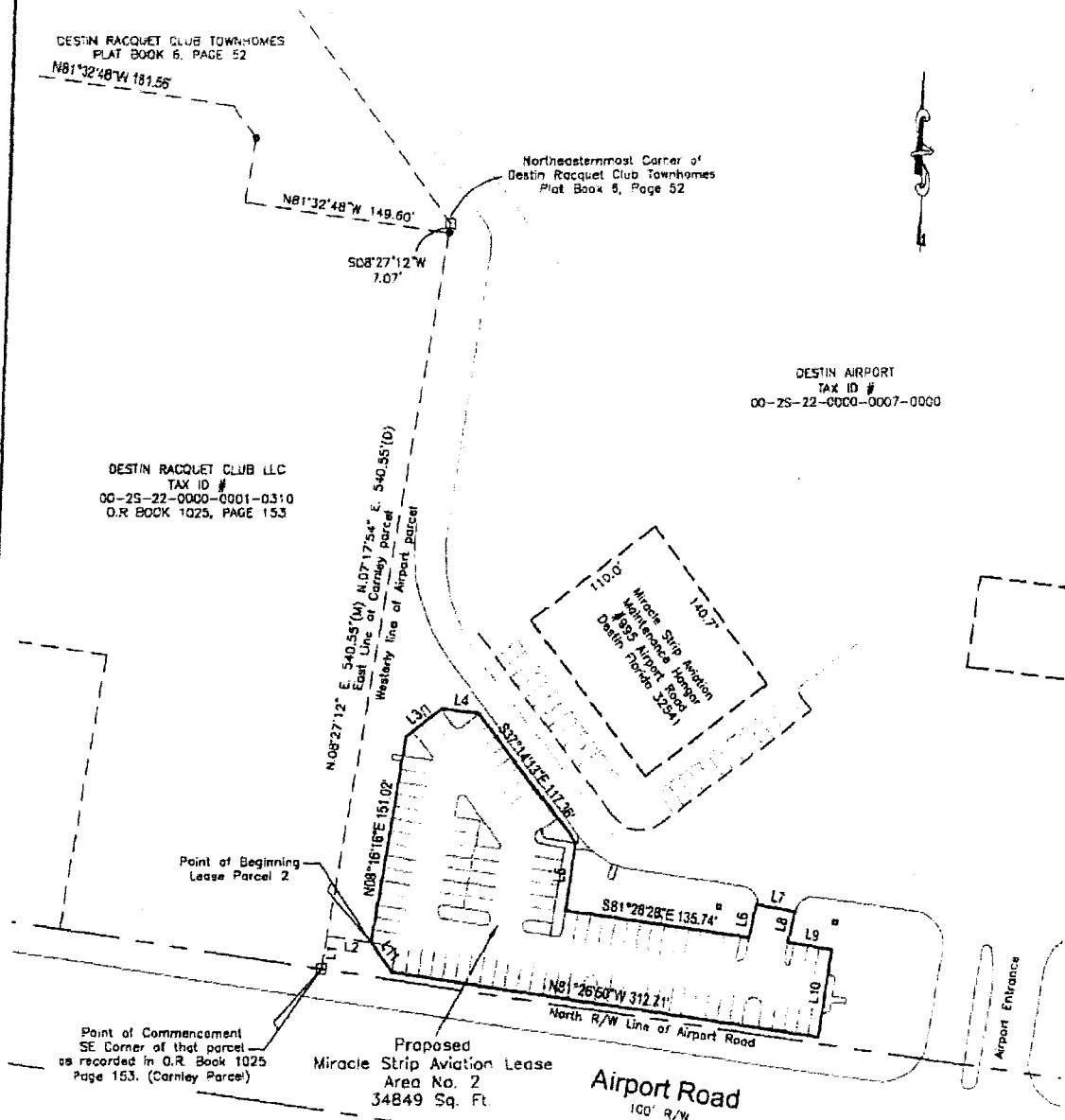
Not a boundary survey.
Sketch of Description
 Miracle Strip Aviation
 Lease Parcel #1
 Destin Airport

RARE EARTH SURVEYING & MAPPING
 Professional Land Surveying - Florida Licensed Business No. 7350
 717 Bayshore Dr. Naples FL 34108
 TEL (561) 729-7772 FAX (561) 729-7772
 shannon@rareearthfl.com

EXHIBIT A-1

Sketch of Description
Proposed Lease Parcel 2
Parking Lot
For
Miracle Strip Aviation

EXHIBIT A-2
PAGE 1 OF 2



DESTIN RACQUET CLUB LLC
TAX ID #
00-25-22-0000-0001-0310
O.R. BOOK 1025, PAGE 153

DESTIN AIRPORT
TAX ID #
00-25-22-0000-0007-0000

Point of Commencement
SE Corner of that parcel
as recorded in O.R. Book 1025
Page 153, (Carnley Parcel)

Proposed
Miracle Strip Aviation Lease
Area No. 2
34849 Sq. Ft.

Airport Road
100' R/W

LINE TABLE		
LINE	LENGTH	BEARING
L1	23.79	S08°27'12"W
L2	32.35	S81°32'48"E
L3	31.32	N51°19'50"E
L4	27.39	S83°17'32"E
L5	49.21	S07°24'50"W
L6	24.71	N10°47'49"E
L7	29.43	S79°09'28"E
L8	22.48	S°3'21'40"W
L9	33.19	S80°09'29"E
L10	62.74	S07°53'25"W
L11	26.08	N36°24'27"W

Not a boundary survey.

- LEGEND
- CONC. = CONCRETE
 - (P) = PLAT MEASURE
 - (M) = FIELD MEASURE
 - LB = LICENSED BUSINESS
 - IR = IRON ROD
 - ⊗ = FIRE HYDRANT

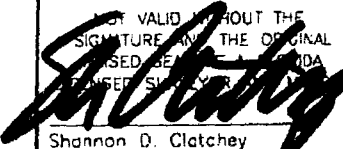
Sheet 1 of 2

Revision: _____ Date: _____
Revision: _____ Date: _____

RARE EARTH SURVEYING & MAPPING
Professional Land Surveying - Authorization No. 7350
117 Bayshore Drive, Niceville Florida 32578
TEL (850) 729-2722 FAX (850) 729-2737

Job No: DST-Miracle
Cada File: 011509 5507
Field Date: 01-22-13
Drawn By: SDC
Field By: CS/KD
Field Bx/Pg: RESB

NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL SEED BEARS OF THE FLSA LICENSED SURVEYOR



Shannon D. Clatchey
Professional Surveyor & Mapper
Florida Registration #6178

Sketch of Description
Proposed Lease Parcel 2
Parking Lot
For
Miracle Strip Aviation

EXHIBIT A-2
PAGE 2 OF 2

LEGAL DESCRIPTION:

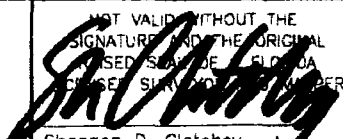
A part of the Okaloosa County Airport and Industrial Authority as described in O.R. Book 297, page 295, public records of Okaloosa County, Florida, situated in unsectionalized township 2 South, Range 22 West, Okaloosa County, Florida, described as:

Commence at the Southeast corner of that parcel as described in O.R. Book 1025, Page 153, Public Records of Okaloosa County, Florida, parcel henceforth referred as Carnley parcel; thence proceed N.08°27'12" E. (basis of bearing) along the east line of Carnley parcel for a distance of 23.79 feet; thence depart east line and proceed S.81°32'48" E. for a distance of 32.35 feet to the point of beginning of lease parcel #2; thence N.08°16'16" E. for a distance of 151.02 feet; thence N.51°19'50" E. for a distance of 31.32 feet; thence S.83°17'32" E. for a distance of 27.39 feet; thence S.37°14'13" E. for a distance of 117.36 feet; thence S.07°24'50" W. for a distance of 49.21 feet; thence S.81°28'28" E. for a distance of 135.74 feet; thence N.10°47'49" E. for a distance of 24.71 feet; thence S. 79°09'28" E. for a distance of 29.43 feet; thence S.13°21'40" W. for a distance of 22.48 feet; thence S.80°09'29"E. for a distance of 33.19 feet; thence S.07°53'25" W. for a distance of 62.74 feet; thence N.81°26'50" W. for a distance of 312.71 feet; thence N.36°24'27" W. for a distance of 26.08 feet to the point of beginning. Parcel described contains 38,849 Sq. Ft.

SURVEYOR'S NOTES:

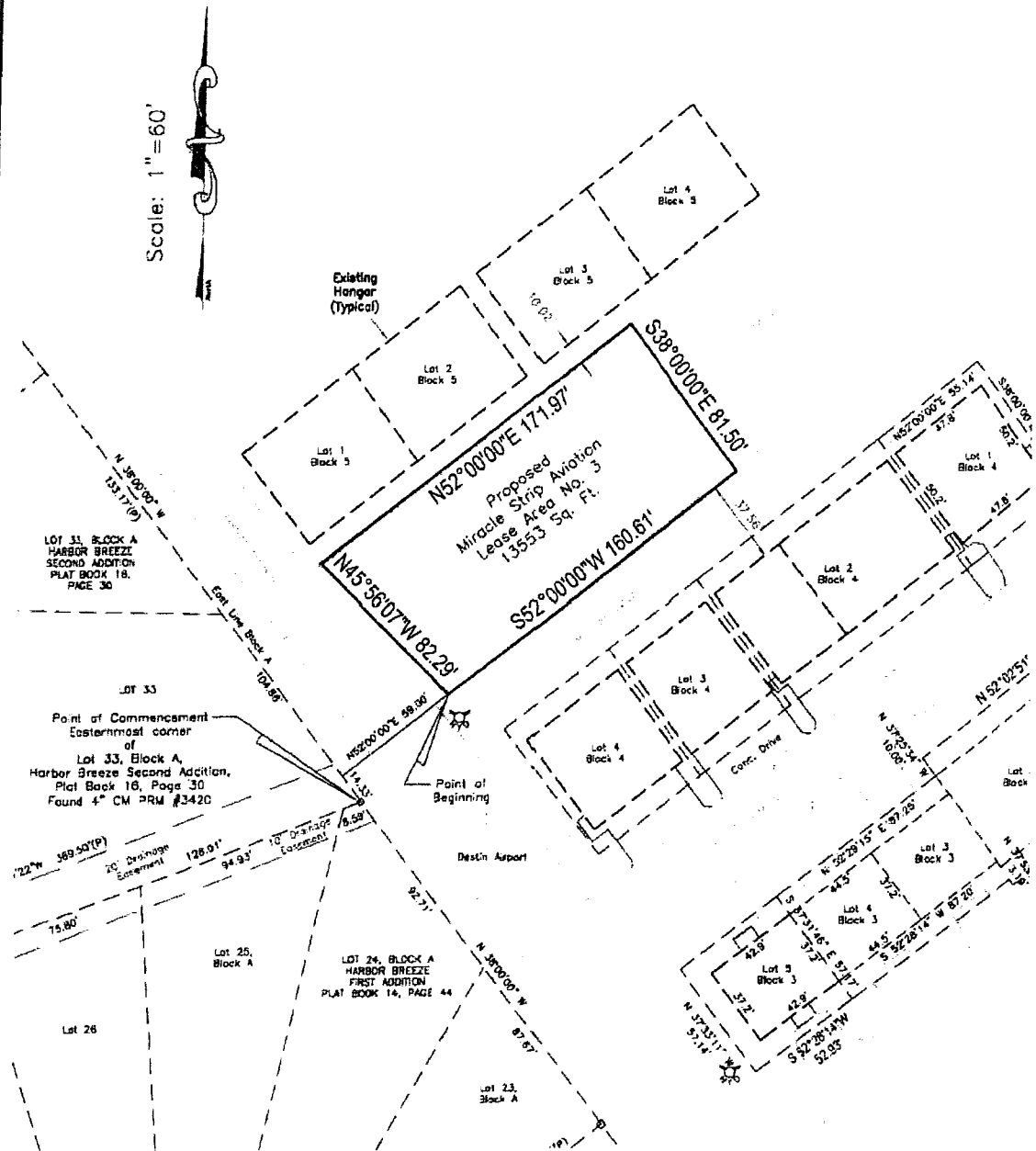
- 1.) THERE MAY BE EASEMENTS AND RESTRICTIONS OF RECORDS AND/OR PRIVATE AGREEMENTS NOT FURNISHED TO THIS SURVEYOR THAT MAY AFFECT PROPERTY RIGHTS AND/OR LAND USE RIGHTS OF THE LANDS SHOWN HEREON.
- 2.) NO UNDERGROUND INSTALLATIONS, FOUNDATION FOOTINGS OR UTILITIES HAVE BEEN LOCATED EXCEPT AS NOTED.
- 3.) BASED ON THE NATIONAL FLOOD INSURANCE PROGRAM "FIRM" MAP COMMUNITY - PANEL NUMBER 12131C0543 G, DATED SEPTEMBER 29, 2010 THE ABOVE DESCRIBED PROPERTY IS LOCATED IN ZONE X.
- 4.) BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATES, FLORIDA NORTH ZONE.
- 5.) EXPECTED USE OF THE SITE IS FOR COMMERCIAL PURPOSES AND THE ACCURACIES FOR CLOSURE WERE EXCEEDED FOR A SUBURBAN SURVEY. THIS SURVEY TRUE AND CORRECT AS PER 5J-17.051 AND 5J-7.052, FLORIDA ADMINISTRATIVE CODE. NO ADDITIONS OR DELETIONS TO THIS SURVEY WITH-OUT CONSENT FROM SIGNING PARTY.

Sheet 2 of 2

Revision: _____ Date: _____ Revision: _____ Date: _____	Job No: <u>DS-Miracle</u> Cadd File: <u>01-309 SS07</u> Field Date: <u>01-22-13</u> Drawn By: <u>SOC</u> Field By: <u>CS/KD</u> Field Bk/Pg: <u>RE56</u>	<p>NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL CLOSED SURVEY OF FLORIDA CLOSURE SURVEY NUMBER</p>  <p>Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration # 78</p>
RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 117 Bayshore Drive, Niceville Florida 32578 TEL (850) 729-2722 FAX (850) 729-2797		

Sketch of Description
 Proposed Lease Parcel 3
 Parking Area
 For
 Miracle Strip Aviation

EXHIBIT A-3
 PAGE 1 OF 2



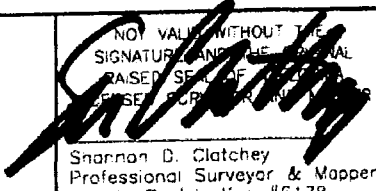
Scale: 1" = 60'

LEGEND

- CONC. = CONCRETE
- (P) = PLAT MEASURE
- (M) = FIELD MEASURE
- LB = LICENSED BUSINESS
- IR = IRON ROD
- ☼ = FIRE HYDRANT

Not a boundary survey.

Sheet 1 of 2

Revision: _____ Date: _____	Job No: DS*-Miracle 3	NOT VALID WITHOUT THE SIGNATURE AND ORIGINAL RAISED SEAL OF THE LICENSED SURVEYOR 
Revision: _____ Date: _____	Cadd File: 011309 SS08	
	Field Date: 01-22-13	
	Drawn By: SOC	
	Field By: CS/KO	
	Field Bk/Pg: RE56	Shannon D. Clatchey Professional Surveyor & Mapper Florida Registration #6178
RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No 7350 717 Bayshore Drive, Niceville Florida 32578 TEL (850) 729-2722 FAX (850) 729-2797		

Sketch of Description
 Proposed Lease Parcel 3
 Parking Area
 For
 Miracle Strip Aviation

EXHIBIT A-3
PAGE 2 OF 2

LEGAL DESCRIPTION:

A part of Destin Airport, situated in unsectionalized Township 2 South, Range 23 West, Okaloosa County, Florida, described as:

Commence at the Easternmost corner of Lot 33, Block A, Harbor Breeze Second Addition, according to the plat thereof as recorded in Plat Book 16, Page 30, Public records of Okaloosa County, Florida; thence proceed N.38°00'00" W. along the east line of Lot 33 for a distance of 14.33 feet; thence depart east line and proceed N.52°00'00" E. for a distance of 59.00 feet to the point of beginning of lease parcel #3; thence N.45°56'07" W. for a distance of 82.29 feet; thence N.52°00'00" E. for a distance of 171.97 feet; thence S.38°00'00" E. for a distance of 81.50 feet; thence S.52°00'00" W. for a distance of 160.61 feet to the point of beginning. Parcel described contains 13,553 Sq. Ft.

SURVEYOR'S NOTES:

- 1.) THERE MAY BE EASEMENTS AND RESTRICTIONS OF RECORDS AND/OR PRIVATE AGREEMENTS NOT FURNISHED TO THIS SURVEYOR THAT MAY AFFECT PROPERTY RIGHTS AND/OR LAND USE RIGHTS OF THE LANDS SHOWN HEREON.
- 2.) NO UNDERGROUND INSTALLATIONS, FOUNDATION FOOTINGS OR UTILITIES HAVE BEEN LOCATED EXCEPT AS NOTED.
- 3.) BASED ON THE NATIONAL FLOOD INSURANCE PROGRAM "FIRM" MAP COMMUNITY - PANEL NUMBER 12131CC543 G, DATED SEPTEMBER 29, 2010 THE ABOVE DESCRIBED PROPERTY IS LOCATED IN ZONE X.
- 4.) BEARINGS SHOWN HEREON ARE BASED ON FLORIDA STATE PLANE COORDINATES, FLORIDA NORTH ZONE.
- 5.) EXPECTED USE OF THE SITE IS FOR COMMERCIAL PURPOSES AND THE ACCURACIES FOR CLOSURE WERE EXCEEDED FOR A SUBURBAN SURVEY THIS SURVEY TRUE AND CORRECT AS PER 5J-17.051 AND 5J-7.052, FLORIDA ADMINISTRATIVE CODE. NO ADDITIONS OR DELETIONS TO THIS SURVEY WITHOUT CONSENT FROM SIGNING PARTY.

Sheet 2 of 2

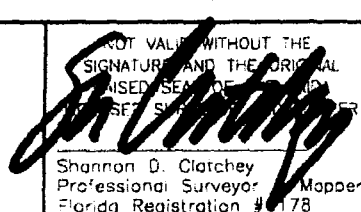
Revision: _____ Date: _____ Revision: _____ Date: _____	Job No: 251-Miracle 3 Cadd File: 011309 SS08 Field Date: 01-22-13 Drawn By: SOC Field By: CS/KO Field Bk/Pg: RES6	NOT VALID WITHOUT THE SIGNATURE AND THE ORIGINAL RAISED SEAL OF THE PROFESSIONAL SURVEYOR  Shannon D. Clatchey Professional Surveyor, Mapper Florida Registration # 01178
RARE EARTH SURVEYING & MAPPING Professional Land Surveying - Authorization No. 7350 717 Bayshore Drive, Niceville Florida 32578 TEL. (850) 729-2722 FAX (850) 729-2797		

Exhibit B

OKALOOSA COUNTY AIRPORTS

MIMIMUM STANDARDS
FOR
FIXED BASE OPERATOR

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

MINIMUM STANDARDS
FOR
FULL-SERVICE FIXED BASE OPERATIONS
AND SPECIALITY SERVICE OPERATIONS

BOB SIKES AIRPORT - DESTIN/FT. WALTON BEACH AIRPORT

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Section 4. Line Service-----	5
Section 5. Maintenance and Repair Services-----	5
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MINIMUM STANDARDS
FOR
FULL-SERVICE FIXED BASE OPERATIONS
AND SPECIALITY SERVICE OPERATIONS

BOB SIKES AIRPORT - DESTIN/FT. WALTON BEACH AIRPORT

SECTION 1. GENERAL PROVISIONS:

a. A full-service Fixed Base Operator (hereinafter referred to as "FBO") shall, at its sole expense, provide and maintain all equipment, facilities, and aircraft necessary to provide the required services and level of performance in a clean and safe condition at all times. In addition, all personnel of the FBO shall conduct themselves in a courteous and businesslike manner at all times. Personnel who have public/customer contact (excluding pilots and office personnel) shall be clothed in attractive uniforms with appropriate insignia and nameplate so they may be readily identified by customers. AIRPORT personnel will conduct inspections and evaluations, at least on a weekly basis, to ensure conformity with these standards. The AIRPORT personnel will also survey customers and users periodically to determine the overall quality of service being rendered by the FBO.

The FBO shall furnish good, prompt, courteous, and efficient services adequate to meet all reasonable demands on a fair, reasonable, and nondiscriminatory basis to all users of the AIRPORT. It shall maintain and operate its business in a first-class manner and shall at all times keep the premises in a safe, clean, and orderly condition, consistent with the business activity contemplated hereunder and satisfactory to the BOARD.

The FBO shall be properly staffed to provide services during minimum normal operating hours between 7:00 A.M. and 10:00 P.M., seven (7) days a week, and other hours when necessitated by business or emergency conditions.

b. Specialty Service Operators will be properly staffed to provide services during minimum normal operating hours between 8:00 A.M. and 5:00 P.M., five (5) days a week.

c. The FBO shall select and appoint a full-time manager of its operation herein authorized. Such manager shall be highly qualified and experienced, and vested with full power and authority to act in the name of the operator in respect to the method, manner, and conduct of the services to be performed hereunder. Such manager shall be available at the AIRPORT during regular business hours, and during the manager's absence, a duly authorized subordinate shall be in charge and available at the AIRPORT.

The FBO shall provide, at its sole expense, a sufficient number of employees to effectively and efficiently provide the services herein authorized. All operators shall control the conduct, demeanor, and appearance of its employees and representatives. Such employees shall be trained by the operator and shall possess any technical qualifications and hold certificates of qualification as may be required for such employee to carry out assigned

duties. It shall be the responsibility of the operator to maintain close supervision over its employees to assure a high standard of service to customers of the operator. Upon reasonable objection from the BOARD concerning the conduct, demeanor, or appearance of any employee, the operator shall forthwith take all steps necessary to remove the cause of the objection.

d. All operators shall comply with all applicable local, state, and federal environmental statutes and regulations, including but not limited to, requirements for aboveground storage tanks and piping, for the disposal of waste oil and other potentially hazardous substances, and for the refueling of aircraft and vehicles.

SECTION 2. FACILITIES:

The FBO shall lease a minimum of One Hundred Thousand (100,000) square feet to provide space for all buildings, aircraft parking, paved ramp area, and employee and customer parking.

a. The FBO shall provide a minimum of one thousand (1,000) square feet of properly lighted, heated and air conditioned building space on airport property for office, restrooms, and public use area.

b. The FBO shall provide a minimum of ten thousand (10,000) square feet of clear-span hangar of adequate dimensions to accommodate storage, maintenance, and repair of aircraft normally frequenting the AIRPORT.

c. The FBO shall provide a minimum of seventy-five thousand (75,000) square feet of paved area for the parking, tie-down, and maneuvering of aircraft.

d. The FBO shall have a minimum paved area sufficient to park and maneuver a minimum of twenty (20) automobiles for employee and patron parking.

e. No building, structure, tie-downs, ramps, paving, taxi areas, or other improvements or additions to the AIRPORT shall be altered, removed, placed, or constructed on the AIRPORT without the prior approval of the BOARD or its authorized representative. In the event of any construction, the BOARD may, at its discretion, require an appropriate bond to guarantee the completion of construction and/or demolition. The BOARD reserves the right to review any proposals for construction on the AIRPORT, particularly in regard to conformity with the existing Airport Layout Plan. Any proposal for construction on the AIRPORT shall be aesthetically compatible with existing buildings on the AIRPORT.

Off-airport facilities with access with access to the airfield ("through-the-fence" operations) are strictly prohibited.

SECTION 3. HANGARING, PARKING, AND TIE-DOWN:

The FBO shall provide, as a minimum, main hangar parking for at least four (4) twin-engine, based aircraft of 12,500 pounds or less, and apron parking for a minimum of twenty (20) based or itinerant aircraft.

SECTION 4. LINE SERVICE:

The FBO shall, during normal business hours, provide line service as follows:

- a. Ramp parking and tie-down assistance, including ramp personnel and vehicles as appropriate;
- b. Tie-down ropes, chains, and anchors;
- c. Aircraft towing services utilizing motor driven drawbar vehicles capable of moving single and multi-engine aircraft weighing up to 12,500 pounds;
- d. Mobile electrical ground power assistance with a minimum 14/28 volt, 1,600 ampere surge capacity;
- e. Cabin cleaning including on-board toilet, and catering services.

SECTION 5. MAINTENANCE AND REPAIR SERVICES:

The FBO shall provide service and repair of aircraft airframes and powerplants. The FBO must hold all applicable certificates/ratings and must offer these services for small aircraft of 12,500 pounds and under. The FBO must also meet all requirements as specified under FAR Parts 43, 65, and 145 for the operation of a certified repair station, not less than airframe Class 3 rating. The FBO is allowed, but not required, to provide repair, sales, and service of aircraft avionics, radios, instruments and other limited class ratings for propellers, accessories, and powerplants. If the FBO chooses to provide avionics, radio, instrument, propeller, accessory, or powerplant repair service, the service personnel must hold all applicable certificates and ratings required under FAR Part 145.

SECTION 6. MISCELLANEOUS CUSTOMER SERVICES:

The FBO shall provide a facility and trained employees who are capable of providing the following:

- a. UNICOM equipment to facilitate airborne customer requests;
- b. A discreet flight planning area properly equipped with appropriate wall charts, AIM, NOTAM's board, and a local-access telephone to contact the Flight Services Station.

- c. Flight planning aids and miscellaneous small flight aid and comfort accessories;
- d. Conveniently located pay telephones;
- e. A convenient, comfortably furnished, public waiting area with adjoining restroom facilities;
- f. A discrete vending area within the FBO premises with the availability of both hot and cold beverages and prepackaged snacks;
- g. Aviation grade inflight oxygen refills upon 24-hour notice;
- h. Acceptance of one or more national bank and one or more oil company credit cards for fueling, line, and related services.

SECTION 7. AIRCRAFT CHARTER AND TAXI SERVICE:

The FBO shall provide aircraft charter and taxi service and must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office and public use areas with such minimum space to be in addition to the minimum space requirements as identified in Section 2a of these Minimum Standards. The FBO must hold a valid FAA Commercial Air Taxi Operator's Certificate under Part 135 and be registered with the Civil Aeronautics Board, or replacement agency, under the Economic Regulations of Part 298 with ratings appropriate to, and licensing for, the functions to be accomplished. The FBO shall provide an adequate number of aircraft meeting all requirements of the certificates held. At least one (1) aircraft shall be multi-engine and completely equipped for flight under instrument conditions. Aircraft shall be owned by, or leased to, the FBO by agreement in writing, and shall meet all applicable requirements of Part 135 of the Federal Aviation Administration (FAA) regulations. The FBO shall provide an FAA-certified commercial pilot with instrument rating for each aircraft and who is authorized to conduct charter and air taxi operations.

SECTION 8. FLIGHT INSTRUCTION:

The FBO shall provide flight instruction and must occupy a minimum of 400 square feet of properly lighted, heated and air conditioned space on the AIRPORT for use as office, classroom, and briefings with such minimum space in addition to the minimum space requirements as identified in Section 2a of these Minimum Standards. The FBO shall employ at least one (1) full-time pilot who is properly certified by the FAA as a flight instructor with appropriate instrument ratings to cover instruction for both primary and complex flight instruction for multi-engine and single engine aircraft as certified by FAR Part 141. The FBO shall own or have under written lease at least two (2) properly certified aircraft equipped for flight instruction, with at least one of those aircraft fully equipped for instrument flight instruction.

SECTION 9. ASSISTANCE TO DISABLED AIRCRAFT:

The FBO shall, on thirty (30) minutes notice during normal business hours, and two (2) hours notice after normal business hours, provide equipment and trained personnel to remove disabled aircraft with a gross weight of 12,500 pounds or less from the Air Operations Area (AOA), and shall be required to perform such service on request of, and with acceptable release from, the owner or operator of the disabled aircraft, or the Airports Director or his or her designee.

SECTION 10. FUEL AND LUBRICANTS:

The FBO may provide aviation fuels, including Jet A and 100LL octane aviation gasoline, in sufficient quantities to meet the needs of the based and itinerant general aviation customers at the AIRPORT if the FBO is currently and continually providing services as set forth in Sections 2 through 9 of these Minimum Standards. The FBO must be in full compliance with such services and certified in compliance by the Airports Director prior to the FBO being granted permission to provide aviation fuels under this Section 10. In the event the FBO does not currently provide such services as identified in Sections 2 through 9 and/or fails to continually provide such services, in that event, the FBO will not be granted permission or permission will be withdrawn to provide aviation fuels at the AIRPORT. The Airports Director will periodically conduct inspections of the leased premises to certify the FBO is in compliance with all applicable sections of these Minimum Standards.

The FBO Shall provide, as a minimum, one (1) mobile tender (fuel truck) for Jet A fuel with a capacity of at least 2,000 gallons and one (1) mobile tender (fuel truck) of at least 1,000 gallon capacity of 100LL octane aviation gasoline.

The following general rules shall govern the refueling, defueling, oil services and sumping of aircraft, and the place of fuels in storage tanks or dispensers:

a. No aircraft shall be refueled, defueled, or oil-serviced while aircraft engines are running or being warmed by application of heat, and/or while such aircraft is in a hangar. Aircraft shall be refueled on hard surface areas only and only in areas approved by the Airports Director.

b. No person shall smoke or permit any open flame on the airfield within the perimeter fence, within 100 feet of an aircraft undergoing fuel servicing, or within 50 feet of any hangar.

c. Prior to the fuel servicing of any aircraft, it and the fuel dispensing equipment shall be grounded to a point or points of zero electrical potential in order to prevent the possibility of static ignition of volatile liquids.

d. All equipment used to store or deliver fuel to aircraft or vehicles shall be inspected by a qualified representative of the County's Environmental Services Department on a semi-annual basis. Environmental officers are authorized to require and enforce the immediate cessation of fuel service operations under conditions which they deem jeopardizes public safety. All other situations which violate any provisions contained herein shall be cured by the FBO in a timely manner as determined by the Airports Director.

e. Fueling, pumps, meters, hoses, nozzles, fire extinguishers, and grounding devices shall be UL - approved where applicable and will be kept in first class condition at all times.

f. Fuel pumps shall be powered and the flow shall be controlled by a deadman flow control in the nozzle. Nozzles shall have a cable with a plug or clip for bonding to the aircraft. Pouring or gravity flow shall not be permitted.

g. Fuel systems shall have a means for quickly and completely stopping fuel flow in the event of an emergency. Fuel dispensing containers shall have a valve mechanism such that water or other contaminants can be drained from the lowest portion of the tank. An in-line filtration system utilizing a 5-micron or less fuel filter element shall be included in the dispensing system.

h. When a malfunction of the refueling equipment is detected, all refueling operations shall cease immediately and the malfunctions or irregularities detected on or within the aircraft being serviced will be brought to the attention of the aircraft owner or the FBO immediately.

i. Crews engaged in the fueling and defueling of aircraft shall exercise extreme caution to prevent spills. When a spill occurs, servicing will cease, the County's Environmental Services Department will be notified immediately, and spills will be removed or absorbed with suitable material dependent upon the nature of the spill, and approval by the Airports Director, and in conformance with all local, state, and federal rules.

j. During fuel handling operations in connection with any aircraft, no less than two (2) CO₂ or approved dry chemical fire extinguishers of ten pounds or larger shall be immediately available for use in connection therewith.

k. No person shall perform or allow performance of any refueling activity when lightning is observed in the immediate vicinity of the AIRPORT or during an electrical storm.

l. No person shall use any material or equipment during fueling and defueling operations which is likely to cause a spark or ignition.

m. No person shall start the engine of an aircraft when there is a flammable substance on the ground under or around the aircraft.

n. All hoses, funnels, and appurtenances used in fueling and defueling operations shall be equipped with a grounding device to prevent ignition of volatile liquids. Furthermore, funnels shall be metal and have a capacity of not less than two (2) gallons to reduce the risk of spillage.

o. No aircraft shall be fueled or defueled while passengers are on board the aircraft.

p. No airborne radar equipment shall be operated or ground tested on any area wherein the directional beam of high intensity radar is within 300 feet, or low intensity radar (less than 50KW output) is within 100 feet of another operation or aircraft refueling truck.

q. During fueling and defueling, fuel handling devices and vehicles shall be placed so as to be readily removed in the event of fire so as to permit direct driving away from the loading or fueling position. Not more than one refueling truck shall be positioned to serve the same aircraft.

r. Fuel shall not be transferred from a vehicle fuel system to an aircraft fuel tank or intermediary tank for the purpose of fueling aircraft.

s. Storage of fuel shall be in compliance with all applicable federal, state, local and EPA requirements.

SECTION 11. SPECIAL AERONAUTICAL ACTIVITIES AND SERVICES:

The following categories of services may be as an optional service offered by a full-service FBO, or as an approved Specialty Service Operator:

a. **AVIONICS INSTRUMENT SALES, SERVICES AND REPAIRS** - The operator engaged in aircraft avionics must occupy a minimum of 300 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office, shop, and other needs. The operator shall have available to it at all times, by ownership, lease, or contract, hangar space to accommodate customer requirements. The operator must provide aircraft avionics, radio, and instrument repair service and shall hold all applicable certificates and ratings required under FAR Parts 145 and 65 and may, in addition, engage in aircraft radio and instrument sales.

b. **AIRCRAFT RENTAL** - The operator engaged in the rental of aircraft at the AIRPORT must occupy a minimum of 200 square feet of properly lighted, heated and air conditioned space on the AIRPORT for office and public use areas. The operator shall own or have under a written lease, and have available to rent to persons with a current

pilot certificate, at least one (1) two-place, fixed-gear aircraft, and one (1) four-place, retractable-gear aircraft equipped for night and instrument flight. Aircraft must meet all federal and state regulations including, but not limited to, those promulgated by the Federal Aviation Administration.

c. AIRCRAFT SALES - The operator engaged in the selling of new or used aircraft at the AIRPORT must occupy at least 200 square feet of properly lighted, heated and air conditioned space on airport property for office and public use areas. The operator must have under a lease a minimum amount of paved area or hangar space to accommodate the projected inventory of aircraft.

The operator shall have one full-time authorized agent to transact sales who maintains a current commercial pilot certificate with an instrument rating and is rated for the types of aircraft to be demonstrated. It will be at the discretion of the operator whether or not to be an authorized factory dealer, or what manufacturers he or she chooses to represent. A dealer of new aircraft shall have available or on call at least one current model demonstrator and shall provide for demonstrations of additional models of the manufacturer for which a dealership is held, if any. A dealer shall provide an adequate supply of parts and servicing facilities to customers during aircraft and parts warranty periods.

d. OTHER SERVICES - The operator who has been approved by the BOARD to offer the following services at the AIRPORT shall occupy an appropriate amount of office, vehicle and aircraft parking, maintenance, storage and apron space:

1. Aircraft exterior painting;
2. Aircraft interior modification including, but not limited to, custom seating and finishing;
3. Contract major airframe repair and/or rebuilding;
4. Whole or part aircraft type modifications under the auspices of a Supplemental Type Certificate;
5. Turbine engine hot section repair;
6. Propeller overhaul and repair;
7. Engine/flight instrument overhaul and repair;
8. Accessory overhaul and repair;
9. Avionics repair and installation with specialization in complex equipment such as pulse-radar and HIS systems;

10. Specialized aircraft sales of a single or limited type and/or manufacturer such as for a multi-engine turbine;

11. Contract reciprocating engine overhaul and rebuilding;

12. Specialized aircraft charter services;

13. Agricultural application;

14. Fire fighting;

15. Power line or pipeline patrol;

16. Any other operations specifically excluded from Part 135 of the Federal Aviation Regulations.

Each repair service offered above shall be under an appropriate FAA-certified Repair Station license of either a class or limited rating as defined in FAR 145. All general and enforcement provisions of a full-service FBO shall apply to Specialty Service Operators.

SECTION 12. SPECIALIZED OPERATIONS AND OTHER AERONAUTICAL FUNCTIONS:

The requirements specified in this section, 12a through 12g, shall be applicable to any operator desiring to engage in specialized commercial aeronautical activities including, but not limited to, aerial photography, sightseeing, accessory overhaul, and prop shops.

a. Facilities - Said operators shall lease or construct the following facilities: Specialty shops and specialized commercial aeronautical activities are encouraged to be tenants of existing operators. However, special requirements will be reviewed by the Airports Director on an individual basis.

b. Pilots - Said operators shall provide a sufficient number of commercial pilots who are certificated by the FAA and are appropriately rated to conduct the specialized flight services offered.

c. Aircraft - Said operators shall provide a sufficient number of properly certificated aircraft owned by, or leased under a written agreement to, the operator to meet the public demand.

d. Hours of Operation - Said operators shall maintain sufficient hours of operations to meet the public demand.

e. Insurance - Said operators shall provide adequate comprehensive general liability insurance combined single limit coverage to protect the operator and the COUNTY from legal liabilities involved.

f. Other Services - Said operators may provide any of the other services contained in this Section 12 of these Minimum Standards. In providing any such services, said operators shall meet the standards for such services, the standards of which are contained in this Section 12.

g. Optional, Incidental Services - Said operators may provide any other services the operator deems incidental to its operation. However, no non-aeronautical activities may be performed that are presently being performed on a limited contractual basis by persons having valid contracts with the COUNTY to perform such services on the AIRPORT.

SECTION 13. SELF-FUELING BY PRIVATE OWNERS:

Self-fueling by private owners of aircraft using automotive gasoline (MoGas) will be permitted by the BOARD, provided that owners adhere to provisions in Sections 10a through 10s of these Minimum Standards as well as those further defined herein.

a. MoGas must meet ASTM D-439-58 standards at the time of delivery into the aircraft. MoGas may be substituted for AvGas in only those aircraft for which an individual Supplemental Type Certificate (STC) has been approved by the Federal Aviation Administration. A copy of the individually held STC must be on file with the BOARD.

b. All MoGas self-fueling operations will be governed by a permit issued by the Airports Director for a fee of \$500.00 and shall be valid for a period of one (1) year. A permit must be issued for each aircraft subject to self-fueling operations.

c. All private users shall also pay a fuel flowage fee as determined by the BOARD. A fuel flowage report, invoice, or receipt with the appropriate remittance shall be provided to the Airports Director by the tenth (10th) day of each month for fuel dispensed on the AIRPORT. Fees may be adjusted from time-to-time as deemed necessary by the BOARD.

d. Private users shall be responsible for the payment of the appropriate Federal Excise Tax on aviation gasoline and for all reports required by the Internal Revenue Service and shall comply with all applicable federal statutes and all regulations, including but not limited to, those promulgated by the Federal Aviation Administration.

e. All private users shall obtain and keep in effect during the term of their permit and/or operations, an insurance policy which provides coverage for general liability to include premises and property damage, of at least one million (\$1,000,000) dollars combined single limits, and said policy shall name the Okaloosa County Board of

Commissioners as an additional insured. The user shall also furnish the Airports Director with a certificate from the user's insurance carrier executed on an approved form showing such insurance to be in full force and effect.

f. Private users who do not have written permission from an FBO which allows the user to refuel on the FBO's leased premises shall coordinate with, and receive written permission from, the Airports Director for the location of, and access routes to, an alternative fueling location.

g. The Chapter 108, Hangarmates of Experimental Aircraft Association currently operating under lease agreement with the BOARD at the Bob Sikes Airport are heretofore considered exempt from the standards for self-fueling by private owners as set forth above.

SECTION 14. MINIMUM REQUIREMENT - FLYING CLUBS:

Regulations

Prior to commencement of aeronautical activities, each club must obtain approval from the BOARD and secure a lease and operating agreement for proposed activities. Prior to, and during the term of the lease and operating agreement, each club, at the request of the BOARD will submit sufficient documentation to establish ownership, financial status, and technical ability, in addition to adhering to the following regulations:

- a. Each club must be registered as a non-profit corporation or partnership.
- b. Each member must be a bona fide owner of the aircraft or stockholder in the corporation.
- c. The club may not derive greater revenue from the use of its aircraft than the amount necessary for the actual operation, maintenance, and replacement of its aircraft.
- d. The club will file and keep current with the Airports Director a complete list of the club's membership and investment share held by each member.
- e. The club's aircraft will not be used by other than bona fide members for rental and will not be used by anyone for commercial operations.
- f. Student instruction can be given in club aircraft to club members provided such instruction is given by a Lessee based at the AIRPORT who provides flight instruction, or by an instructor who shall not receive remuneration in any manner for such service.
- g. Aircraft maintenance performed by the club shall be limited to only that maintenance that does not require a certificated mechanic. All other maintenance must be

provided by a lessee based at the AIRPORT who provides such service, or by a properly certificated mechanic who shall not receive remuneration in any manner for such service.

SECTION 15. NEW APPLICATIONS:

Any corporation, partnership, or individual desiring to receive permission to operate as a full-service FBO, a Specialty Service operator, or any other business or aeronautical activity on the AIRPORT shall first make application to the BOARD's Airports Director. The application shall be in sufficient detail to discern the completed qualifications of the applicant to perform the desired service and shall include the following:

a. A written letter detailing the nature of the proposed activity as well as the following:

1. The name, address, and telephone number of the applicant;
2. A detailed description of the proposed operation, to include the date of commencement;
3. The professional qualifications of the personnel who will manage and/or operate the proposed service;
4. Descriptions and cost estimates of any proposed capital improvements on the proposed site.
5. Pro forma operating statement for first year's activity.

b. A current financial statement prepared or certified by, a certified public accountant, if available, and if not, a current financial statement as provided to a financial institution. The BOARD shall be entitled to consider the type of financial statement in evaluating the applicant's financial ability to provide responsible, safe, and adequate service to the public.

c. A written listing of the assets owned, leased, or being purchased which will be used in the business on the AIRPORT. Copies of any leases or purchase contracts must be attached.

d. A current credit report covering all areas in which the applicant has done business in the past ten (10) years.

e. A written authorization of the FAA and all aviation or aeronautic commissions, administrators, or departments of all states in which the applicant has engaged in aviation business to release information in their files relating to the applicant or its operation. The applicant will execute such forms, releases, or discharges as may be requested by those agencies.

f. The applications shall be signed and submitted by every person owning an interest in the business, those who will be managing the business if already designated, every partner of a partnership, and each director and/or officer of the corporation.

g. Any additional information and material necessary or requested by the BOARD to establish to the satisfaction of the BOARD that the applicant can qualify and will comply with these Minimum Standards.

The application together with all supporting documentation shall be submitted to the Airports Director. For Fixed Base Operations, once all application material is submitted and reviewed by the Airports Director, and provided the application is deemed complete, the Airports Director shall request BOARD directive to initiate the Bid Process.

All other aviation-related Specialty Service Operations and/or company or individual who uses the AIRPORT or any of its improvements of facilities for any revenue-producing business or commercial aeronautical activities and once all application material is submitted and reviewed by the Airports Director, the matter shall be considered within thirty (30) days of the next regularly scheduled meeting of the BOARD, provided the application is deemed complete.

The BOARD may deny any application if, in its opinion, it finds any one or more of the following:

a. The applicant for any reason does not meet the qualifications, standards, and requirements established by these rules and regulations, or is not prepared to meet same within a reasonable time to be established by the BOARD;

b. The applicant's proposed operation or construction will create a safety hazard on the AIRPORT;

c. The granting of the application will require the BOARD to spend funds or to supply labor or materials in connection with the proposed operation, or the operation will result in a financial loss to the BOARD;

d. No appropriate, adequate, or available space or building exists at the AIRPORT which would accommodate the entire activity of the applicant at the time of application nor is contemplated within a reasonable time thereafter;

e. The proposed operation, airport development, or construction does not comply with the Airport Master Plan then in effect;

f. The development or use of the area requested by the applicant will result in a congestion of aircraft or buildings, or will result in unduly interference with the operations

of any present Fixed Base Operator on the AIRPORT relating to problems with aircraft service and/or prevent free access to the Fixed Base Operator's area;

g. The applicant has either intentionally or unintentionally misrepresented or omitted any material fact in the application or in supporting documents;

h. The applicant has failed to make full disclosure on the application or in supporting documents;

i. The applicant has a record of violating the rules and regulations of any other airport or civil air regulations, FAA regulations, or any other rules and regulations applicable to Okaloosa County Airports;

j. The applicant has defaulted in the performance of any lease or any other agreement with the BOARD;

k. The applicant does not, in the opinion of the BOARD, exhibit adequate financial responsibility to undertake the project, based upon current financial information provided;

l. The applicant cannot provide a performance bond in the amount required by the BOARD for that contract;

m. The applicant has been convicted of any felony or a misdemeanor involving moral turpitude.

Nothing contained herein shall prohibit the BOARD from granting or denying, for any reason it deems sufficient, an application to do business on the AIRPORT for the purpose of selling, furnishing, or establishing non-aviation products supplied for any service or business of a non-aeronautical nature, or an application for the non-profit use of an airport facility.

SECTION 16. INSURANCE REQUIREMENTS:

The operator will provide, and maintain in full force and effect, insurance coverage in the following types and minimum amounts:

a. For full service Fixed Base Operations, general liability coverage to include premises and property damage of at least two million (\$2,000,000.00) dollars combined single limit (CSL); aircraft liability coverage of at least two million (\$2,000,000.00) dollars CSL; products/completed operations liability coverage of at least two million (2,000,000.00) dollars CSL; hangarkeepers liability coverage of at least two million (\$2,000,000.00) dollars CSL. Insurance coverage shall be applicable to the type of activity being conducted.

b. For any Specialty Service Operator offering one or more of the services in Section 11 above, general liability coverage to include premises and property damage of at least one million (\$1,000,000.00) CSL; aircraft liability coverage of at least one million (\$1,000,000.00) CSL; and products/completed operations liability coverage of at least one million (\$1,000,000.00) CSL.

The Okaloosa County Board of Commissioners shall be named as an additional insured on all such policies. The operator shall also submit to the Airports Director a certificate of insurance from the operator's insurance carrier, executed on the approved form, verifying the types, limits and expiration dates of all policies.

SECTION 17. WAIVER OF MINIMUM STANDARDS:

The BOARD may, at its discretion, waive all or any portion of the Minimum Standards set forth herein for the benefit of any government or governmental agency performing non-profit public services to the aircraft industry. The BOARD may further temporarily waive any of the Minimum Standards for non-governmental applicants where it deems such waiver to be in the best interest of the AIRPORT's operation and public good.

SECTION 18. VIOLATIONS, PENALTIES AND PROCEDURES:

If the Airports Director determines that any of these Minimum Standards have been violated by an entity operating on the AIRPORT, and that he or she cannot resolve the matter satisfactorily by notice to, and discussion with, the offending operator, then the Airports Director may recommend to the BOARD that formal action be taken against the offending operator. The BOARD shall allow the operator notice and an opportunity to be heard before deciding whether and what action should be taken against the operator for the alleged violation. Such action may include, but not limited to, reprimand, suspension of airport operations by the operator, or revocation of the operator's right to conduct business at the AIRPORT.

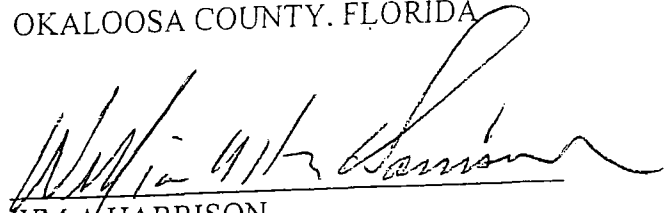
SECTION 19. SAFETY AND SECURITY:

All operators shall abide by all provisions of the approved AIRPORT rules and regulations. If violations of the approved AIRPORT rules and regulations result in fines being levied by any federal or state agency, the operator will reimburse the BOARD for the full cost of said fines within thirty (30) days of payment by the BOARD.

The attached Minimum Standards for Full-Service Fixed Base Operations and Specialty Service Operations were adopted at the regular scheduled meeting of the Okaloosa County Board of Commissioners on _____, 1997.

These Minimum Standards supersede any standards previously established by the Okaloosa County Board of Commissioners.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA

A handwritten signature in black ink, appearing to read "William A. Harrison", written over a horizontal line.

WM A HARRISON
CHAIRMAN

Exhibit C

LEASE RATES

Exhibit C

Table 1

Ground and Building Lease Rates

Ground Lease Rate

Ground Lease Area	Rate/SF/Year	Square Footage	Annual Ground Lease
Ground Lease Parcel #1: Exhibit A-1: Ramp Area, Fuel Farm, Parking	\$0.06	813,953	\$48,837.18
Ground Lease Parcel #2: Exhibit A-2: Parking Lot	\$0.06	38,849	\$2,330.94
Ground Lease Parcel #3: Exhibit A-3: Parking Lot	\$0.06	<u>13,553</u>	<u>\$813.18</u>
Total		866,355	\$51,981.30

Building Lease Rate

Building Description	Square Footage	Annual Lease Rates
Passenger Terminal - Administrative Space	5,914	\$40,788.00
Maintenance Hangar	<u>15,474</u>	<u>\$31,973.88</u>
Total	21,388	\$72,761.88
Grand Totals	887,743	\$124,743.18

Total Monthly Rent: \$124,743.18 / 12 = \$10,395.27 per month

Exhibit D

Repayment Plan

AGREEMENT

THIS AGREEMENT is made and entered into this 19th day of March, 2013, by and between **OKALOOSA COUNTY, FLORIDA**, a political subdivision of the State of Florida (hereafter, the "County"), and **MIRACLE STRIP AVIATION, INC.**, a for profit corporation incorporated and authorized to do business in the State of Florida (hereafter, "Lessee" or "Operator"),

WITNESSETH:

WHEREAS, the County owns, operates and maintains the Destin/Ft. Walton Beach Airport (hereafter, "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Lessee currently operates a Full Service Fixed Base Operation at the Airport, pursuant to the terms of that certain Lease and Operating Agreement entered into on June 23, 1998, as amended by Lease Amendment Nos. 1 and 2, entered into on August 5, 2003, and April 7, 2008, respectively (collectively, hereafter, the "Lease"); and

WHEREAS, the County placed Operator on notice of its default on various terms of the Lease, by certified and hand delivered correspondence dated January 4, 2013; and

WHEREAS, Operator was given 30 days under that default notice correspondence within which to cure the two separately described events of default; and

WHEREAS, during that 30 day cure period, the County received communications and confirmation that Operator has come under new ownership, in that all Miracle Strip Aviation, Inc. corporate stock has been purchased and is now owned by Regal Capital, LLC, a Florida Limited Liability Company (hereafter, "Regal"); and



WHEREAS, Regal has made a proposal for resolving the events of default as set out against Operator in the above-referenced January 4, 2013, default notice correspondence;

NOW, THEREFORE, the parties hereto stipulate and agree as follows:

1. Operator agrees to repay the County money owed from back rents and other unpaid charges in the principal amount of \$485,382.00 (the first event of default), under the following terms:

a) payment of \$150,000.00 in cash, shall be provided to the County within ten (10) business days after the Commencement Date, as that term is defined in Article VI of the Amended and Restated Lease Agreement entered or to be entered into by the parties;

b) Operator shall be given a credit of \$100,000.00 of the debt owed, by application of such funds toward renovations to the Airport terminal building and other miscellaneous improvements to be made on the Airport site; and

c) the remaining \$235,382.00 of the debt owed shall be repaid by Operator in equal monthly installments, to be amortized over 6 years, at 4% interest, with the first such installment due to the County on the first day of the month following the Commencement Date, and with each of the succeeding 71 monthly payments being due on the first day of each month thereafter.

2. The County agrees to waive any late fees or interest, other than as described above, which might otherwise be due and owing by Operator under the Lease on the principal amount owed for back rents and other miscellaneous charges, so long as Operator remains in compliance with the terms of paragraph 1 of this **AGREEMENT**, above.

3. Operator is responsible for securing all applicable permits and complying with all Federal, State and County statutes, regulations and ordinances in its construction of the Airport building terminal renovations referenced in paragraph 1 of this **AGREEMENT**, above.

4. The County retains the right to review and approve any plans for renovations to be made by Operator at the Airport terminal building; to monitor said renovation work; to review all paid receipts to verify amounts expended; and to review and approve the quality of the work performed in that regard.

5. Operator agrees that, in cure of its prior default with respect to its duty assure that the Airport is serviced by a fully operational maintenance facility, staffed by fully FAA certificated repair operators, as per the terms of the Lease and Exhibit C thereto (the second event of default), Operator intends to secure a third party maintenance operation meeting all such standards, and shall enter into a sublease with that maintenance operation in accordance with the requirements of Article XXXIV of the Lease, within thirty (30) days after the date this **AGREEMENT** is entered.

6. The parties agree that upon the entry of this **AGREEMENT**, they shall expeditiously undertake to renegotiate the terms of the Lease under which Lessee is currently operating, with the understanding that the agreements set out in paragraphs 1 – 5 of this **AGREEMENT**, above, shall not be impacted by said negotiations, but shall remain in full force and effect and shall become a part of any renegotiated Lease.

7. This **AGREEMENT** constitutes the entire agreement and understanding between the parties with respect to the matters addressed herein and supersedes all negotiations,

prior discussions, letters of intent and preliminary agreements. This **AGREEMENT** may not be amended except by written document executed by all parties.

IN WITNESS WHEREOF, the parties hereto have executed this instrument, through their respective authorized representatives, on the date first set out above.


ATTEST:

BOARD OF COUNTY
COMMISSIONERS, OKALOOSA
COUNTY, FLORIDA

Ray J. Stafford
Clerk of Court



By: Don Amunds 3/26/13
Don Amunds
Chairman



Approved as to Form:

[Signature]
County Attorney

Approved as to Content:

[Signature]
Airports Director

ATTEST:

MIRACLE STRIP AVIATION, INC.

By: Jon Morris
Jon MORRIS
Printed Name
ADM & Fin MGR NWFLRA
Title

By: [Signature] 3-12-13
John E. Simmons
President

LEASE AMENDMENT No. 2

THIS AMENDMENT to that certain Lease entered into by and between Okaloosa County and Miracle Strip Aviation, Inc., on the 23rd day of June, 1998,

W I T N E S S E T H :

WHEREAS, County has completed the construction of a passenger terminal as contemplated by the lease between the parties, and

WHEREAS, Operator is obligated to pay ground lease and rental fees for the period of his occupancy of the same, and

WHEREAS, Certain rental space in the original lease is to be rented at a higher rate under this amendment, and

WHEREAS, Operator funded 50 percent of the passenger terminal construction cost,

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

SECTION 1. ARTICLE V Term is amended to include "The term of this agreement which began on July 1, 1998, shall continue until December 31, 2023." Provided that Operator is not in default of any terms of this agreement, Operator shall be

allowed one (1) ten (10) year renewal option by providing County with a written request at least one hundred eighty (180) days prior to the expiration of the lease term. All of the terms and conditions of the lease shall apply during the renewal term including CPI increases to the lease payments at each successive five (5) year period.

ARTICLE VI of the Agreement is hereby amended to add and include subsection 2. E. to read:

"2. E. Passenger Terminal: Commencing on June 1, 2006, in addition to all other rents, fees, or charges, Operator shall pay the sum of \$22,552.00 per annum, or \$1,879.00 per month as ground rent for the new Passenger Terminal (8,674 sf @ \$2.60 psfpa) and \$40,788.00 per annum or \$3,399.00 per month for Passenger Terminal rent for the remaining term of this lease as amended herein, subject to the adjustments for the Consumer Price Index as elsewhere provided in this Lease, and all state and local sales or other tax applicable to be paid by Operator."

Article VI, 2.B. Flowage Fee: The fuel flowage fee is hereby adjusted to \$0.06 per gallon effective July 1, 2007 and shall be adjusted every five (5) years thereafter as provided for in the basic lease.

Article I. A. Items 1, 2, 3 and 4 are hereby replaced by Table 1 included herein as Attachment No. 1, the purpose of

LEASE AMENDMENT No. 1

THIS AMENDMENT to that certain Lease entered into by and between Okaloosa County and Miracle Strip Aviation, Inc., on the 23rd day of June, 1998,

W I T N E S S E T H:

WHEREAS, County has completed the construction of a maintenance hangar as contemplated by the lease between the parties, and

WHEREAS, Operator is obligated to pay rental fees for the period of his occupancy of the same, and

WHEREAS, Certain rental space in the original lease is to be rented at a higher rate under this amendment.

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

SECTION 1. ARTICLE VI of the Agreement is hereby amended to add and include subsection 2. D. to read:

"2. D. Maintenance Hangar:

Commencing on October 1, 2001, in addition to all other rents, fees, or charges, Operator shall pay the sum of \$31,269.00 per annum or \$2,605.75 per month as ground rent for the maintenance hangar (69,486 sf @ \$0.45 psfpa) and \$31,973.88 per annum

or \$ \$2,664.29 per month for Hangar rent for the remaining term of this lease, subject to the adjustments for the Consumer Price Index as elsewhere provided in this Lease, and all state and local sales or other tax applicable to be paid by Operator."

Article I of the existing agreement is hereby modified by deleting the reference in Subsection A.4. to Parking Area #2 consisting of 26,763.34 square feet. The resulting credit at \$.04 psfpy is \$1,070.53 per year (\$89.21 per month).

Article I, Subsection B. is hereby deleted

Article VI.1.A. is hereby modified by reducing the Vehicle Parking Areas 1,2,4, and 5 from a total of 75,298.51 square feet to a new total of 48,535.17 square feet.

SECTION 2. All other terms and conditions of the Lease Agreement shall remain in full force and effect.

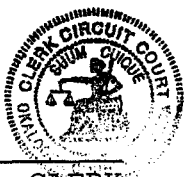
WHEREFORE, the parties have executed this Amendment to Lease Agreement on the dates of their respective signatures hereto.


OKALOOSA COUNTY

ATTEST:

BOARD OF COUNTY COMMISSIONERS


NEWMAN C. BRACKIN, CLERK




PAULA RIGGS, CHAIRMAN



DATE: August 5, 2003

ATTEST:

MIRACLE STRIP AVIATION, INC.

P Morris
Title: Adm Mgr

Walter W. Dreyfus

President

DATE: 1-23-53

ACKNOWLEDGMENTS

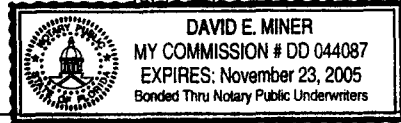
STATE OF FLORIDA
COUNTY OF OKALOOSA

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared WALTER M. BRIGMAN who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the use and purpose contained therein.

Sworn and subscribed before me this 23 day of
JULY, 2003.



NOTARY



My Commission expires: _____

L98-0101-AP21-61

EXPIRES: 1/1/2020

LEASE AGREEMENT

THIS LEASE AND OPERATING AGREEMENT (hereinafter referred to as Agreement), made and entered into this 23rd day of June, 1998 by and between the COUNTY OF OKALOOSA, a municipal corporation of the State of Florida, herein referred to as the "County", and Miracle Strip Aviation, Inc., a

() sole proprietorship
() limited partnership
() general partnership
(xx) corporation authorized to do business in Florida hereinafter referred to as "Operator",

WITNESSETH:

WHEREAS, the County owns, operates, and maintains Destin/Ft. Walton Beach Airport (hereinafter referred to as "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Operator currently leases the area reflected in Article I, paragraph A, Item 1, below.

WHEREAS, the parties desire to place the property leased under the Old Lease, dated, October 9, 1978 with Supplementals dated June 28, 1988 and January 16, 1991, under this Lease and terminate the Old Lease and include in this Lease the property upon which Operator will participate financially in the construction of new Terminal and Maintenance facility on the property described in Article I, paragraph B below.

WHEREAS, Operator desires to lease land on the Airport to conduct air transportation services pursuant to the terms of this Agreement; and

WHEREAS, it is in the best interests of the County to encourage air transportation services at the Airport;

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

ARTICLE I
LEASED PREMISES

The County hereby leases and demises to Operator, and Operator hereby hires and takes from the County, the tract(s) of land (herein referred to as the "Leased Premises"), in Okaloosa County, Florida, and any and all rights, privileges, easements and appurtenances now or hereafter belonging to said tract(s) of real property, subject, however, to all liens, easements, restrictions and other encumbrances of record, provided such matters do not prevent Operator from conducting its business on the Leased Premises as contemplated herein.

A. From the date of commencement of this Agreement and until the Date of Beneficial Occupancy of Operator's new general aviation facility, the premises shall consist of the following as more accurately shown and on Exhibits B-1 and B-2:

1. **Exhibit B-1: Aircraft Parking Apron**
See attached legal description's,

-Aircraft parking apron #1:	392,658.50 sq. ft.,
-Aircraft parking apron #2:	187,990.82 sq. ft.,
-Aircraft parking area, Grass:	<u>47,022.45 sq. ft.</u>
Total Sq. Ft.:	627,671.77 sq. ft.

2. Exhibit B-2: Passenger, Administrative, and Maintenance Complex/Facilities,
 - Passenger and Administrative: 3,238.81 sq. ft.
 - Flight Training/Administrative: 483.85 sq. ft.
 - Maintenance Hangar 8,264.97 sq. ft.
 - Total Sq.Ft.: 11,987.63 sq. ft.

3. Exhibit B-2: Fuel Farm
 - Total Sq.Ft.: 20,476.55 sq. ft.

4. Exhibit B-2: Vehicle Parking
 - Parking area #1: 39,930.39
 - Parking area #2: 26,763.34 proposed site maintenance hangar
 - Parking area #3: 50,691.32
 - Parking area #4: 4,287.04
 - Parking area #5: 4,317.74
 - Total Sq. Ft. 125,989.83 sq.ft.

5. Solely for the purpose of construction and installing a new facility to conduct air transportation services, the property described in Paragraph B immediately below. Said construction will be done between the date of commencement (defined in Article V below), and the date of beneficial occupancy defined in Article V below ("Construction Period"). Operator will make a one time cash contribution of \$150,000.00 to facilitate construction of the new Passenger Terminal Facility. The one time participation, cash payment will be paid to Okaloosa County upon award of the contract for construction of the New Passenger Terminal.

- B. Commencing upon the Date of Beneficial Occupancy (defined in Article V below) of the Operator's new general aviation maintenance facility and until the termination of this Agreement, the premises shall consist of approximately 26,763.34 sq. ft. of land for a hangar, maintenance facility, and vehicle parking area shown on Exhibit B-2.

The Leased Premises shall be taken by Operator in the AS IS condition, subject to all defects, latent and patent, and shall be improved, maintained and operated at Operator's sole cost and expense except as may otherwise be specifically provided in this Agreement. It is the express intention of the parties hereto that the Operator's improvements, use and occupancy of the Leased Premises, and all costs associated therewith, shall be and remain the financial obligation of the Operator. The existing aircraft maintenance hangar will be rehabilitated at a 50% shared cost for all superstructure and exterior sheet metal to include roofing materials.

Any helicopter landing pads furnished by the Airport used by Operator or its customers shall be used solely for the landing, take-off, parking, fueling, and servicing of helicopters and for no other purpose whatsoever.

ARTICLE II GRANT OF USE

The County hereby grants Operator the exclusive right to the Leased Premises, and all of the improvements located thereon, to conduct on a non-exclusive basis, commercial aeronautical services/ activities described as **Full Service Fixed Base Operation** in accordance with this Agreement and in accordance with the Requirements and Minimum Standards for Services and Activities and those services outlined in Exhibit C. The County further grants to Operator the rights of ingress and egress to and from the Leased Premises over Airport common use

roadways, the Airport aprons as necessary for Operator's refueling operations, and the designated portion of the Airport perimeter road shown on Exhibit A, subject to any rules and regulations which may have been established or shall be established in the future by the County.

Operator shall not use, nor permit others to use, the Leased Premises, and any improvements thereon, for any commercial or noncommercial purpose, other than the authorized purposes set forth above, nor shall Operator use the Leased Premises to store any material not required for the prosecution of the authorized purposes. Should the Operator wish to perform any additional commercial aeronautical services from its leased premises, Operator shall make written application to the County requesting permission to provide such additional services. The County shall apply the criteria and standards embodied in the Requirements and Minimum Standards for Services and Activities in determining whether to authorize Operator to perform such services. If the County determines that the Operator is qualified to perform the requested aeronautical services under the Requirements and Minimum Standards for Services and Activities, and if the Operator and County execute an addendum to the Lease setting forth the terms and conditions by which Operator shall perform the additional aeronautical services or activities, including any additional fees, then Operator shall be deemed authorized to perform said additional services or activities.

The operator shall be deemed authorized to establish vehicle parking areas within the leased property with the appropriate monetary rates for hourly, daily, weekly and monthly vehicle parking, issue parking citations, as well as remove sited vehicles at owners expense.

Notwithstanding anything herein contained that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this agreement are non-exclusive and the County herein reserves the right to grant similar privileges to another Operator or other operators on other parts of the Airport.

ARTICLE III ENVIRONMENTAL RESPONSIBILITIES

The County and Operator hereby agree and acknowledge that this lease in no way is intended to discharge, release, increase or otherwise modify the parties' existing contractual or other legal obligations or responsibilities concerning the Operator's existing FBO site or the Operator's existing fuel farm.

Environmental Assessments:

Prior to Operator taking possession of the Leased Premises outlined in Article I(B), the County shall, at its expense, obtain an ASTM Standards environmental assessment encompassing all of the Leased Premises described in Article I(B) above, excepting the Operator's fuel farm area. The environmental assessment will be obtained from a financially stable environmental consulting firm acceptable to the County and Operator. If the ASTM Environmental Assessment recommends further investigation such as sampling and testing, the County will undertake, at its expense, to obtain such additional testing. (The initial ASTM assessment and any additional testing hereinafter "First Environmental Review"). The environmental consulting firm must be insured for errors and omissions in a minimum limit of \$20,000,000 per occurrence with a deductible no greater than \$25,000 and its insurance policy must be made showing the County and Operator as additional insured. All environmental assessments must be certified to the County and Operator and contain no limitation of liability for errors and omissions.

Upon the expiration or sooner termination of this Agreement, the Operator, at the Operator's expense, shall obtain an additional environmental assessment encompassing all of the Leased Premises described in Article I(B), excepting the fuel farm. The same criteria and additional testing that applies for the First

Environmental Review and environmental consulting firm described above will also apply for the environmental assessment done at the termination of this Lease.

Any environmental contamination disclosed in the environmental assessment prepared at the termination of the Agreement not also disclosed in the environmental assessment prepared prior to the Operator taking possession of the Leased Premises, taking into account any matters that may have been present in the First Environmental Review but not detected due to improved detection methods, shall be the responsibility of the Operator, and the Operator shall be obligated to promptly effect the remediation of such environmental contamination, and to have prepared, at the Operator's expense, a post-remediation environmental assessment substantiating completion of such remediation in accordance with applicable law, including without limitation all post-remediation sampling and additional or supplemental remediation. The County and Operator shall furnish to the other party true and complete copies of all environmental assessments of the Leased Premises including copies of all sampling and other data obtained as a result of the environmental assessments. Each party shall provide the other party reasonable advance notice of any environmental assessments and shall grant the County access to the Leased Premises during any environmental assessment activities and the right to accompany persons conducting any environmental assessments.

Environmental Compliance:

Excepting the aircraft fuel stored in the Operator's mobile tenders and except as otherwise set forth below, Operator agrees that no oils, petroleum products, synthetic lubricants, gasoline, solvents, or other hazardous materials may be permanently or temporarily stored on the Leased Premises. With the exception of those tanks in place on the Operator's fuel farm area at the commencement of this agreement, no storage tanks, either of the above ground type or below ground type, may be constructed or stored on the Leased Premises.

Small quantities of the above items which are necessary for the day to day operation of the Operator shall be permitted. However, the combined total of all such substances allowed on the Leased Premises at any one time shall not exceed 1000 gallons, exclusive of the quantities which are contained within Operator's mobile Tenders the fuel and power train systems of vehicles located upon the Leases Premises.

Upon request, the Operator shall provide a detailed listing of all such substances used in its day to day operations, and the past and current methods used for the handling and disposal of such material.

Operator shall comply with all laws, including, without limitation, any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating or relating to the environment, air quality, hazardous substances or materials, or petroleum products that may apply to the use of the premises, as such laws are now or at any time hereafter in effect. In the event the premises become environmentally contaminated during the Operator's occupancy of the Leased Premises under this Agreement due to the Operator, its invitees, guests, licensees, officers, employees, agents, or independent contractor's negligence, inaction, or other acts, or acts of God ("Operator Contamination"), the Operator shall be responsible for all costs related to the environmental remediation of the premises as required by applicable governmental regulatory bodies. Operator may contest the remediation requirements of such regulatory bodies as applicable law may allow. Any Operator Contamination discovered after the termination of the lease and which was overlooked during the post-lease environmental assessment, shall still remain the sole responsibility of the Operator. The Operator shall defend and indemnify the County and hold the County harmless from and against any and all claims, losses, liabilities (including, without limitation, strict liability), damages, injuries, costs, expenses (including, without limitation, attorneys' fees), claims for damage to the environment, claims for fines or civil penalties, costs of any settlement or judgment and

claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against the County by any person, entity, or governmental agency for, with respect to, or as a direct result of Operator Contamination including without limitation all post-remediation sampling and additional supplemental remediation.

Operator acknowledges that the County is subject to Florida and/or Federal storm water regulations, 40 C.F.R/ Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing operations that occur at Destin/Ft. Walton Beach Airport. Operator may conduct operations under the existing U.S. Environmental Protection Agency National Pollutant Discharge Elimination System (NPDES) Storm Water Multi-Sector General Permit Notice, Number: FLR05A818, Expires 2000. Operator may petition the County to file as a co-permittee to the storm water discharge permit issued to the Destin/Ft. Walton Beach Airport. Operator acknowledges that it is the responsibility of the Operator to be familiar with the storm water regulations should it conduct any of the above activities and Operator is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

Operator shall cooperate with the County in minimizing the exposure of storm water to "significant materials" as defined in 40 C.F.R. Part 122(b)(12), and shall comply with the County's Storm Water Pollution Prevention Plan as it may currently exist or be changed in the future. Operator hereby agrees that it is solely responsible for the compliance and construction of any storm water/surface water facilities, holding areas, treatment areas, diversionary fixtures or improvements, or other water flow control mechanisms deemed necessary by an authorized governmental entity due to Operator's use of the Leased Premises. At operators expense, it is deemed necessary, that the Operator shall install an aircraft wash rack facility with the appropriate oil/water separator system, in the vicinity of the operators existing leased aircraft maintenance complex.

ARTICLE IV COMPLIANCE WITH RULES AND REGULATIONS

In addition to those environmental laws, ordinances, statutes, etc. outlined in Article III, it is expressly understood that the Operator agrees to conform to all other Federal, State, or local laws and regulations, as well as all County of Okaloosa Codes and Ordinances, all of which may apply to the services to be performed and that the County of Okaloosa is to be held free and harmless from any act or failures by the Operator to do so.

The Operator shall obtain and maintain in force all licenses, permits and other certificates required by Federal, State, County, or Municipal authorities for its operation under the terms of this Agreement.

The Operator agrees to observe all security requirements of Federal Aviation Regulations Part 107, and the Airport Security Program, as may be applicable, and as the same may, from time to time, be amended, and to take such steps as may be necessary or directed by the County to ensure that employees, invitees, agents and guests observe these requirements.

If the County incurs any fines and/or penalties imposed by Federal, State, County, or Municipal authorities as a result of the acts or omissions of Operator, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then Operator shall be responsible to pay or reimburse the County for all such costs and expenses.

ARTICLE V
TERM

The term of this Agreement shall commence at midnight on July 1, 1998 (the "commencement date") and shall continue for a period of twenty-one (21) years six (6) months from the DBO (as defined below). The Date of Beneficial Occupancy ("DBO") will mean the earlier of (i) the date Operator has moved substantially all its personal property to the Leased Premises described in Article I(B) and is operating its business out of said Leased Premises, or (ii) the construction deadline date set forth in Article XII below.

ARTICLE VI
RENT & FEES

In consideration of the rights and privileges herein granted, the Operator hereby covenants and agrees to pay the County:

1. Commencing upon the commencement date of this Agreement and continuing until the DBO of the Operator's new general aviation facility:

- A. \$39,215.05 per year, or \$3,267.92 per month as base ground rent for the 14.41+ - acres or 627,671.77 sq ft of aircraft parking apron; 11,987.63 sq ft of passenger & administrative facilities; 75,298.51 sq ft of vehicle parking in area's #1, #2, #4, #5; 50,691.32 sq. ft. of vehicle parking in area #3; and 20,476.55 sq ft of Jet-A, GA Fuel Farm facility and described in Article I, Paragraph A, Item 1 above, also shown on Exhibit B-1 and B-2.
- B. 2.5% of gross receipts for sale of aircraft, aircraft engines (a maximum payment of \$100 will apply to each sale of aircraft or aircraft engines), and all other services, equipment, and supplies except aircraft fuel.

The term "gross receipts" with respect to sales at all locations shall include all charges or other fees charged by Operator on all sales made by Operator, and all revenues of any kind and character derived from, arising out of, or payable on account of the business conducted by Operator or from the operations of Operator under this Agreement, whether for cash or credit and without any deduction for credit card discounts, and regardless of whether Operator ultimately collects the monies owed for said sales from the customer involved. Any gross receipts included in the formula for determining percentage payments owed the County and determined by Operator at a later date to be uncollectible shall not offset future percentage fees owed the County. The term shall also include the value of goods and services when provided or given by Operator to anyone without charge except as provided herein. The term shall not include warranty work for which Operator receives no mark-up over cost nor shall it include any sales tax or excise tax stated separately and collected from the customer for remittance to the taxing authority.

All gross receipts shall be deemed to be received at the time of the determination of the amount due to Operator not at the time of billing or payment, unless specifically authorized by the Airport Director. Items to be considered as gross receipts: as set forth in Exhibit "E" attached here to and made a part hereto.

- D. \$0.05 per gallon for all fuel sold to others or placed in aircraft owned, leased, or operated by Operator.
- E. Oil sold to others will be considered part of the operators gross receipts.

2. The following which will replace entirely the payments set forth in Paragraph 1 immediately above, commencing upon the DBO of the Operator's new general aviation facility: Rent on the new General Aviation Aircraft Maintenance Facility (Hangar) will be calculated at fair market value as related to prevailing interest rates and return on investment capital. Currently estimated at \$15,000.00 per annum. Rent on the new Passenger Terminal Facility will be also be evaluated under the same fair market value system, and with consideration to applied credits.

****Gross Receipts will not be modified, except during the review process.**** Refer to Exhibit E for a detailed list of most items to be considered as Gross Receipts.

A. Base Ground Rent:

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

Lease Term	Annual Rate	Annual Rent	Monthly Rent
<u>DBO - 12/31/99</u>			
Ramp	\$0.05	\$31,383.58	\$2,615.30
V Parking	\$0.04	\$ 3,011.94	\$ 250.99
V Parking #3	\$0.06	\$ 3,041.48	\$ 253.45
Facilities	\$0.08	\$ 959.01	\$ 79.92
Fuel Farm	\$0.04	\$ 819.06	\$ 68.26
Total		\$39,215.05	\$3,267.92

1/1/00-12/31/05 To be negotiated

***A Credit of \$9,000.000 is owed to Miracle Strip Aviation Inc. The reimbursement is to be distributed in the form of payments at a rate of \$500.00 per month over the first 18 months of the lease.

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

Adjustments to Base Ground Rent. Adjustments to the base ground rental rate will be made on January 1, 2005, and each five years thereafter, using either the National Consumer Price Index for Urban Consumers (CPI-U), or, upon request by the Operator, an appraisal of the property to determine the fair market rental rate.

If using the CPI-U, the ground rental rate shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous five years using January 1 and February 28 as the beginning and ending dates.

If the Operator chooses the appraisal process, the County shall contract with an MAI appraiser and the land, not considering any of the improvements, shall be appraised to determine the fair market rental rate. The Operator shall be responsible for paying one-half of the appraisal cost.

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

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

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

The review appraiser shall make a recommendation of a single value and not a range of values. The review appraiser shall not derive a value different from the appraisals by using separate parts of the individual appraisals, nor shall the review appraiser average the appraisal conclusions. The review appraiser must approve the fair market rental rate from one of the appraisals only.

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

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

First Adjustment - January 1, 2005
Second Adjustment - January 1, 2010
Third Adjustment - January 1, 2015
Fourth Adjustment - January 1, 2020

Base Ground Rent will be readjusted using the foregoing appraisal process at the request of Operator in the event that a commercial air carrier operation originates at the Airport and the Airport remains open as a general aviation airport. In the event a second FBO or a fuel cooperative is introduced on the Destin/Ft. Walton Beach Airport, this contract and lease agreement will be renegotiated within 30 days to allow Miracle Strip Aviation Inc. to remain

B. Flowage Fees:

The County and Operator acknowledge that the County charges a flowage fee for certain fuels sold at the Airport and used in aircraft. The Operator hereby agrees to collect, as agent for the County, the following fuel flowage fees. The parties further agree that the collection of the fuel flowage fee by the Operator on behalf of the County is not an additional fee paid by the Operator for use of the Leased Premises.

The fuel flowage fee shall be on a per gallon basis for all fuel delivered at the airport, except fuel placed in aircraft operated by air carriers which have either a Scheduled Airline operating Agreement or a Scheduled Cargo Airline operating Agreement with the County shall be excluded from this fee. The fuel flowage fee shall be as follows:

<u>Lease Term</u>	<u>Rate Per Gallon</u>
DBO - 12/31/99	\$0.05
1/1/00 - 12/31/05	Negotiated

Adjustment to fuel flowage fee. The County reserves the right to increase or decrease the fuel flowage fees commencing January 1, 2000, and every five years thereafter, using the National Consumer Price Index for Urban Consumers (CPI-U).

The fuel flowage fee shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous five years using January 1 and February 28 as the beginning and ending dates.

C. Other Fees:

Upon the commencement date of this agreement and until the DBO of the Operator's new general aviation facility, Operator shall pay all charges due hereunder quarter-annually within thirty days after the close of each quarter.

Commencing with the Date of Beneficial Occupancy (DBO) Operator agrees to pay base ground rent due to the County, in advance on or before the twenty (20th) day of the month for which the rent is due. Base ground rent for periods less than one month shall be prorated on a daily basis (365-day year). Said payments shall clearly indicate what amount of the total payment is for ground rent and what amount is for state and local sales tax.

Commencing with the Date of Beneficial Occupancy, any percentage fees, flowage fees and landing fees owed shall be payable by the twentieth (20th) day of the month immediately following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment.

Monthly rent payments, percentage payments (Gross Receipts), flowage fees, landing fees and any other payments required under this Agreement which are not received when due shall

following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment.

Monthly rent payments, percentage payments (Gross Receipts), flowage fees, landing fees and any other payments required under this Agreement which are not received when due shall accrue interest at the rate of one and one-half percent (1.5%) per month from the due date until receipt of payment.

ARTICLE VII BOOKS, RECORDS AND AUDITS

Operator must maintain full and accurate books of account and records, in a form acceptable to the County and according to standard and accepted accounting practices. The books of account and records that Operator must maintain must include, but not be limited to, sales slips, cash register tapes, credit card invoices, monthly sales tax returns, sales and disbursement journals, general ledgers, bank statements, bank books, bank deposit slips and annual federal income tax returns. In lieu of maintaining the books of account and records required herein, Operator may maintain computer records instead, provided that the County determines, in its sole discretion reasonably exercised, in advance, that said computer records are a reasonably equivalent alternative to the maintenance of books and records otherwise required herein. These books and records shall be stored in Destin, Florida, for a period of at least five (5) years following the end of each annual period of this Agreement and be made available to the County upon request.

The County reserves the right to audit Operator's books and records at any time for the purpose of verifying amounts payable hereunder. If, as a result of such an audit, it is established that Operator has understated amounts payable to the County by two percent (2%) or more (after deductions and exclusions provided for herein) Operator shall pay the full cost of the audit and shall pay the full amount underpaid, plus one and one-half percent (1.5%) interest per month on said underpayment from the time said underpayment should have been paid to the time said underpayment is fully paid. The cost of the audit and the payment of the underpaid amount, plus interest, shall be made by Operator to the County within thirty (30) days of receipt of written notice.

ARTICLE VIII SECURITY DEPOSIT

Prior to commencing operations at the Airport pursuant to this Agreement, Operator must post with the County, and Operator must thereafter continuously maintain for the entire term, a performance bond or letter of credit equal to Twenty-Five Thousand (\$25,000.00) Dollars, to cover Operator's performance of all of its obligations under this Agreement for the entire term. The performance bond or letter of credit to be provided by Operator and its surety shall be in a form acceptable to the County. The surety company or lender providing the letter of credit shall be licensed to do business in Florida, and shall be otherwise acceptable to the County. Operator shall be responsible for paying all required bond premiums or letter of credit fees.

An annually renewable Performance Bond may be substituted by the Operator each year in lieu of providing a single Bond or letter of credit. Such Performance Bond shall not contain any exclusion or condition based on a time-period for the discovery of, and the making of a claim for any loss which is less than one year after the expiration date of such Performance Bond. In other words, the Performance Bond shall allow the County to make a claim under the Bond, for losses which totally or partially occurred during the period of such Bond. Such extended claim discovery and/or claim reporting period shall be for a period of at least one year or longer after the expiration of such Bond. Such Bond shall not contain any wording which would allow for the cancellation or reduction in

coverage under the Bond, other than at the listed expiration date, provided that 30-days notice of such expiration is given to the County before termination of coverage at any such expiration date.

The performance bond shall be payable to the County in the event Operator defaults in any of its monetary obligations to the County hereunder.

ARTICLE IX
TAXES AND ASSESSMENTS

Operator shall be responsible for and shall promptly pay all property taxes; personal property taxes; all sales and other taxes measured by or related to the payments hereunder required under law; all license fees; and any and all other taxes, charges, imposts or levies of any nature, whether general or special, which, at any time, may be in any way imposed by local, state, or federal authorities other than the County, or that become a lien upon Operator, the County, the Leased Premises, or any improvements thereon, by reason of this Agreement or Operator's activities in, or improvements upon, the Leased Premises pursuant to this Agreement. The County warrants and represents that it shall not impose any taxes, assessments, or charges upon Operator during the term of this Agreement, other than assessments and charges authorized by this Agreement, or by any other agreement or agreements with the County.

ARTICLE X
INSURANCE AND INDEMNIFICATION

Before starting and until termination of this Agreement, the Operator shall procure and maintain insurance of the types and to the limits specified.

The term County as used in this section of the Agreement is defined to mean the County of Okaloosa itself, any subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents.

Insurance shall be issued by an insurer whose business reputation, financial stability and claims payment reputation is satisfactory to the County, for the County's protection only. Unless otherwise agreed, the amounts, form and type of insurance shall conform to the following minimum requirements or as prescribed under Appendix A, of the Okaloosa County Airports, General Schedule of Minimum Insurance requirements:

1. WORKER'S COMPENSATION

The Operator shall purchase and maintain Worker's Compensation Insurance Coverage for all Worker's Compensation obligations whether legally required or not. Additionally, the policy, or separately obtained policy, must include Employers Liability Coverage of at least \$100,000 each person - accident, \$100,000 each person - disease, \$500,000 aggregate - disease.

2. AIRPORT LIABILITY, AUTOMOBILE, ENVIRONMENTAL IMPAIRMENT, AND UMBRELLA LIABILITY COVERAGES

The Operator shall purchase coverage provided by Property/Casualty Insurance Companies whose rating by the A.M. Best Company is "A" or better. For Business Auto policies, the Operator shall purchase coverage on forms no more restrictive than Business Auto policies filed by the Insurance Services Office. The County shall be an Additional Insured and such coverage shall be at least as broad as that provided to the Named Insured under the policy for the terms and conditions of this Lease. The County shall not be considered liable for premium payment, entitled to any premium return or dividend and shall not be considered a member of any mutual or reciprocal company. Minimum limits and coverages as outlined

below must be provided, with umbrella insurance coverage making up any difference between the policy limits of underlying policies coverage and the total amount of coverage required. Refer to Okaloosa County Airports, General Schedule of Minimum Insurance Standards.

Airport Liability coverage including bodily injury and property damage liability for premises, operations, products and completed operations, hangarkeepers, and independent contractors. The policy must be endorsed to delete exclusions of coverage normally included in war risk as follows: strikes, riots, civil commotions, labor disturbances, acts of political or terrorist purposes, and sabotage. The coverage shall be written on occurrence type basis with minimum limits of \$2,000,000 combined single limit.

Aircraft Liability coverage including bodily injury and property damage liability arising out of the operation of owned and non-owned aircraft. This coverage shall be written on an occurrence type basis with minimum limits of \$3,000,000 Twin, \$1,000,000 Single combined single limit.

Business Auto coverage including bodily injury and property damage arising out of operation, maintenance or use of owned, non-owned and hired automobiles and employee non-ownership use. This coverage shall be written on a per accident basis with minimum limits of \$1,000,000 combined single limit.

Environmental Impairment coverage including spillage, leakage, seeping or the like arising out of the fuel storage tank system (fuel farm), effective for such environmental impairments arising subsequent to July 1, 1998, all of which may be sudden and accidental or over a long period of time. This coverage shall be written on a claims made type basis with minimum limits of \$1,000,000 combined single limit or as required by Federal or State Statute.

Umbrella Liability coverage shall not be more restrictive than the underlying insurance policy coverages. The coverage shall be written on an occurrence-type basis.

Operator and the County understand and agree that the minimum limits and type of insurance herein required may become inadequate, and Operator agrees that it will increase such coverage or Limits of Liability to commercially reasonable levels within ninety (90) days upon receipt of notice in writing from the Airport Director.

3. PROPERTY INSURANCE

Operator shall maintain in force at all times, property insurance coverage which insures any buildings constructed on the Leased Premises against fire, extended coverage and Standard Insurance Office (ISO) defined "Special Perils" of physical damage. In addition to the other requirements of this section, the company or companies providing property insurance coverage pursuant to this paragraph shall be qualified to do business in the State of Florida. The County of Okaloosa shall be an Additional Insured under such policy with coverage afforded to the County which is at least as broad as that provided to the Operator/Named Insured under the policy for the terms and conditions of such policy. The amount of coverage will be 80% of the replacement cost of such Improvements excluding foundation and site work. The policy will not contain a deductible feature which exceeds five percent (5%) of replacement cost of such buildings. Such policy shall contain a Waiver of Subrogation endorsement in favor of the County. Operator agrees to apply any payment made as a result of any insurable loss to the repair or replacement of

such Improvements subject to the rights of any Lender or Mortgagee. In the event that the insurance funds are greater than the amount required to repair or replace the improvements, with like kind and quality, the excess funds shall be retained by Operator subject to the rights of any Lender or Mortgagee. Such funds shall be expended on such repair or replacement within a reasonable period of time. A period of more than twelve (12) months shall be deemed as an unreasonable period of time. If such funds are not expended as required, such funds will be turned over to the County of Okaloosa for the use and benefit of the Airports.

4. CERTIFICATES OF INSURANCE

Required insurance shall be documented in the Certificates of Insurance which provide that the County of Okaloosa shall be notified at least thirty (30) days in advance of cancellation, nonrenewal or adverse change or restriction in coverage. The County of Okaloosa shall be named on each Certificate as an Additional Insured and this contract shall be listed. If required by the County, the Operator shall furnish copies of the Operator's insurance policies, forms, endorsements, jackets and other items forming a part of, or relating to such policies. Certificates shall be on the "Certificate of Insurance" form equal to, as determined by the County an ACORD 25. The Operator shall replace any canceled, adversely changed, restricted or nonrenewed policies with new policies acceptable to the County and shall file with the County Certificates of Insurance under the new policies prior to the effective date of such cancellation, adverse change or restriction. If any policy is not timely replaced, in a manner acceptable to the County, the Operator shall, upon instructions of the County, cease all operations under the Contract until directed by the County, in writing, to resume operations. The "Certificate Holder" address should read: County of Okaloosa, Department of Risk Management, 601-A, North Pearl Street, Suite 204, Crestview, Fl., 32536.

5. INSURANCE OF THE OPERATOR PRIMARY

The Operator required coverage shall be considered primary, and all other insurance shall be considered as excess, over and above the Operator's coverage. The Operator's policies of coverage will be considered primary as it relates to all provisions of the contract.

LOSS CONTROL AND SAFETY

The Operator shall retain control over its employees, agents, servants and subcontractors, as well as over its invitees, and its activities on and about the subject premises and the manner in which such activities shall be undertaken and to that end, the Operator shall not be deemed to be an agent of the County. Precaution shall be exercised at all times by the Operator for the protection of all persons, including employees, and property. The Operator shall make special effort to detect hazards and shall take prompt action where loss control/safety measures should reasonably be expected.

HOLD HARMLESS

The Operator shall hold harmless the County of Okaloosa, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury, or property damage, including loss or use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the performance of this Agreement, provided any such claim, suit, action, damage, liability or expense is caused in whole or in part by an act or omission of the Operator, or the Operator's subtenants, subcontractors, representatives, licensees, invitees, agents or employees of the Operator or employees of any of the aforementioned individuals or entities. The Operator's obligation shall not

be limited by, or in any way to, any insurance coverage or by any provision in or exclusion or omission from any policy of insurance. Nothing contained herein shall obligate the Operator to hold harmless the County for the County's own negligence to the extent the claim is caused by such negligence.

PAY ON BEHALF OF THE COUNTY

The Operator agrees to pay on behalf of the County, as well as provide a legal defense for the County, both of which will be done only if and when requested by the County, for all claims as described in the Hold Harmless paragraph. Such payment on the behalf of the County shall be in addition to any and all other legal remedies available to the County and shall not be considered to be the County's exclusive remedy.

ARTICLE XI
PATENTS AND TRADEMARKS

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

ARTICLE XII
IMPROVEMENTS

Improvements:

During the term of this Agreement, Operator shall have the right to construct, at its own expense, improvements, alterations, or additions to the Leased Premises to facilitate and further the authorized usage of the Leased Premises, provided that Operator conforms with all conditions of this Article including:

- (a) the proposed improvements and alterations are submitted to the County for its prior review;
- (b) the County determines, in its sole discretion (which discretion shall be reasonably applied and the determination not unreasonably delayed), that the proposed improvements and alterations will be consistent with the Airport's Master Plan, land use plan and architectural design and quality of construction in effect at the time of construction; and
- (c) the improvements, alterations, and additions are to be constructed by qualified and licensed contractors and subcontractors.
- (d) the Airport Director shall review said plans and specifications and return them to Operator with appropriate comments within 30 days of receipt. Upon receipt of the Airport Director's approval of the plans and specifications, the Operator shall have eight months to complete the construction and be in operation.
- (e) the County shall maintain all public and common or joint use areas of the Airport, including the Air Operations Area, in good repair, and shall make such repairs, replacements or additions thereto as,

in its opinion, are required and necessary for the safe and efficient operation of the Airport.

General Construction Requirements:

Prior to the commencement of any construction activity, Operator shall submit detailed plans, specifications, and a construction time schedule for the improvements, to the County for approval. The Airport Director shall either approve or disapprove the plans and/or specifications submitted by the Operator. Approval by the Airport Director of any plans and specifications refers only to the conformity of such plans and specifications to the general architectural and aesthetic plan for the area assigned to the Operator. Such plans are not approved for architectural or engineering design or compliance with applicable laws or codes and the County, acting through the Airport Director, by approving such plans and specifications, assumes no liability or responsibility hereof or for defect in any structure or improvement constructed according to such plans and specifications. The Airport Director reserves the right to reject any design submitted and shall state the reasons for such action; provided, however, the Airport Director will not unreasonably deny such plans and specifications. No changes or alterations shall be made to said plans and specifications after approval by the Airport Director.

Immediately upon receipt of the County's written approval of said plans, specifications, and construction time schedule, Operator shall proceed with construction of said improvements. Work shall not be performed at times other than shown on the construction time schedule without the prior approval of the Airport Director.

Operator shall construct all improvements and additions to the Leased Premises at its own expense. Although the County has the right to review proposed improvement plans, and veto the plans if the plans are inconsistent with the airport development plans or construction quality and design control, pursuant to the standards set forth above, if the County does not veto said improvement plans, and Operator thereafter constructs the improvements, the improvements shall be commissioned and constructed at Operator's sole initiative and behest, and nothing herein shall be construed as an authorization by County to Operator to construct the improvements, or as an agreement by County to be responsible for paying for the improvements, and neither the Leased Premises, nor the County's interest in said Leased Premises or any improvements constructed thereon, shall be subjected to a mechanic's lien for any improvements constructed by Operator hereunder.

Where the cost of improvements exceed \$100,000, the County may require Operator to post a bond or letter of credit or other security acceptable to the County guaranteeing payment for construction of the improvements, as a condition precedent to the commencement of construction of the improvements.

Operator shall be responsible for assuring that all of the improvements, alterations and additions to the Leased Premises are constructed in accordance with applicable local, state and federal law. Operator shall reimburse the County for all costs and expenses, including attorney's fees, the County incurs:

- (a) as a result of the fact that the improvements, additions, or alterations do not comply with local, state and federal law;
- (b) in defending against, settling or satisfying any claims that the County is responsible for paying for improvements commissioned by Operator hereunder; or
- (c) in defending against, settling or satisfying any mechanic's lien claims, asserted as a result of unpaid for improvements commissioned by Operator hereunder.

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

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

Operator shall provide County with one complete set of "as-built" drawings for each improvement, alteration, or addition made to the Leased Premises during the term of this Agreement.

Immediately upon completion of any improvements, alterations, or additions, Operator shall submit to the County a detailed, certified statement from the construction contractor (s), architect (s), and engineer(s) specifying the total construction costs, both hard costs such as building contractor and material costs and soft costs such as architect fees, bond costs, letter of credit fees, attorney fees to review and negotiate construction contracts and construction issues and for loan closing, and design and closing costs, but excluding debt service (collectively "Direct Costs"). The County shall review the costs and upon its approval, said approval not to be unreasonably denied or delayed, such costs shall become the basis for depreciation of Operator improvements as provided for in Article XXVI.

Title to all permanent leasehold improvements, alterations, or additions, as defined by Florida Law, will vest in the County upon termination or sooner expiration of this agreement, free and clear of any liens or encumbrances whatsoever arising by, through or under the Operator.

Notwithstanding the above paragraph, title to all of the Operator's trade fixtures and signs and personal property shall at all times during the term of this Agreement remain with the Operator.

Operator shall not remove or demolish, in whole or in part, any improvements upon the Leased Premises without the prior written consent of the Airport Director.

ARTICLE XIII SIGNS

Operator shall have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place in or on the Leased Premises a sign or signs identifying the Operator. Such sign(s) shall be of a size, shape and design, and at a location or location, approved in writing in advance by the Airport Director and in conformance with standards established by the Airport Director with respect to the Airport's overall directional graphics and sign program. Sign(s) and location(s) may be changed and altered from time to time with the written approval of the Airport Director, said approval not to be unreasonably denied or delayed. The Operator, upon written request from the County, shall remove, at the Operator's expense, all lettering and signs so erected on the Leased Premises at the expiration or sooner termination of this Agreement.

ARTICLE XIV VENDING MACHINES

No amusement or vending machines or other machines operated by coins or tokens shall be installed or maintained in or upon the Leased Premises, or any

improvements or additions thereon, except with the permission of the County, and the number, type, kind and locations thereof shall be solely in the discretion of the County. Operator shall not permit the installation of any such machines, except by a concessionaire authorized by the County or unless the County agrees to Operator or its subtenants installing their own machines for use by the employees and guests of Operator and its subtenants.

ARTICLE XV
MAINTENANCE

During the term of this Agreement, Operator agrees, at its own expense, to maintain and keep in good condition and repair, all portions of the Leased Premises, including any improvements, alterations, or additions thereon. As used herein, maintenance shall include, without limitation, the upkeep, repair, and replacement of all structural and non-structural aspects of the Leased Premises and all existing and future improvements thereto. Maintenance shall include, but not be limited to:

1. The maintenance of Operator installed structures, fencing, landscaping, and irrigation. The County will maintain foundations, walls, roofs, drainage installations, curbs, islands, sidewalks, driveways, aircraft ramp, parking areas (vehicular and aircraft), and Operator-constructed and/or modified vehicular and aircraft ingress/egress and access-ways provided for in this Lease;
2. The Operator will maintain all interior equipment, fixtures and connections in accordance with Article XVI. The County will maintain all service lines to the point of service connection;
3. The Operator will maintain all interior and exterior doors, locks, walls, windows, ceilings and partitions to a point of routine maintenance;
4. The Operator will maintain all interior and exterior lighting fixtures and standards including bulbs, tubes, ballasts, starters, switches and outlets;
5. All interior and exterior painting;
6. All janitorial and security service.

During the term of this Agreement, Operator agrees to maintain all portions of the Leased Premises, and any improvements, alterations, or additions thereon, in a safe, clean, and neat condition, and not permit any accumulation of wreckage, debris, or trash. Operator agrees to provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, waste and other refuse caused as a result of Operator's; to provide and use suitable covered metal receptacles, to be approved by the Airport Director, for all trash, garbage and other refuse on or about the Leased Premises, and not to pile boxes, cartons, carts, drums, or the like on the outside of the buildings, or dump any waste matter of any nature, in a liquid state or otherwise, on the Leased Premises nor to permit contamination of the County's sewers or the Airport's drainage control reservoir.

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

Should Operator fail to comply with the terms and conditions of this Article within a period of thirty (30) days following written notice of such failure, or

for those items that cannot be reasonably cured within 30 days, Operator undertakes to cure and diligently pursues such cure, the County reserves the right to take any action to cure said failure. Should the County take action to cure failures, the Operator shall pay to the County an amount equal to the county's cost for such actions plus a ten percent (10%) administrative charge. Said payment is to be made by the 10th day of the following month in addition to any other payments due.

ARTICLE XVI
UTILITIES

During the term of this Agreement, Operator shall be responsible for providing, maintaining, and repairing, at its sole cost and expense, all utilities, including, but not limited to telephone, lighting, heating, air conditioning, water, gas, sewer, and electricity, required for the Leased Premises and any improvements, alterations, or additions thereon. The County, at the County's expense, will arrange for the installation of water, sewer, and electrical service lines as specified and approved by the Airport Director, for the construction of the new facility, up to the point(s) shown on Exhibit "F". The County shall not be obligated to provide for the extension of these service lines or to provide for the installation of any other utility service lines. The Operator, at the Operator's sole cost and expense, shall arrange for the extension of these service lines to operator installed structures on the Leased Premises. Throughout the term of this Agreement, Operator shall not render any utility lines inaccessible.

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

The County, or the utility company as the case may be, will be responsible for utility lines up to said point(s) shown on Exhibit F. Should Operator have a problem with any exterior utility line and it be determined that said problem exists at a point prior to where the line enters upon the Leased Premises, Operator shall coordinate the required maintenance and repair with both the appropriate utility company and the County.

The Operator may, at its sole cost and expense, install any additional utilities at the Leased Premises as it so desires, provided that Operator shall be responsible for obtaining any easements necessary to make such utilities available to the Leased Premises and the Operator complies with all provision of Article XII herein.

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

The Operator shall be solely liable for the cost of all utility consumption on the Leased Premises and the Operator shall obtain separate meters accordingly.

ARTICLE XVII
DAMAGE OR DESTRUCTION

Operator shall be liable for any damage to the Airport and to any improvements thereon caused by Operator, its partners, officers, agents, invitees, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, ordinary wear and tear excepted. All repairs for which Operator is liable shall be made by Operator unless the County determines that it is more appropriate for the County to make the repairs; provided, however, notwithstanding anything herein to the contrary, repairs to the improvements constructed by Operator may be made by the Operator unless Operator fails to undertake such repairs as set forth below. In such a case, the County shall make the repairs at Operator's expense. All repairs for which Operator is liable and which are not undertaken after the County has given Operator notice to so do shall be performed by the County, in which event Operator shall reimburse the County for the cost thereof, plus a ten percent (10%) administrative charge, and said amount shall be due by the 10th day of the following month in addition to any other payment due.

In case of damage to or destruction of the improvements upon the Leased Premises, the Operator, at its sole expense, shall commence the repair or reconstruction of the improvements within sixty (60) days thereafter and diligently complete such repair or reconstruction within a reasonable time period and to a condition as near as reasonably practicable to the condition thereof immediately prior to such damage or destruction. In accordance with Article X, a period of more than 12 months shall be deemed unreasonable. In the event the Operator fails to commence repairs within the specified time, then, at the County's sole discretion, this Agreement shall terminate or the County may exercise its remedies under this Agreement.

In the event this Agreement terminates pursuant to the paragraph above, the County shall notify the Operator whether the county elects that (1) the Operator surrender possession of the Leased Premises to the County immediately and assign the County (or, if the same has already been received by the Operator, pay to the County) all of its right, title and interest in all of the proceeds from the casualty insurance upon the Leased Premises specified in Article X, and pay to the County an amount equal to the Operator's deductible thereunder, or (2) the Operator at its sole cost and expense, within four (4) months after the receipt of the County's notice as aforesaid, tear down and remove all parts of the improvements then remaining and the debris resulting from such fire or other casualty and otherwise clean up the Leased Premises, and place the area in a condition similar to that when it was first provided to the Operator. In all events, the Leased Premises shall be free and clear of liens, including the lien of any leasehold mortgage, arising by, through or under the Operator. In the event the County elects option (2) hereunder, within five (5) days after the completion of such cleanup and restoration, the Operator shall surrender to the County possession of the Leased Premises, cleaned up as aforesaid, and assign to the County (or if the same has been received by the Operator, pay to the County) all of the insurance proceeds from the insurance upon the Leased Premises specified in Article X plus the amount of any deductible thereunder, minus the costs of cleanup and restoration.

In the event of damage or destruction to the Leased Premises, it is expressly understood that Operator shall continue to be liable for complying with all terms and conditions of this Agreement, including fees payable, during the time required for Operator to fulfill its obligations hereunder.

Notwithstanding anything in this Article or the Lease to the contrary, the Operator's and County's rights to insurance proceeds will be subject and subordinate to the rights of the lender holding the leasehold mortgage covering the Leased Premises pursuant to Article XLIII below.

ARTICLE XVIII
RIGHT TO ENTER

The County and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right to enter upon the Leased Premises and any improvements and alterations thereon at reasonable times (and in an emergency, any time) for the following purposes:

1. To inspect such premises to determine whether Operator has complied and is complying with the terms and conditions of this Agreement.
2. To perform maintenance and make repairs in any case where Operator is obligated but has failed to do so.
3. In the exercise of County's police powers.

ARTICLE XIX
QUIET ENJOYMENT

The County warrants and represents that it has good and marketable title to the Leased Premises free of encumbrances. The County represents that upon payment of fees when due and upon performance of all other conditions required herein, and under other agreements between the parties, Operator shall peaceably and quietly have, hold, possess and enjoy the Leased Premises, and all improvements thereon, for all terms under this Agreement, subject to the County's rights of inspection and maintenance contained herein.

ARTICLE XX
NON-DISCRIMINATION

Operator, for itself, its personal representatives, successors in interest, assigns and subtenants, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises and any improvements thereon; (2) no person on the grounds of race, color, religion, sex, national origin, or disability shall be subjected to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services therein; and (3) Operator shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

Operator shall furnish its accommodations and/or services on a fair, equal, and non-discriminatory basis to all users thereof and it shall charge fair, reasonable, and non-discriminatory prices for each unit or service, PROVIDED THAT Operator may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

In the event of breach of any of the above non-discrimination covenants, the County shall have the right, subject to rights of cure otherwise set forth herein, to terminate this agreement and to re-enter and repossess said Leased Premises and hold the same as if said agreement had never been made or issued.

ARTICLE XXI
WAIVER

Should Operator breach any of its obligations hereunder, the County, nevertheless, thereafter may accept from Operator any payment or payments due

under this Agreement, and continue this Agreement in effect without in any way waiving its ability to exercise and enforce all available remedies upon default provided hereunder or provided by law for said breach. In addition, any waiver by either party of any default, breach, or omission of the other under this Agreement shall not be construed as a waiver of any subsequent or different default, breach, or omission.

ARTICLE XXII
DEFAULT AND REMEDIES

Events of Default: Subject to any cure periods otherwise set forth herein, the following shall constitute defaults by Operator:

1. Failure to pay any fees or any other monies owed hereunder, or under any other agreements between the parties, when such fees and monies are due.
2. The failure to keep any covenant, agreement, or obligation covered under this Agreement, or under any other agreement between Operator and the County.
3. The operation of the Operator should change to such an extent that it is no longer able to meet the criteria set forth in the Requirements and Minimum Standards for Services and Activities for the activities permitted under this Agreement.
4. Operator undertakes any other commercial or noncommercial service or activity not specifically permitted under this Agreement.
5. If any court shall take jurisdiction of Operator and its assets pursuant to any proceeding other than under the provisions of the Bankruptcy Reform Act of 1978, or if a Receiver for Operator's assets is appointed, or if Operator shall be divested of its rights, powers, and privileges under this agreement by other operation of law, other than under the Bankruptcy Act of 1978.
6. Subject to casualty and the terms of Article XVII hereof, abandonment of Operator's operations, which shall be defined as Operator's failure to conduct regular and continuing operations on the Leased Premises in accordance with the requirements hereof for thirty (30) days.
7. A default in, or the termination of any other agreement between Operator and the County, or default in or the termination of any sublease executed between Operator and any third party pursuant to which Operator is entitled access to land, buildings, improvements, or any portions thereof, located on the Airport, or to do business on the Airport.

Should the County so request in writing after execution of this Agreement, Operator shall provide a copy of the additional agreements pursuant to which Operator is authorized to do business on the Airport, within ten (10) days of said notice. The failure to provide copies of said agreements shall also constitute a default on Operator's part and shall entitle the County to exercise any and all of its default powers set forth in this Agreement.

Remedies Upon Default: Upon the occurrence of any of the events of default set forth above, the County may exercise any one or more of the following remedies. These remedies shall be cumulative and not alternative:

1. The County may sue for recovery of all damages incurred by the County, including incidental damages, consequential damages, if any, and attorney's fees;
2. The County may utilize any portion, or all, of the security deposit provided by Operator to remedy the default and to reimburse the County for any damages, including attorney's fees and other expenses of collection that it may sustain as a result of the default. In such event, Operator shall not be permitted to resume operations under this Agreement until such time as it furnishes another security deposit that satisfies the requirements of Article VIII. However, this Agreement shall not be deemed terminated during said period unless written notice of termination shall have been given and become effective in accordance with subparagraph 3, below;
3. The County may terminate this Agreement and, at the option of the County, any other agreement in effect between the County and Operator. The termination of these agreements, however, shall only be effective upon written notice of same provided by the County to Operator. In no event shall this Agreement be construed to be terminated unless and until such notice is provided. The termination may be effective immediately upon provision of said notice, or at any other time specified in the notice. If this Agreement is terminated, Operator shall continue to be liable for: (a) the performance of all terms and conditions and the payment of all monies due hereunder prior to the effective date of said termination; (b) all damages, including attorney's fees and other expenses of collection, incurred as a result of any default; and (c) all conditions, terms and obligations in Article X entitled Insurance and Indemnification of this Agreement.
4. Without terminating the Agreement by so doing, and without further notice to Operator, the County may reenter the Leased Premises with or without process of law, repossess the Leased Premises and all fixtures and improvements thereon, and remove Operator and any third parties who may be occupying or within the Leased Premises and all of their respective personal property, by using either such reasonable force as may be necessary, summary proceedings, ejectment, or any other means the County, in its sole discretion, deems appropriate without being deemed guilty of trespass, eviction, or forcible entry and detainer by so doing. In such case, the County shall be obligated to attempt, in good faith, to negotiate the reletting of the Leased Premises, and any improvements thereon, or any portion thereof, on behalf of Operator, for such period of time and upon such terms and conditions as the County deems appropriate. The County shall in no way be obligated under the terms of this subparagraph to relet all or any portion of the Leased premises, or any improvement thereon, to any third party, or upon terms and conditions that are not acceptable to the County, or which the County, in its sole discretion, does not feel to be in the best interests of the Airport; nor shall the County be responsible for any failure of the suboperator or new tenant to pay rent or to perform any other conditions due upon such reletting. Operator hereby expressly authorizes the County to make any reasonable repairs necessary to relet the Leased Premises, or any improvements thereon, on Operator's behalf. Assuming the County attempts to relet the Leased Premises in good faith, whether or not the County is able to relet the Leased Premises, Operator shall remain liable for the performance of all terms and conditions of the Agreement and the payment of all fees due under the terms of the Agreement for the remainder of the Leasehold term, although Operator shall receive credit for any fees paid or conditions performed as a result of subletting. Operator shall also be responsible for reimbursing the

County for all costs and expenses the County incurs in reletting or attempting to relet the Leased Premises, including commission/broker fees and reasonable repair costs. Finally, if, as a result of such reletting, the County becomes entitled to receive excess fees or other benefits over and above what the County would have been entitled to receive under this Agreement, the County shall be entitled to retain all such surplus fees and other benefits, and Operator shall have no rights or interest therein.

5. The County may utilize any other remedy provided by law or equity as a result of any events of default.
6. Notwithstanding anything in this Lease to the contrary, Operator will not be in default under this Lease unless and until Operator defaults in the payments of rent, and fails to pay said rent for a period of thirty (30) days after receipt of notice from County, or Operator defaults in the performance of any provision under this Lease and fails to cure said default within thirty (30) days of receipt of notice from County, or, if such default is of a nature that it could not reasonably be cured within thirty (30) days after receipt of such notice and Operator does not commence and proceed with reasonable diligence and in good faith to cure such default.

ARTICLE XXIII
NON-DEFAULT TERMINATION EVENTS

A. Non-Default Termination Events:

The occurrence of any of the following shall constitute a termination hereunder and entitle the Operator to terminate this Agreement by giving ninety (90) days written notice:

1. The lawful assumption by the United States of America, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict the Operator from operating therefrom for a period in excess of ninety (90) days.
2. The abandonment of the Airport as an airport or airfield for a period greater than 90 days.

B. Termination for Other Purposes:

In accordance with Article XXX, if the County at any time during the term of this Agreement determines, in its sole judgement, that the Leased Premises are required for other airport purposes, and not for fixed based operations, the County shall have the right to terminate this Agreement by giving the Operator 90 days written notice; provided, however that County complies with the terms of Article XXVI.

C. Lost Profits:

Except as set forth in Article XXVI, the County shall not be responsible to the Operator for any lost profits, expenses, liabilities or claims whatsoever that may result from termination by the Operator or the County pursuant to this Article.

ARTICLE XXIV
ATTORNEYS FEES, COSTS AND EXPENSES OF LITIGATION

In the event of a breach of this Agreement, the breaching party shall pay to the non-breaching party all attorney's fees, costs and other expenses incurred by the non-breaching party in enforcing its rights as a result of said breach.

**ARTICLE XXV
FORCE MAJEURE**

Subject to the provisions herein concerning the payment of fees and other monies by Operator to the County, and except and otherwise expressly provided herein, neither the County nor Operator shall be liable for any failure, delay, or interruption in performing its obligations hereunder (other than the Operator's obligations to pay fees and other monies) due to causes or conditions beyond their control; by which is meant acts of God, the elements, weather conditions, earthquakes, fire, acts of governmental authority (other than the County or agency thereof), war, shortage of labor or materials, acts of third parties for which neither the County nor Operator is responsible, injunctions, labor troubles or disputes of every kind (including those affecting the County, Operator, their contractors, suppliers, or subcontractors), or any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances), which is beyond the control of the County or Operator or which could not be prevented or remedied by reasonable effort and at reasonable expense.

**ARTICLE XXVI
BUYOUT OF IMPROVEMENTS**

In the event of any cancellation or termination of this Agreement prior to the expiration date pursuant to Article XXIII(A)(2) or Article XXIII(B), the County shall, within ninety (90) days after the effective date of such termination or cancellation, pay the Operator for all Operator Improvements installed or constructed by the Operator which were approved by the County pursuant to the terms hereof, whether in place on the DBO or constructed thereafter; provided, however, the County shall not make any payments hereunder for any Operator Improvements not then in existence at the time of any such cancellation or termination. The price for said improvements shall equal the Operator's undepreciated Direct Costs for such improvements pursuant to Article XII. Operator shall depreciate the approved costs of any improvements on a straight line basis, commencing with the completion of such installation or construction and extending for 30 years. The Operator's tax depreciation method will have no bearing on computation of this amount.

**ARTICLE XXVII
SURRENDER UPON TERMINATION**

Upon the expiration or sooner termination of this Agreement, for any reason whatsoever, Operator shall peaceably surrender to the County possession of the Leased Premises, together with any improvements, alterations, or fixtures previously constructed by Operator or the County within said Leased Premises, and any of the County's personal property located thereon, in as good a condition as the Leased Premises and improvements, alterations and fixtures constructed thereon were initially provided to, or constructed by, the County or Operator, ordinary wear and tear excepted, and, subject to terms of Article XXVI above, without any compensation whatsoever, and free and clear of any claims or interests of Operator or of any mortgages or any other third party whose position was derived from or through Operator. If any of said improvements, alterations or fixtures are encumbered by a mortgage or lien at the time of expiration or sooner termination of this Agreement, Operator shall be responsible for eliminating said mortgage or lien and shall hold the County harmless therefrom. Nothing in this paragraph shall be construed to require Operator to remove Operator's underground fuel storage tanks in the existing fuel farm area shown in Exhibits A-4 and B-2 unless said removal is required by applicable state or federal laws and regulations. Should the Operator be granted permission to construct a new fuel farm or to install any fuel tanks in other locations on the

Airport, the Operator shall be required to remove said new fuel farm or fuel tanks at the request of the County.

Operator shall have the right to remove its items of personal property and trade fixtures and signs from the Leased Premises through 30 days after the close of business on the day of expiration or sooner termination of this Agreement. Should Operator fail to remove its personal property and trade fixtures and signs within said time, the County shall have the right to remove said personal property and trade fixtures and signs and to place said personal property and trade fixtures and signs into storage at Operator's behalf and at Operator's sole cost and expense. The County shall be entitled to reasonable rental from Operator for the use of the Leased Premises occupied by Operator's personal property and trade fixtures and signs, until the County places said property into storage.

Title to all personal property and trade fixtures and signs not removed by Operator from the Leased Premises or claimed from storage within thirty (30) days of the expiration or sooner termination of this Agreement shall be subject to the County taking ownership of such personal property and trade fixtures and signs, without payment by the County to Operator of any compensation whatsoever, and said personal property and trade fixtures and signs shall thereafter be owned by the County free and clear of any claim or interest by Operator or of any mortgage or any third party whose position was derived from or through Operator.

ARTICLE XXVIII HOLDING OVER

If Operator remains in possession of the Leased Premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement but shall create only a tenancy from month to month which may be terminated at any time by the County upon thirty (30) days written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

ARTICLE XXIX RENEWAL

Should the County desire to continue fixed base operations at the Airport, eighteen months prior to the end of this Agreement, the County will issue a Request for Proposals for continued Fixed Base operations from the premises. The award of the new lease and operating agreement will be made no later than six months prior to the expiration of this Agreement.

Operator has no guaranteed or preferential right, as against other third parties, of reletting the Leased Premises, or any improvements thereon, following the termination of this Agreement. Should Operator desire to relet the Leased Premises following the termination of the term of this Agreement, Operator shall submit an application for Lease in accordance with Airport leasing rules and regulations in effect at that time. Operator's application will be reviewed by the County along with other applications, if any, in accordance with then applicable Airport leasing rules and regulations.

ARTICLE XXX SUBSTITUTION OF PREMISES

Operator understands and agrees that the County has the right to take all or any portion of the Leased Premises, and any additions, alterations, or improvements thereon, should the County, in its sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes and not for fixed base aircraft operations. If such action is taken, the County may terminate this Agreement in accordance with Article XXVIII, NON-DEFAULT TERMINATION EVENTS, or may and if the County intends to maintain a Fixed Base Operation at the Airport will substitute in a reasonable time using

reasonable diligence comparable areas within the Airport, brought to the same level of improvement to the area taken. The County shall bear all expenses of bringing the substituted area to the same level of improvement as the area taken, and of moving Operator's improvements, equipment, furniture and fixtures to the substituted area. If any of Operator's improvements, equipment, furniture, or fixtures cannot be relocated, the County shall replace, at its own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the County shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Operator, or any mortgagee or other third party. It is the specific intent of this paragraph that Operator be placed, to the extent possible, in the same position it would have been had the County not substituted new premises for the Leased Premises, provided, however, that the County shall not be obligated to reimburse Operator for lost profits or revenues due to such substitution.

ARTICLE XXXI
AIRPORT DEVELOPMENT RIGHTS

Subject to the provisions of Article XXX concerning Substitution of Premises Rights above, the County reserves the right to further develop or improve all areas within the Airport, including landing areas, as the County may determine in its sole discretion, which discretion shall not unreasonably be exercised, to be in the best interests of the Airport, regardless of the desires or views of Operator, and without further interference or hindrance from Operator.

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

ARTICLE XXXII
SUBORDINATION

This Agreement shall be subordinate to existing and future Airport Bond Resolutions. This agreement shall also be subject to and subordinate to agreements between the County and State and Federal agencies for grants-in-aid and to the provisions of any agreements heretofore made between the County and the United States, relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights of property to the County for Airport purposes, or to the expenditure of federal funds for the extension, expansion, or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Airport Act of 1958, as it has been amended from time to time. Any agreement hereafter made between the County and the United States will not be inconsistent with rights granted to Operator herein.

ARTICLE XXXIII
ASSIGNMENT

Operator shall not assign its rights, title and interest herein without the written consent of the County, said consent not to be unreasonably denied or delayed. If an assignment is made, Operator shall continue to be liable, jointly and severally, with its assignee, for the fulfillment of all terms and conditions arising under this Agreement subsequent to the assignment, unless the County releases Operator in writing for such liability for future obligations. The release shall be effective only if made in writing. All subsequent assignors and assignees shall be subject to this Section as if they were the original operator/assignor.

ARTICLE XXXIV
SUBLEASE

Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County, said consent not to be unreasonably denied or delayed. Any such sublease must be in writing and be made subject to the terms and conditions of this Agreement. In addition, before any sublease may take effect, any suboperator must execute an agreement with the County, in a form and for a fee acceptable to the County, by which such suboperator is authorized to do business on the Airport.

ARTICLE XXXV
SUCCESSORS

The provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the legal representatives, successors and assigns of the parties hereto.

ARTICLE XXXVI
PARTIAL INVALIDITY

If any term or condition of this Agreement or application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XXXVII
NOTICES

All notices by either party to the other shall be made by depositing such notice in the registered or certified mail of the United States of America, postage prepaid, or with another delivery service requiring signature and receipt, and such notice shall be deemed to have been served on the date of such depositing correctly addressed notice in the registered or certified mail unless otherwise provided. All notices to the County shall be mailed to:

Airport Director
Okaloosa Regional Airport
State Route 85
Eglin AFB, Florida 32542

All notices to Operator shall be mailed to:

Miracle Strip Aviation, Inc.
P.O. box 159
Destin, Florida 32540
Attention: President, Mr. Walter Brigman

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

ARTICLE XXXVIII
REPRESENTATIONS REGARDING AUTHORITY

The County represents that it has the authority to enter into this Agreement and grant the rights contained herein to Operator.

If Operator is a limited or general partnership, the undersigned warrants and represents that (1) he/she is a general partner of said partnership; (2) his/her execution of this Lease is in the usual course of the partnership's business; and (3) by his/her execution of this Lease, the partnership shall be deemed a signatory to this Lease in the same fashion as if all of the general partners of the partnership had executed this Lease.

If Operator is a corporation, the undersigned warrants and represents that (1) he/she is an agent of the corporation; (2) he/she is authorized to execute this Lease on the corporation's behalf; and (3) the corporation shall be bound as a signatory to this Lease by his/her execution of this Lease.

ARTICLE XXXIX
RELATIONSHIP OF PARTIES

It is understood that the County is not in any way or for any purpose a partner or joint venturer with, or agent of, Operator in the use of the Leased Premises or any improvements thereon, for any purpose.

ARTICLE XL
AIRPORT PROTECTION

The County reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the Destin/FT. Walton Beach Airport.

The Operator shall not erect or permit the erection or growth of, or permit to remain in or on the Leased Premises, any structure, natural growth or other object extending into the airspace above the Leased Premises higher than as permitted in Federal Aviation Regulation Part 77 as such regulation may be amended from time to time.

The Operator shall not use or permit the use in or on the Leased Premises in such a manner as to create electrical or electronic interference with communications between the Destin/Ft. Walton Beach Airport and aircraft, or between aircraft and any navigational controls, whether or not located on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect, install or permit the erection or installation in or on the Leased Premises of any lights that will or might make it difficult for aircraft pilots to distinguish between the airport lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

ARTICLE XLI
HEADINGS

The headings contained in this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provision of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

ARTICLE XLII
GOVERNING LAW

This Agreement shall be interpreted in accordance with the laws of the State of Florida.

ARTICLE XLIII
ENCUMBRANCE OF LEASEHOLD
ESTATE AND NOTICE TO MORTGAGEES

- A. With the consent of County as set forth below, Operator may, at any time or from time to time during the term of this lease, encumber by mortgage or other security instrument, by way of assignment, or otherwise, Operator's interest in this leasehold estate.
- B. Any lender on the security of the leasehold estate ("Lender") shall have the right at any time during the term of this Lease:
1. to do any act or thing required of Operator hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Operator's rights hereunder as if done by the Operator; and
 2. to realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale") or to acquire by deed-in-lieu, and to transfer, convey, or assign the title of Operator to the leasehold estate created hereby to any purchaser at any such foreclosure sale or transfer from Lender if Lender acquires by a deed-in-lieu and to acquire and succeed to the interest of Operator hereunder by virtue of any such foreclosure sale or deed-in-lieu.
- C. Notwithstanding anything to the contrary provided for in this Article, or elsewhere in this Lease, the rights of County, in the event of a default, may not be exercised until written notice of such default to any Lender, or to the person or firm designated by any such Lender to accept such notices. It is agreed that such Lender shall have the right to cure any such default within thirty (30) days from receipt of said notice with respect to any default that can be cured by the payment of money, or within thirty (30) days from receipt of said notice with respect to any other covenant or condition or term of this Lease; and, if such default is of such nature that it cannot be remedied within said time, then such Lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said thirty (30) day period, and thereafter diligently continues the curing of the same.
- D. No such Lender shall be required at any time to subordinate its mortgage to other mortgages or security instruments nor shall such Lender be liable to the County as an assignee of this Lease unless and until such time as such Lender shall acquire the rights of Operator hereunder through foreclosure or other appropriate proceedings in the nature thereof, or by deed-in-lieu or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law.
- E. No modification, cancellation or surrender of this lease shall be made without the consent of any Lender on the security of the leasehold estate when such Lender requests, or Lender's documents require, such authority to consent.

F. The County agrees to provide any estoppel upon request of Lender acknowledging that (and noting any exceptions) this lease is in full force and effect; that there are no defaults that exist under the lease; that the rent is current; and such other matters as Lender may reasonably require.

Notwithstanding the foregoing, the Lender selected by Operator and the ultimate successor to Operator under the Lease, in the event of foreclosure, deed-in-lieu or otherwise, is subject to the written approval of the County. Said approvals will not be unreasonably denied or delayed. As a minimum, any replacement Operator considered by Lender must be able to demonstrate the appropriate financial ability to conduct the operations and have at least five (5) years experience in the operation of a full service fixed base operation of a similar size and offering similar services as that covered under this Agreement.

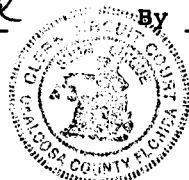
ARTICLE XLIV
ENTIRE AGREEMENT

This Agreement, together with all exhibits hereto, constitute the entire Agreement and understanding between the parties with respect to the Leased Premises, and supersedes all negotiations, prior discussions, letters of intent and preliminary agreements. This Agreement may not be amended except by a writing executed by all of the parties.

IN WITNESS WHEREOF, the parties hereto have signed this instrument the day and year first above written.

Attest:

Sary J. Stanford
County Clerk



County of Okaloosa, Florida, a Municipal Corporation

By Ray Sansom Chairman
Donna & Dave

Attest:

Luc E. Swinashi
Secretary/Treasurer

Miracle Strip Operator

By Nathan W. [Signature]
Printed Name W.A.
Title PRE a

TO: Jon Morris
Contracts & Grants
RE: Lease Agreement
FM: John Dowd

Witnesses:

Sign Leticia Woodruff
Print PATRICIA WOODRUFF



Please find attached the three copies that John signed.

Sign Margaret L. Bewley
Print MARGARET L. BEWLEY

Marge Sawyer

Approved As To Form:
By [Signature]
County Attorney

Approved As To Content:
By [Signature]
Airport Director

EXHIBIT C

MINIMUM REQUIRED SERVICE STANDARDS
AND OPTIONAL STANDARDS FOR A
FULL SERVICE FIXED BASE OPERATOR
AT OKALOOSA REGIONAL AIRPORT

I. Minimum Required Service Standards

The following standards of service, in conjunction with the Requirements and Minimum Standards for Services and Activities, are the minimum levels acceptable to the County of Okaloosa for a Full Service Fixed Base Operator at Destin/Ft. Walton Beach Airport:

A. Hours of Operation

The Operator shall provide the necessary equipment and personnel to furnish required services a minimum of 14 hours a day, 365 days per year.

B. Fueling

The Operator shall provide, as a minimum, Jet A and 100LL aircraft fuel in quantities to meet all reasonable demands therefor, and shall have at least one adequate underground storage facility and suitable pumping equipment for each. Said fueling facilities must be located on the airport in the area(s) designated as a fuel farm(s). The Operator shall have a minimum of one mobile tender (fuel truck) for Jet A fuel with a capacity of at least 2000 gallons, and one mobile tender (fuel truck) for 100LL with a capacity of at least 1000 gallons. Operator must comply with the Minimum Fuel Standards as they now exist or may be modified in the future.

C. Maintenance Services

The Operator shall operate an FAA certificated repair station in accordance with the requirements contained in 14 CFR Part 145, for limited airframe, limited power plant and accessory repair. The Operator must hold all applicable certificates/ratings and must offer these services to all small aircraft of 12,500 lbs. or less that normally base at the airport. *** (Service Facility to be certified upon completion of the New Aircraft Maintenance Facility to occupy the area designated as Vehicle Parking area #2.) ***

D. Line Service

The Operator shall provide line service to both based and itinerant aircraft as follows: 1) ramp guidance and tie down/parking assistance of aircraft to hangars or spaces on the Leased Premises, including ramp personnel and vehicles as appropriate, 2) outside parking and tie down and covered hangar space, 3) ground support equipment to include, but not limited to, ground power units, portable compressed air units, and have available passenger loading steps 4) aircraft towing services utilizing motor driven draw bar vehicles capable of moving single and multi-engine aircraft weighing up to 12,500 lbs., 4) transportation of aircraft occupants from the parking ramp to the Operator office/lounge area.

E. Disabled Aircraft Removal

The Operator shall have adequate equipment and personnel to remove disabled aircraft weighing up to 12,500 lbs. from the landing area and shall perform these services upon request of the Airport Director or his authorized representative.

F. Aeronautical Advisory Services

The Operator shall establish and maintain an aeronautical advisory station to serve aircraft utilizing the airport. The aeronautical advisory station will be operated in conjunction with any other FBO's at the airport and in accordance with all the applicable rules and regulation of the Federal Communications commission.

G. Miscellaneous Customer Service

The Operator shall provide the following customer services: 1) a public lounge area, 2) a vending area with the availability of cold beverages and prepacked snacks, 3) a flight planning area with desks and chairs and containing appropriate wall charts, 4) public pay telephones, and 5) a retail sales counter stocked with current charts and flight planning aids.

II. Additional Service Standards that Operator is authorized to provide consist of:

A. Hours of Operation:

The operator is authorized to provide services 24 hours per day, 365 days per year.

Additional services that Operator is authorized to provide from the Leases Premises consist of:

- A. Full time flight instruction
- B. Aircraft rental
- C. Aircraft charter
- D. Aircraft sales
- E. Aircraft parts sales, wholesale and retail
- F. Automobile Rental Service and limousine services

While Operator shall be permitted to provide any other aeronautical service as outlined in the Requirements and Minimum Standards for Services and Activities, Operator must inform the Airport Director prior to commencing such activity and said activity must be made part of this Agreement.

EXHIBITS

Exhibit A: Old Lease Area-ramp, helo pads, old fuel farm
Exhibit B: New Lease Area-ramp, fuel farm, parking, building area
Exhibit C: Service Standards
Exhibit D: Utility stub locations
Exhibit E: Gross Receipts Listing
Exhibit F: Utilities Map

Appendix A: Okaloosa County Airports,
General Schedule of Minimum Insurance Requirements

EXHIBIT "E"

GROSS RECEIPTS LISTING
(unlimited listing)
(modified as business develops)

SALES AND OTHER INCOME

1. Car Rental Commission
2. Advertising Income
3. Miscellaneous Income
4. Flight Instruction
5. Aircraft Rent
6. Aircraft Rent Tax Exempt
7. Ground School
8. Pilot Supplies Sales
9. Charter Services
10. Charter Pilot Waiting
11. Sublease Charter
12. Air Rides
13. Sales Parts Retail
14. Sales Parts Tax Exempt
15. Sales Parts O/S Orders
16. Sales Labor Customer W/O
17. Sales Labor Tax Exempt
18. Sales O/S Repairs Outside
19. Special Equipment Use
20. Sales Oil Retail
21. Sales oil Retail Exempt
22. Sales Line Labor
23. Tie Down Monthly
24. Tie Down Transient
25. Sales Concessions
26. Customer Parking:
 - Lot #1:
 - Lot #2:
 - Lot #3:
 - Lot #4:
 - Lot #5:

1. Request authorization to purchase bridge materials for Poplar near Church Bridge, Project #98-3-37 from Milligan Wood Products, Inc; they offering low quote meeting specifications. District: 3.

L98-0101-AP21-6e1

2. Request authorization to purchase bridge materials for Lake Ella Bridge, Project #98-1-20 from Milligan Wood Products, Inc; they offering low quote meeting specifications. District: 1

3. Request authorization to advertise for RFP's from qualified consulting firms to perform a Long Range Space Needs Study on the Shalimar Annex for Courts and Related Judicial Offices and appoint the following to serve as the review and selection committee: Don Howard, Fred Cobb, Wayne Peacock, Jim Curry and Al Gutenmann. District: All.

4. Request authorization to award the bid on the Oakhill Culvert Replacement Project, County/FEMA Project #98-1M7 to B&H Earthmoving Contractors, Inc.; they being low bidder meeting specifications and authorize the Chairman to sign the contract. District: 1.

Hank Christen/DES

1. Request approval of the Red Cross Annual Shelter Agreement. District: All.

Jerry Sealy/Airports

1. Request approval of the offer by Polar Insulation to lease or purchase a 2.31 acre parcel of property in the Okaloosa County Industrial Airpark. District: All.

2. Request approval of the Land Lease No. DTFA 06-98-L-17661, submitted by Federal Aviation Administration, for the operation and maintenance of the Visual Approach Slope Indicator (VASI) facility at the Bob Sikes Airport. District: All.

3. Request approval of the Land Lease No. DTFA06-98-L-17662, submitted by the Federal Aviation Administration, for the maintenance and operation of the Glideslope facility at the Bob Sikes Airport. District: All.

4. Request approval of the Lease Agreement between Okaloosa County and Miracle Strip Aviation Inc. to operate as a Fixed Base Operator (FBO) business on the Destin/Ft. Walton Beach Airport. District: All.

Donna Gunn/Personnel

1. Request confirmation of the promotion of Jeffrey Littrell to the position of Water & Sewer Director effective June 15, 1998. District: All.

Jim Curry/Administrative Services

1. Request the Board review an offer from Lawrence Kline to sell the convenience store property adjoining the Water & Sewer Administration Buildings on Lewis Turner Blvd., and to provide direction concerning their position on Mr. Kline's offer to sell the described property. District: All.

2. Request approval of the proposed Lease Agreement for additional office space for the Sheriff's Department at the Meigs Executive Office Park, Inc. District: All.

Old Business

1. Discussion of the status of the proposals for the 40+ acres of USDA

Mr. Sansom called for a vote on the motion. 4 years.

401

AIRPORTS - APPROVAL OF LEASE AGREEMENT BETWEEN OKALOOSA COUNTY AND MIRACLE STRIP AVIATION, INC. TO OPERATE AS A FIXED BASE OPERATOR BUSINESS ON DESTIN/FORT WALTON BEACH AIRPORT

Mr. Sealy recommended Board approval of a 20-year lease extension agreement between the county and Miracle Strip Aviation, Inc. (MSA) to operate as a fixed-base operator business at the Destin/Fort Walton Beach Airport. Mr. Sealy advised that MSA has done a good job at the Destin Airport and have performed a lot of the maintenance and have acted as the eyes and ears for the airport. Currently MSA generates approximately \$70,000 to \$75,000 in receipts and the proposed agreement will increase receipts to \$100,00 to \$110,000. MSA will also make a one-time cash contribution of \$150,000 toward the construction of the new passenger terminal.

Mr. Dowd said the Board was challenged a couple years ago and a complaint filed with the Federal Aviation Administration with regard to the FBO (Fixed Base Operator) at the Destin Airport. In Mr. Dowd's reply to that complaint one of the responses was that this lease will come up for a renewal in 1999 and advertisements made for bids for a new lease. Mr. Dowd continued, saying that the Board's policy has been somewhat modified as some of the T-hangar leases have been extended. He expressed concern about the integrity of the bid process as the purpose of the bid process is to make sure we get the best deal. Ms. O'Dell asked if Mr. Dowd would be comfortable with a ten-year lease with the option to re-negotiate.

Mr. Walter Brigman, President of Miracle Strip Aviation, Inc. said he is investing \$150,000 plus one-half of his net profits and it will be difficult to amortize that amount of money for ten years. A brief discussion followed.

Mr. Thomas made motion, seconded by Ms. O'Dell, to approve staff's recommendation. 4 years.

AIRPORTS - MISCELLANEOUS

Mr. Sealy said he and Ms. O'Dell recently attended the Florida Aviation Systems planning program meeting. The state has taken a position to oppose the erection of digital towers. Mr. Sealy recommended any requests for tall towers be referred to the Tall Towers and Hazardous Navigation Committee. Ms. O'Dell added one of the primary needs is to authorize a study to recommend sites where towers can be located. If the county is pro-active rather than negative, it will give those people wishing to erect towers information on where the towers can be located. Ms. O'Dell made motion, seconded by Mr. Thomas, to study sites where tall towers

SUBLEASE AGREEMENT

This SUBLEASE AGREEMENT (hereinafter referred to as "Agreement") is entered into this 21st day of September, 2010, by and between MIRACLE STRIP AVIATION, INC. (hereafter referred to as "Sub-Landlord") and MSA MAINTENANCE AND FLIGHT COMPANY, INC. (hereafter referred to as "Sub-Tenant").

WHEREAS, Sub-Landlord and the County of Okaloosa (municipal corporation of the State of Florida hereinafter referred to as the "County") have entered into a Lease and Operating Agreement as amended from time to time (hereinafter collectively referred to as "Lease") a copy of which is attached as Exhibit "A", by which Sub-Landlord leases and maintains a full service fixed base operation on the County's airport located in Destin, Florida;

WHEREAS, Sub-Landlord desires to reorganize the manner it conducts business by transferring its airplane maintenance and flight schools to a subsidiary corporation referred to herein as the "Sub-Tenant";

WHEREAS, Sub-Landlord shall transfer certain personal property, tangible and intangible, including but not limited to certain tools, equipment, inventory and FAA certifications, to its subsidiary corporation as relates to Sub-Landlord's airplane maintenance and flight school businesses,

WHEREAS, Sub-Tenant acknowledges that Sub-Landlord has significant obligations and legitimate business interests which are in need of protecting, including but not limited to Sub-Landlord's obligations to provide certain services and maintain certain facilities pursuant to the Lease and as such, Sub-Landlord shall be entitled to extra ordinary remedies under this Agreement and under any other agreement related hereto to protect such business interest and to honor said obligations;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter made by each of the parties, which shall be deemed consideration for each other, the parties hereby agree as follow:

1. Sub-Lease. Sub-Landlord agrees to lease to Sub-Tenant and Sub-Tenant agrees to rent from Sub-Landlord, the premises described in Exhibit "B" (hereafter individually and collectively referred to as the "Property").

2. Terms of Sub-lease. This Sub-Lease shall commence on 9/21, 2010. Thereafter, the terms of the Lease, as well as any extension, revision and renewals, are

incorporated herein and become a part hereof.

3. Rent. Sub-Tenant agrees to pay rent at the rate of \$ 4,000.00 per month, plus applicable sales tax, if any, which amount shall be paid to Miracle Strip Aviation, Inc., at P.O. Box 159, Destin, FL 32540, in advance on the first day of each month during the term of this Agreement. Said monthly amount shall be adjusted accordingly and proportionately if and when the County of Okaloosa adjusts the rent due from Sub-Landlord. Notification of any rent adjustment shall be made in writing to Sub-Tenant. Payments received on or after the 10th day of each month shall be subject to a 5% late fee.

4. Sub-Landlord's Obligations. The Sub-Landlord is not to be required to provide any services or do any act with respect to the Property for the benefit of the Sub-Tenant except as specifically provided herein. The Sub-Landlord shall remain bound by its Lease with Okaloosa County, and this Sublease shall not relieve Sub-Landlord of any of its responsibilities pursuant to the Lease.

5. Triple Net Lease. This is a triple net sublease. Therefore, throughout the term of this Agreement and any extension thereof, Sub-Tenant shall, at Sub-Tenant's expense:

(a). maintain and repair the Property in a timely manner so as to not jeopardize the general public, the customers or personnel at the airport or to allow the buildings located thereon to be in disrepair or to deteriorate;

(b). contract for and pay any and all utilities or other services required for use of the premises, pay any and all taxes and assessments associated with the Property:

(c). maintain adequate insurance coverage (as reasonably determined by the Sub-Landlord from time to time) on the building, their contents and the business operated therein (including general liability insurance), naming the Sub-Landlord as an additional named insured. Sub-Tenant shall provide evidence of such insurance coverage as may be requested by sub-Landlord from time to time.

6. Use. The premises shall be used as an aviation maintenance facility and flight school, exclusively and limited to Sub-Landlord's rights and obligations under the Lease. Any other usage is strictly prohibited.

7. Lease Incorporation. Sub-Tenant hereby agrees to provide such other services and pay such other fees to the County or other appropriate agency as may be required by Sub-Landlord under the Lease, consistent with the nature of the businesses operated on or related to

the Property, including but not limited to Sub-Landlord's obligation to provide disabled airplane services at the airport.

8. Compliance with Lease and FAA Requirements. Sub-Tenant shall take, at its expense, any and all steps necessary to maintain Sub-Landlord's compliance with all Sub-Landlord's obligations under the Lease as to the flight school, airplane maintenance and all other services related thereto, including but not limited to being in compliance with all Federal Aviation Administration (FAA) Regulations related to the flight school and airplane maintenance operations.

9. Sub-Tenant Improvements. Provided such conduct does not violate the terms and conditions of the Lease, the Sub-Tenant may from time to time, at its expense, paint and decorate the Property and make such alterations, additions and improvements as will, in the judgment of the Sub-Tenant, better adapt the same for the purpose of its business. Sub-Tenant shall not make any structural addition or alteration without Sub-Landlord's prior written approval, and Sub-Landlord shall not unreasonably withhold consent after receiving information reasonably necessary for explaining and identifying the proposed alterations and additions. Sub-Tenants shall, at or before the end of the term as described above, remove any nonstructural alterations or additions and restore the Property to the condition that would exist in the absence of the alteration or addition, ordinary wear and tear excepted; but need not to do so if Sub-Landlord has agreed in writing that removal and restoration is not required by Sub-Tenant.

10. Indemnification. Sub-Tenant shall indemnify and hold the Sub-Landlord harmless from all injury, loss, claims for damages (including attorney's fees and disbursements) to any persons or property, arising from, related to or in connection with the use or occupancy of the demised Property or conduct or operation of the Sub-Tenant's business.

11. Sub-Tenant's Default. Sub-Tenant shall be in default hereunder if:

(a). Sub-Tenant fails to timely pay rent or any other payment under this Sub-Lease and if such defaults are continued for more than fourteen (14) days, including weekends, after notice in the manner prescribed below;

(b). Sub-Tenant fails to observe or perform any of the terms, covenants, and/or conditions of this Sub-Lease or causes Sub-Landlord to be in default of any of the terms and/or conditions of the Lease and if such default shall continue for more than seven (7) days after notice in the manner prescribed below or after notice in any manner provided from any

governmental agency or third party vendor (i.e., insurance carrier). Notwithstanding the preceding part of this sub-paragraph (b), if such default cannot be practically cured within said time period, the Sub-Tenant shall not be in default if it has made a good faith effort to cure the default within said time period. However, if such default could have been anticipated and avoided by taken reasonable steps, Sub-Tenant shall not be afforded any additional time to cure and Sub-Tenant shall be considered in default without a time period to cure; or

(c). Sub-Tenant becomes insolvent, files bankruptcy or discontinues its business operations.

12. Sub-Landlord's Remedies Upon Default. In the event of any default by Sub-Tenant, then the Sub-Landlord may proceed as follows:

(a). Terminate this Sub-Lease and immediately resume possession of the property for its own account pursuant to Sub-Landlord's lease agreement and recover immediately from Sub-Tenant's prospective damages limited and calculated under the following formula: Rent for two years;

(b). Immediately resume possession pursuant to Sub-Landlord's lease agreement and relet or rent the Property for remainder of the term for the account of the Sub-Tenant, at the end of the term or at the time each payment of rent comes due under this Sub-Lease as the Sub-Tenant may choose, the difference between the rent specified in the rent on the reletting or renting; or

(c). such other remedies provided by law.

13. Special Remedies Upon Default. Sub-Tenant acknowledges that Sub-Landlord's rights and entitlement to operate a full service fixed based operation under the Lease constitutes a special privilege, the value of which may not be subject to calculation or replaced in any other manner. As a result the Sub-Tenant agrees that Sub-Landlord should have and be entitled, in addition to all other rights and remedies otherwise provided in this Agreement or by law, including monetary damages, to extra-ordinary protection of Sub-Landlord's rights and privileges under the Lease. Therefore, if Sub-Landlord has a reasonable belief that the conduct or lack thereof by the Sub-Tenant, its employees or representatives will jeopardize Sub-Landlord's rights under the Lease or will subject Sub-Landlord to liability pursuant to any city, county, state or federal regulations, Sub-Landlord shall be entitled, without providing advance notice to obtain an ex parte temporary injunction, without being required to post a bond, for the

purpose of taking immediate control of Sub-Tenant and its business conducted on the Property.

13. Radon Gas Notification. Pursuant to Florida Statutes 404.056(5) you are hereby given the following notice:

RADON GAS: Radon is a 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.

14. Expenses. Except as otherwise provided herein, each party shall bear its own expenses in connection with this Agreement and the transactions contemplated hereby.

15. Waiver. The waiver by either party of a breach of any provision of this Agreement, or the terms incorporated herein, shall not operate or be construed as a waiver of any subsequent breach thereof.

16. Assignment. The rights and benefits of Sub-Tenant under this Agreement shall be non-transferable.

17. Captions. The captions and titles appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of the articles, paragraphs or sections of this Agreement or in any way affect this Agreement.

18. Gender. For purposes of this Agreement, singular pronouns shall include the plural and masculine pronouns shall include the feminine. The term "person" or "persons" shall be defined as an individual, partnership, corporation or any other entity recognized by law.

19. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida and if any litigation should arise as to either party's breach of this Agreement, venue shall lie in Okaloosa County, Florida.

20. Specific Performance. Sub-Tenant expressly agrees and understands that the remedy at law for any breach of this Agreement will be inadequate and that the damage flowing from any such breach is not readily susceptible to being measured in monetary terms. Accordingly, it is acknowledged that upon adequate proof of the Sub-Tenant's violation of any legally enforceable provision of the Agreement or as provided under the Special Remedies Upon Default paragraph of the Agreement, Sub-Landlord shall be entitled to specific performance of

such breached provision, including but not limited to, immediate injunctive relief, a temporary order restraining any threatened or further breach and such other equitable relief as may be appropriate. Nothing in this Agreement shall be deemed to limit Sub-Landlord's remedies at law or in equity for any breach by Sub-Tenant of any of the provisions contained in this Agreement. Sub-Tenant has carefully considered the nature and extent of the restrictions upon him and the rights and remedies conferred upon Sub-Landlord by this Agreement and hereby acknowledges and agrees that the same are reasonable, are fully required to protect the legitimate interest of Sub-Landlord and do not confer a benefit upon Sub-Landlord disproportionate to the detriment to Sub-Tenant.

21. Time. Time is of the essence.

22. Force Majeure. Failure of a party to observe or perform its obligations hereunder shall not be deemed default or breach hereof if such failure is the result of fire, explosion, flood, strike, riot, communications or power supply failure, delay in delivery, failure or malfunction of equipment, or other cause beyond the reasonable control of the party.

23. Notice. All notices, claims, certificates, requests, demands and other communications hereunder shall be in writing and will be deemed to have been given if delivered by hand, posted at the Property, prepaid telegram or mailed (registered or certified mail, postage prepaid, return receipt requested or any means of express mail with confirmed delivery) as follows:

If to Sub-Tenant: MSA Maintenance and Flight Company, Inc.
 P.O. Box 159
 Destin, FL 32540

If to Sub-Landlord: Miracle Strip Aviation, Inc.
 P.O. Box 159
 Destin, FL 32540

With copy to: H. Bart Fleet, Esq.
 Fleet, Spencer, & Kilpatrick, P.A.
 1283 Eglin Parkway, Suite A
 Shalimar, Florida 32579

24. Binding Effect. This Agreement shall be binding upon the parties, their heirs, personal representatives, successors, and assigns.

25. Incorporation by Reference. Sub-Tenant hereby agrees to be bound by and

assume Sub-Landlord's obligations and covenants set forth in Lease, not in conflict with the representations and covenants set forth herein.

26. Survival. All recitals, representations, warranties and agreements of the parties contained herein or in any of the Exhibits, Schedules, agreements or documents referred to herein which are not in conflict with the terms of this Agreement, are true, shall survive the termination or expiration of this Agreement or any other agreement referred to herein and be enforceable as to the parties hereto.

27. Illegality. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

28. Attorney's Fees. In connection with any breach, default, collection or litigation, including appellate proceedings, arising out of this Agreement, the prevailing party shall be entitled to recover reasonable attorney's fees and costs.

29. Corporate Documents. Simultaneous with the execution of this Agreement, Sub-Tenant shall deliver to Sub-Landlord a resolution from the Board of Directors of MSA Maintenance and Flight Company, Inc., stating it is duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation, with the full corporate power and authority to enter into this Agreement and further providing approval of this Agreement and the transactions contemplated hereby.

30. Additional Instruments. The parties hereto shall execute and deliver or cause to be executed and delivered at such times and places as shall be reasonably agreed on, such additional instruments as the other party may reasonably request for the purpose of carrying out the transactions contemplated hereby.

31. Miscellaneous Provisions. This Agreement contains the entire agreement of the parties and may not be modified except in writing signed by the parties. Typewritten or handwritten provisions inserted in this Agreement shall control all printed provisions in conflict therewith. This Agreement may be executed in counterparts each of which shall be deemed the original and all of which together constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hand the date first mentioned above.

Signed, sealed and delivered in our presence as witnesses:

Patti M. Nichols
Barbara Hynes

SUB-TENANT:

Colby F. Van Atta
MSA Maintenance and Flight Company, Inc.
By: COLBY F. VAN ATTA
Its: DIRECTOR

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 2nd day of September, 2010 by Colby Van Atta as Director of MSA Maintenance and Flight Company, Inc., who [] is personally known to me, or [] produced Dennis Lince as identification, and who did not take an oath.

[Seal]

Tara E. Newberry
Notary Public



Signed, sealed and delivered in our presence as witnesses:

Monique Brigrain
Patti M. Nichols

SUB-LANDLORD:

Walter M. Brigrain
Miracle Strip Aviation, Inc.
By: WALTER M. BRIGRAIN SR
Its: PRESIDENT

STATE OF FLORIDA
COUNTY OF OKALOOSA

The foregoing instrument was acknowledged before me this 2nd day of September, 2010 by Walter Brigrain as President of Miracle Strip Aviation, Inc., who [] is personally known to me, or [] produced _____ as identification, and who did not take an oath.

[Seal]

Tara E. Newberry
Notary Public



Exhibit "A"
LEASE AGREEMENT WITH COUNTY OF OKALOOSA

LEASE AGREEMENT

THIS LEASE AND OPERATING AGREEMENT (hereinafter referred to as Agreement), made and entered into this 23rd day of June, 1998 by and between the COUNTY OF OKALOOSA, a municipal corporation of the State of Florida, herein referred to as the "County", and Miracle Strip Aviation, Inc., a

() sole proprietorship
() limited partnership
() general partnership
(xx) corporation authorized to do business in Florida hereinafter referred to as "Operator",

WITNESSETH:

WHEREAS, the County owns, operates, and maintains Destin/Ft. Walton Beach Airport (hereinafter referred to as "Airport") located in Okaloosa County, Florida, for the use and benefit of the public; and

WHEREAS, Operator currently leases the area reflected in Article I, paragraph A, Item 1, below.

WHEREAS, the parties desire to place the property leased under the Old Lease, dated, October 9, 1978 with Supplementals dated June 28, 1988 and January 16, 1991, under this Lease and terminate the Old Lease and include in this Lease the property upon which Operator will participate financially in the construction of new Terminal and Maintenance facility on the property described in Article I, paragraph B below.

WHEREAS, Operator desires to lease land on the Airport to conduct air transportation services pursuant to the terms of this Agreement; and

WHEREAS, it is in the best interests of the County to encourage air transportation services at the Airport;

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

ARTICLE I
LEASED PREMISES

The County hereby leases and demises to Operator, and Operator hereby hires and takes from the County, the tract(s) of land (herein referred to as the "Leased Premises"), in Okaloosa County, Florida, and any and all rights, privileges, easements and appurtenances now or hereafter belonging to said tract(s) of real property, subject, however, to all liens, easements, restrictions and other encumbrances of record, provided such matters do not prevent Operator from conducting its business on the Leased Premises as contemplated herein.

A. From the date of commencement of this Agreement and until the Date of Beneficial Occupancy of Operator's new general aviation facility, the premises shall consist of the following as more accurately shown and on Exhibits B-1 and B-2:

1. Exhibit B-1: Aircraft Parking Apron
See attached legal description's,

-Aircraft parking apron #1: 392,658.50 sq. ft.,
-Aircraft parking apron #2: 187,990.82 sq. ft.,
-Aircraft parking area, Grass: 47,022.45 sq. ft.
Total Sq. Ft.: 627,671.77 sq. ft.

2. Exhibit B-2: Passenger, Administrative, and Maintenance Complex/Facilities,

Passenger and Administrative:	3,238.81 sq. ft.
Flight Training/Administrative:	483.85 sq. ft.
-Maintenance Hangar	8,264.97 sq. ft.
Total Sq.Ft.:	11,987.63 sq. ft.

3. Exhibit B-2: Fuel Farm

-Total Sq.Ft.: 20,476.55 sq. ft.

4. Exhibit B-2: Vehicle Parking

-Parking area #1:	39,930.39
-Parking area #2:	26,763.34 proposed site maintenance hangar
-Parking area #3:	50,691.32
-Parking area #4:	4,287.04
-Parking area #5:	4,317.74
Total Sq. Ft.	125,989.83 sq.ft.

5. Solely for the purpose of construction and installing a new facility to conduct air transportation services, the property described in Paragraph B immediately below. Said construction will be done between the date of commencement (defined in Article V below), and the date of beneficial occupancy defined in Article V below ("Construction Period"). Operator will make a one time cash contribution of \$150,000.00 to facilitate construction of the new Passenger Terminal Facility. The one time participation, cash payment will be paid to Okaloosa County upon award of the contract for construction of the New Passenger Terminal.

- B. Commencing upon the Date of Beneficial Occupancy (defined in Article V below) of the Operator's new general aviation maintenance facility and until the termination of this Agreement, the premises shall consist of approximately 26,763.34 sq. ft. of land for a hangar, maintenance facility, and vehicle parking area shown on Exhibit B-2.

The Leased Premises shall be taken by Operator in the AS IS condition, subject to all defects, latent and patent, and shall be improved, maintained and operated at Operator's sole cost and expense except as may otherwise be specifically provided in this Agreement. It is the express intention of the parties hereto that the Operator's improvements, use and occupancy of the Leased Premises, and all costs associated therewith, shall be and remain the financial obligation of the Operator. The existing aircraft maintenance hangar will be rehabilitated at a 50% shared cost for all superstructure and exterior sheet metal to include roofing materials.

Any helicopter landing pads furnished by the Airport used by Operator or its customers shall be used solely for the landing, take-off, parking, fueling, and servicing of helicopters and for no other purpose whatsoever.

ARTICLE II
GRANT OF USE

The County hereby grants Operator the exclusive right to the Leased Premises, and all of the improvements located thereon, to conduct on a non-exclusive basis, commercial aeronautical services/ activities described as **Full Service Fixed Base Operation** in accordance with this Agreement and in accordance with the Requirements and Minimum Standards for Services and Activities and those services outlined in Exhibit C. The County further grants to Operator the rights of ingress and egress to and from the Leased Premises over Airport common use

roadways, the Airport aprons as necessary for Operator's refueling operations, and the designated portion of the Airport perimeter road shown on Exhibit A, subject to any rules and regulations which may have been established or shall be established in the future by the County.

Operator shall not use, nor permit others to use, the Leased Premises, and any improvements thereon, for any commercial or noncommercial purpose, other than the authorized purposes set forth above, nor shall Operator use the Leased Premises to store any material not required for the prosecution of the authorized purposes. Should the Operator wish to perform any additional commercial aeronautical services from its leased premises, Operator shall make written application to the County requesting permission to provide such additional services. The County shall apply the criteria and standards embodied in the Requirements and Minimum Standards for Services and Activities in determining whether to authorize Operator to perform such services. If the County determines that the Operator is qualified to perform the requested aeronautical services under the Requirements and Minimum Standards for Services and Activities, and if the Operator and County execute an addendum to the Lease setting forth the terms and conditions by which Operator shall perform the additional aeronautical services or activities, including any additional fees, then Operator shall be deemed authorized to perform said additional services or activities.

The operator shall be deemed authorized to establish vehicle parking areas within the leased property with the appropriate monetary rates for hourly, daily, weekly and monthly vehicle parking, issue parking citations, as well as remove sited vehicles at owners expense.

Notwithstanding anything herein contained that may be, or appear to be, to the contrary, it is expressly understood and agreed that the rights granted under this agreement are non-exclusive and the County herein reserves the right to grant similar privileges to another Operator or other operators on other parts of the Airport.

ARTICLE III ENVIRONMENTAL RESPONSIBILITIES

The County and Operator hereby agree and acknowledge that this lease in no way is intended to discharge, release, increase or otherwise modify the parties' existing contractual or other legal obligations or responsibilities concerning the Operator's existing FBO site or the Operator's existing fuel farm.

Environmental Assessments:

Prior to Operator taking possession of the Leased Premises outlined in Article I(B), the County shall, at its expense, obtain an ASTM Standards environmental assessment encompassing all of the Leased Premises described in Article I(B) above, excepting the Operator's fuel farm area. The environmental assessment will be obtained from a financially stable environmental consulting firm acceptable to the County and Operator. If the ASTM Environmental Assessment recommends further investigation such as sampling and testing, the County will undertake, at its expense, to obtain such additional testing. (The initial ASTM assessment and any additional testing hereinafter "First Environmental Review"). The environmental consulting firm must be insured for errors and omissions in a minimum limit of \$20,000,000 per occurrence with a deductible no greater than \$25,000 and its insurance policy must be made showing the County and Operator as additional insured. All environmental assessments must be certified to the County and Operator and contain no limitation of liability for errors and omissions.

Upon the expiration or sooner termination of this Agreement, the Operator, at the Operator's expense, shall obtain an additional environmental assessment encompassing all of the Leased Premises described in Article I(B), excepting the fuel farm. The same criteria and additional testing that applies for the First

Environmental Review and environmental consulting firm described above will also apply for the environmental assessment done at the termination of this Lease.

Any environmental contamination disclosed in the environmental assessment prepared at the termination of the Agreement not also disclosed in the environmental assessment prepared prior to the Operator taking possession of the Leased Premises, taking into account any matters that may have been present in the First Environmental Review but not detected due to improved detection methods, shall be the responsibility of the Operator, and the Operator shall be obligated to promptly effect the remediation of such environmental contamination, and to have prepared, at the Operator's expense, a post-remediation environmental assessment substantiating completion of such remediation in accordance with applicable law, including without limitation all post-remediation sampling and additional or supplemental remediation. The County and Operator shall furnish to the other party true and complete copies of all environmental assessments of the Leased Premises including copies of all sampling and other data obtained as a result of the environmental assessments. Each party shall provide the other party reasonable advance notice of any environmental assessments and shall grant the County access to the Leased Premises during any environmental assessment activities and the right to accompany persons conducting any environmental assessments.

Environmental Compliance:

Excepting the aircraft fuel stored in the Operator's mobile tenders and except as otherwise set forth below, Operator agrees that no oils, petroleum products, synthetic lubricants, gasoline, solvents, or other hazardous materials may be permanently or temporarily stored on the Leased Premises. With the exception of those tanks in place on the Operator's fuel farm area at the commencement of this agreement, no storage tanks, either of the above ground type or below ground type, may be constructed or stored on the Leased Premises.

Small quantities of the above items which are necessary for the day to day operation of the Operator shall be permitted. However, the combined total of all such substances allowed on the Leased Premises at any one time shall not exceed 1000 gallons, exclusive of the quantities which are contained within Operator's mobile Tenders the fuel and power train systems of vehicles located upon the Leases Premises.

Upon request, the Operator shall provide a detailed listing of all such substances used in its day to day operations, and the past and current methods used for the handling and disposal of such material.

Operator shall comply with all laws, including, without limitation, any federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating or relating to the environment, air quality, hazardous substances or materials, or petroleum products that may apply to the use of the premises, as such laws are now or at any time hereafter in effect. In the event the premises become environmentally contaminated during the Operator's occupancy of the Leased Premises under this Agreement due to the Operator, its invitees, guests, licensees, officers, employees, agents, or independent contractor's negligence, inaction, or other acts, or acts of God ("Operator Contamination"), the Operator shall be responsible for all costs related to the environmental remediation of the premises as required by applicable governmental regulatory bodies. Operator may contest the remediation requirements of such regulatory bodies as applicable law may allow. Any Operator Contamination discovered after the termination of the lease and which was overlooked during the post-lease environmental assessment, shall still remain the sole responsibility of the Operator. The Operator shall defend and indemnify the County and hold the County harmless from and against any and all claims, losses, liabilities (including, without limitation, strict liability), damages, injuries, costs, expenses (including, without limitation, attorneys' fees), claims for damage to the environment, claims for fines or civil penalties, costs of any settlement or judgment and

claims of any and every kind whatsoever paid, incurred or suffered by, or asserted against the County by any person, entity, or governmental agency for, with respect to, or as a direct result of Operator Contamination including without limitation all post-remediation sampling and additional supplemental remediation.

Operator acknowledges that the County is subject to Florida and/or Federal storm water regulations, 40 C.F.R./ Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing operations that occur at Destin/Ft. Walton Beach Airport. Operator may conduct operations under the existing U.S. Environmental Protection Agency National Pollutant Discharge Elimination System (NPDES) Storm Water Multi-Sector General Permit Notice, Number: FLR05A818, Expires 2000. Operator may petition the County to file as a co-permittee to the storm water discharge permit issued to the Destin/Ft. Walton Beach Airport. Operator acknowledges that it is the responsibility of the Operator to be familiar with the storm water regulations should it conduct any of the above activities and Operator is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

Operator shall cooperate with the County in minimizing the exposure of storm water to "significant materials" as defined in 40 C.F.R. Part 122(b)(12), and shall comply with the County's Storm Water Pollution Prevention Plan as it may currently exist or be changed in the future. Operator hereby agrees that it is solely responsible for the compliance and construction of any storm water/surface water facilities, holding areas, treatment areas, diversionary fixtures or improvements, or other water flow control mechanisms deemed necessary by an authorized governmental entity due to Operator's use of the Leased Premises. At operators expense, it is deemed necessary, that the Operator shall install an aircraft wash rack facility with the appropriate oil/water separator system, in the vicinity of the operators existing leased aircraft maintenance complex.

ARTICLE IV COMPLIANCE WITH RULES AND REGULATIONS

In addition to those environmental laws, ordinances, statutes, etc. outlined in Article III, it is expressly understood that the Operator agrees to conform to all other Federal, State, or local laws and regulations, as well as all County of Okaloosa Codes and Ordinances, all of which may apply to the services to be performed and that the County of Okaloosa is to be held free and harmless from any act or failures by the Operator to do so.

The Operator shall obtain and maintain in force all licenses, permits and other certificates required by Federal, State, County, or Municipal authorities for its operation under the terms of this Agreement.

The Operator agrees to observe all security requirements of Federal Aviation Regulations Part 107, and the Airport Security Program, as may be applicable, and as the same may, from time to time, be amended, and to take such steps as may be necessary or directed by the County to ensure that employees, invitees, agents and guests observe these requirements.

If the County incurs any fines and/or penalties imposed by Federal, State, County, or Municipal authorities as a result of the acts or omissions of Operator, its partners, officers, agents, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, then Operator shall be responsible to pay or reimburse the County for all such costs and expenses.

ARTICLE V
TERM

The term of this Agreement shall commence at midnight on July 1, 1998 (the "commencement date") and shall continue for a period of twenty-one (21) years six (6) months from the DBO (as defined below). The Date of Beneficial Occupancy ("DBO") will mean the earlier of (i) the date Operator has moved substantially all its personal property to the Leased Premises described in Article I(B) and is operating its business out of said Leased Premises, or (ii) the construction deadline date set forth in Article (XII) below.

ARTICLE VI
RENT & FEES

In consideration of the rights and privileges herein granted, the Operator hereby covenants and agrees to pay the County:

1. Commencing upon the commencement date of this Agreement and continuing until the DBO of the Operator's new general aviation facility:

- A. \$39,215.05 per year, or \$3,267.92 per month as base ground rent for the 14.41+ - acres or 627,671.77 sq ft of aircraft parking apron; 11,987.63 sq ft of passenger & administrative facilities; 75,298.51 sq ft of vehicle parking in area's #1, #2, #4, #5; 50,691.32 sq. ft. of vehicle parking in area #3; and 20,476.55 sq ft of Jet-A, GA Fuel Farm facility and described in Article I, Paragraph A, Item 1 above, also shown on Exhibit B-1 and B-2.
- B. 2.5% of gross receipts for sale of aircraft, aircraft engines (a maximum payment of \$100 will apply to each sale of aircraft or aircraft engines), and all other services, equipment, and supplies except aircraft fuel.

The term "gross receipts" with respect to sales at all locations shall include all charges or other fees charged by Operator on all sales made by Operator, and all revenues of any kind and character derived from, arising out of, or payable on account of the business conducted by Operator or from the operations of Operator under this Agreement, whether for cash or credit and without any deduction for credit card discounts, and regardless of whether Operator ultimately collects the monies owed for said sales from the customer involved. Any gross receipts included in the formula for determining percentage payments owed the County and determined by Operator at a later date to be uncollectible shall not offset future percentage fees owed the County. The term shall also include the value of goods and services when provided or given by Operator to anyone without charge except as provided herein. The term shall not include warranty work for which Operator receives no mark-up over cost nor shall it include any sales tax or excise tax stated separately and collected from the customer for remittance to the taxing authority.

All gross receipts shall be deemed to be received at the time of the determination of the amount due to Operator not at the time of billing or payment, unless specifically authorized by the Airport Director. Items to be considered as gross receipts: as set forth in Exhibit "E" attached here to and made a part hereto.

- D. \$0.05 per gallon for all fuel sold to others or placed in aircraft owned, leased, or operated by Operator.
 - E. Oil sold to others will be considered part of the operators gross receipts.
2. The following which will replace entirely the payments set forth in Paragraph 1 immediately above, commencing upon the DBO of the Operator's new general aviation facility: Rent on the new General Aviation Aircraft Maintenance Facility (Hangar) will be calculated at fair market value as related to prevailing interest rates and return on investment capital. Currently estimated at \$15,000.00 per annum. Rent on the new Passenger Terminal Facility will be also be evaluated under the same fair market value system, and with consideration to applied credits.

****Gross Receipts will not be modified, except during the review process.**** Refer to Exhibit E for a detailed list of most items to be considered as Gross Receipts.

A. Base Ground Rent:

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

Lease Term	Annual Rate	Annual Rent	Monthly Rent
<u>DBO - 12/31/99</u>			
Ramp	\$0.05	\$31,383.58	\$2,615.30
V Parking	\$0.04	\$ 3,011.94	\$ 250.99
V Parking #3	\$0.06	\$ 3,041.48	\$ 253.45
Facilities	\$0.08	\$ 959.01	\$ 79.92
Fuel Farm	\$0.04	<u>\$ 819.06</u>	<u>\$ 68.26</u>
Total		\$39,215.05	\$3,267.92

1/1/00-12/31/05 To be negotiated

***A Credit of \$9,000.000 is owed to Miracle Strip Aviation Inc. The reimbursement is to be distributed in the form of payments at a rate of \$500.00 per month over the first 18 months of the lease.

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

Adjustments to base Ground Rent. Adjustments to the base ground rental rate will be made on January 1, 2005, and each five years thereafter, using either the National Consumer Price Index for Urban Consumers (CPI-U), or, upon request by the Operator, an appraisal of the property to determine the fair market rental rate.

If using the CPI-U, the ground rental rate shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous five years using January 1 and February 28 as the beginning and ending dates.

If the Operator chooses the appraisal process, the County shall ~~contract with an MAI appraiser~~ and the land, not considering any of the improvements, shall be appraised to determine the fair market rental rate. The Operator shall be responsible for paying one-half of the appraisal cost.

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

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

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

The review appraiser shall make a recommendation of a single value and not a range of values. The review appraiser shall not derive a value different from the appraisals by using separate parts of the individual appraisals, nor shall the review appraiser average the appraisal conclusions. The review appraiser must approve the fair market rental rate from one of the appraisals only.

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

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

First Adjustment - January 1, 2005
Second Adjustment - January 1, 2010
Third Adjustment - January 1, 2015
Fourth Adjustment - January 1, 2020

Base Ground Rent will be readjusted using the foregoing appraisal process at the request of Operator in the event that a commercial air carrier operation originates at the Airport and the Airport remains open as a general aviation airport. In the event a second FBO or a fuel cooperative is introduced on the Destin/Ft. Walton Beach Airport, this contract and lease agreement will be renegotiated within 30 days to allow Miracle Strip Aviation Inc. to remain

B. Flowage Fees:

The County and Operator acknowledge that the County charges a flowage fee for certain fuels sold at the Airport and used in aircraft. The Operator hereby agrees to collect, as agent for the County, the following fuel flowage fees. The parties further agree that the collection of the fuel flowage fee by the Operator on behalf of the County is not an additional fee paid by the Operator for use of the Leased Premises.

The fuel flowage fee shall be on a per gallon basis for all fuel delivered at the airport, except fuel placed in aircraft operated by air carriers which have either a Scheduled Airline operating Agreement or a Scheduled Cargo Airline operating Agreement with the County shall be excluded from this fee. The fuel flowage fee shall be as follows:

<u>Lease Term</u>	<u>Rate Per Gallon</u>
DBO - 12/31/99	\$0.05
1/1/00 - 12/31/05	Negotiated

Adjustment to fuel flowage fee. The County reserves the right to increase or decrease the fuel flowage fees commencing January 1, 2000, and every five years thereafter, using the National Consumer Price Index for Urban Consumers (CPI-U).

The fuel flowage fee shall be increased or decreased by a percentage amount equal to the percentage increase or decrease in the CPI-U for the previous five years using January 1 and February 28 as the beginning and ending dates.

C. Other Fees:

Upon the commencement date of this agreement and until the DBO of the Operator's new general aviation facility, Operator shall pay all charges due hereunder quarter-annually within thirty days after the close of each quarter.

Commencing with the Date of Beneficial Occupancy (DBO) Operator agrees to pay base ground rent due to the County, in advance on or before the twenty (20th) day of the month for which the rent is due. Base ground rent for periods less than one month shall be prorated on a daily basis (365-day year). Said payments shall clearly indicate what amount of the total payment is for ground rent and what amount is for state and local sales tax.

Commencing with the Date of Beneficial Occupancy, any percentage fees, flowage fees and landing fees owed shall be payable by the twentieth (20th) day of the month immediately following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment.

Monthly rent payments, percentage payments (Gross Receipts), flowage fees, landing fees and any other payments required under this Agreement which are not received when due shall

following the month for which they were derived. All payments shall be accompanied by a report in a form acceptable to the County detailing the various categories of payment.

Monthly rent payments, percentage payments (Gross Receipts), flowage fees, landing fees and any other payments required under this Agreement which are not received when due shall accrue interest at the rate of one and one-half percent (1.5%) per month from the due date until receipt of payment.

ARTICLE VII BOOKS, RECORDS AND AUDITS

Operator must maintain full and accurate books of account and records, in a form acceptable to the County and according to standard and accepted accounting practices. The books of account and records that Operator must maintain must include, but not be limited to, sales slips, cash register tapes, credit card invoices, monthly sales tax returns, sales and disbursement journals, general ledgers, bank statements, bank books, bank deposit slips and annual federal income tax returns. In lieu of maintaining the books of account and records required herein, Operator may maintain computer records instead, provided that the County determines, in its sole discretion reasonably exercised, in advance, that said computer records are a reasonably equivalent alternative to the maintenance of books and records otherwise required herein. These books and records shall be stored in Destin, Florida, for a period of at least five (5) years following the end of each annual period of this Agreement and be made available to the County upon request.

The County reserves the right to audit Operator's books and records at any time for the purpose of verifying amounts payable hereunder. If, as a result of such an audit, it is established that Operator has understated amounts payable to the County by two percent (2%) or more (after deductions and exclusions provided for herein) Operator shall pay the full cost of the audit and shall pay the full amount underpaid, plus one and one-half percent (1.5%) interest per month on said underpayment from the time said underpayment should have been paid to the time said underpayment is fully paid. The cost of the audit and the payment of the underpaid amount, plus interest, shall be made by Operator to the County within thirty (30) days of receipt of written notice.

ARTICLE VIII SECURITY DEPOSIT

Prior to commencing operations at the Airport pursuant to this Agreement, Operator must post with the County, and Operator must thereafter continuously maintain for the entire term, a performance bond or letter of credit equal to Twenty-Five Thousand (\$25,000.00) Dollars, to cover Operator's performance of all of its obligations under this Agreement for the entire term. The performance bond or letter of credit to be provided by Operator and its surety shall be in a form acceptable to the County. The surety company or lender providing the letter of credit shall be licensed to do business in Florida, and shall be otherwise acceptable to the County. Operator shall be responsible for paying all required bond premiums or letter of credit fees.

An annually renewable Performance Bond may be substituted by the Operator each year in lieu of providing a single Bond or letter of credit. Such Performance Bond shall not contain any exclusion or condition based on a time-period for the discovery of, and the making of a claim for any loss which is less than one year after the expiration date of such Performance Bond. In other words, the Performance Bond shall allow the County to make a claim under the Bond, for losses which totally or partially occurred during the period of such Bond. Such extended claim discovery and/or claim reporting period shall be for a period of at least one year or longer after the expiration of such Bond. Such Bond shall not contain any wording which would allow for the cancellation or reduction in

coverage under the Bond, other than at the listed expiration date, provided that 30-days notice of such expiration is given to the County before termination of coverage at any such expiration date.

The performance bond shall be payable to the County in the event Operator defaults in any of its monetary obligations to the County hereunder.

ARTICLE IX
TAXES AND ASSESSMENTS

Operator shall be responsible for and shall promptly pay all property taxes; personal property taxes; all sales and other taxes measured by or related to the payments hereunder required under law; all license fees; and any and all other taxes, charges, imposts or levies of any nature, whether general or special, which, at any time, may be in any way imposed by local, state, or federal authorities other than the County, or that become a lien upon Operator, the County, the Leased Premises, or any improvements thereon, by reason of this Agreement or Operator's activities in, or improvements upon, the Leased Premises pursuant to this Agreement. The County warrants and represents that it shall not impose any taxes, assessments, or charges upon Operator during the term of this Agreement, other than assessments and charges authorized by this Agreement, or by any other agreement or agreements with the County.

ARTICLE X
INSURANCE AND INDEMNIFICATION

Before starting and until termination of this Agreement, the Operator shall procure and maintain insurance of the types and to the limits specified.

The term County as used in this section of the Agreement is defined to mean the County of Okaloosa itself, any subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents.

Insurance shall be issued by an insurer whose business reputation, financial stability and claims payment reputation is satisfactory to the County, for the County's protection only. Unless otherwise agreed, the amounts, form and type of insurance shall conform to the following minimum requirements or as prescribed under Appendix A, of the Okaloosa County Airports, General Schedule of Minimum Insurance requirements:

1. WORKER'S COMPENSATION

The Operator shall purchase and maintain Worker's Compensation Insurance Coverage for all Worker's Compensation obligations whether legally required or not. Additionally, the policy, or separately obtained policy, must include Employers Liability Coverage of at least \$100,000 each person - accident, \$100,000 each person - disease, \$500,000 aggregate - disease.

2. AIRPORT LIABILITY, AUTOMOBILE, ENVIRONMENTAL IMPAIRMENT, AND UMBRELLA LIABILITY COVERAGES

The Operator shall purchase coverage provided by Property/Casualty Insurance Companies whose rating by the A.M. Best Company is "A" or better. For Business Auto policies, the Operator shall purchase coverage on forms no more restrictive than Business Auto policies filed by the Insurance Services Office. The County shall be an Additional Insured and such coverage shall be at least as broad as that provided to the Named Insured under the policy for the terms and conditions of this Lease. The County shall not be considered liable for premium payment, entitled to any premium return or dividend and shall not be considered a member of any mutual or reciprocal company. Minimum limits and coverages as outlined

below must be provided, with umbrella insurance coverage making up any difference between the policy limits of underlying policies coverage and the total amount of coverage required. Refer to Okaloosa County Airports, General Schedule of Minimum Insurance Standards.

Airport Liability coverage including bodily injury and property damage liability for premises, operations, products and completed operations, hangarkeepers, and independent contractors. The policy must be endorsed to delete exclusions of coverage normally included in war risk as follows: strikes, riots, civil commotions, labor disturbances, acts of political or terrorist purposes, and sabotage. The coverage shall be written on occurrence type basis with minimum limits of \$2,000,000 combined single limit.

Aircraft Liability coverage including bodily injury and property damage liability arising out of the operation of owned and non-owned aircraft. This coverage shall be written on an occurrence type basis with minimum limits of \$3,000,000 Twin, \$1,000,000 Single combined single limit.

Business Auto coverage including bodily injury and property damage arising out of operation, maintenance or use of owned, non-owned and hired automobiles and employee non-ownership use. This coverage shall be written on a per accident basis with minimum limits of \$1,000,000 combined single limit.

Environmental Impairment coverage including spillage, leakage, seeping or the like arising out of the fuel storage tank system (fuel farm), effective for such environmental impairments arising subsequent to July 1, 1998, all of which may be sudden and accidental or over a long period of time. This coverage shall be written on a claims made type basis with minimum limits of \$1,000,000 combined single limit or as required by Federal or State Statute.

Umbrella Liability coverage shall not be more restrictive than the underlying insurance policy coverages. The coverage shall be written on an occurrence-type basis.

Operator and the County understand and agree that the minimum limits and type of insurance herein required may become inadequate, and Operator agrees that it will increase such coverage or Limits of Liability to commercially reasonable levels within ninety (90) days upon receipt of notice in writing from the Airport Director.

3. PROPERTY INSURANCE

Operator shall maintain in force at all times, property insurance coverage which insures any buildings constructed on the Leased Premises against fire, extended coverage and Standard Insurance Office (ISO) defined "Special Perils" of physical damage. In addition to the other requirements of this Section, the company or companies providing property insurance coverage pursuant to this paragraph shall be qualified to do business in the State of Florida. The County of Okaloosa shall be an Additional Insured under such policy with coverage afforded to the County which is at least as broad as that provided to the Operator/Named Insured under the policy for the terms and conditions of such policy. The amount of coverage will be 80% of the replacement cost of such Improvements excluding foundation and site work. The policy will not contain a deductible feature which exceeds five percent (5%) of replacement cost of such buildings. Such policy shall contain a Waiver of Subrogation endorsement in favor of the County. Operator agrees to apply any payment made as a result of any insurable loss to the repair or replacement of

such Improvements subject to the rights of any Lender or Mortgagee. In the event that the insurance funds are greater than the amount required to repair or replace the improvements, with like kind and quality, the excess funds shall be retained by Operator subject to the rights of any Lender or Mortgagee. Such funds shall be expended on such repair or replacement within a reasonable period of time. A period of more than twelve (12) months shall be deemed as an unreasonable period of time. If such funds are not expended as required, such funds will be turned over to the County of Okaloosa for the use and benefit of the Airports.

4. CERTIFICATES OF INSURANCE

Required insurance shall be documented in the Certificates of Insurance which provide that the County of Okaloosa shall be notified at least thirty (30) days in advance of cancellation, nonrenewal or adverse change or restriction in coverage. The County of Okaloosa shall be named on each Certificate as an Additional Insured and this contract shall be listed. If required by the County, the Operator shall furnish copies of the Operator's insurance policies, forms, endorsements, jackets and other items forming a part of, or relating to such policies. Certificates shall be on the "Certificate of Insurance" form equal to, as determined by the County an ACORD 25. The Operator shall replace any canceled, adversely changed, restricted or nonrenewed policies with new policies acceptable to the County and shall file with the County Certificates of Insurance under the new policies prior to the effective date of such cancellation, adverse change or restriction. If any policy is not timely replaced, in a manner acceptable to the County, the Operator shall, upon instructions of the County, cease all operations under the Contract until directed by the County, in writing, to resume operations. The "Certificate Holder" address should read: County of Okaloosa, Department of Risk Management, 601-A, North Pearl Street, Suite 204, Crestview, Fl., 32536.

5. INSURANCE OF THE OPERATOR PRIMARY

The Operator required coverage shall be considered primary, and all other insurance shall be considered as excess, over and above the Operator's coverage. The Operator's policies of coverage will be considered primary as it relates to all provisions of the contract.

LOSS CONTROL AND SAFETY

The Operator shall retain control over its employees, agents, servants and subcontractors, as well as over its invitees, and its activities on and about the subject premises and the manner in which such activities shall be undertaken and to that end, the Operator shall not be deemed to be an agent of the County. Precaution shall be exercised at all times by the Operator for the protection of all persons, including employees, and property. The Operator shall make special effort to detect hazards and shall take prompt action where loss control/safety measures should reasonably be expected.

HOLD HARMLESS

The Operator shall hold harmless the County of Okaloosa, its subsidiaries or affiliates, elected and appointed officials, employees, volunteers, representatives and agents from any and all claims, suits, actions, damages, liability and expenses in connection with loss of life, bodily or personal injury, or property damage, including loss or use thereof, directly or indirectly caused by, resulting from, arising out of or occurring in connection with the performance of this Agreement, provided any such claim, suit, action, damage, liability or expense is caused in whole or in part by an act or omission of the Operator, or the Operator's subtenants, subcontractors, representatives, licensees, invitees, agents or employees of the Operator or employees of any of the aforementioned individuals or entities. The Operator's obligation shall not

be limited by, or in any way to, any insurance coverage or by any provision in or exclusion or omission from any policy of insurance. Nothing contained herein shall obligate the Operator to hold harmless the County for the County's own negligence to the extent the claim is caused by such negligence.

PAY ON BEHALF OF THE COUNTY

The Operator agrees to pay on behalf of the County, as well as provide a legal defense for the County, both of which will be done only if and when requested by the County, for all claims as described in the Hold Harmless paragraph. Such payment on the behalf of the County shall be in addition to any and all other legal remedies available to the County and shall not be considered to be the County's exclusive remedy.

ARTICLE XI PATENTS AND TRADEMARKS

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

ARTICLE XII IMPROVEMENTS

Improvements:

During the term of this Agreement, Operator shall have the right to construct, at its own expense, improvements, alterations, or additions to the Leased Premises to facilitate and further the authorized usage of the Leased Premises, provided that Operator conforms with all conditions of this Article including:

- (a) the proposed improvements and alterations are submitted to the County for its prior review;
- (b) the County determines, in its sole discretion (which discretion shall be reasonably applied and the determination not unreasonably delayed), that the proposed improvements and alterations will be consistent with the Airport's Master Plan, land use plan and architectural design and quality of construction in effect at the time of construction; and
- (c) the improvements, alterations, and additions are to be constructed by qualified and licensed contractors and subcontractors.
- (d) the Airport Director shall review said plans and specifications and return them to Operator with appropriate comments within 30 days of receipt. Upon receipt of the Airport Director's approval of the plans and specifications, the Operator shall have eight months to complete the construction and be in operation.
- (e) the County shall maintain all public and common or joint use areas of the Airport, including the Air Operations Area, in good repair, and shall make such repairs, replacements or additions thereto as,

in its opinion, are required and necessary for the safe and efficient operation of the Airport.

General Construction Requirements:

Prior to the commencement of any construction activity, Operator shall submit detailed plans, specifications, and a construction time schedule for the improvements, to the County for approval. The Airport Director shall either approve or disapprove the plans and/or specifications submitted by the Operator. Approval by the Airport Director of any plans and specifications refers only to the conformity of such plans and specifications to the general architectural and aesthetic plan for the area assigned to the Operator. Such plans are not approved for architectural or engineering design or compliance with applicable laws or codes and the County, acting through the Airport Director, by approving such plans and specifications, assumes no liability or responsibility hereof or for defect in any structure or improvement constructed according to such plans and specifications. The Airport Director reserves the right to reject any design submitted and shall state the reasons for such action; provided, however, the Airport Director will not unreasonably deny such plans and specifications. No changes or alterations shall be made to said plans and specifications after approval by the Airport Director.

Immediately upon receipt of the County's written approval of said plans, specifications, and construction time schedule, Operator shall proceed with construction of said improvements. Work shall not be performed at times other than shown on the construction time schedule without the prior approval of the Airport Director.

Operator shall construct all improvements and additions to the Leased Premises at its own expense. Although the County has the right to review proposed improvement plans, and veto the plans if the plans are inconsistent with the airport development plans or construction quality and design control, pursuant to the standards set forth above, if the County does not veto said improvement plans, and Operator thereafter constructs the improvements, the improvements shall be commissioned and constructed at Operator's sole initiative and behest, and nothing herein shall be construed as an authorization by County to Operator to construct the improvements, or as an agreement by County to be responsible for paying for the improvements, and neither the Leased Premises, nor the County's interest in said Leased Premises or any improvements constructed thereon, shall be subjected to a mechanic's lien for any improvements constructed by Operator hereunder.

Where the cost of improvements exceed \$100,000, the County may require Operator to post a bond or letter of credit or other security acceptable to the County guaranteeing payment for construction of the improvements, as a condition precedent to the commencement of construction of the improvements.

Operator shall be responsible for assuring that all of the improvements, alterations and additions to the Leased Premises are constructed in accordance with applicable local, state and federal law. Operator shall reimburse the County for all costs and expenses, including attorney's fees, the County incurs:

- (a) as a result of the fact that the improvements, additions, or alterations do not comply with local, state and federal law;
- (b) in defending against, settling or satisfying any claims that the County is responsible for paying for improvements commissioned by Operator hereunder; or
- (c) in defending against, settling or satisfying any mechanic's lien claims, asserted as a result of unpaid for improvements commissioned by Operator hereunder.

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

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

Operator shall provide County with one complete set of "as-built" drawings for each improvement, alteration, or addition made to the Leased Premises during the term of this Agreement.

Immediately upon completion of any improvements, alterations, or additions, Operator shall submit to the County a detailed, certified statement from the construction contractor (s), architect (s), and engineer(s) specifying the total construction costs, both hard costs such as building contractor and material costs and soft costs such as architect fees, bond costs, letter of credit fees, attorney fees to review and negotiate construction contracts and construction issues and for loan closing, and design and closing costs, but excluding debt service (collectively "Direct Costs"). The County shall review the costs and upon its approval, said approval not to be unreasonably denied or delayed, such costs shall become the basis for depreciation of Operator improvements as provided for in Article XXVI.

Title to all permanent leasehold improvements, alterations, or additions, as defined by Florida Law, will vest in the County upon termination or sooner expiration of this agreement, free and clear of any liens or encumbrances whatsoever arising by, through or under the Operator.

Notwithstanding the above paragraph, title to all of the Operator's trade fixtures and signs and personal property shall at all times during the term of this Agreement remain with the Operator.

Operator shall not remove or demolish, in whole or in part, any improvements upon the Leased Premises without the prior written consent of the Airport Director.

ARTICLE XIII SIGNS

Operator shall have the right in accordance with applicable law, at its own expense for construction, erection and maintenance, to place in or on the Leased Premises a sign or signs identifying the Operator. Such sign(s) shall be of a size, shape and design, and at a location or location, approved in writing in advance by the Airport Director and in conformance with standards established by the Airport Director with respect to the Airport's overall directional graphics and sign program. Sign(s) and location(s) may be changed and altered from time to time with the written approval of the Airport Director, said approval not to be unreasonably denied or delayed. The Operator, upon written request from the County, shall remove, at the Operator's expense, all lettering and signs so erected on the Leased Premises at the expiration or sooner termination of this Agreement.

ARTICLE XIV VENDING MACHINES

No amusement or vending machines or other machines operated by coins or tokens shall be installed or maintained in or upon the Leased Premises, or any

improvements or additions thereon, except with the permission of the County, and the number, type, kind and locations thereof shall be solely in the discretion of the County. Operator shall not permit the installation of any such machines, except by a concessionaire authorized by the County or unless the County agrees to Operator or its subtenants installing their own machines for use by the employees and guests of Operator and its subtenants.

ARTICLE XV MAINTENANCE

During the term of this Agreement, Operator agrees, at its own expense, to maintain and keep in good condition and repair, all portions of the Leased Premises, including any improvements, alterations, or additions thereon. As used herein, maintenance shall include, without limitation, the upkeep, repair, and replacement of all structural and non-structural aspects of the Leased Premises and all existing and future improvements thereto. Maintenance shall include, but not be limited to:

1. The maintenance of Operator installed structures, fencing, landscaping, and irrigation. The County will maintain foundations, walls, roofs, drainage installations, curbs, islands, sidewalks, driveways, aircraft ramp, parking areas (vehicular and aircraft), and Operator-constructed and/or modified vehicular and aircraft ingress/egress and access-ways provided for in this Lease;
2. The Operator will maintain all interior equipment, fixtures and connections in accordance with Article XVI. The County will maintain all service lines to the point of service connection;
3. The Operator will maintain all interior and exterior doors, locks, walls, windows, ceilings and partitions to a point of routine maintenance;
4. The Operator will maintain all interior and exterior lighting fixtures and standards including bulbs, tubes, ballasts, starters, switches and outlets;
5. All interior and exterior painting;
6. All janitorial and security service.

During the term of this Agreement, Operator agrees to maintain all portions of the Leased Premises, and any improvements, alterations, or additions thereon, in a safe, clean, and neat condition, and not permit any accumulation of wreckage, debris, or trash. Operator agrees to provide for complete, proper and adequate sanitary handling and disposal, away from the Airport, of all trash, garbage, waste and other refuse caused as a result of Operator's; to provide and use suitable covered metal receptacles, to be approved by the Airport Director, for all trash, garbage and other refuse on or about the Leased Premises, and not to pile boxes, cartons, carts, drums, or the like on the outside of the buildings, or dump any waste matter of any nature, in a liquid state or otherwise, on the Leased Premises nor to permit contamination of the County's sewers or the Airport's drainage control reservoir.

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

Should Operator fail to comply with the terms and conditions of this Article within a period of thirty (30) days following written notice of such failure, or

for those items that cannot be reasonably cured within 30 days, Operator undertakes to cure and diligently pursues such cure, the County reserves the right to take any action to cure said failure. Should the County take action to cure failures, the Operator shall pay to the County an amount equal to the county's cost for such actions plus a ten percent (10%) administrative charge. Said payment is to be made by the 10th day of the following month in addition to any other payments due.

ARTICLE XVI UTILITIES

During the term of this Agreement, Operator shall be responsible for providing, maintaining, and repairing, at its sole cost and expense, all utilities, including, but not limited to telephone, lighting, heating, air conditioning, water, gas, sewer, and electricity, required for the Leased Premises and any improvements, alterations, or additions thereon. The County, at the County's expense, will arrange for the installation of water, sewer, and electrical service lines as specified and approved by the Airport Director, for the construction of the new facility, up to the point(s) shown on Exhibit "F". The County shall not be obligated to provide for the extension of these service lines or to provide for the installation of any other utility service lines. The Operator, at the Operator's sole cost and expense, shall arrange for the extension of these service lines to operator installed structures on the Leased Premises. Throughout the term of this Agreement, Operator shall not render any utility lines inaccessible.

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

The County, or the utility company as the case may be, will be responsible for utility lines up to said point(s) shown on Exhibit F. Should Operator have a problem with any exterior utility line and it be determined that said problem exists at a point prior to where the line enters upon the Leased Premises, Operator shall coordinate the required maintenance and repair with both the appropriate utility company and the County.

The Operator may, at its sole cost and expense, install any additional utilities at the Leased Premises as it so desires, provided that Operator shall be responsible for obtaining any easements necessary to make such utilities available to the Leased Premises and the Operator complies with all provision of Article XII herein.

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

The Operator shall be solely liable for the cost of all utility consumption on the Leased Premises and the Operator shall obtain separate meters accordingly.

ARTICLE XVII
DAMAGE OR DESTRUCTION

Operator shall be liable for any damage to the Airport and to any improvements thereon caused by Operator, its partners, officers, agents, invitees, employees, contractors, subcontractors, assigns, subtenants, or anyone acting under its direction and control, ordinary wear and tear excepted. All repairs for which Operator is liable shall be made by Operator unless the County determines that it is more appropriate for the County to make the repairs; provided, however, notwithstanding anything herein to the contrary, repairs to the improvements constructed by Operator may be made by the Operator unless Operator fails to undertake such repairs as set forth below. In such a case, the County shall make the repairs at Operator's expense. All repairs for which Operator is liable and which are not undertaken after the County has given Operator notice to so do shall be performed by the County, in which event Operator shall reimburse the County for the cost thereof, plus a ten percent (10%) administrative charge, and said amount shall be due by the 10th day of the following month in addition to any other payment due.

In case of damage to or destruction of the improvements upon the Leased Premises, the Operator, at its sole expense, shall commence the repair or reconstruction of the improvements within sixty (60) days thereafter and diligently complete such repair or reconstruction within a reasonable time period and to a condition as near as reasonably practicable to the condition thereof immediately prior to such damage or destruction. In accordance with Article X, a period of more than 12 months shall be deemed unreasonable. In the event the Operator fails to commence repairs within the specified time, then, at the County's sole discretion, this Agreement shall terminate or the County may exercise its remedies under this Agreement.

In the event this Agreement terminates pursuant to the paragraph above, the County shall notify the Operator whether the county elects that (1) the Operator surrender possession of the Leased Premises to the County immediately and assign the County (or, if the same has already been received by the Operator, pay to the County) all of its right, title and interest in all of the proceeds from the casualty insurance upon the Leased Premises specified in Article X, and pay to the County an amount equal to the Operator's deductible thereunder, or (2) the Operator at its sole cost and expense, within four (4) months after the receipt of the County's notice as aforesaid, tear down and remove all parts of the improvements then remaining and the debris resulting from such fire or other casualty and otherwise clean up the Leased Premises, and place the area in a condition similar to that when it was first provided to the Operator. In all events, the Leased Premises shall be free and clear of liens, including the lien of any leasehold mortgage, arising by, through or under the Operator. In the event the County elects option (2) hereunder, within five (5) days after the completion of such cleanup and restoration, the Operator shall surrender to the County possession of the Leased Premises, cleaned up as aforesaid, and assign to the County (or if the same has been received by the Operator, pay to the County) all of the insurance proceeds from the insurance upon the Leased Premises specified in Article X plus the amount of any deductible thereunder, minus the costs of cleanup and restoration.

In the event of damage or destruction to the Leased Premises, it is expressly understood that Operator shall continue to be liable for complying with all terms and conditions of this Agreement, including fees payable, during the time required for Operator to fulfill its obligations hereunder.

Notwithstanding anything in this Article or the Lease to the contrary, the Operator's and County's rights to insurance proceeds will be subject and subordinate to the rights of the lender holding the leasehold mortgage covering the Leased Premises pursuant to Article XLIII below.

ARTICLE XVIII
RIGHT TO ENTER

The County and its authorized officers, employees, agents, contractors, subcontractors and other representatives shall have the right to enter upon the Leased Premises and any improvements and alterations thereon at reasonable times (and in an emergency, any time) for the following purposes:

1. To inspect such premises to determine whether Operator has complied and is complying with the terms and conditions of this Agreement.
2. To perform maintenance and make repairs in any case where Operator is obligated but has failed to do so.
3. In the exercise of County's police powers.

ARTICLE XIX
QUIET ENJOYMENT

The County warrants and represents that it has good and marketable title to the Leased Premises free of encumbrances. The County represents that upon payment of fees when due and upon performance of all other conditions required herein, and under other agreements between the parties, Operator shall peaceably and quietly have, hold, possess and enjoy the Leased Premises, and all improvements thereon, for all terms under this Agreement, subject to the County's rights of inspection and maintenance contained herein.

ARTICLE XX
NON-DISCRIMINATION

Operator, for itself, its personal representatives, successors in interest, assigns and subtenants, as part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, religion, sex, national origin, or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of the Leased Premises and any improvements thereon; (2) no person on the grounds of race, color, religion, sex, national origin, or disability shall be subjected to discrimination in the construction of any improvements on, over, or under the Leased Premises and the furnishing of services therein; and (3) Operator shall use the Leased Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-Discrimination in Federally Assisted Programs of the Department of Transportation, effectuation of Title VI of the Civil Rights Act of 1964, and as said regulations may be amended.

Operator shall furnish its accommodations and/or services on a fair, equal, and non-discriminatory basis to all users thereof and it shall charge fair, reasonable, and non-discriminatory prices for each unit or service, PROVIDED THAT Operator may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar type of price reductions to volume purchasers.

In the event of breach of any of the above non-discrimination covenants, the County shall have the right, subject to rights of cure otherwise set forth herein, to terminate this agreement and to re-enter and repossess said Leased Premises and hold the same as if said agreement had never been made or issued.

ARTICLE XXI
WAIVER

Should Operator breach any of its obligations hereunder, the County, nevertheless, thereafter may accept from Operator any payment or payments due

under this Agreement, and continue this Agreement in effect without in any way waiving its ability to exercise and enforce all available remedies upon default provided hereunder or provided by law for said breach. In addition, any waiver by either party of any default, breach, or omission of the other under this Agreement shall not be construed as a waiver of any subsequent or different default, breach, or omission.

ARTICLE XXII
DEFAULT AND REMEDIES

Events of Default: Subject to any cure periods otherwise set forth herein, the following shall constitute defaults by Operator:

1. Failure to pay any fees or any other monies owed hereunder, or under any other agreements between the parties, when such fees and monies are due.
2. The failure to keep any covenant, agreement, or obligation covered under this Agreement, or under any other agreement between Operator and the County.
3. The operation of the Operator should change to such an extent that it is no longer able to meet the criteria set forth in the Requirements and Minimum Standards for Services and Activities for the activities permitted under this Agreement.
4. Operator undertakes any other commercial or noncommercial service or activity not specifically permitted under this Agreement.
5. If any court shall take jurisdiction of Operator and its assets pursuant to any proceeding other than under the provisions of the Bankruptcy Reform Act of 1978, or if a Receiver for Operator's assets is appointed, or if Operator shall be divested of its rights, powers, and privileges under this agreement by other operation of law, other than under the Bankruptcy Act of 1978.
6. Subject to casualty and the terms of Article XVII hereof, abandonment of Operator's operations, which shall be defined as Operator's failure to conduct regular and continuing operations on the Leased Premises in accordance with the requirements hereof for thirty (30) days.
7. A default in, or the termination of any other agreement between Operator and the County, or default in or the termination of any sublease executed between Operator and any third party pursuant to which Operator is entitled access to land, buildings, improvements, or any portions thereof, located on the Airport, or to do business on the Airport.

Should the County so request in writing after execution of this Agreement, Operator shall provide a copy of the additional agreements pursuant to which Operator is authorized to do business on the Airport, within ten (10) days of said notice. The failure to provide copies of said agreements shall also constitute a default on Operator's part and shall entitle the County to exercise any and all of its default powers set forth in this Agreement.

Remedies Upon Default: Upon the occurrence of any of the events of default set forth above, the County may exercise any one or more of the following remedies. These remedies shall be cumulative and not alternative:

1. The County may sue for recovery of all damages incurred by the County, including incidental damages, consequential damages, if any, and attorney's fees;
2. The County may utilize any portion, or all, of the security deposit provided by Operator to remedy the default and to reimburse the County for any damages, including attorney's fees and other expenses of collection that it may sustain as a result of the default. In such event, Operator shall not be permitted to resume operations under this Agreement until such time as it furnishes another security deposit that satisfies the requirements of Article VIII. However, this Agreement shall not be deemed terminated during said period unless written notice of termination shall have been given and become effective in accordance with subparagraph 3, below;
3. The County may terminate this Agreement and, at the option of the County, any other agreement in effect between the County and Operator. The termination of these agreements, however, shall only be effective upon written notice of same provided by the County to Operator. In no event shall this Agreement be construed to be terminated unless and until such notice is provided. The termination may be effective immediately upon provision of said notice, or at any other time specified in the notice. If this Agreement is terminated, Operator shall continue to be liable for: (a) the performance of all terms and conditions and the payment of all monies due hereunder prior to the effective date of said termination; (b) all damages, including attorney's fees and other expenses of collection, incurred as a result of any default; and (c) all conditions, terms and obligations in Article X entitled Insurance and Indemnification of this Agreement.
4. Without terminating the Agreement by so doing, and without further notice to Operator, the County may reenter the Leased Premises with or without process of law, repossess the Leased Premises and all fixtures and improvements thereon, and remove Operator and any third parties who may be occupying or within the Leased Premises and all of their respective personal property, by using either such reasonable force as may be necessary, summary proceedings, ejectment, or any other means the County, in its sole discretion, deems appropriate without being deemed guilty of trespass, eviction, or forcible entry and detainer by so doing. In such case, the County shall be obligated to attempt, in good faith, to negotiate the reletting of the Leased Premises, and any improvements thereon, or any portion thereof, on behalf of Operator, for such period of time and upon such terms and conditions as the County deems appropriate. The County shall in no way be obligated under the terms of this subparagraph to relet all or any portion of the Leased premises, or any improvement thereon, to any third party, or upon terms and conditions that are not acceptable to the County, or which the County, in its sole discretion, does not feel to be in the best interests of the Airport; nor shall the County be responsible for any failure of the suboperator or new tenant to pay rent or to perform any other conditions due upon such reletting. Operator hereby expressly authorizes the County to make any reasonable repairs necessary to relet the Leased Premises, or any improvements thereon, on Operator's behalf. Assuming the County attempts to relet the Leased Premises in good faith, whether or not the County is able to relet the Leased Premises, Operator shall remain liable for the performance of all terms and conditions of the Agreement and the payment of all fees due under the terms of the Agreement for the remainder of the Leasehold term, although Operator shall receive credit for any fees paid or conditions performed as a result of subletting. Operator shall also be responsible for reimbursing the

County for all costs and expenses the County incurs in reletting or attempting to relet the Leased Premises, including commission/broker fees and reasonable repair costs. Finally, if, as a result of such reletting, the County becomes entitled to receive excess fees or other benefits over and above what the County would have been entitled to receive under this Agreement, the County shall be entitled to retain all such surplus fees and other benefits, and Operator shall have no rights or interest therein.

5. The County may utilize any other remedy provided by law or equity as a result of any events of default.
6. Notwithstanding anything in this Lease to the contrary, Operator will not be in default under this Lease unless and until Operator defaults in the payments of rent, and fails to pay said rent for a period of thirty (30) days after receipt of notice from County, or Operator defaults in the performance of any provision under this Lease and fails to cure said default within thirty (30) days of receipt of notice from County, or, if such default is of a nature that it could not reasonably be cured within thirty (30) days after receipt of such notice and Operator does not commence and proceed with reasonable diligence and in good faith to cure such default.

ARTICLE XXIII
NON-DEFAULT TERMINATION EVENTS

A. Non-Default Termination Events:

The occurrence of any of the following shall constitute a termination hereunder and entitle the Operator to terminate this Agreement by giving ninety (90) days written notice:

1. The lawful assumption by the United States of America, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to substantially restrict the Operator from operating therefrom for a period in excess of ninety (90) days.
2. The abandonment of the Airport as an airport or airfield for a period greater than 90 days.

B. Termination for Other Purposes:

In accordance with Article XXX, if the County at any time during the term of this Agreement determines, in its sole judgement, that the Leased Premises are required for other airport purposes, and not for fixed based operations, the County shall have the right to terminate this Agreement by giving the Operator 90 days written notice; provided, however that County complies with the terms of Article XXVI.

C. Lost Profits:

Except as set forth in Article XXVI, the County shall not be responsible to the Operator for any lost profits, expenses, liabilities or claims whatsoever that may result from termination by the Operator or the County pursuant to this Article.

ARTICLE XXIV
ATTORNEYS FEES, COSTS AND EXPENSES OF LITIGATION

In the event of a breach of this Agreement, the breaching party shall pay to the non-breaching party all attorney's fees, costs and other expenses incurred by the non-breaching party in enforcing its rights as a result of said breach.

ARTICLE XXV
FORCE MAJEURE

Subject to the provisions herein concerning the payment of fees and other monies by Operator to the County, and except and otherwise expressly provided herein, neither the County nor Operator shall be liable for any failure, delay, or interruption in performing its obligations hereunder (other than the Operator's obligations to pay fees and other monies) due to causes or conditions beyond their control; by which is meant acts of God, the elements, weather conditions, earthquakes, fire, acts of governmental authority (other than the County or agency thereof), war, shortage of labor or materials, acts of third parties for which neither the County nor Operator is responsible, injunctions, labor troubles or disputes of every kind (including those affecting the County, Operator, their contractors, suppliers, or subcontractors), or any other condition or circumstance, whether similar to or different from the foregoing (it being agreed that the foregoing enumeration shall not limit or be characteristic of such conditions or circumstances), which is beyond the control of the County or Operator or which could not be prevented or remedied by reasonable effort and at reasonable expense.

ARTICLE XXVI
BUYOUT OF IMPROVEMENTS

In the event of any cancellation or termination of this Agreement prior to the expiration date pursuant to Article XXIII(A)(2) or Article XXIII(B), the County shall, within ninety (90) days after the effective date of such termination or cancellation, pay the Operator for all Operator Improvements installed or constructed by the Operator which were approved by the County pursuant to the terms hereof, whether in place on the DBO or constructed thereafter; provided, however, the County shall not make any payments hereunder for any Operator Improvements not then in existence at the time of any such cancellation or termination. The price for said improvements shall equal the Operator's undepreciated Direct Costs for such improvements pursuant to Article XII. Operator shall depreciate the approved costs of any improvements on a straight line basis, commencing with the completion of such installation or construction and extending for 30 years. The Operator's tax depreciation method will have no bearing on computation of this amount.

ARTICLE XXVII
SURRENDER UPON TERMINATION

Upon the expiration or sooner termination of this Agreement, for any reason whatsoever, Operator shall peaceably surrender to the County possession of the Leased Premises, together with any improvements, alterations, or fixtures previously constructed by Operator or the County within said Leased Premises, and any of the County's personal property located thereon, in as good a condition as the Leased Premises and improvements, alterations and fixtures constructed thereon were initially provided to, or constructed by, the County or Operator, ordinary wear and tear excepted, and, subject to terms of Article XXVI above, without any compensation whatsoever, and free and clear of any claims or interests of Operator or of any mortgages or any other third party whose position was derived from or through Operator. If any of said improvements, alterations or fixtures are encumbered by a mortgage or lien at the time of expiration or sooner termination of this Agreement, Operator shall be responsible for eliminating said mortgage or lien and shall hold the County harmless therefrom. Nothing in this paragraph shall be construed to require Operator to remove Operator's underground fuel storage tanks in the existing fuel farm area shown in Exhibits A-4 and B-2 unless said removal is required by applicable state or federal laws and regulations. Should the Operator be granted permission to construct a new fuel farm or to install any fuel tanks in other locations on the

Airport, the Operator shall be required to remove said new fuel farm or fuel tanks at the request of the County.

Operator shall have the right to remove its items of personal property and trade fixtures and signs from the Leased Premises through 30 days after the close of business on the day of expiration or sooner termination of this Agreement. Should Operator fail to remove its personal property and trade fixtures and signs within said time, the County shall have the right to remove said personal property and trade fixtures and signs and to place said personal property and trade fixtures and signs into storage at Operator's behalf and at Operator's sole cost and expense. The County shall be entitled to reasonable rental from Operator for the use of the Leased Premises occupied by Operator's personal property and trade fixtures and signs, until the County places said property into storage.

Title to all personal property and trade fixtures and signs not removed by Operator from the Leased Premises or claimed from storage within thirty (30) days of the expiration or sooner termination of this Agreement shall be subject to the County taking ownership of such personal property and trade fixtures and signs, without payment by the County to Operator of any compensation whatsoever, and said personal property and trade fixtures and signs shall thereafter be owned by the County free and clear of any claim or interest by Operator or of any mortgagee or any third party whose position was derived from or through Operator.

ARTICLE XXVIII HOLDING OVER

If Operator remains in possession of the Leased Premises after the expiration of this Agreement without any written renewal thereof, such holding over shall not be deemed as a renewal or extension of this Agreement but shall create only a tenancy from month to month which may be terminated at any time by the County upon thirty (30) days written notice. Such holding over shall otherwise be upon the same terms and conditions as set forth in this Agreement.

ARTICLE XXIX RENEWAL

Should the County desire to continue fixed base operations at the Airport, eighteen months prior to the end of this Agreement, the County will issue a Request for Proposals for continued Fixed Base operations from the premises. The award of the new lease and operating agreement will be made no later than six months prior to the expiration of this Agreement.

Operator has no guaranteed or preferential right, as against other third parties, of reletting the Leased Premises, or any improvements thereon, following the termination of this Agreement. Should Operator desire to relet the Leased Premises following the termination of the term of this Agreement, Operator shall submit an application for Lease in accordance with Airport leasing rules and regulations in effect at that time. Operator's application will be reviewed by the County along with other applications, if any, in accordance with then applicable Airport leasing rules and regulations.

ARTICLE XXX SUBSTITUTION OF PREMISES

Operator understands and agrees that the County has the right to take all or any portion of the Leased Premises, and any additions, alterations, or improvements thereon, should the County, in its sole discretion, determine that said portion of the Leased Premises, and improvements thereon, are required for other Airport purposes and not for fixed base aircraft operations. If such action is taken, the County may terminate this Agreement in accordance with Article XXIII, NON-DEFAULT TERMINATION EVENTS, or may and if the County intends to maintain a Fixed Base Operation at the Airport will substitute in a reasonable time using

reasonable diligence comparable areas within the Airport, brought to the same level of improvement to the area taken. The County shall bear all expenses of bringing the substituted area to the same level of improvement as the area taken, and of moving Operator's improvements, equipment, furniture and fixtures to the substituted area. If any of Operator's improvements, equipment, furniture, or fixtures cannot be relocated, the County shall replace, at its own expense, such non-relocatable improvements and other property with comparable property in the substituted area, and the County shall be deemed the owner of the non-relocated improvements and other property, free and clear of all claims of any interest or title therein by Operator, or any mortgagee or other third party. It is the specific intent of this paragraph that Operator be placed, to the extent possible, in the same position it would have been had the County not substituted new premises for the Leased Premises, provided, however, that the County shall not be obligated to reimburse Operator for lost profits or revenues due to such substitution.

ARTICLE XXXI
AIRPORT DEVELOPMENT RIGHTS

Subject to the provisions of Article XXX concerning Substitution of Premises Rights above, the County reserves the right to further develop or improve all areas within the Airport, including landing areas, as the County may determine in its sole discretion, which discretion shall not unreasonably be exercised, to be in the best interests of the Airport, regardless of the desires or views of Operator, and without further interference or hindrance from Operator.

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

ARTICLE XXXII
SUBORDINATION

This Agreement shall be subordinate to existing and future Airport Bond Resolutions. This agreement shall also be subject to and subordinate to agreements between the County and State and Federal agencies for grants-in-aid and to the provisions of any agreements heretofore made between the County and the United States, relative to the operation or maintenance of the Airport, the execution of which has been required as a condition precedent to the transfer of federal rights of property to the County for Airport purposes, or to the expenditure of federal funds for the extension, expansion, or development of the Airport, including the expenditure of federal funds for the development of the Airport in accordance with the provisions of the Federal Airport Act of 1958, as it has been amended from time to time. Any agreement hereafter made between the County and the United States will not be inconsistent with rights granted to Operator herein.

ARTICLE XXXIII
ASSIGNMENT

Operator shall not assign its rights, title and interest herein without the written consent of the County, said consent not to be unreasonably denied or delayed. If an assignment is made, Operator shall continue to be liable, jointly and severally, with its assignee, for the fulfillment of all terms and conditions arising under this Agreement subsequent to the assignment, unless the County releases Operator in writing for such liability for future obligations. The release shall be effective only if made in writing. All subsequent assignors and assignees shall be subject to this Section as if they were the original operator/assignor.

ARTICLE XXXIV
SUBLEASE

Operator may not sublease all or any portion of the Leased Premises or all or any portion of the improvements thereon, without first obtaining written consent of the County, said consent not to be unreasonably denied or delayed. Any such sublease must be in writing and be made subject to the terms and conditions of this Agreement. In addition, before any sublease may take effect, any suboperator must execute an agreement with the County, in a form and for a fee acceptable to the County, by which such suboperator is authorized to do business on the Airport.

ARTICLE XXXV
SUCCESSORS

The provisions, covenants and conditions of this Agreement shall bind and inure to the benefit of the legal representatives, successors and assigns of the parties hereto.

ARTICLE XXXVI
PARTIAL INVALIDITY

If any term or condition of this Agreement or application thereof to any person or event shall to any extent be invalid and unenforceable, the remainder of this Agreement and the application of such term, covenant, or condition to persons or events other than those to which it is held invalid or unenforceable shall not be affected and each term, covenant and condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

ARTICLE XXXVII
NOTICES

All notices by either party to the other shall be made by depositing such notice in the registered or certified mail of the United States of America, postage prepaid, or with another delivery service requiring signature and receipt, and such notice shall be deemed to have been served on the date of such depositing correctly addressed notice in the registered or certified mail unless otherwise provided. All notices to the County shall be mailed to:

Airport Director
Okaloosa Regional Airport
State Route 85
Eglin AFB, Florida 32542

All notices to Operator shall be mailed to:

Miracle Strip Aviation, Inc.
P.O. box 159
Destin, Florida 32540
Attention: President, Mr. Walter Brigman

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

ARTICLE XXXVIII
REPRESENTATIONS REGARDING AUTHORITY

The County represents that it has the authority to enter into this Agreement and grant the rights contained herein to Operator.

If Operator is a limited or general partnership, the undersigned warrants and represents that (1) he/she is a general partner of said partnership; (2) his/her execution of this Lease is in the usual course of the partnership's business; and (3) by his/her execution of this Lease, the partnership shall be deemed a signatory to this Lease in the same fashion as if all of the general partners of the partnership had executed this Lease.

If Operator is a corporation, the undersigned warrants and represents that (1) he/she is an agent of the corporation; (2) he/she is authorized to execute this Lease on the corporation's behalf; and (3) the corporation shall be bound as a signatory to this Lease by his/her execution of this Lease.

ARTICLE XXXIX
RELATIONSHIP OF PARTIES

It is understood that the County is not in any way or for any purpose a partner or joint venturer with, or agent of, Operator in the use of the Leased Premises or any improvements thereon, for any purpose.

ARTICLE XL
AIRPORT PROTECTION

The County reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the Leased Premises, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the said airspace, and for use of said airspace for landing on, taking off from or operating on the Destin/FT. Walton Beach Airport.

The Operator shall not erect or permit the erection or growth of, or permit to remain in or on the Leased Premises, any structure, natural growth or other object extending into the airspace above the Leased Premises higher than as permitted in Federal Aviation Regulation Part 77 as such regulation may be amended from time to time.

The Operator shall not use or permit the use in or on the Leased Premises in such a manner as to create electrical or electronic interference with communications between the Destin/Ft. Walton Beach Airport and aircraft, or between aircraft and any navigational controls, whether or not located on the Destin/Ft. Walton Beach Airport.

The Operator shall not erect, install or permit the erection or installation in or on the Leased Premises of any lights that will or might make it difficult for aircraft pilots to distinguish between the airport lights and other lights, or that will or might impair visibility or otherwise endanger the landing, taking off, or maneuvering of aircraft.

ARTICLE XLI
HEADINGS

The headings contained in this Agreement are inserted only as a matter of convenience and for reference and do not define or limit the scope or intent of any provision of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or the interpretation or construction thereof.

ARTICLE XLII
GOVERNING LAW

This Agreement shall be interpreted in accordance with the laws of the State of Florida.

ARTICLE XLIII
ENCUMBRANCE OF LEASEHOLD
ESTATE AND NOTICE TO MORTGAGEES

- A. With the consent of County as set forth below, Operator may, at any time or from time to time during the term of this lease, encumber by mortgage or other security instrument, by way of assignment, or otherwise, Operator's interest in this leasehold estate.
- B. Any lender on the security of the leasehold estate ("Lender") shall have the right at any time during the term of this Lease:
1. to do any act or thing required of Operator hereunder and all such acts or things done and performed shall be as effective to prevent a forfeiture of Operator's rights hereunder as if done by the Operator; and
 2. to realize on the security afforded by the leasehold estate by exercising foreclosure proceedings or power of sale or other remedy afforded in law or in equity or by the security documents (hereinafter sometimes collectively referred to as "foreclosure sale") or to acquire by deed-in-lieu, and to transfer, convey, or assign the title of Operator to the leasehold estate created hereby to any purchaser at any such foreclosure sale or transfer from Lender if Lender acquires by a deed-in-lieu and to acquire and succeed to the interest of Operator hereunder by virtue of any such foreclosure sale or deed-in-lieu.
- C. Notwithstanding anything to the contrary provided for in this Article, or elsewhere in this Lease, the rights of County, in the event of a default, may not be exercised until written notice of such default to any Lender, or to the person or firm designated by any such Lender to accept such notices. It is agreed that such Lender shall have the right to cure any such default within thirty (30) days from receipt of said notice with respect to any default that can be cured by the payment of money, or within thirty (30) days from receipt of said notice with respect to any other covenant or condition or term of this Lease; and, if such default is of such nature that it cannot be remedied within said time, then such Lender shall have such additional time as is reasonably necessary to cure such default, provided that it commences the curing of such default within said thirty (30) day period, and thereafter diligently continues the curing of the same.
- D. No such Lender shall be required at any time to subordinate its mortgage to other mortgages or security instruments nor shall such Lender be liable to the County as an assignee of this Lease unless and until such time as such Lender shall acquire the rights of Operator hereunder through foreclosure or other appropriate proceedings in the nature thereof, or by deed-in-lieu or as a result of any other action or remedy provided for by such mortgage, or which may otherwise be provided by law.
- E. No modification, cancellation or surrender of this lease shall be made without the consent of any Lender on the security of the leasehold estate when such Lender requests, or Lender's documents require, such authority to consent.

F. The County agrees to provide any estoppel upon request of Lender acknowledging that (and noting any exceptions) this lease is in full force and effect; that there are no defaults that exist under the lease; that the rent is current; and such other matters as Lender may reasonably require.

Notwithstanding the foregoing, the Lender selected by Operator and the ultimate successor to Operator under the Lease, in the event of foreclosure, deed-in-lieu or otherwise, is subject to the written approval of the County. Said approvals will not be unreasonably denied or delayed. As a minimum, any replacement Operator considered by Lender must be able to demonstrate the appropriate financial ability to conduct the operations and have at least five (5) years experience in the operation of a full service fixed base operation of a similar size and offering similar services as that covered under this Agreement.

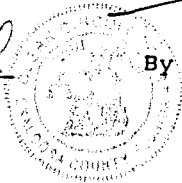
ARTICLE XLIV
ENTIRE AGREEMENT

This Agreement, together with all exhibits hereto, constitute the entire Agreement and understanding between the parties with respect to the Leased Premises, and supersedes all negotiations, prior discussions, letters of intent and preliminary agreements. This Agreement may not be amended except by a writing executed by all of the parties.

IN WITNESS WHEREOF, the parties hereto have signed this instrument the day and year first above written.

Attest:

Sally A. Stanford
County Clerk



County of Okaloosa, Florida, a Municipal Corporation

By Ray Sansom
Chairman
Ray Sansom



Attest:

Joe P. Swinicki
Title Secretary/Treasurer

Miracle Strip Aviation, Inc.
Operator

By Walter M. Beigman
Printed Name WALTER M. BEIGMAN
Title PRESIDENT

Witnesses:

Sign Patricia Woodruff
Print PATRICIA WOODRUFF

Sign Margaret Bewley
Print MARGARET BEWLEY

Approved As To Form:
By [Signature]
County Attorney

Approved As To Content:
By [Signature]
Airport Director

EXHIBITS

Exhibit A: Old Lease Area-ramp, helo pads, old fuel farm
Exhibit B: New Lease Area-ramp, fuel farm, parking, building area
Exhibit C: Service Standards
Exhibit D: Utility stub locations
Exhibit E: Gross Receipts Listing
Exhibit F: Utilities Map

Appendix A: Okaloosa County Airports,
General Schedule of Minimum Insurance Requirements

**OKALOOSA REGIONAL AIRPORTS SYSTEM
COUNTY OF OKALOOSA, FLORIDA**

**APPENDIX "A"
General Schedule Of
Minimum Insurance Requirements**

	FIXED BASE OPERATOR	AIRCRAFT AIRFRAME AND POWER PLANT MAINTENANCE AND ALTERATION (4)	AIRCRAFT RENTAL/FLYING/SKYDIVING CLUBS (4)	FLIGHT TRAINING (4)	AIRCRAFT CHARTER, AIR TAXI/AMBULANCE (4)	AVIONICS, INSTRUMENT, PROPELLER MAINTENANCE AND ALTERATION (4)	AIRCRAFT SALES (4)	SPECIALIZED COMMERCIAL AERONAUTICAL OPERATOR (4)	NON-COMMERCIAL HANGAR OPERATOR (4)
COMMERCIAL GENERAL LIABILITY									
Combined Single Limit (Per Occurrence)	\$10,000,000	\$2,000,000 (2)	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000 (1)	\$2,000,000	\$2,000,000	\$2,000,000
VEHICULAR LIABILITY									
Combined Single Limit (Per Occurrence)	\$2,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000 (3)	\$1,000,000
HANGAR KEEPER'S LIABILITY									
Each Aircraft	\$5,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000 (3)	\$1,000,000 (3)
Each Occurrence	\$10,000,000	\$2,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000 (3)	\$2,000,000 (3)
AIRCRAFT AND PASSENGER LIABILITY									
Combined Single Limit (Per Occurrence)	N/A	N/A	\$3,000,000 T \$1,000,000 S	\$3,000,000 T \$1,000,000 S	\$3,000,000 T \$1,000,000 S	N/A	\$3,000,000 T \$1,000,000 S	\$3,000,000 (3) \$1,000,000 S	\$3,000,000 T \$1,000,000 S

Commercial General Liability to include bodily injury, personal injury, and property damage for all premises, unlicensed vehicles, and contractual liability.

Vehicular Liability to include bodily injury and property damage for all licensed vehicles (owned, non-owned, or hired).

Hangar Keeper's Liability to include property damage for all non-owned aircraft under the care, custody, and control of the Operator.

Aircraft and Passenger Liability to include bodily injury, property damage, and passenger injury (with a minimum of \$100,000 per passenger) for all owned or operated aircraft.

Note 1 - Avionics, Instrument, and/or Propeller Maintenance and Alteration Operator's not involved in installation and/or removal of components from Aircraft are required only to carry (at a minimum) \$500,000 Commercial General Liability.

Note 2 - Aircraft Airframe and Powerplant Maintenance and Alteration shop required to carry products and completed operation at a minimum of \$500,000 per occurrence. In the event operator supplies fuel to managed aircraft products and completed operations insurance in the amount of \$2,000,000 per occurrence (at a minimum) shall be in place with respects to the interest of the Authority and Flightline.

Note 3 - If Applicable

Note 4 - In all cases Worker's Compensation limits as required by the State of Florida, shall be provided. In all cases fire and extended coverage insurance shall be maintained in an amount not less that the full replacement value of Airport Facilities located on the leasehold premises.

* T: Twin Engine Aircraft.

* S: Single Engine Aircraft.

EXHIBIT C

MINIMUM REQUIRED SERVICE STANDARDS
AND OPTIONAL STANDARDS FOR A
FULL SERVICE FIXED BASE OPERATOR
AT OKALOOSA REGIONAL AIRPORT

I. Minimum Required Service Standards

The following standards of service, in conjunction with the Requirements and Minimum Standards for Services and Activities, are the minimum levels acceptable to the County of Okaloosa for a Full Service Fixed Base Operator at Destin/Ft. Walton Beach Airport:

A. Hours of Operation

The Operator shall provide the necessary equipment and personnel to furnish required services a minimum of 14 hours a day, 365 days per year.

B. Fueling

The Operator shall provide, as a minimum, Jet A and 100LL aircraft fuel in quantities to meet all reasonable demands therefor, and shall have at least one adequate underground storage facility and suitable pumping equipment for each. Said fueling facilities must be located on the airport in the area(s) designated as a fuel farm(s). The Operator shall have a minimum of one mobile tender (fuel truck) for Jet A fuel with a capacity of at least 2000 gallons, and one mobile tender (fuel truck) for 100LL with a capacity of at least 1000 gallons. Operator must comply with the Minimum Fuel Standards as they now exist or may be modified in the future.

C. Maintenance Services

The Operator shall operate an FAA certificated repair station in accordance with the requirements contained in 14 CFR Part 145, for limited airframe, limited power plant and accessory repair. The Operator must hold all applicable certificates/ratings and must offer these services to all small aircraft of 12,500 lbs. or less that normally base at the airport. *** (Service Facility to be certified upon completion of the New Aircraft Maintenance Facility to occupy the area designated as Vehicle Parking area #2.) ***

D. Line Service

The Operator shall provide line service to both based and itinerant aircraft as follows: 1) ramp guidance and tie down/parking assistance of aircraft to hangars or spaces on the Leased Premises, including ramp personnel and vehicles as appropriate, 2) outside parking and tie down and covered hangar space, 3) ground support equipment to include, but not limited to, ground power units, portable compressed air units, and have available passenger loading steps 4) aircraft towing services utilizing motor driven draw bar vehicles capable of moving single and multi-engine aircraft weighing up to 12,500 lbs., 4) transportation of aircraft occupants from the parking ramp to the Operator office/lounge area.

E. Disabled Aircraft Removal

The Operator shall have adequate equipment and personnel to remove disabled aircraft weighing up to 12,500 lbs. from the landing area and shall perform these services upon request of the Airport Director or his authorized representative.

F. Aeronautical Advisory Services

The Operator shall establish and maintain an aeronautical advisory station to serve aircraft utilizing the airport. The aeronautical advisory station will be operated in conjunction with any other FBO's at the airport and in accordance with all the applicable rules and regulation of the Federal Communications commission.

G. Miscellaneous Customer Service

The Operator shall provide the following customer services: 1) a public lounge area, 2) a vending area with the availability of cold beverages and prepacked snacks, 3) a flight planning area with desks and chairs and containing appropriate wall charts, 4) public pay telephones, and 5) a retail sales counter stocked with current charts and flight planning aids.

II. Additional Service Standards that Operator is authorized to provide consist of:

A. Hours of Operation:

The operator is authorized to provide services 24 hours per day, 365 days per year.

Additional services that Operator is authorized to provide from the Leases Premises consist of:

- A. Full time flight instruction
- B. Aircraft rental
- C. Aircraft charter
- D. Aircraft sales
- E. Aircraft parts sales, wholesale and retail
- F. Automobile Rental Service and limousine services

While Operator shall be permitted to provide any other aeronautical service as outlined in the Requirements and Minimum Standards for Services and Activities, Operator must inform the Airport Director prior to commencing such activity and said activity must be made part of this Agreement.

EXHIBIT "E"

GROSS RECEIPTS LISTING
(unlimited listing)
(modified as business develops)

SALES AND OTHER INCOME

1. Car Rental Commission
2. Advertising Income
3. Miscellaneous Income
4. Flight Instruction
5. Aircraft Rent
6. Aircraft Rent Tax Exempt
7. Ground School
8. Pilot Supplies Sales
9. Charter Services
10. Charter Pilot Waiting
11. Sublease Charter
12. Air Rides
13. Sales Parts Retail
14. Sales Parts Tax Exempt
15. Sales Parts O/S Orders
16. Sales Labor Customer W/O
17. Sales Labor Tax Exempt
18. Sales O/S Repairs Outside
19. Special Equipment Use
20. Sales Oil Retail
21. Sales oil Retail Exempt
22. Sales Line Labor
23. Tie Down Monthly
24. Tie Down Transient
25. Sales Concessions
26. Customer Parking:
 - Lot #1:
 - Lot #2:
 - Lot #3:
 - Lot #4:
 - Lot #5:

LEASE AMENDMENT No. 1

THIS AMENDMENT to that certain Lease entered into by and between Okaloosa County and Miracle Strip Aviation, Inc., on the 23rd day of June, 1998,

W I T N E S S E T H:

WHEREAS, County has completed the construction of a maintenance hangar as contemplated by the lease between the parties, and

WHEREAS, Operator is obligated to pay rental fees for the period of his occupancy of the same, and

WHEREAS, Certain rental space in the original lease is to be rented at a higher rate under this amendment.

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

SECTION 1. ARTICLE VI of the Agreement is hereby amended to add and include subsection 2. D. to read:

"2. D. Maintenance Hangar:

Commencing on October 1, 2001, in addition to all other rents, fees, or charges, Operator shall pay the sum of \$31,269.00 per annum or \$2,605.75 per month as ground rent for the maintenance hangar (69,486 sf @ \$0.45 psfpa) and \$31,973.88 per annum

or \$ \$2,664.29 per month for Hangar rent for the remaining term of this lease, subject to the adjustments for the Consumer Price Index as elsewhere provided in this Lease, and all state and local sales or other tax applicable to be paid by Operator."

Article I of the existing agreement is hereby modified by deleting the reference in Subsection A.4. to Parking Area #2 consisting of 26,763.34 square feet. The resulting credit at \$.04 psfpy is \$1,070.53 per year (\$89.21 per month).

Article I, Subsection B. is hereby deleted

Article VI.1.A. is hereby modified by reducing the Vehicle Parking Areas 1,2,4, and 5 from a total of 75,298.51 square feet to a new total of 48,535.17 square feet.

SECTION 2. All other terms and conditions of the Lease Agreement shall remain in full force and effect.

WHEREFORE, the parties have executed this Amendment to Lease Agreement on the dates of their respective signatures hereto.

OKALOOSA COUNTY

ATTEST:

BOARD OF COUNTY COMMISSIONERS


Henry J. Standford
HENRY J. STANDFORD, CLERK


Paula L. Riggs
PAULA RIGGS, CHAIRMAN

DATE: August 5, 2003

ATTEST:

MIRACLE STRIP AVIATION, INC.

John P. Morris
Title: Chairman

Robert M. Dugan
President

DATE: 7.23.03

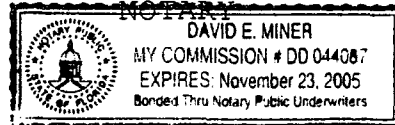
ACKNOWLEDGMENTS

STATE OF FLORIDA
COUNTY OF OKALOOSA

Before me, the undersigned officer duly authorized to take acknowledgments in the COUNTY and STATE aforesaid, personally appeared WALTER M. BRIGMAN who, under oath, deposes and says that he is authorized to execute contracts and lease agreements and that he executed the foregoing instrument for the use and purpose contained therein.

Sworn and subscribed before me this 13 day of July, 2003.

David E. Miner



My Commission expires: _____

LEASE AMENDMENT No. 2

THIS AMENDMENT to that certain Lease entered into by and between Okaloosa County and Miracle Strip Aviation, Inc., on the 23rd day of June, 1998,

W I T N E S S E T H:

WHEREAS, County has completed the construction of a passenger terminal as contemplated by the lease between the parties, and

WHEREAS, Operator is obligated to pay ground lease and rental fees for the period of his occupancy of the same, and

WHEREAS, Certain rental space in the original lease is to be rented at a higher rate under this amendment, and

WHEREAS, Operator funded 50 percent of the passenger terminal construction cost,

NOW, THEREFORE, for and in consideration of the premises, and of the mutual covenants and agreements herein contained, the County and Operator do hereby mutually undertake, promise and agree, each for itself and its successors and assigns, as follows:

SECTION 1. ARTICLE V Term is amended to include "The term of this agreement which began on July 1, 1998, shall continue until December 31, 2023." Provided that Operator is not in default of any terms of this agreement, Operator shall be

allowed one (1) ten (10) year renewal option by providing County with a written request at least one hundred eighty (180) days prior to the expiration of the lease term. All of the terms and conditions of the lease shall apply during the renewal term including CPI increases to the lease payments at each successive five (5) year period.

ARTICLE VI of the Agreement is hereby amended to add and include subsection 2. E. to read:

"2. E. Passenger Terminal: Commencing on June 1, 2006, in addition to all other rents, fees, or charges, Operator shall pay the sum of \$22,552.00 per annum, or \$1,879.00 per month as ground rent for the new Passenger Terminal (8,674 sf @ \$2.60 psfpa) and \$40,788.00 per annum or \$3,399.00 per month for Passenger Terminal rent for the remaining term of this lease as amended herein, subject to the adjustments for the Consumer Price Index as elsewhere provided in this Lease, and all state and local sales or other tax applicable to be paid by Operator."

Article VI, 2.B. Flowage Fee: The fuel flowage fee is hereby adjusted to \$0.06 per gallon effective July 1, 2007 and shall be adjusted every five (5) years thereafter as provided for in the basic lease.

Article I. A. Items 1, 2, 3 and 4 are hereby replaced by Table 1 included herein as Attachment No. 1, the purpose of

which is to set forth new ground lease and rental charges.
Exhibits 1 and 2 display the areas leased by Miracle Strip
Aviation, Inc.

SECTION 2. All other terms and conditions of the Lease
Agreement shall remain in full force and effect.

WHEREFORE, the parties have executed this Amendment to
Lease Agreement on the dates of their respective signatures
hereto.

OKALOOSA COUNTY

ATTEST:

Gary J. Stanford

GARY J. STANFORD
DEPUTY CLERK



BOARD OF COUNTY COMMISSIONERS

James Campbell

JAMES CAMPBELL, CHAIRMAN



DATE: 4/27/02

ATTEST:

Debbie Lambert

Title:

Admin

MIRACLE STRIP AVIATION, INC.

[Signature]
President

DATE: 3/24/02

Ground Lease and Rent Comparisons: Miracle Strip Aviation, inc. Lease
Table 1

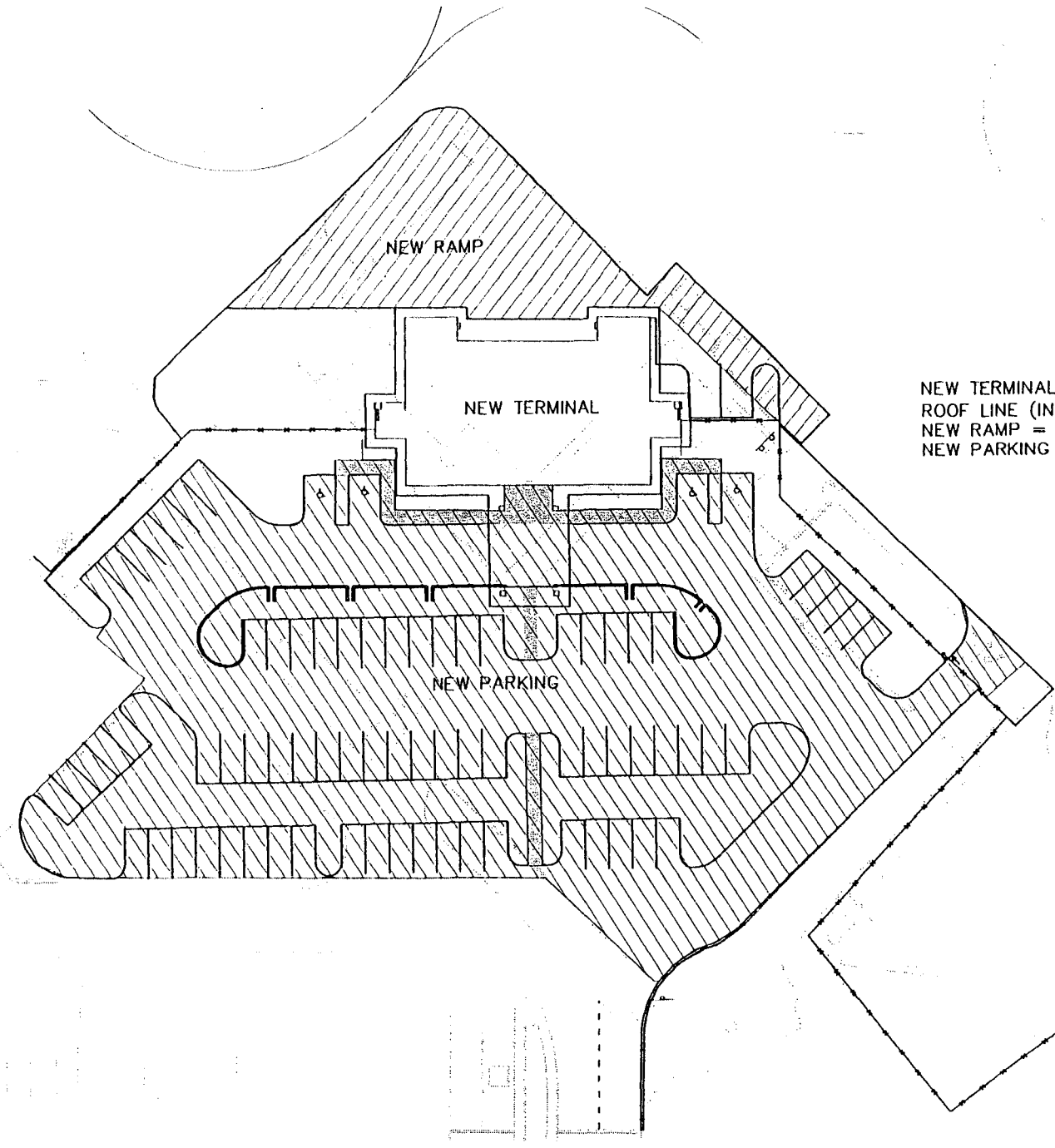
Area	Original SQ FT	Rate/sf/year	Annual Ground Lease	Current SQ FT	Rate/sf/year	Annual Ground Lease	Building Rent/Yr
A/C Apron # 1	392,658.50	\$0.05		392,658.50	\$0.06	\$23,559.51	
A/C Apron # 2	187,990.82	\$0.05		187,990.82	\$0.06	\$11,279.45	
Grass A/C parking	47,022.45	\$0.05		47,022.45	\$0.06	\$2,821.35	
Sub Total	<u>627,671.77</u>	\$0.05	\$31,383.59	<u>627,671.77</u>	\$0.06	<u>\$37,660.31</u>	
Pax Terminal/Admin	3,238.81	\$0.05		8,674.00	\$2.60	\$22,552.40	\$40,788.00
Flight Training	483.85	\$0.05		0.00			
Maint. Hangar (Old/New)	8,264.97	\$0.05		69,486.00	\$0.450	\$31,269.00	\$31,973.88
Sub Total	<u>11,987.63</u>	\$0.05	\$599.38	<u>78,160.00</u>		<u>\$53,821.40</u>	
Fuel Farm	<u>20,476.55</u>	\$0.05	\$1,023.83	<u>20,476.55</u>	\$0.06	<u>\$1,228.59</u>	
Parking Area # 1	39,930.39	\$0.05		45,049.00	\$0.06	\$2,702.94	Note 1
Parking Area # 2	26,763.34	\$0.05		0.00	0	0	Note 2
Parking Area # 3	50,691.32	\$0.05		50,691.32	\$0.06	\$3,041.48	
Parking Area # 4	4,287.04	\$0.05		4,287.04	\$0.06	\$257.22	
Parking Area # 5	4,317.74	\$0.05		4,317.74	\$0.06	\$259.06	
Sub Total	<u>125,989.83</u>	\$0.05	\$6,299.49	<u>104,345.10</u>	\$0.06	<u>\$6,260.71</u>	
New Ramp	N/A			<u>8,212.00</u>	\$0.06	<u>\$492.72</u>	
New Parking between 4&5	N/A			<u>15,680.00</u>	\$0.06	<u>\$940.80</u>	
TOTAL	786,125.78	\$0.05	\$39,215.05	838,865.42	Various	\$100,404.53	\$72,761.88

(Rounded)

Monthly Ground Lease	Monthly Rent
\$8,367.04	\$6,063.49

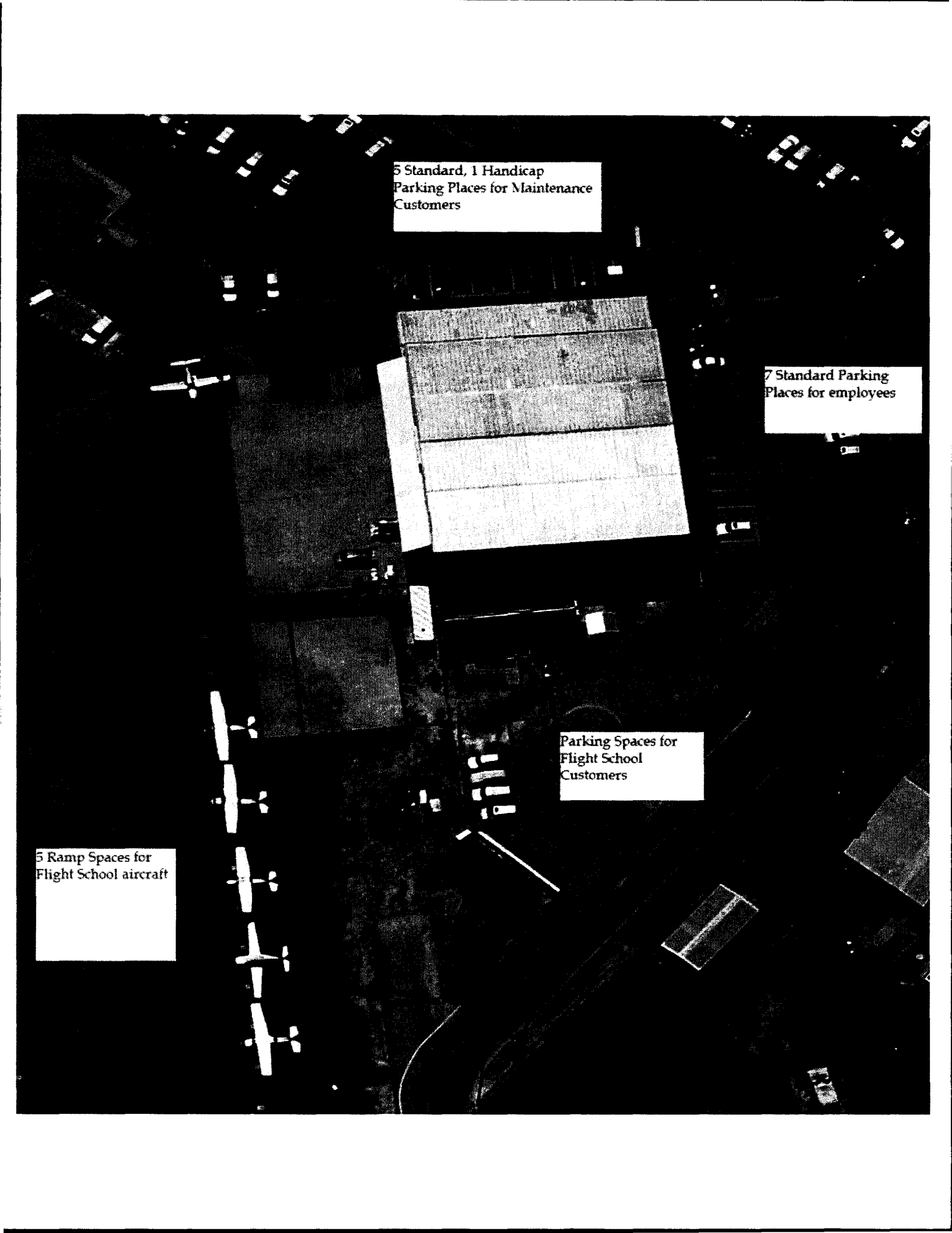
Note 1: Revised with New Terminal construction

Note 2: Deleted and converted to new Maintenance Hangar



NEW TERMINAL FOOTPRINT= 5,752 S.F.
ROOF LINE (INCLUDING PORTE COCHERE) = 8,674 S.F.
NEW RAMP = 8,212 S.F.
NEW PARKING AND WALKWAYS = 45,049 S.F.

Exhibit "B"
LEASED PREMISES AND TANGIBLE PERSONAL PROPERTY



5 Standard, 1 Handicap
Parking Places for Maintenance
Customers

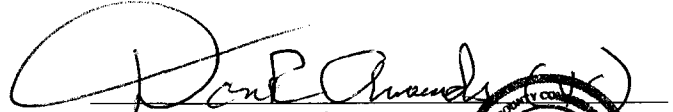
7 Standard Parking
Places for employees

Parking Spaces for
Flight School
Customers

5 Ramp Spaces for
Flight School aircraft

This Sublease Agreement is adopted this 21st day of September, 2010.

BOARD OF COUNTY COMMISSIONERS
OKALOOSA COUNTY, FLORIDA



WAYNE HARRIS
CHAIRMAN



ATTEST:



GARY J. STANFORD
DEPUTY CLERK OF CIRCUIT COURT
OKALOOSA COUNTY, FLORIDA



Revised per Mr. David's request. Jan 8/24/10
7-29-10

CONTRACT & LEASE
INTERNAL COORDINATION SHEET

RECEIVED AUG 25 2010

Contract/Lease Number: L 79-0104 AP Tracking Number: 191-10

Contractor/Lessee Name: Miracle Strip Aviation

Purpose: Sublease to MSA Maintenance and Flight Co.


Date/Term: same as MSA 12/31/2023 GREATER THAN \$10,000
 \$10,000 OR LESS

Amount: \$4,000.00 per month

Department: Airports Dept. Monitor Name: David Miner

Purchasing Review

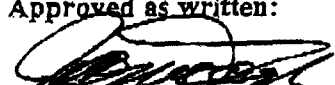
Procurement requirements are met:


 Contracts/Lease Coordinator

Date: 7/30/10 / 8/24/10
 (revision)

Risk Management Review

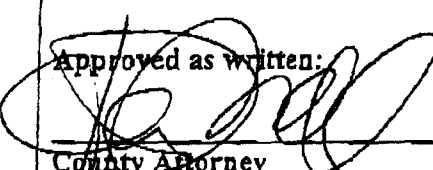
Approved as written:


 Risk Management Director

Date: 8/25/10

County Attorney Review

Approved as written:


 County Attorney

Date: 8/27/10

Following Okaloosa County Board of County Commissioners approval:

Contract & Grant Review

Document has been appropriately reviewed and is executable:

 Contracts & Grants Manager

Date: _____

**BOARD OF COUNTY COMMISSIONERS
AGENDA REQUEST**

DATE: September 21, 2010
TO: Honorable Chairman & Members of the Board
FROM: Greg Donovan, Airports Director
SUBJECT: Consent to Sublease Agreement
DISTRICT: All

REQUESTING DEPT: Airports

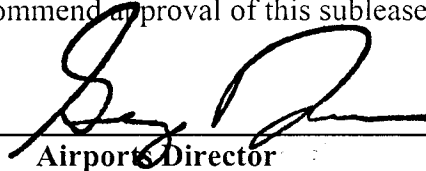
STATEMENT OF ISSUE: The BCC is requested to approve the attached sublease by Miracle Strip Aviation at Destin-Fort Walton Beach Airport.

BACKGROUND: Miracle Strip Aviation requests to separate the flight school and maintenance facilities from the other operations of Miracle Strip Aviation. The sublease provides that MSA Maintenance and Flight Company, Inc. will lease from miracle Strip Aviation its flight school operations and maintenance facility. The lease internal coordination sheet is attached.

OPTIONS: Approve, Reject or Table

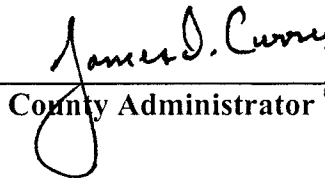
RECOMMENDATION: Recommend approval of this sublease.

RECOMMENDED BY:



Airports Director

APPROVED BY:



County Administrator



FLEET, SPENCER & KILPATRICK, P.A.
ATTORNEYS AND COUNSELORS AT LAW

August 18, 2010

Greg Donovan, Airports Director
Okaloosa County Airport Administration
1701 State Road 85N
Eglin AFB, FL 32542

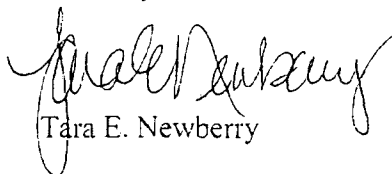
RE: Destin Airport – Miracle Strip Aviation Inc. Sublease

Dear Mr. Donovan,

Enclosed please find a copy of the Revised Sublease Agreement between Miracle Strip Aviation, Inc. and MSA Maintenance and Flight Company, Inc. Pursuant to my discussion with John Dowd, I added the following wording to paragraph 4 regarding the Sub-Landlord's Obligations: "The Sub-Landlord shall remain bound by its Lease with Okaloosa County, and this Sublease shall not relieve Sub-Landlord of any of its responsibilities pursuant to the Lease".

Please let me know if you have any additional changes or need anything else.

Sincerely,


Tara E. Newberry

cc: Miracle Strip Aviation, Inc.
Bruce Bowman, Esq.
John Dowd, Esq.

This version approved:


8-18-10