



Ground Lease Shelby County, Airport

WHEREAS, the County of Shelby ("County"), a Political Subdivision of the State of Alabama, is the owner of certain real properties known collectively as the Shelby County Airport ("Airport") in Shelby County, Alabama; and,

WHEREAS, the County maintains designated areas on the Airport specifically to lease said areas to aviation-related businesses and individuals to develop the Airport, its infrastructure, and aviation business for the benefit of the citizens of the County; and

WHEREAS, Shelby Hangars, LLC ("Lessee") desires to lease a particular parcel of that real property on the Airport for the purpose of furthering the Lessee's aviation interests; and

WHEREAS, the County is willing to Lease the Parcel desired to the Lessee, and the parties desire to execute a written Lease containing the terms and conditions of their Lease.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and for other good and valuable consideration, the following is agreed:

1. The Leased Area Described.

The County hereby Leases to the Lessee, that certain parcels of real Property located in the NE 1/4 of Section 30, T21S, R2W, Huntsville Meridian, within the boundary of Shelby County, State of Alabama, described as Parcel 4 on the map showing lease properties available at the Shelby County Airport, and more particularly described in Exhibit "B", both attached hereto and incorporated herein by this reference, together with an easement for ingress and egress to the property (hereinafter "Parcel") by the Lessee.

2. Terms.

- a. Initial Lease Term. The term of this Lease shall be twenty (20) years (hereinafter "Lease Term") commencing on the "Commencement Date," as hereinafter defined, and terminating on the twentieth (20) anniversary of the Commencement Date. The **Commencement Date** shall be the **1st day of September, 2002**, and the **Anniversary Date** shall be the **1st day of September, 2022**. Possession of the Parcel by the lessee shall begin on the Commencement Date.
- b. Subsequent Lease. At the conclusion of the Lease Term, the Lessee shall have the right to enter into a new agreement with the County for the leasehold, at the terms and conditions then in effect. Should the Lessee elect to not enter into a new agreement, the provisions of paragraph 7.f.(2) shall apply.

3. Fees and Charges. Lessee shall pay the following fees and charges:

- a. **Earnest Money.** Lessee has made an earnest money deposit with the County of Shelby in the sum of One Hundred Dollars and no cents (\$100.00), which shall be part of the annual rent for the first year of the Lease. However, this fee shall revert to the County should the Lessee fail to execute this Lease within sixty (60) days of its approval by the County Commission.
- b. **Closing and Processing Fee.** Lessee shall pay a one-time closing and processing fee of Five Hundred Dollars and no cents (\$500.00), which is due with the first annual rent payment on the Commencement Date.
- c. **Rent.** Beginning on the Commencement Date, the Lessee shall pay the County a one time fee as rent plus any additional consideration as defined in prior or future agreements. The amount of the Rent shall be equal to One Hundred dollars and no cents (\$100.00) for the Parcel plus 10% of the monthly revenues beginning at the end of the 10th year for all hangars constructed on Parcel 4 for the duration of the Lease Term.
- d. **Additional Consideration.** As additional consideration, lessee will be required to (1) pay in addition to the base rental, a percentage in the amount of two percent (2%) of GROSS RECEIPTS ON AIRCRAFT SERVICE, MAINTENANCE & CONSTRUCTION and ten percent (10%) of GROSS RECEIPTS ON AIRCRAFT STORAGE FEES (except the FBO); and (2) begin to construct, at bidders expense within 6 months, a structural steel prefabricated hangar on the parcel, which will become the property of Shelby County Alabama at the termination of the lease.

4. Payments Due.

- a. **Due In Advance.** In addition to those payment dates specified above, all rent payments shall be due and payable in advance, beginning on the Commencement Date and continuing regularly and annually without notice from County thereafter during the Lease Term. However, the County may elect to invoice payment notices.
- b. **Late Fee.** On any rental payment made 10 days after the payment due date, Lessee shall in addition pay a late charge of ten percent (10%).

5. No Refunds. Lessees may relinquish this Lease to the County, however the Lessee shall not be entitled to a refund of any fees of any kind paid.

6. Insurance Requirements.

- a. **Public Liability.** Lessee shall maintain general public liability insurance insuring against such claims. Such insurance shall name the County as an additional insured. This insurance shall have an aggregate limit in the minimum amount of \$1,000,000, or as required to meet the mandatory requirements of state law, whichever is greater.
- b. **Fire and Casualty.** Lessee shall maintain property and casualty insurance covering the improvements to the Parcel, and the contents thereof. Such insurance shall be a fire insurance policy with extended coverage endorsement, including vandalism, and malicious mischief. The insurance shall be on a replacement cost basis and shall name the County as an additional insured, as its interests may appear.

- c. **Proof of Insurance Required.** Such insurance shall be with a company licensed and authorized to do business in the State of Alabama. The lessee shall furnish annually to the County on the rent payment due date of this Lease, a certificate or other evidence and proof of maintenance of the above required insurances. Lessee shall provide the County with notice of any change thereof, and furnish to the County evidence of acquirement of a substitute therefore, and payment of the premium thereof. If the Lessee shall fail to maintain such insurance coverage, then the County may obtain it and add the cost of such insurance to the next due Lease payment. If the County does so, it may charge interest thereon at the rate of 15% per annum from the time of payment, which shall be added to the rental becoming due, and shall be collected as an additional charge.
- d. **Self-Insurance.** Lessee may self-insure by filing with the County a letter of credit in the amounts listed above, or other promissory or escrowed monetary instrument.

7. Quiet Enjoyment. The Lessee, upon payment of the required fees and rents, and the faithful performance of such covenants, agreements and conditions required by law, or this agreement, shall and may, peaceably and quietly have, enjoy those portions of the Airport authorized for their use. Such use shall be free from molestation, eviction or disturbance by the County or any person claiming by, through, or under it, subject to the terms and conditions of the law or agreement entered into. Such quiet enjoyment is conditional upon Lessee adhering to the following conditions:

- a. **Permitted Uses.** Lessee shall have use of the Parcel only for the construction of a multi-unit "T" Hangar building on each parcel.
- b. **Additional Uses Require Permission.** The Lessee shall not use or permit the use of the Parcel, or improvements thereto, for any purpose or use other than those expressly and specifically authorized by this Lease. Additional uses may be hereafter authorized in writing by the County, but only upon such terms and conditions as may be set out in such authorization.
- c. **Commercial Use of Parcel and Future Improvements.** Lessee agrees to obtain permission from the County prior to commencing or permitting any commercial use of the Parcel, or additional improvements thereto, in accordance with the current Airport policies, code and/or standards. In the event that this Parcel, or improvements thereto is used for business purposes, the Lessee shall at all times maintain and pay any required permits, licenses, insurances, and taxes as required by law.
- d. **Construction and Ownership of Improvements.**
 - 1. **Title to Improvements.** During the Lease Term, title to all improvements existing or constructed upon the Parcel by Lessee are and shall be vested in Lessee.
 - 2. **Proposed Improvements.** The Lessee is required to construct improvements on the Parcel as summarized in Exhibit "A", attached hereto and incorporated herein by this reference. Lessee shall begin such process with no less than submission of a building permit application to Shelby County, not later than six (6) months following the Commencement Date of this Lease, that date being **March 1, 2003**.

3. County Codes Apply. Lessee must meet all Building Codes as currently adopted by the county for all plumbing, electrical, mechanical, and natural gas. Development or extension of utility infrastructure shall be in accordance with the requirements of the City of Calera as approved by Shelby County.
 4. Lessee shall pave all access from the Parcel, or improvements thereto, to taxiways and roads, and such construction shall match the existing grade and pavement build-up (six inches of crushed aggregate course and 3 inches of bituminous surface course).
 5. Utility Systems. Sanitary wastewater disposal may be made available to sites 1A – 1D and site 8 only. Lessee of these sites may hook up to the City of Calera waste water system for sewage disposal upon approval and installation of required service line and appurtenances as required by the City of Calera.
 6. Time Restrictions. All building construction on the parcel as described in Exhibits "A" must be completed on or before the first anniversary date of the Commencement Date of the Lease, that date being **September 1, 2003**.
 7. Additional Improvements. Lessee may construct additional improvements or modifications at a later date, adhering to the requirements of those codes and regulations then in effect. However, in all cases, construction must be completed within eighteen (18) months of approval.
- e. Condition, Maintenance and Repairs of Leasehold and Improvements Thereto.
1. Lessee Accepts Parcel "As-Is." Lessee acknowledges that it has fully inspected the Parcel and hereby accepts the Parcel and any buildings, improvements and appurtenances thereto as is, in their present state and condition, as suitable for the purpose for which the same are Leased. Lessee agrees to allow for changes in such condition, occurring by reasonable deterioration between the Commencement Date and the date such changes shall occur.
 2. Lessee Shall Maintain. Lessee shall maintain, at its own expense, the Parcel and any improvements, fixtures or equipment on the Parcel in a safe, sanitary, orderly, and sightly manner, in accordance with all applicable codes and regulations. Lessee shall also maintain the cleanliness of all paved area on the Parcel, and shall be responsible for mowing all grass, watering lawns, controlling weeds, and maintaining shrubs and trees on the Parcel.
 3. Erosion Control. Where the slope, terrain, or soil disturbance is such that active soil or wind erosion may be present, Lessee must carry out erosion control practices to mitigate the erosion. These practices include, but are not limited to drainage facilities constructed and maintained by Lessee, landscaping, and/or seeding and maintaining of vegetation.
 4. County's Right to Correct Deficiencies. The County has the right to require reasonable maintenance and repairs to the Parcel or the improvements thereon by Lessee as required by this lease. Should the Lessee fail to

make the required corrections, the County shall have the right to enter the Parcel, or improvements thereto, correct the deficiency, and recover the cost of activities from Lessee as rent due on the next rent payment date.

5. **Repair of Damage.** If the Parcel, or improvements thereto is partially destroyed or damaged by fire or other casualty, then Lessee shall repair and restore the Parcel, or improvements thereto as soon as it is reasonable practicable. Such repair or restoration shall commence not later than six (6) months after such damage, and be completed within six (6) months thereafter. Such restoration shall be to substantially the same condition in which the Parcel or improvements thereto was before such damage. In the event that Lessee has not commenced repairs within six (6) months from the date of said damage and thereafter completed such repairs within six (6) months, this Lease may be immediately terminated by the County. Such termination shall be made effective by serving notice upon the Lessee, and effective on the date of receipt of such notice by the Lessee.
6. **Destruction of the Parcel or Improvements Thereto.** In the event the Parcel, or improvements thereto is completely destroyed or so badly damaged that repairs cannot be commenced within six (6) months and completed within six (6) months thereafter, then this Lease may be terminated. Such termination shall be effective as of the date of the occurrence of the damage or destruction, and made effective by either party hereto by serving written notice upon the other.

f. **Removal of Improvements.**

1. **When Requested by Lessee.** If at any time during the Lease Term, when all Rent then due and owing has been fully paid and Lessee is not in default under this Lease, Lessee may request to remove any or all improvements. Lessee shall give forty-five (45) days advance written notice of its intent to remove the improvements to the County, which shall not unreasonably withhold consent. When removing improvements, the Lessee shall restore the Parcel to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Parcel safe and free from all debris and hazards.
2. **At Expiration or Termination of Lease.** At the expiration or termination of this Lease, any or all buildings and other permanent improvements to the Parcel will, at the direction and sole discretion of the County, either remain intact on the Parcel and become the property of the County, or be removed by Lessee. Should the County elect for the Lessee to remove any or all improvements, the Lessee shall do so within forty-five (45) days. When removing improvements, the Lessee shall restore the Parcel to its previously existing condition, including filling excavations, returning the surface to grade, and leaving the Parcel safe and free from all debris and hazards. All improvements not removed as aforesaid shall, without compensation to or by County, become County's property free and clear of all liability and expenses. Lessee shall thereafter be released from any and all liability, cost or expense associated with the Parcel, including the improvements thereon, or associated with termination of this Lease. However, if Lessee fails to promptly remove said improvements if and as required by the County, the

County may assess and bill Lessee based on receipt of an itemized statement of costs of removal and restoration of the Parcel.

3. **Installation of Utilities.** County warrants that all utilities, which are necessary for the conduct of Lessee's activities, are available on Airport premises. However, Lessee shall obtain and install underground at its own expense any necessary electrical, gas, water, sewer and any other utility service, subject to the Development Guidelines, rules and regulations or building codes of the State of Alabama, County of Shelby and the City of Calera.
 - g. **Hazardous Waste.** No toxic materials or hazardous waste subject to regulation by the EPA or ADEM shall be stored or disposed of on the Airport.
 1. **Environmental Assessment and Remediation.** At the expiration or termination of this Lease, the County may require that Lessee furnish to the County an Environmental Assessment Report on the place of business, conducted in accordance with the laws, codes and regulations in effect at that time. The costs of remediation, if any should be required by law, shall be the responsibility of the Lessee.
 - h. **Signs.** Lessee must obtain County consent to paint or construct any exterior signs; including approval for a City Sign Permit if one is required. Lessee further agrees that upon vacating the Facilities, Lessee will restore or remove any exterior signs. The Lessee shall be responsible for all cost and expense of maintaining its signs as permitted hereby. Lessee shall not erect, paint or maintain any temporary signs or advertising displays, such as banners, balloons, flashing signboards, and/or any similar visual devices whatsoever.
 - i. **Restroom.** Where sanitary sewer facilities are provided, lessee shall maintain any public restroom on the Parcel, or improvements thereto in a sanitary and clean condition, using proper odor control devices and providing and maintaining an adequate supply of paper towels, soap and toilet tissue.
- 8. Notices.** Whenever any notice is required or permitted hereunder, such notice shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered whether actually received or not, when deposited in the United States mail, as Certified Mail, postage prepaid, return receipt requested, and addressed to the parties at their respective addresses, as set forth below:

County Manager
Shelby County Commission
P.O. Box 467
Columbiana, Alabama 35051

(Lessee's Address of Record)

- 9. Exhibits.** The following exhibits are attached and made part of this Lease:
- A. EXHIBIT "A": LEASE APPLICATION.
 - B. EXHIBIT "B": LEGAL DESCRIPTION OF PARCEL.
 - C. EXHIBIT "C": DESIGN STANDARDS FOR THE LEASEHOLD.
 - D. EXHIBIT "D": MINIMUM STANDARDS FOR AIRPORT TENANTS

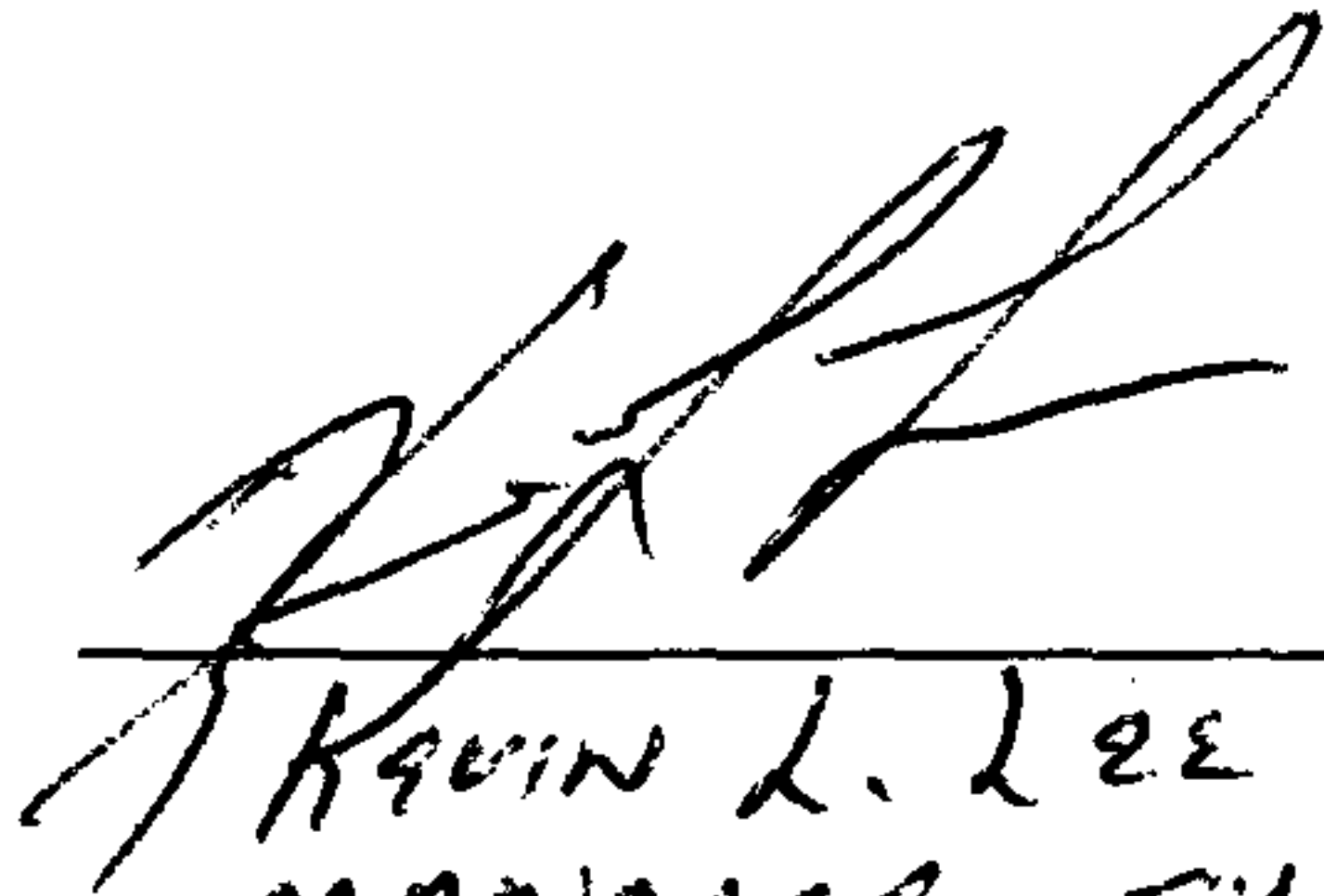
IN WITNESS WHEREOF, County and Tenant have executed the Lease to be in effect as of the date first written above.

COUNTY OF SHELBY, LESSOR

LESSEE



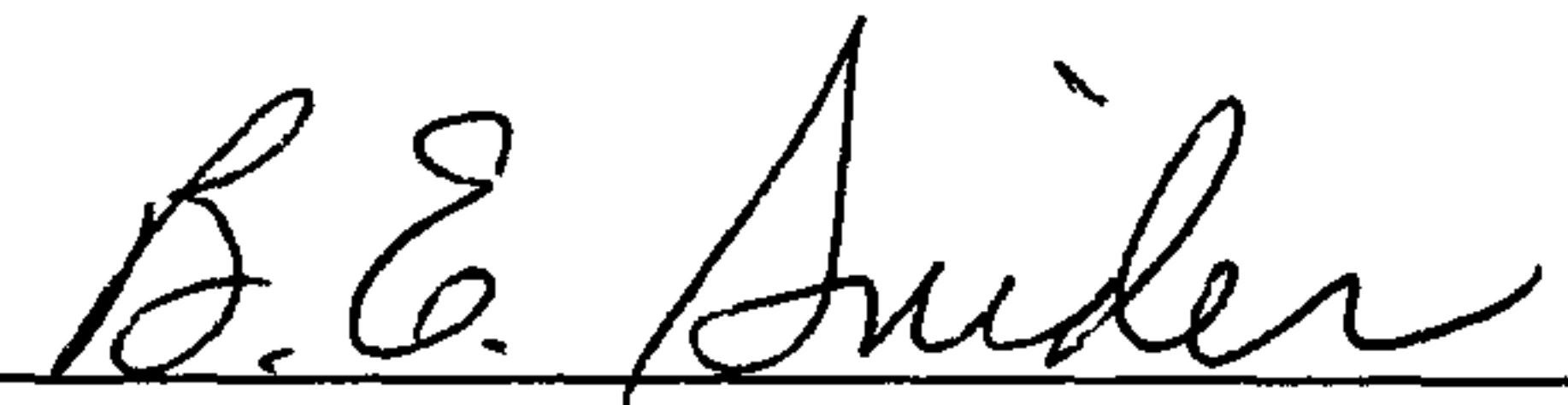
Alex Dudchock, County Manager



KEVIN L. LEE
MANAGER, SHELBY HANGERS LLC

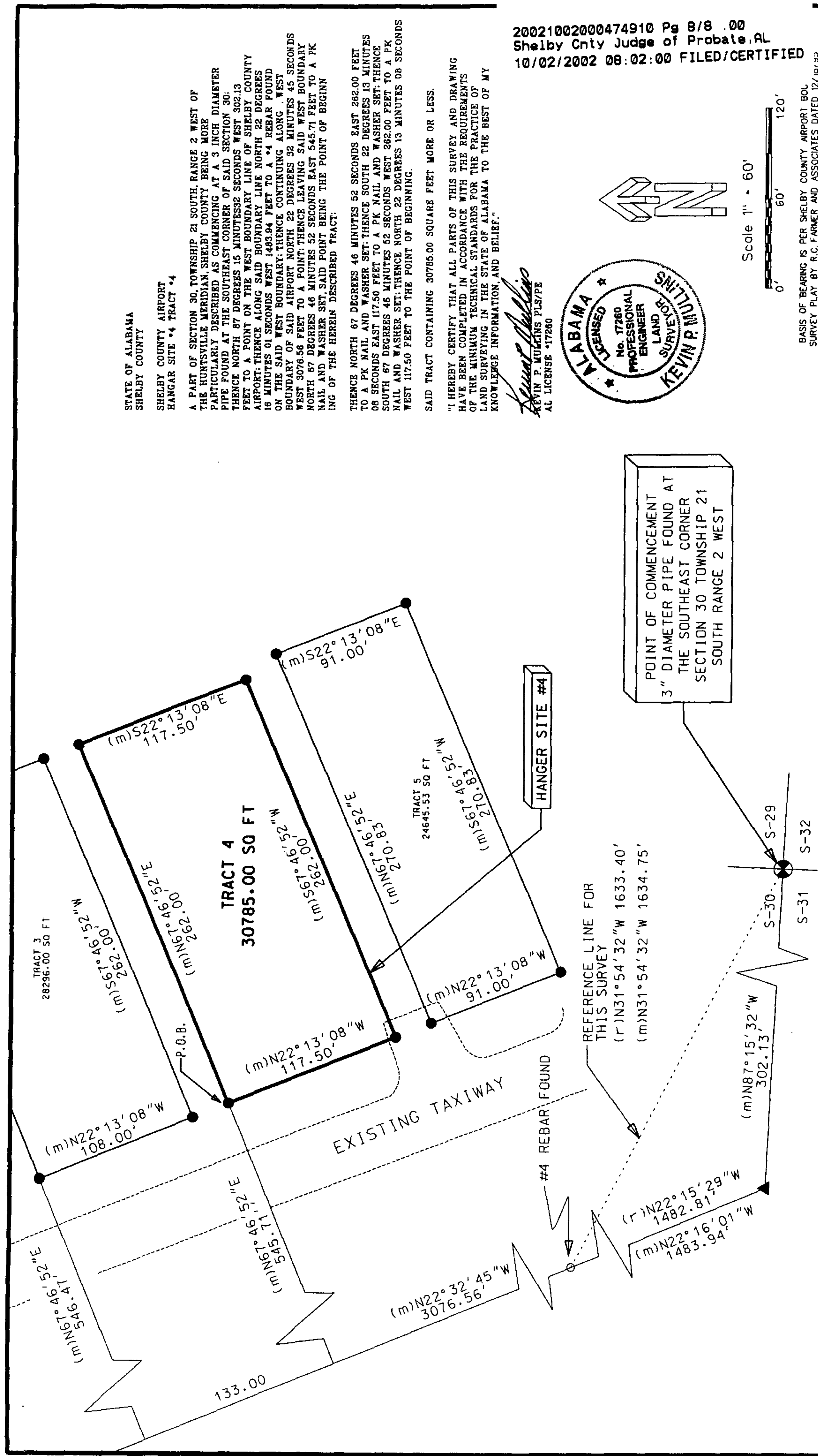


Attest



Attest

Exhibit B



20021002000474910 Pg 8/8 .00
Shelby Cnty Judge of Probate, AL
10/02/2002 08:02:00 FILED/CERTIFIED

BASIS OF 'BEARING IS PER SHELBY COUNTY AIRPORT BOL
SURVEY PLAY BY R.C. FARMER AND ASSOCIATES DATED 12

SCALE: 1" = 60'
DATE: 23, MAY 01
SHEET NO.
1 OF 1

**BOUNDARY SURVEY
TRACT 4**

DATE OF FIELD SURVEY:
DECEMBER 12, 2001

**SHELBY COUNTY COMMISSION
SHELBY COUNTY AIRPORT
CALERA, ALABAMA**

**SHELBY COUNTY AIRPORT
PROPOSED HANGAR SITES**

GARVER|ENGINEERS

218 Holmes Ave., N.E.
Huntsville Alabama 35801
Phone: (256) 534-5512
Fax: (256) 534-5544

CREW CHIEF: JJW
DRAWN BY: JED
CHECKED BY: KPM

LEGEND	
●	#5 REBAR WITH A CAP STAMPED "GARVER ENG CA #445" T
▲	CALCULATED PROPERTY CORNER
(r)	PLAT RECORD BEARING AND DISTANCE
(m)	MEASURED BEARING AND DISTANCE
○	CORNER MARKER FOUND TYPE DENOTED
P.O.B.	POINT OF BEGINNING OF A DESCRIBED TRACT

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