

NORTH CAROLINA

ROWAN County Manager

**AGREEMENT FOR ESTATE
OF YEARS AND GROUND LEASE**

THIS AGREEMENT, made this 3rd day of July, 2003, between **Rowan County**, North Carolina, a body politic, party of the first part, hereinafter called the Lessor, and **Troy L. Day**, hereinafter called the Lessee, all of Rowan County, North Carolina;

WITNESSETH:

That the said party of the first part, in consideration of the agreements and covenants hereinafter mentioned to be fulfilled by the said party of the second part, does hereby convey unto the said party of the second part, his heirs, and assigns, as personal property that "T-Hangar" designated as **Hangar No. 2** as shown upon a plat thereof entitled "Rowan County Nested Tee Hangars, T-1, prepared by James F. Morton, P.E., dated April 15, 1997, as filed in the office of the Rowan County Manager, 130 West Innes Street, Salisbury, North Carolina, to have and to hold same with all privileges and appurtenances thereunto belonging to the said Lessee, his heirs and assigns, subject to the following terms and conditions.

1. **INTERIOR HANGAR:** It is herewith agreed that the Lessee shall have the exclusive and assignable right to the interior enclosed space of the above-described hangar, which is herewith conveyed for a period that is determined to be the useful, economic life of the hangar building from and after the date hereof.

The term "useful, economic life" shall be defined as follows;

The hangar designated in the Agreement is, in all respects, personal property and based on construction is estimated to have a useful, economic life of forty (40) years. The actual life shall be determined as being the length of time in which the group of ten (10) hangars maintains compliance with North Carolina State Building Code for safe enclosure of aircrafts.

The building representing the ten (10) "T-hangars" shall be declared out of compliance and uninhabitable when at least four (4) individual hangars are separately determined to be uninhabitable. At such time, the entire building shall be determined to have no further useful, economic life and value.

2. **GROUND LEASE:**

(a) The land located directly beneath the interior closed hangar space above designated, is herewith leased to the Lessee at an initial rental of Ten and no/100 Dollars (\$10.00) per month. The Lessor, Rowan County, reserves the right to adjust the monthly rental in five (5) year increments, beginning on January 1, 1999, with the specific understanding that any increase shall not exceed fifteen percent (15%) of the amount paid being paid on the preceding fifth year anniversary date. The term of the initial lease and all extensions thereof shall also coincide with the useful, economic life of the hangar building as set forth in Article I above.

(b) The first installment of rental shall be due on the 1st day of the calendar month following the execution of this Agreement with all future rental payments being due on the first day of each consecutive calendar month thereafter. Any installment or installments of unpaid rent shall be deemed to constitute a lien upon the hangar previously described and collection of the same may be enforced in law or equity. Any subsequent purchaser of the hangar, which is the subject of this Agreement, shall be deemed to fully assume all responsibility for unpaid ground lease rents and accept full responsibility for payment of the same.

3. **FUTURE RELOCATION:** The Lessor retains the right to relocate the T-Hangar building to another location within the Rowan County Airport, however, such relocation shall be done so as to continue to provide access to a ramp and taxiway and/or other amenities relating to runway access.

4. **UTILITIES:** The Lessee shall be responsible for all utility services used in connection with that respective hangar to include electricity, which shall be separately metered.

5. **INSURANCE:** The Lessor shall provide a policy of insurance for fire and extended coverage on the T-Hangar building. Lessor shall not, in any respect, be liable for any damage to Lessee's aircraft, fixtures, equipment or other contents of the

individual T-Hangar, regardless of the cause thereof and accordingly, the Lessee, shall at its own expense, at all times, maintain, enforce a policy of insurance naming the Lessor, Rowan County, as an additional insured against liability for injury to or the death of any person or loss of property damage occurring on or about the demised premises, which insurance shall be in an amount of not less than One Million and no/100 Dollars (\$1,000,000.00), combined, single limit for bodily injury and property damage.

6. **MAINTENANCE AND REPAIRS:**

(a) **By: Lessor**, Rowan County, North Carolina; Rowan County shall from time to time provide such maintenance as shall be necessary to keep in a good state of repair, the structural portion of the T-Hangar building, including roof and walls except to the extent that such damage thereto has resulted from a negligent or willful act by the Lessee, in which event, Rowan County assumes no responsibility to provide such maintenance. The undersigned agrees to pay 1/10th of the costs of any such structural maintenance performed by the Lessor.

(b) **By: Lessee**: The interior portion of the hangar space which is subject to this Agreement shall be at all times maintained by the Lessee including the floor space, sliding door and such routine maintenance as may be necessary to keep the hangar facility in a safe, sanitary condition free from debris, trash and related materials. No hazardous or ignitable materials may be stored at any time within the hangar facility, including fuel, with the exception of that fuel which is located within the fuel tank of the aircraft. In the event that damage results from either a negligent or willful act of the Lessor, the Lessee shall promptly and without delay repair such damage at his expense.

7. **SIGNAGE AND EXTERIOR APPEARANCE:** The Lessee shall be permitted to place his sign upon the exterior portion of the hangar premises; however, the size, manner and installation shall be subject to Lessor's approval. All signage shall be in compliance with any local zoning and/or signage ordinance; however, in no event shall the size of the sign exceed ten (10) square feet.

8. **USE OF LEASED PREMISES:**

(a) The hangar, which is the subject of this Agreement,

shall be used in the manner compatible with other Lessees of adjoining hangars, including excessive noises in non-airport related activities which could disturb an adjacent Lessee's use of his hangar.

(b) Hangars are to be used primarily for aircraft storage including the use for an aircraft related activity, such as repair on an aircraft owned or leased by the undersigned party to this Agreement.

(c) Any Lessee who wishes to conduct or operate any business related activity on the grounds of the Rowan County Airport must first receive prior written permission from Rowan County before engaging in such airport related business. It should be noted that the fixed base operator is currently franchised by Rowan County to engage in the sale of aircraft, parts and supplies, repairs to other aircraft, fueling as well as the chartering or renting of aircraft.

9. **TAXES:** The hangar which is the subject to this Agreement is in all respects deemed to be personal property and subject to Rowan County property tax based upon a levy assessed by the office of the Rowan County Tax Assessor. The Lessee shall pay all taxes upon the hangar, as assessed, together with taxes upon all personal property located within the confines of the hangar itself.

10. **ALTERATIONS:** No alteration, addition or improvement to the hangar which is the subject of the Agreement, shall be made without the express written consent of the Lessor. Additionally, no hangar exterior shall be repainted or colors changed without the express written consent of Rowan County.

11. **RIGHT OF INSPECTION:** Rowan County shall have the unqualified right to make routine inspections of the hangar, interior and/or exterior, in order to insure compliance with this Agreement or to perform maintenance and such repairs as may be required.

12. **SALE AND ASSIGNMENT:** The Lessee shall have the unqualified right to sell and/or assign the estate for years as set forth in this Agreement to any third party with the further stipulation that Rowan County be notified in writing of such sale and/or assignment in order to insure future compliance and enforcement with respect to the obligations contained in this Agreement.

13. **EXCULPATORY PROVISIONS:** The Lessor shall not be responsible or liable to the Lessee for any injury or damage resulting from acts or omissions of persons occupying the leased property, or hangars adjoining the leased property, or any part of the building of which the leased property is a part.

14. **INDEMNITY:** The Lessee shall indemnify the Lessor against all liabilities, expenses, including reasonable attorneys' fees, and losses incurred by the Lessor as a result of (a) failure by the Lessee to perform any covenant required to be performed by the Lessee hereunder; (b) any accident, injury, or damage which shall happen in or about the leased property resulting from the condition, interior maintenance, or operation of the leased property; (c) failure to comply with any requirements or any governmental authority; and, (d) any mechanic's lien, or security agreement, or any materials used in the construction or alteration of any building or improvement thereon.

15. **DEFAULT:** Any installment of ground lease rent remaining overdue and Unpaid for One Hundred Fifty (150) days, as well as any failure to comply with the terms and conditions of this Agreement, shall constitute a default. Lessor shall give written Notice of Default, and Lessee shall thereafter have thirty (30) days to cure such default. A failure to cure shall render the ground lease null and void and Lessor shall have the right to re-enter and assume possession of the hangar which is the subject of this Agreement. Lessor shall thereupon refund to Lessee either the fair market value of the estate for years as determined by appraisal or the depreciated value as determined by ten (10) year straight line depreciation, whichever shall be less. Lessee shall pay any and all costs related to default, retaking, and removal of hangar contents, including reasonable attorney fees.

16. **AUTOMOBILE PARKING:** Automobile/vehicles must be kept either inside the hangar or in designated areas at all times, except during loading and unloading passengers, luggage or freight. Vehicles may not block public ramps, taxiways and other hangars, which would impede the traffic of aircraft attempting to use the ramps and taxiways for movement.

17. **MISCELLANEOUS:** It is distinctly understood and agreed that the Lessee may install such fixtures and appliances as may be necessary for the proper use of his hangar facility, which at the expiration of the term may be removed provided that the

same are all movable fixtures, but any permanent improvements attached to the building by the Lessee shall immediately become the property of the Lessor and cannot be removed.

If the building herein leased shall be destroyed or rendered unfit for use by fire or other casualty during said term, this lease shall thereupon terminate or in the alternative, ground lease rents shall be suspended during that period when the hangar is under reconstruction.

In testimony whereof, said parties have executed this contract in duplicate originals, one of which is retained by each of the parties.

LESSOR

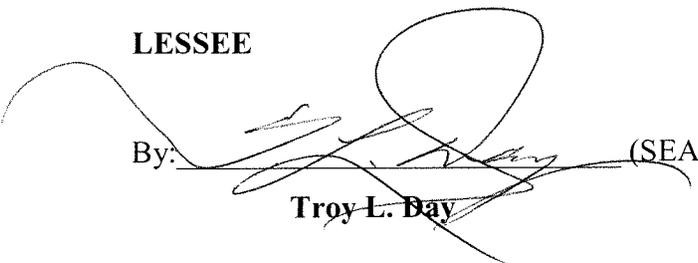
ROWAN COUNTY

By:  (SEAL)

Rowan County Manager


Witness

LESSEE

By:  (SEAL)

Troy L. Day