

**LICENSE AGREEMENT FOR USE OF AIRPORT PROPERTY
(CLOSED RUNWAY)**

THIS LICENSE AGREEMENT is made this 12th day of July, 2022, by and between **Hernando County**, a political subdivision of the State of Florida, whose address is 15470 Flight Path Drive, Brooksville, FL 34604 ("the County"), and Pem-Air Turbine Engine Services, LLC ("Pem-Air"), a Florida Limited Liability Company, whose mailing address is 5143 Broad Street, Brooksville, FL 34601, and the parties state:

RECITALS

WHEREAS, the County owns and operates the Brooksville-Tampa Bay Regional Airport ("the Airport"), a public-use general aviation facility located at 15800 Flight Path Drive, Brooksville, FL. 34604; and,

WHEREAS, a permanently-closed runway is located on the west side of the Airport property; and,

WHEREAS, the permanently-closed runway is unusable for the landing, takeoff, or taxiing of aircraft; and,

WHEREAS, the Airport is subject to the requirements of various federal laws and regulations including, without limitation, the Surplus Property Act of 1944, as amended, the Federal Property and Administrative Services Act of 1949, as amended, and the rules and orders promulgated by the Federal Aviation Administration (the FAA); and,

WHEREAS, FAA Compliance Order No. 5190.6A, including but not limited to Chapter 4 thereof, require that surplus property airports (which includes the Airport herein) generate revenue, income or its functional equivalent to the airport; and,

WHEREAS, pursuant to a directive of Congress, as a surplus airport property, the Airport is subject to compliance review by the FAA and the United States Department of Transportation Inspector General Office; and,

WHEREAS, FAA Compliance regulations require that use of Surplus Airport Property be authorized by a written instrument providing for payment of fair, reasonable and non-discriminatory fees, rentals or other user charges; and,

WHEREAS, Pem-Air, an existing Airport tenant, is a certified global repair and refurbishment services provider of gas turbine engines, accessories, and related platform components; and,

WHEREAS, Pem-Air is desirous of using the closed runway for a three-year period for the purpose of parking aircraft that the company will be repairing or refurbishing; and,

WHEREAS, the County is willing to allow Pem-Air to use the closed runway under the following terms and conditions; and,

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions, each promise to the other as follows:

1. INCORPORATION OF RECITALS AND EXHIBITS

The foregoing recitals are incorporated into this Agreement by reference. All references to "Exhibits" contained herein are references to exhibits attached hereto, the terms and conditions of which are made a part hereof for all purposes.

2. USE OF THE PREMISES

2.A. Pursuant to the terms and conditions set forth herein, the County hereby grants to Pem-Air, a non-exclusive license to use the property as depicted by yellow highlight on Exhibit "A" (the "Premises"). Except for the paved surface of the closed runway, there are no structures or other improvements located within the Premises. Pem-Air's use of the Premises shall be subject to all terms and conditions of Exhibit "B" hereto, entitled "Grant Assurance," Exhibit "C" hereto, entitled "Hazardous Materials," and Exhibit "D" hereto, entitled "Indemnity, Insurance, & Letter of Credit."

2.B. Pem-Air and those claiming through Pem-Air shall use the Premises solely for parking aircraft, outside parts storage, staging, aircraft maintenance, engine maintenance, aircraft disassembly, parts recycling, and limited aircraft fueling (collectively the "Permitted Uses"). No other use shall be permitted without the prior written consent of the Airport Manager.

2.C. Pem-Air shall not construct or erect any permanent structures of improvements on the Premises except as provided for herein.

2.D. Pem-Air may make non-permanent changes, alterations, additions, or improvements to or upon the Premises only as provided for herein. Pem-Air shall be permitted to erect a fence of its choosing at the location depicted on Exhibit "A" hereto. Prior to making any changes, alterations, additions or improvements to the Premises, Pem-Air will provide to the Airport Manager, in writing, all proposals and plans for alterations, improvements, changes or additions to the Premises. Pem-Air covenants and agrees to connection with any maintenance, repair work, erection, construction, improvements, addition or alteration of any authorized modifications, additions, or improvements to the Premises, to observe and comply with all present and future laws, ordinances, rules, regulations, and requirements of the United States of America, State of Florida, Hernando County and any and all governmental agencies. If the County so directs, Pem-Air shall promptly remove the additions, improvements, alterations, fixtures, and installations which were placed in, on, or upon the premises by Pem-Air, and repair any damage caused to the Premises by such removal.

2.E. Pem-Air shall comply with all present and future laws, ordinances, orders, rules, and regulations or zoning classifications of any lawful governmental authority, agency or other public or private regulatory authority having jurisdiction over the Premises or the operation thereof.

2.F. Pem-Air shall not commit or permit any act to be committed in or about the Premises which results in any damage of the Premises, damages Airport property of hams others, or in any way constitutes a nuisance or interferes with the rights of other users of the Airport.

2.G. No fuel facilities of any description shall be installed at, adjacent to, or upon the Premises. No aircraft fueling shall occur on the Premises except in accordance with all applicable laws and regulations and only from County-authorized fueling facilities located elsewhere within the Airport. The only fueling permitted upon the Premises is aircraft fueling from a fuel truck that is authorized to dispense fuel at the Airport.

3. TERM OF LICENSE AGREEMENT

3.A. This license Agreement shall be effective upon the last date signed by Pem-Air and the County (the "Effective Date"). The term of the license for Pem-Air to use the Premises shall commence on the 1st day of July 2022, and shall end on June 30, 2027, at 11:59 p.m. (the "Anniversary Date"), unless terminated pursuant to Section 3.B. below.

3.B. Either party shall have the right to terminate this License Agreement, in whole or part, by providing the other party with no less than ninety (90) days prior written notice of its intent to terminate this License Agreement in its entirety or to partly terminate by reducing the amount of square feet covered under this License Agreement. In the event such termination option is exercised by the County, the County shall pay Pem-Air an amount equal to the value of that portion of the License Agreement term Pem-Air is unable to use the Premises (calculated using the License Fee paid in advance for that year as amortize over a 365-day period). A similar calculation shall be performed if the County reduces the amount of square feet covered under this License Agreement. If Pem-Air exercises such termination or modification option, the County shall retain all prepaid rent for that year. Following proper notice and termination of this License Agreement in its entirety, upon all License Fee and other obligations owed to the County having been paid and/or performed current by Pem-Air, and upon Pem-Air surrendering possession of the Premises to the County, then this License Agreement shall be deemed canceled and each party shall release the other from all claims, disputes, actions and appeals relating to or arising under this License Agreement (but excluding any claim, dispute, action or appeal premised or environmental contamination caused or contributed to by Pem-Air during its use or occupation of the Premises).

4. OPPORTUNITY TO INSPECT PREMISES

Pem-Air hereby acknowledges it has had adequate opportunity to inspect the Premises prior to its execution of this License Agreement. The County makes no warranty or representation to Pem-Air, and Pem-Air agrees that the County has made no representation respecting the physical condition of the Premises. Pem-Air's execution of this License Agreement shall be conclusive evidence against Pem-Air that the Premises were in good and satisfactory condition when possession was so taken.

5. ACCEPTANCE OF PREMISES "AS IS"

5.A. Pem-Air accepts the Premises "As Is". Pem-Air does hereby waive, and the County hereby disclaims all warranties of any type or kind of description, including, without limitation, those of fitness for a particular purpose, tenantability, habitability, or use.

5.B. Pem-Air acknowledges and agrees, that the Premises consists of portions of an unused runway, which runway is not presently maintained in a condition suitable for aircraft use, and that the runway may have or contain cracks, depressions, uneven surfaces, presence of rocks or other debris, or other conditions which may or may not create a hazard to vehicles operating thereon.

5.C. In addition to and not in lieu of the insurance and indemnity provisions herein, Pem-Air, for itself, its members, participants, employees, volunteers, guests, their heirs and assigns EXPRESSLY AGREES TO ASSUME ANY AND ALL RISK of property damage or personal injury, including serious personal injury or death, which may result in whole or in part arising from or related to Pem-Air's use of the Premises pursuant to this Agreement and shall hold the County, its officers, employees, and agents, harmless for any and all such damage and/or injury.

6. LICENSE FEES

6.A. As consideration for this License Agreement, Pem-Air shall pay annual license fees to the County pursuant to the schedule below:

<u>Time Period</u>	<u>Annual Fee</u>	<u>Monthly Fee</u>
Year 1	\$61,287.00	\$5,107.25
Year 2	\$63,125.61	\$5,260.47
Year 3	\$65,019.38	\$5,418.28
Year 4	\$66,969.96	\$5,580.83
Year 5	\$68,979.06	\$5,748.25

6.B. Pem-Air shall pay monthly license fee payments (1/12th of the annual license fee) in advance and without demand, on or before the first day of each month upon commencement of the term of this License Agreement. A ten percent (10%) penalty will be applied to all monthly license fee payments that are received after 5:00 p.m. on the tenth (10th) day of the month. Pem-Air shall be separately responsible for all applicable taxes, sales tax, late fees, special assessments, etc.

6.C. The acceptance by the County of any payment from Pem-Air in an amount less than that which is due shall in no way effect the County's rights under this License Agreement and shall in no way constitute an accord and satisfaction, waiver, or estoppel upon the County.

7. LIMITATION OF RIGHTS

This License Agreement creates a non-exclusive license only. Pem-Air does not and shall not at anytime claim any interest, estate, or leasehold of any land or extent whatsoever in the Premises by virtue of this License Agreement or Pem-Air's use of the Premises. The Premises is subject to conditions in any recorded and unrecorded restriction, conditions, limitations, and easements affecting the Premises.

8. RESERVATION OF THE COUNTY'S RIGHTS

8.A. Subject to the rights created herein, the County expressly reserve to itself, its successors, and its assigns, the right to use, or grants to others the right to use by virtue of additional licenses or easements, any and all portions of the area upon, above, or under the Premises, in the County's sole discretion, for any purpose whatsoever that is not inconsistent with the rights herein granted and so long as no portions of the area upon, above, or under the Premises is occupied by Pem-Air. The County reserves the right to reduce or otherwise adjust the area included in the Premises for the construction of Airport improvements so long as such reduction or adjustment does not infringe on that portion of the Premises occupied by Pem-Air. If the County reduces or adjusts the area included in the Premises, Pem-Air's license fees shall be reduced in proportion to the reduction in the total area of the Premises.

8.B. The County, acting through its Airport Manager or other duly authorized representative, shall also have the right to enter upon the Premises at any and all reasonable times during normal business hours throughout the term of the License Agreement for the purpose of inspecting the operation, sanitation, safety, maintenance, and use thereof, and to perform any repair or maintenance of the Premises, and to enter upon the Premises at any time to remedy any condition thereof in the event of an emergency.

9. NO PUBLIC RIGHTS CREATED

Nothing herein shall create or be construed to create any rights in and/or for the benefit of the general public in or to the Premises.

10 UTILITIES, CONNECTIONS, FEES AND SERVICES

Pem-Air shall pay for all water, gas, heat, electricity, light, power, sewer charges, fire protection fees, telephone service, and all other services and utilities supplied or provided to the Premises, if any. Pem-Air shall further pay for all connection charges and deposits in connection with such utility services.

11. VENUE; GOVERNING LAW; FEES & COSTS; JURY TRIAL WAIVER

Any dispute, claim or action relating to or arising under this License Agreement shall be brought solely in the Circuit Court in Hernando County, Florida. Venue shall be limited to Hernando County, Florida. This License Agreement shall be governed by Florida law. Each party hereto agrees to bear their own attorney fees and costs in the event of any dispute. To the extent permitted by law, the respective parties in this instrument agree to and do waive trial by jury in any action, proceeding, or counterclaim brought by either of the parties against the other on any matters whatsoever arising out of or in any way connected with this License Agreement, Pem-

Air's use of the Premises, or any claim of damage resulting from any act or omission of the parties or either of them in any way connected with this License Agreement or the Premises.

12. FORCE MAJEURE

In the event either party hereto shall be delayed, hindered or prevented from the performance of any act required hereunder, by reason of governmental restrictions, scarcity of labor or material, strikes, riots, war, acts of God, or any other reason beyond the reasonable control of the party delayed, hindered or prevented from performing the act, then the performance of such act shall be excused for the period of the delay, and the period for performance of any such act shall be extended for a period equivalent to the period of such delay.

13. NOTICES

All notices, consents, waivers, demands, requests, or other instruments required or permitted by this Agreement shall be deemed to have been sufficiently served if the same shall be in writing and placed in the United States mail, via certified mail or registered mail, return receipt requested, with proper postage prepaid and addressed to the other party hereto at the address shown on page 1 hereof.

14. ABSOLUTE PROHIBITION OF RECORDING OF AGREEMENT

This Agreement may not be recorded.

15. DESIGNATION OF AIRPORT MANAGER AS THE COUNTY'S AGENT

The County designates and Pem-Air agrees that the Manager of the Airport shall do and perform on behalf of the County all acts requiring the discretion of its agent hereunder, including at all reasonable times, the right to enter upon the Premises for the inspection of same.

16. ACKNOWLEDGMENT OF PREEXISTING LICENSE

Pem-Air acknowledges that its use of the Premises pursuant to this Agreement is subject to and subordinate to that certain license agreement, denominated as a "Hold Harmless Agreement," dated July 9, 2013, between Lessor and Duke Energy Florida, Inc. ("Duke Energy"), authorizing Duke Energy to utilize the Airport as a temporary staging area for its disaster response activities. Pem-Air agrees to temporarily relinquish the Premises or a portion thereof, if necessary, in order to facilitate Duke Energy's disaster response activities. If Pem-Air is required to relinquish the entirety of the Premises, Pem-Air's obligation to pay license fees to the County shall be suspended during the time of the relinquishment. If Pem-Air is required to relinquish

less than the entirety of the Premises, Pem-Air's license fees shall be reduced in proportion to the reduction in the total area of the Premises during the time of the relinquishment.

17. PROTECTION AGAINST LIENS

Pem-Air shall keep the Premises free from any and all liens arising out of any work performed, materials furnished, or obligations incurred by Pem-Air. In the event that Pem-Air fails to discharge any such lien within fifteen (15) days following written notice and demand by the County for removal of such lien, the County, in addition to all remedies provided herein and by law or in equity, has the right but not the obligation to discharge the lien by means of bond or posting security. If the County acts to discharge or secure any lien caused by Pem-Air, then Pem-Air shall reimburse the County on demand, as additional rent, for all sums paid and all costs and expenses incurred by the County involving such lien together with interest on the total expenses and costs at the maximum rate allowed by law.

18. ACCESS

Access to the Premises will be by either the Runway Drive Gate or the Technology Drive Gate. No other access is authorized. Whenever Pem-Air uses one of the gates, Pem-Air shall insure that it is properly locked after opening. All signs and markings designating the route of access or traffic control signs shall be adhered to by Pem-Air. Failure to comply with this access provision will be sufficient cause for the County to immediately terminate this Agreement without having to provide ninety days prior notice to Pem-Air.

19. VEHICLES

All vehicles brought upon the Premises (by/for/with the consent of Pem-Air) shall have a rotating or flashing amber beacon operating from the highest point of said vehicle. Failure to comply with this provision will be sufficient cause for the County to immediately terminate this Agreement without having to provide ninety days prior notice to Pem-Air.

20. ABOLUTE PROHIBITION OF ASSIGNMENTS

Pem-Air may not assign, transfer, sub-license, mortgage, pledge or encumber this Agreement or the Premises, in whole or in part, without prior written permission of the County. This does not exclude third-party service agreements pertaining to all lawful business conducted by Pem-Air.

21. SUCCESSORS

This Agreement and the covenants and conditions contained herein shall be binding upon and inure to the benefit of the County and its successors and assigns and shall be binding upon Pem-Air and its successors and assigns.

22. ENTIRE AGREEMENT

This Agreement and the Exhibits hereto set forth the entire understanding between the County and Pem-Air concerning the subject matter of this Agreement and incorporate all prior negotiations and understandings, either oral or written. No alteration, amendment, change or addition to this Agreement shall be binding upon either party unless in writing and executed and delivered by both the County and Pem-Air.

23. SEVERABILITY

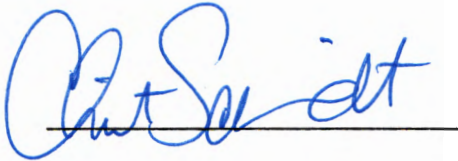
If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be declared invalid or deemed unenforceable by a court of competent jurisdiction or superseding law, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law notwithstanding the invalidity of any other term or provision hereof.


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IN WITNESS WHEREOF, the **Lessor** and the **Lessee** have caused this Agreement to be executed in their respective names and their respective seals to be hereunto affixed and attested by their duly authorized officers.

WITNESS:

PEM-AIR TURBINE ENGINE SERVICES, LLC (LESSEE)

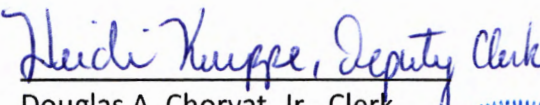


By: 
Virgil D. Pizer, Manager

JUN-15-2022
Date

ATTEST:

**BOARD OF COUNTY COMMISSIONERS
HERNANDO COUNTY, FLORIDA (LESSOR)**


fa 
Heidi Kuppe, Deputy Clerk
Douglas A. Chorvat, Jr., Clerk

By: 
Steve Champion, Chairman

July 12, 2022
Date



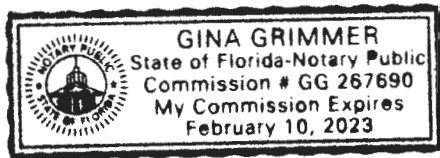
APPROVED AS TO FORM
AND LEGAL SUFFICIENCY:



County Attorney

STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of ☒ physical presence or ☐ online notarization this 15th day of June, 2022, by Virgil D. Pizer as Manager of Pem-Air Turbine Engine Services, LLC who is personally known to me or who has produced _____ as identification.



Gina Grimmer
(Signature of person taking acknowledgment)

Gina Grimmer
(Name typed, printed or stamped)

Notary
(Title or rank)

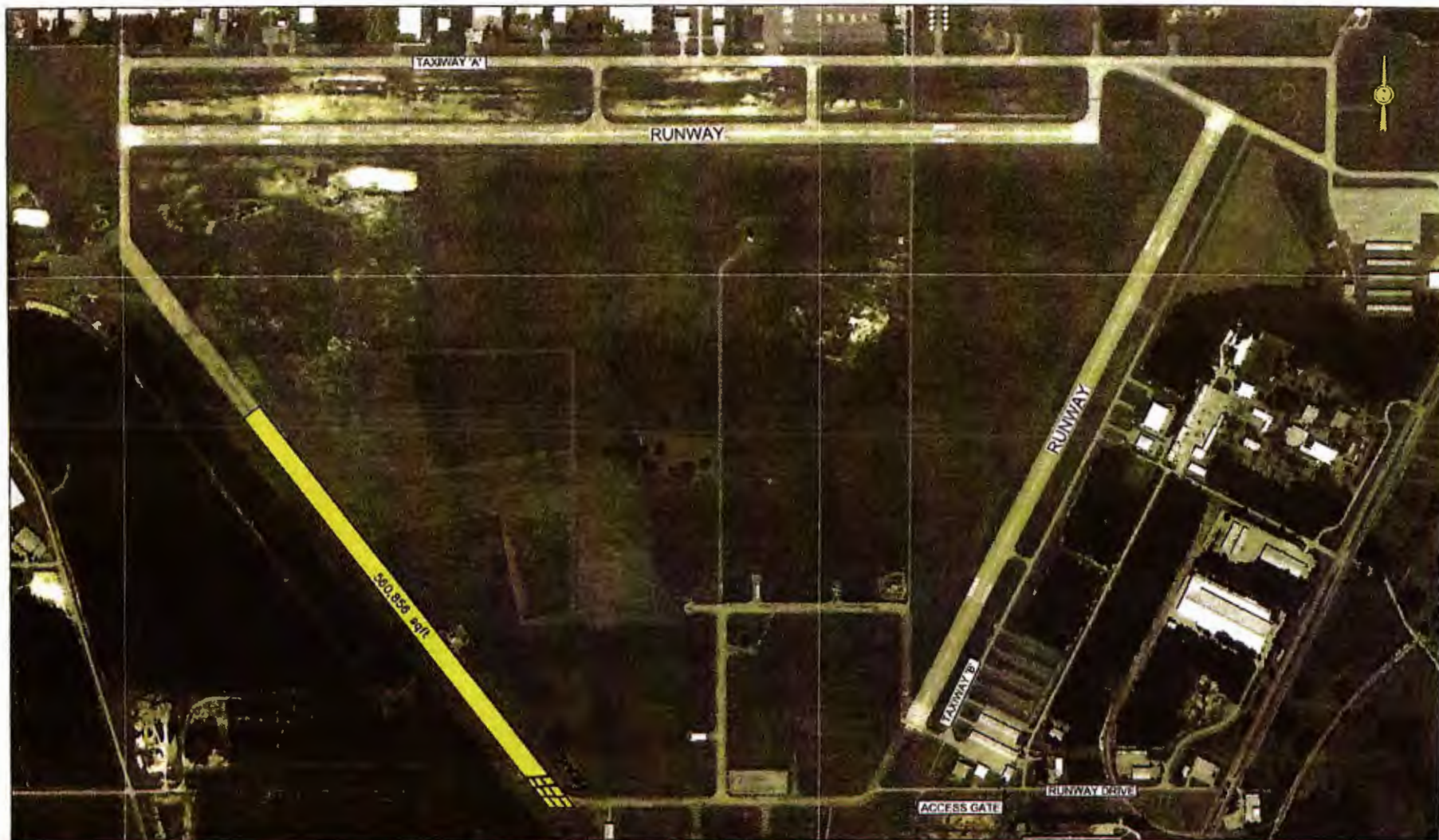
STATE OF FLORIDA
COUNTY OF HERNANDO

The foregoing instrument was acknowledged before me by means of ☒ physical presence or ☐ online notarization this 12th day of July, 2022, by Steve Champion, as Chairman of the Hernando County Board of County Commissioners, who is personally known to me or who has produced _____ as identification.

Colleen Conko
(Signature of person taking acknowledgment)

(Name typed, printed or stamped)
A rectangular notary seal stamp for Colleen Conko, a Notary Public in the State of Florida. The seal includes her commission number HH 281269 and the expiration date of June 27, 2026. To the left of the text is a circular emblem featuring a palm tree and the words 'NOTARY PUBLIC' and 'STATE OF FLORIDA'. Below the seal, it says 'Signed through National Notary Assn.'
(Title or rank)

[Handwritten signature]



NO	NO	NO	NO	NO	NO



EXHIBIT 'A'

BROOKSVILLE - TAMPA BAY REGIONAL AIRPORT

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EXHIBIT "B"

GRANT ASSURANCES

This License Agreement is subject to and subordinate to all Grant Assurances in effect by and between the Federal Aviation Administration ("FAA") and the County at all times during the term of this License Agreement (the "Grant Assurances"). Certain Grant Assurances mandated by the FAA for inclusion in airport license agreements have been incorporated herein. Any Grant Assurances mandated by the FAA for inclusion after the execution date of this License Agreement and prior to the expiration hereof shall be deemed by the parties to have been incorporated herein as of the effective date of any mandate of inclusion. The Grant Assurances in effect at the Effective Date of this License Agreement and as amended from time-to-time, can be found online at www.faa.gov/airports/aip/grant_assurances. As of the Effective Date, Pem-Air is required to comply with the following assurances required by the FAA:

1. Development of Landing Area. The County reserves the rights to further develop, improve or maintain the landing area and aprons of the Airport as it sees fit, regardless of the desires or view of Pem-Air, and without interference or hindrance by Pem-Air.
2. Maintenance of Landing Area. The County reserves the right, but shall not be obligated to Pem-Air, to maintain and keep in repair the landing area of the Airport and all publicly-owned facilities of the Airport, together with the right to direct and control all activities of Pem-Air in this regard.
3. Subordination to the County's Governmental Commitments. This Agreement is subordinate to the provisions of any agreement between the County and the United States or other governmental authority (regardless of when made) that affects the Airport, including, but not limited to, agreements governing the expenditure of Federal funds for Airport improvements. In the event that the FAA or other governmental authority requires any modification to this Agreement as a condition of the County entering into any agreement or participating in any program applicable to the Airport (including, but not limited to, those providing funding), Pem-Air agrees to consent to any such modification. If a governmental authority determines that any act or omission of Pem-Air or Pem-Air's associates has caused or will cause the County to be noncompliant with any of the County's governmental commitments (including, but not limited to, any assurances or covenants required of the County or obligations imposed by law), Pem-Air shall immediately take all actions that may be necessary to preserve the County's compliance with the same. Without liability to the County, the County shall have the right to terminate this Agreement and reenter and repossess any portion of the Premises if the U.S. Department of Transportation or other governmental authority having jurisdiction expressly requires any such action, subject to any review that may be afforded to Pem-Air by such authority.
4. Use to Conform with FAA Regulations. Pem-Air agrees that its use of the Airport shall conform to applicable FAA regulations at all times during the term of this License Agreement.

5. No Exclusive Rights. It is specifically understood and agreed by Pem-Air that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and the County reserves the right to grant others the privilege and right of conducting any one or all activities of an aeronautical nature.

6. No Prohibition on Self-Servicing of Aircraft. It is specifically understood and agreed by Pem-Air that no right or privilege has been granted which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing any services on their own aircraft with their own regular employees (including, but not limited to, maintenance and repair) that they may choose to perform.

7. Reservation of Aviation Easement. There is hereby reserved to the County, its successors, and its 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 Airport. This public right of flight shall include the right to cause in said airspace any noise inherent in the operation of any aircraft used for navigation or flight through the said airspace or landing at, taking off from or operation of the Airport.

8. Noninterference with Aircraft. Pem-Air, by accepting this License Agreement, agrees for itself, its successors, and its assigns, that it will not make use of the Airport in any manner which might interfere with the landing and taking off of aircraft from the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the County shall provide written notice to Pem-Air and Pem-Air shall have the right to cure said breach in the manner provided for in of this License Agreement. The County reserves the right to cause the abatement of such interference at the expense of Pem-Air.

9. War or National Emergency. This License Agreement and all the provisions hereof shall be subject to whatever right the United States Government now has or in the future may have or acquire, affecting the control, operation, regulation and taking over of the Airport or the exclusive or nonexclusive use of the Airport by the United States during the time of war or national emergency.

10. Nondiscrimination Regarding USDOT Programs. Pem-Air for itself, successors-in-interest, and assigns (to the extent successors and assigns are permitted by this Agreement), as a part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the Premises described in this Agreement for a purpose for which a U.S. Department of Transportation program or activity is extended, or for another purpose involving the provision of similar services or benefits, Pem-Air shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.

11. Nondiscrimination Regarding Facilities, Improvements, and Federally-Funded Activities. Pem-Air for itself, its successors-in-interest, and its assigns (to the extent successors and assigns are permitted by this Agreement), as a part of the consideration hereof, does hereby covenant and agree that: (1) no person on the grounds of race, creed, color, national origin, sex, age, or handicap shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities or any activity conducted with or benefiting from Federal assistance, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Pem-Air shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended, and other applicable Laws and Regulations, and shall obtain such compliance from any other parties holding lower-tier agreements (to the extent the same are permitted by this Agreement).

12. Agreement Preserves the County's Compliance. This Agreement shall be interpreted to preserve the County's rights and powers to comply with its Federal and other governmental obligations.

13. Subordination to Financing and Matters of Record. This Agreement is subordinate to the provisions of any agreements or indentures entered by the County (regardless of when entered) in connection with any debt financing applicable to the Airport and is subordinate to any matter of record affecting the real property of the Airport.

EXHIBIT "C"
HAZARDOUS MATERIALS

A. No Violation of Environmental Laws. Pem-Air shall not cause or permit any Hazardous Materials to be used, produced, stored, transported, brought upon, or released on, under, or about the Premises or the Airport by Pem-Air or Pem-Air's Associates in violation of applicable Environmental Laws. Pem-Air is responsible for any such violation as provided for in this Agreement.

As used herein "Hazardous Material" means any hazardous or toxic material, substance or waste which is defined by those or similar terms or is regulated as such under any Environmental Laws; "Environmental Law" shall mean any applicable law, statute or ordinance relating to public health, safety or the environment, including, without limitation, relating to releases, discharges or emissions to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use and handling of polychlorinated biphenyls or asbestos, to the disposal, transportation, treatment, storage or management of solid or hazardous wastes or to exposure to toxic or hazardous materials, to the handling, transportation, discharge or release of gaseous or liquid substances and any regulation, order, notice or demand issued pursuant to such law, statute or ordinance, in each case applicable to the Premises or Pem-Air or the operation, construction or modification of the Premises, including without limitation the following: the Clean Air Act, the Federal Water Pollution Control Act, the Safe Drinking Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act as amended by the Superfund Amendments and Reauthorization Act of 1986, the Resource Conservation and Recovery Act as amended by the Solid and Hazardous Waste Amendments of 1984, the Occupational Safety and Health Act, the Emergency Planning and Community Right-to-Know Act of 1986, the Solid Waste Disposal Act, and any state statutes addressing similar matters, and any state statute providing for financial responsibility for cleanup or other actions with respect to the release or threatened release of hazardous substances and any state nuisance statute.

B. Response to Violations. Pem-Air agrees that in the event of a release or threat of release of any Hazardous Material by Pem-Air or Pem-Air's Associates at the Airport, Pem-Air shall provide the County with prompt notice of the same. Pem-Air shall respond to any such release or threat of release in accordance with applicable Laws and Regulations. If the County has reasonable cause to believe that any such release or threat of release has occurred, the County may request, in writing, that Pem-Air conduct reasonable testing and analysis (using qualified independent experts acceptable to the County) to show that Pem-Air is complying with applicable Environmental Laws. The County may conduct the same at Pem-Air's expense if Pem-Air fails to respond in a reasonable manner. Pem-Air shall cease any or all of Pem-Air's activities as the County determines necessary, in its sole and absolute discretion, in connection with any investigation, cure, or remediation. If Pem-Air or Pem-Air's Associates violate any Environmental Laws at the Airport (whether due to the release of a Hazardous Material or otherwise), Pem-Air, at Pem-Air's expense, shall have the following obligations, which shall survive any expiration or termination of this Agreement: (i) promptly remediate such violation in compliance with applicable Environmental Laws; (ii) submit to the County a written remediation plan, and the County reserves the right to approve such plan (which

approval shall not be unreasonably withheld) and to review and inspect all work; (iii) work with the County and other governmental authorities having jurisdiction in connection with any violation; and (iv) promptly provide to the County copies of all documents pertaining to any environmental concern that are not subject to Pem-Air's attorney-client privilege.

C. Obligations Affecting Permits. To the extent that Pem-Air is a co-permittee with the County in connection with any permit relating to the environment at the Airport, or to the extent that any of Pem-Air's operations in connection with this Agreement or otherwise may impact the County's compliance with any such permit, Pem-Air shall work cooperatively with the County and take all actions necessary to ensure permit compliance, and minimize the cost of such compliance, for the benefit of Airport operations.

D. Obligations upon Termination and Authorized Transfers. Upon any expiration or termination of this Agreement (and this obligation shall survive any such expiration or termination), and upon any change in possession of the Premises authorized by the County, Pem-Air shall demonstrate to the County's reasonable satisfaction that Pem-Air has removed any Hazardous Materials. Pem-Air's use of the premises shall be subject to the foregoing terms regarding Hazardous Materials. Such demonstration may include, but is not limited to, independent analysis and testing to the extent that facts and circumstances warrant analysis and testing, such as evidence of past violations or specific uses of the premises. The obligations of this Exhibit "C" shall survive any termination of this Agreement.

EXHIBIT "D"
INDEMNITY, INSURANCE, AND LETTER OF CREDIT

A. Indemnity by Pem-Air. Pem-Air agrees to indemnify, hold harmless, and defend the County and its officers, agents, and employees from and against losses of every kind and character (including, but not limited to, liabilities, causes of action, losses, claims, costs, fees, attorney fees, expert fees, court or dispute resolution costs, investigation costs, environmental claims, mitigation costs, judgments, settlements, fines, demands, damages, charges, and expenses) that arise out of or relate to: (i) any use, occupancy, or operations at the Premises or the Airport by Pem-Air or Pem-Air's associates; or (ii) any wrongful, reckless, or negligent act or omission of Pem-Air or Pem-Air's associates. Pem-Air shall use attorneys, experts, and professionals that are reasonably acceptable to County in carrying out this obligation. The obligation stated in this Exhibit "D" shall survive the expiration or other termination of this Agreement with respect to matters arising before such expiration or other termination. These duties shall apply whether or not the allegations made are found to be true.

B. Waiver. Pem-Air assumes all risk of the use of the Premises and the Airport, and Pem-Air hereby knowingly, voluntarily, and intentionally waives any and all losses, liabilities, claims, and causes of action, of every kind and character, that may exist now or in the future (including, but not limited to, claims for business interruption and for damage to any aircraft) against the County and its officers, employees, and volunteers arising from or relating to Pem-Air's use, occupancy, or operations at the Premises or the Airport.

C. Insurance. At Pem-Air's cost, Pem-Air shall procure the following insurance coverage prior to entering the Premises, and Pem-Air shall maintain its insurance coverage in force at all times when this Agreement is in effect in compliance with and subject to the County's insurance requirements as they exist and as they may be amended from time-to-time (including, but not limited to, the terms provided in Exhibit "D" herein:

i. Aviation Liability with Additional Coverage. Aviation liability insurance that includes premises liability, and, if applicable, mobile equipment coverage with a combined single limit for bodily injury and property damage of not less than two million dollars (\$2,000,000) per occurrence, including, but not limited to, contractual liability coverage for Pem-Air's performance of the indemnity agreement set forth herein. If any such coverage is not available to Pem-Air in the form of an aircraft liability policy, Pem-Air shall obtain substantially similar coverage through a commercial general liability policy.

ii. Property. All risk property insurance coverage in an amount equal to the replacement cost (without deduction for depreciation) of the improvements constructed on the Premises. Pem-Air may purchase insurance for Pem-Air's personal property as Pem-Air may determine.

iii. Automobile. If Pem-Air drives any automobile other than in the roadways and automobile parking areas at the Airport (e.g., the Aircraft Movement Area), comprehensive automobile liability coverage for claims and damage due to bodily injury or death of any person or

property damage arising out of Pem-Air's ownership, maintenance, or use of any motor vehicles, whether owned, hired, or non-owned, of not less than one million dollars (\$1,000,000) single combined limit "per accident" for bodily injury and property damage.

iv. Pollution. Pem-Air is responsible for environmental losses. Any pollution legal liability insurance obtained by Pem-Air shall comply with the requirements for insurance that are stated in this Agreement. If Pem-Air engages in self-fueling, Pem-Air shall comply with County's self-fueling requirements, including, but not limited to, any pollution legal liability insurance requirements.

v. Aircraft. Pem-Air is responsible for any damage or loss to any aircraft that it parks or stores on the Premises. Pem-Air shall obtain insurance coverage for the aircraft as Pem-Air may determine.

vi. Business Interruption. Pem-Air is responsible for all costs of business interruption, however incurred, and Pem-Air may purchase business interruption insurance as Pem-Air may determine.

D. Performance Security. The County reserves the right to require a performance security in a form and amount acceptable to County upon any material default by Pem-Air under this Agreement.