

LEASE AGREEMENT
BETWEEN
SUSQUEHANNA AREA REGIONAL AIRPORT AUTHORITY
AND
AGREEMENT NO: _____

Sample

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Exhibit A – LEASED PREMISES		

THIS LEASE is effective the 1st day of XXXX, 2022 (the “Commencement Date”), by and between the **SUSQUEHANNA AREA REGIONAL AIRPORT AUTHORITY**, a joint municipal authority duly created under the Pennsylvania Municipality Authorities Act of 1945, having an address at One Terminal Drive, Suite 300, Harrisburg International Airport, Middletown, PA 17057 (the "LESSOR") and XXXXX, having its principal address at XXXXXX (the “LESSEE”)

WITNESSETH:

WHEREAS, LESSOR owns and operates the Capital City Airport which is located in Fairview Township, York County, Pennsylvania (the “Airport”); and

WHEREAS, LESSEE wishes to lease an aircraft hangar, Hangar 501 at the Airport more particularly described in attached Exhibit A;

NOW THEREFORE, in consideration of the mutual covenants and considerations herein contained, LESSOR and LESSEE agree to the following:

**ARTICLE I
TERM AND RENEWAL TERM**

1.01 Initial Term. The Initial Term of this Lease (the “Initial Term”) shall be for xxx years commencing on XXX (the “Commencement Date”) and terminating at 11:59 pm EST, on XXX (the “Expiration Date”). The term “Lease Year” as used hereinafter shall mean each successive full twelve (12) month period following the Commencement Date.

1.02 Renewal Terms. Provided that the LESSEE is not in default under the terms and conditions of this Lease, LESSEE may extend the Initial Term of this Lease for XXX immediately following the Initial Term (the “Renewal Term”) upon the same terms and conditions as provided in this Lease, including, without limitation, the rental provided in Section 3.01 and the rental increases provided in Section 3.02, by providing written notice of LESSEE’s election to extend the term to LESSOR no later than one hundred eighty (180) days prior to the expiration of the Initial Term or the First Renewal Term, as may be applicable. The Initial Term, and the Renewal Term, as may be elected by LESSEE in accordance with this Section 1.02, are hereinafter sometimes individually, or in combination, referred to as the “Term”.

1.03 Holding Over. In the event LESSEE shall continue to occupy the Leased Premises beyond the expiration of this Lease, without LESSOR’s written approval, such holding over shall not constitute a renewal or extension of this Lease, but shall create a tenancy from month to month, subject to all of the conditions, provisions and obligations of this Lease and with Rent (as defined in Article III, Section 3.01) computed at the rate equal to One Hundred Fifty Percent (150%) of the Rent in effect during the last month of this Lease. The month to month tenancy may be terminated at any time by LESSOR, upon thirty (30) days written notice to the LESSEE.

**ARTICLE II
LEASED PREMISES AND PURPOSE**

2.01 Description of Leased Premises. LESSOR hereby leases to LESSEE Hangar 501 located at and within the Airport, as shown on Exhibit "A" attached to this Lease and incorporated herein, The Leased Premises are leased by LESSOR to LESSEE together with all rights of ingress, egress and access and other appurtenant rights provided in this Lease. LESSEE agrees to accept the Leased Premises, including but not limited to the Land, the hangar, and all other improvements in their "as is" condition existing on the Commencement Date. LESSEE acknowledges and agrees that there have been no representations or warranties made by or on behalf of the LESSOR with respect to the condition of the Leased Premises, except as are expressly set forth in this Lease.

2.02 Use of Leased Premises. LESSEE shall use the Leased Premises for the following purposes only and for no other purposes whatsoever without the written authorization of LESSOR:

- TBD

Nothing contained in this Lease shall give or shall be construed to give LESSEE the right to sell aviation fuel of any kind at the Airport, or provide to any other lessees of the Airport any of the services authorized herein.

2.03 Requirement to Remain in Confines of Leased Premises. LESSEE, at all times, shall occupy and use only that space within the confines of the Leased Premises and, except for the right to use, in common with other tenants, the access roads and landing areas as provided in Section 10.01, LESSEE shall have no right to use any other areas of the Airport. LESSOR shall notify LESSEE in writing of any violation by LESSEE of this Section 2.03. On the second and each subsequent violation of this Section 2.03, LESSEE shall pay LESSOR double the monthly Rent for every month or fraction thereof that LESSEE is occupying or using space outside of the Leased Premises. LESSEE shall pay any additional rent to LESSOR within ten (10) Business Days (as defined in Section 18.11) of receipt of notice from LESSOR that such additional rent is due pursuant to this Section 2.03. Failure of LESSEE to remain within the confines of the Leased Premises, excluding activities and operations permitted under Section 10.01 or any other provision of this Lease, and/or pay the additional rent imposed by LESSOR under this Section 2.03 shall be a material breach of this Lease.

**ARTICLE III
RENT/FEES**

3.01 Base Rent. From the Commencement Date, for the use of the Leased Premises and the rights granted to LESSEE in this Lease, and for and during the Initial Lease Year, LESSEE agrees to pay to LESSOR the annual base rent ("Rent") in the amount of XXXX. The Rent shall be paid in monthly installments, as provided in Section 3.04. The monthly installment of Rent during the Initial Lease Year shall be XXX.

3.02 Escalation of Rent. Effective XXX for the Second Lease Year and for each consecutive Lease Year thereafter, including during the First Renewal Term and the Second Renewal Term, the annual Rent and the monthly installment thereof shall be increased by three (3.00%) percent of the Rent payable in the previous Lease Year.

3.03 Payment of Rent. The Rent shall be paid to LESSOR in equal monthly installments on or before the first Business Day (as hereinafter in Section 18.11 defined) of each calendar month of the Term, without notice, set-off, deduction or demand, addressed to **Susquehanna Area Regional Airport Authority, One Terminal Drive, Suite 300, Middletown, PA 17057**, or at such other single address as LESSOR may from time to time designate. The Fuel Flowage Fee shall be paid to LESSOR, without notice, set-off, deduction, or demand, on or before the fifteenth (15th) day of the month for the previous month, each and every month until the expiration of this Lease and any Renewal Terms. LESSEE shall furnish with each payment copies of all aviation fuel delivery invoices for the applicable month, which together state the total aviation fuel delivered upon which the Fuel Flowage Fee is based. LESSOR reserves the right to examine, inspect, and audit the fuel delivery records of LESSEE upon reasonable notice to LESSEE.

3.04 Delinquent Rent. Any Rent and/or additional rent payment or any other sum received by LESSOR on or after the tenth (10th) day from the due date under this Article, shall be subject to a late payment fee of five percent (5%) of the amount of the payment that is due and shall accrue interest at the rate equal to the "Prime Rate" as published in the *Wall Street Journal*, from time to time, plus five percent (5%) (the "Default Rate") from the due date until paid in full. If the *Wall Street Journal* ceases to publish the "Prime Rate", then the comparable rate as published in a comparable financial journal shall be used. LESSEE shall be deemed to be in default under this Lease, without further notice required, unless any late fee and any interest that is due are remitted with the next payment of Rent, Additional Rent or other payment, as applicable, due to the LESSOR.

3.05 Bad Checks. Any checks returned due to insufficient funds or for any other reason caused by LESSEE will incur a charge for handling, to be paid by LESSEE upon proper invoice. This charge will be equal to LESSEE's identified, out-of-pocket expenses relating directly to the returned check, with a minimum charge of \$50.00 for each check.

ARTICLE IV NET LEASE

4.01 Net Lease. LESSEE hereby acknowledges and agrees that this Lease is intended to be a complete net lease to LESSOR, except as otherwise expressly provided in this Lease, and that LESSOR is not responsible for any costs, charges, expenses and outlays of any nature whatsoever arising during the Term from or relating to the Leased Premises, or the use and occupancy thereof by LESSEE, or the contents thereof or the business carried on therein by LESSEE. LESSEE shall pay all charges, impositions, costs and expenses of every nature and kind relating to the Leased Premises during the Term, except as otherwise provided in this Lease. LESSEE's obligation for costs arising during the Term shall survive the termination of the Lease.

4.02 Abatements, Refunds, and Off-Sets. Except as otherwise specifically provided in this Lease, no abatement, refund, off-set, diminution, or reduction of Rent or other compensation shall be claimed by or allowed to LESSEE, or any person claiming under LESSEE.

ARTICLE V OBLIGATIONS OF LESSEE

5.01 Utilities. All costs, including but not limited to charges for connection, capacity, replacement and repair, associated with utilities servicing the Leased Premises shall be the responsibility of LESSEE and are not covered in the Rent described in Article III. LESSEE shall be responsible for the installation/upkeep of an electrical meter for the electrical service to the Leased Premises. LESSOR shall not be liable for any disruption of any utilities to the Leased Premises unless the result of the gross negligence or willful misconduct of LESSOR; provided however, that nothing in this Lease shall be construed as a waiver by LESSOR of any rights, defenses or immunities LESSOR may have and provided further that this Lease shall not create any contractual rights in LESSEE or liability of LESSOR in connection with LESSOR providing sanitary sewer and water service to LESSEE through the sewer and water facilities owned by LESSOR and serving the Airport.

5.02 Maintenance of the Leased Premises.

- a. LESSEE shall, at all times and at LESSEE's cost, maintain the interior and exterior of the Leased Premises, including but not limited to all hangars and other structures and parking areas, access drives and grounds and landscaping within the Leased Premises, in good condition and repair and in a safe, neat and attractive condition. "Repairs" shall include the replacement of any portion of the Leased Premises which is not repairable. LESSEE shall promptly and diligently perform all maintenance and repair of the Leased Premises. LESSOR shall have no obligation or responsibility for the maintenance (including replacement and repair) of any portion of the Leased Premises. LESSEE's maintenance and repairs shall include the apron areas within the Leased Premises serving the hangar, and LESSEE shall remove all foreign objects from any such apron areas.

- b. Without limiting the generality of the foregoing, LESSEE shall be responsible for and shall perform all maintenance and repairs to the Leased Premises which are reasonably required to satisfy the standard of condition and appearance provided in Section 5.02 a. of this Lease, including, but not limited to, the following:
1. Janitorial services, supplies, window washing, rubbish and trash removal.
 2. Supply and replacement of light bulbs, obstruction lights and replacements of all glass, including plate glass.
 3. Cleaning of stoppages and plumbing fixtures and sewer lines up to the tie-in to the public system.
 4. Replacement of floor coverings.
 5. Maintenance of all hangar and overhead doors (including, without limitation, the hangar doors) and door operating systems including weather stripping and glass replacement.
 6. Interior and exterior maintenance of the hangars, including painting and repairing of exterior walls and repair and maintenance of roofs.
 7. Repair of equipment and utilities forming part of the Leased Premises, including electrical, mechanical, HVAC, and plumbing equipment and systems. All repairs are to be made by licensed personnel. Other repairs are to be made by craftsmen skilled in such work and who perform such work regularly as a trade.
 8. Keeping the apron area within the Leased Premises clean and free of oil and other accumulated deposits and maintaining the appropriate markings.
 9. Maintenance of electric loads within the designated capacity of the system. LESSEE shall obtain written consent of LESSOR prior to any change desired by LESSEE in the electrical loading which could exceed such capacity.
 10. Maintaining and relamping all interior and exterior light fixtures.
 11. Providing and maintaining handheld fire extinguishers for the interior of all hangars, shop parking and storage areas in accordance with applicable safety codes.
 12. Maintaining and repairing the HVAC systems servicing the hangars and all other structures.
 13. Other maintenance and repairs, as reasonably necessary.

5.03 Trash Removal. LESSEE shall pay and provide for the sanitary handling and disposal, away from the Airport, of all trash, garbage, and other refuse originating from the Leased Premises. LESSEE shall provide and use suitable covered metal receptacles for all such garbage, trash and other refuse. All such garbage receptacles shall be fenced or screened. Piling of boxes, cartons, barrels, pallets, debris, or similar items in an unattractive or unsafe manner, on or about the Leased Premises, shall not be permitted.

5.04 Snow Removal. LESSEE shall, at own expense, provide its own snow removal for the Leased Premises except the apron and taxiway serving the hangar, and will coordinate such snow removal with LESSOR. LESSOR will otherwise remove all snow and ice from the Airport at LESSOR's sole discretion. LESSEE will place snow in a pre-established area designated by LESSOR. LESSEE shall not use sodium chloride or any other products that are corrosive to aircraft in any areas where it could be tracked, by foot or by vehicle, onto the aprons, taxiways, or runways.

5.05 Modification/Capital Maintenance and Improvement. LESSEE shall not make any modifications to the Leased Premises without obtaining prior written permission from the LESSOR which shall not be unreasonably withheld, conditioned, or delayed by LESSOR.. The LESSEE shall follow the Work Permit process or other process designated by the LESSOR for obtaining approval of any desired modifications. Costs for any modifications desired by the LESSEE shall be the responsibility of the LESSEE.

If LESSEE desires to make any capital improvements to the Leased Premises, LESSEE shall request written approval from LESSOR for such improvements, which approval shall not be unreasonably withheld, delayed or conditioned by LESSOR. LESSEE shall provide sufficient detail for LESSOR to make an informed decision regarding the request. Any improvement which alters the structure, including the hangar door, must be appropriately engineered, the cost for which shall be the responsibility of LESSEE. LESSEE shall also be responsible for obtaining all necessary permits for such improvements as required by federal, state and local regulations.

All modifications and capital improvements made by LESSEE, except for any items specifically related to the Fuel Farm, shall become part of the Leased Premises and become the property of LESSOR. Any improvements which increase the footprint of the hangar shall require a renegotiation of the Rent by LESSEE and LESSOR.

5.06 Taxes. LESSEE hereby agrees and acknowledges that it shall pay, when due, all taxes (including real property taxes), assessments and/or fees, which are assessed or levied on the Leased Premises, or LESSEE's tenancy, by any governmental authority at any time during the Term, as a result of LESSEE's use or occupancy of all or any part of the Leased Premises. LESSEE shall provide LESSOR with receipts for tax payments or other reasonable evidence of payment on or before the date when such taxes would become delinquent. If LESSEE fails to pay any such taxes, assessments and/ or fees when due, such failure of payment shall be considered a default under this Lease. LESSEE may, at LESSEE's sole cost, contest any real estate tax assessment or other assessment imposed upon the Leased Premises.

**ARTICLE VI
OTHER COVENANTS OF LESSEE**

6.01 Nondiscrimination. LESSEE covenants and agrees (i) that no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Leased Premises; (ii) that in the construction of any improvements and the furnishing of services on the Leased Premises 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; (iii) that LESSEE 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, Nondiscrimination in Federally-Assisted Programs of the Department of Transportation, Effectuation of Title VI of the Civil Rights Act of 1964, and as may be amended from time to time, to the extent that the requirements are applicable to LESSEE.

6.02 Civil Rights. LESSEE agrees that it will comply with all federal, state, and local laws, ordinances, rules, regulations, and orders, now or hereafter in effect or promulgated, to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted on the Leased Premises.

6.03 Affirmative Action. With respect to the Leased Premises, LESSEE covenants and agrees that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E, to ensure that no person shall, on the grounds of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E; that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by that Subpart; and that it will require that its covered suborganizations provide assurance to LESSEE that they similarly will undertake, with respect to the Leased Premises, affirmative action programs, and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect and to the extent that said requirements are applicable, as a matter of law, to LESSEE.

6.04 Observance of Statutes. The granting of this Lease and its acceptance by LESSEE is conditioned upon LESSEE observing and complying, with respect to the Leased Premises, with (i) all federal, state or local statutes, ordinances, regulations, and health and safety standards applicable to the Leased Premises or to LESSEE in respect to LESSEE's use of the Leased Premises, specifically, including, without limitation, FAA Federal Aviation Regulations ("FAR") Parts 139 or TSR 1540 & 1542, CFR Part 158, and the Public Facilities Concession Regulation Act, Act No. 315 of 1978, (ii) with all rules and regulations, promulgated from time to time by the LESSOR for the administration of the Airport, and/or (iii) with any governmental authority having jurisdiction over the Airport, specifically including, without limitation, LESSOR's Master Security Plan and/or Federal Aviation Administration's security regulations.

6.05 Copies of Inspections and Reports. LESSEE covenants and agrees that, no later than fifteen (15) Business Days from LESSEE's receipt of a written request of LESSOR, LESSEE shall provide LESSOR with copies of any inspections or reports which are conducted by or for any federal, state or local authority in connection with the Leased Premises or

LESSEE's use of the Leased Premises which are in LESSEE's possession. Additionally, LESSEE covenants and agrees to provide to LESSOR, promptly following receipt within two (2) business days, copies of any correspondence, notice, pleading, citation, indictment, complaint, order, decree or other official document received and possessed by LESSEE from any source in connection with the Leased Premises which may have an adverse effect on the Airport, the Leased Premises, or LESSEE's operations at the Leased Premises.

ARTICLE VII OBLIGATIONS OF LESSOR

7.01 Operation as a Public Airport. LESSOR covenants and agrees that at all times it will operate and maintain the Airport, except as limited by applicable laws, ordinances, regulations, rulings and other governmental requirements, as a public airport consistent with and pursuant to the Sponsor's Assurances given by LESSOR to the United States Government under the Federal Airport Act.

7.02 Ingress and Egress. LESSEE shall have the right of ingress to and egress from the Leased Premises for LESSEE, its sublessees and its and their officers, employees, agents, customers, vendors, and invitees over the entrances, exits, roadways and driveways provided by LESSOR serving the Airport. LESSOR's roadways shall be used jointly with other tenants on the Airport. LESSEE and its sublessees shall not interfere with the rights and privileges of other persons or firms using the roadways and shall be subject to such rules and regulations as may be established, from time to time, by LESSOR and/or other governmental authorities having jurisdiction over the Airport.

7.03 Security Agreement. LESSOR shall not be responsible to provide, or cause to be provided, any security protection for the Leased Premises during the Term. Upon written permission of LESSOR, which permission shall not be unreasonably withheld, delayed or conditioned by LESSOR, LESSEE shall have the right, but shall not be obligated, to provide such security protection as LESSEE may desire at LESSEE's cost. Such right, whether or not exercised by LESSEE, shall not in any way be construed to limit or reduce the obligations of LESSEE hereunder.

ARTICLE VIII INSURANCE

8.01 Required Coverage. Prior to occupying the Leased Premises, the LESSEE shall, at its own expense, obtain and maintain the following insurance on its own behalf with insurance companies lawfully authorized to do business on an admitted basis in the jurisdiction in which the Leased Premises is located and furnish to LESSOR Certificates of Insurance evidencing same.

LESSEE's Insurance Requirements:

- a. Property Insurance: insurance against loss or damage to the Leased Premises by fire and all other casualties as may be included in forms of all risk insurance from time to time commonly available in Pennsylvania, in an amount equal to the full insurable replacement value (without depreciation) of all buildings and insurable improvements on the Leased Premises, such coverage to include a so-called "Agreed Amount Endorsement". The replacement values shall be determined from time to time, whenever requested by LESSOR, but not more frequently than every year, by an appraiser selected by LESSOR and paid for by LESSEE. LESSOR shall be named as the "loss payee" on the casualty insurance coverages for the Leased Hangars.

LESSEE shall bring or keep property upon the Leased Premises solely at its own risk and LESSEE, at its sole cost and expense, will keep all Personal Property, Stock, and Leasehold Improvements now and hereafter located on the Leased Premises insured against "All Risk" of Loss with an Insurer in an amount at least equal to the replacement value.

- b. Workers' Compensation and Employers Liability: in the State in which the Leased Premises is located and elsewhere as may be required and shall include, where applicable, U.S. Longshoremen's and Harbor Workers' Coverage.

- 1. Workers' Compensation Coverage: Statutory Requirements
- 2. Employers Liability Limits not less than:

Bodily Injury by Accident:	\$100,000 Each Accident
Bodily Injury by Disease:	\$100,000 Each Employee
Bodily Injury by Disease:	\$500,000 Policy Limit

- 3. Including Waiver of Right to Recover from Others Endorsement (WC 00 0313) where permitted by state law, naming LESSOR and amended to apply to contracts under which the LESSEE is not performing work.

- c. Commercial General Liability: (including Leased Premises - Operations, Independent Contractors, Products/Completed Operations, Personal Injury and Broad Form Property Damage).

- 1. Occurrence Form with the following limits:

i. General Aggregate:	\$2,000,000
ii. Products/Completed Operations Aggregate:	\$1,000,000
iii. Each Occurrence:	\$1,000,000
iv. Personal and Advertising Injury:	\$1,000,000
v. Damage to Leased Premises Rented: (Fire Legal Liability)	\$1,000,000

- 2. Contractual Liability (including Liability for Employee Injury assumed under a Contract) provided by the Standard ISO Policy Form CG 00 01. Policy does

NOT include the restrictive Endorsement CG 24 26 (Amendment of Insured Contract Definition) or any other provision excluding coverage for LESSOR's Sole Negligence which has been assumed by Contract.

3. The General Aggregate Limit must apply on a Per Location basis.

d. Aircraft Liability Coverage (if applicable, indicated by an "x"):

1. Per Occurrence Limit: \$1,000,000

e. Coverage to be provided for losses that arise from the operations of any Owned, Hired and Non-Owned Aircraft under the scope of services (to include, but not limited to aircraft liability, airport liability, passenger liability, baggage, cargo liability and hangar keeper's liability) of this Agreement.

f. Automobile Liability:

1. Coverage to include:

i. All Owned, Hired and Non-Owned Vehicles (Any Auto)

ii. Contractual Liability Coverage (including Liability for Employee Injury assumed under a Contract),

2. Per Accident Combined Single Limit \$2,000,000

g. Commercial Umbrella Liability:

1. Occurrence Limit: \$5,000,000

2. Aggregate Limit (where applicable): \$5,000,000

3. Policy to apply excess of the Commercial General Liability (following form Per Location Aggregate Limit), Commercial Automobile Liability and Employers Liability Coverages.

h. Pollution Legal Liability Coverage (if applicable, indicated by an "x"): LESSEE shall maintain insurance covering losses caused by Pollution arising out of LESSEE's use or occupancy of the Leased Premises.

1. Per Claim/Aggregate Limit: \$1,000,000/\$1,000,000

2. If coverage is written on a Claims-made basis, the LESSEE warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this Lease and that continuous coverage will be maintained or an Extended Discovery Period will be purchased for a period of [two (2)] years beginning when LESSEE's occupancy of the Leased Premises ceases.

i. Rent Interruption Insurance: Rent interruption insurance insuring LESSOR against loss of all or any portion of the Rent due and payable for up to six (6) months. LESSOR shall be named loss payee on this policy.

j. Financial Rating and Admitted Status of Insurance Companies:

1. A.M. Best Rating: A- (Excellent) or Higher
 2. A.M. Best Financial Size Category: Class VII or Higher
 3. Insurance companies lawfully authorized to do business on an admitted basis in the jurisdiction in which the Leased Premises is located
- k. LESSOR (including agents, employees, representatives, officers, and directors) shall be added as ADDITIONAL INSUREDS on all liability policies. The coverage offered to the ADDITIONAL INSUREDS on LESSEE's liability policies shall be primary coverage to any other coverage maintained by the ADDITIONAL INSUREDS and shall not permit or require such other coverage to contribute to the payment of any loss.
- l. Any type of insurance or any increase in limits of liability not described above which the LESSEE requires for its own protection or on account of statute shall be its own responsibility and at its own expense.
- m. The amount of insurance provided in the aforementioned insurance coverages, shall not be construed to be a limitation of the liability on the part of the LESSEE. The carrying of insurance described shall in no way be interpreted as relieving the LESSEE of any responsibility or liability under the Lease.
- n. Prior to the commencement of this Lease, LESSEE shall deliver to LESSOR a certificate of insurance covering the insurance to be obtained and maintained by LESSEE under this Lease. Furthermore, LESSEE shall provide an updated certificate of insurance for LESSOR upon request. Such certificate of insurance shall be delivered to Property Manager, Susquehanna Area Regional Airport Authority, One Terminal Drive, Suite 300, Harrisburg International Airport (MDT), Middletown, PA 17057, regardless of when LESSEE's occupancy will begin. The Leased Premises address must be shown on the certificate of insurance. LESSEE's obligation to provide the insurance set forth herein shall not be waived by any failure to provide a certificate of insurance, LESSOR's acceptance of a certificate of insurance showing coverage varying from these requirements or by LESSOR's permission to commence occupying the Leased Premises.
- o. LESSEE agrees that prior to commencing any construction or renovation work on or to the Leased Premises, LESSEE shall require all contractors and subcontractors doing said work to maintain all of the insurance coverages provided in this Section 8.01 which are relevant to the activities of such contractors and subcontractors at the Leased Premises and to indemnify the Indemnified Parties (as hereinafter defined) in the same manner required of LESSEE as provided herein. In addition, LESSEE shall require such contractors and subcontractors to file certificates of such insurance with LESSOR which shall be subject to LESSOR's approval of compliance with these requirements.
- o. The obligations of the LESSEE to maintain Insurance on Insurance policies written on a claims-made basis will be a two year extended reporting period. All policies written on an occurrence basis will provide coverage for claims that occurred within the period of the Lease.

- p. Waiver of Recovery/Subrogation: The LESSEE waives all rights of recovery and shall cause its Insurers to waive their rights of subrogation against LESSOR and any of its agents and employees for loss or damage covered by any of the insurance maintained by the LESSEE pursuant to this Lease.
- q. The failure of LESSEE to furnish and maintain the insurance required under this Lease and to furnish satisfactory evidence thereof, LESSOR shall have the right (but not the obligation) to take out and maintain such insurance as specified above as will protect LESSOR. LESSEE agrees to furnish all necessary information therefore and to pay the cost thereof to LESSOR immediately upon presentation of an invoice.

8.02 Indemnification.

- a. By LESSEE. LESSEE agrees to indemnify, hold harmless and defend LESSOR and its agents, employees, representatives, officers, and directors (the “Lessor Indemnified Parties”) from and against any and all liability for loss, damage or expense for which the Lessor Indemnified Parties may be held liable by reason of injury (including death) to any person (including LESSEE’s employees) or damage to any property of whatsoever kind or nature arising out of or in any manner connected with the Leased Premises during the Term (including, but not limited to, LESSEE’s use or occupancy of the Leased Premises, ingress or egress to the Leased Premises, access or use of parking lots, walkways or common areas and any alterations or work done in or about the Leased Premises by LESSEE or on LESSEE’s behalf) unless due to the negligence or willful misconduct of LESSOR. It is expressly understood and agreed that the indemnity contained in this paragraph covers claims by LESSEE’s employees and that LESSEE expressly waives any defense to this indemnification obligation which may arise under the Workers’ Compensation Act of any State. This covenant of indemnification and defense shall survive expiration or termination of this Lease.
- b. By LESSOR. LESSOR agrees to indemnify, hold harmless and defend LESSEE and its agents, employees, representatives, officers, and directors (the “Lessee Indemnified Parties”) from and against any and all liability for loss, damage or expense for which the Lessee Indemnified Parties may be held liable by reason of injury (including death) to any person (including LESSOR’s employees) or damage to any property of whatsoever kind or nature arising out of or in any manner connected with the Airport (including, but not limited to LESSOR’s use or occupancy of the Airport, ingress or egress to the Airport, access or use of parking lots, walkways or common areas and any alterations or work done in or about the Airport by LESSOR or on LESSOR’s behalf), unless due to the negligence or willful misconduct of LESSEE. It is expressly understood and agreed that the indemnity contained in this paragraph covers claims by LESSOR’s employees and that LESSOR expressly waives any defense to this indemnification obligation which may arise under the Workers’ Compensation Act of any State. This covenant of indemnification and defense shall survive expiration or termination of this Lease.

**ARTICLE IX
CASUALTY TO LEASED PREMISES**

9.01 Casualty Damages. If all or any portion of the Leased Premises is damaged by fire or other casualty during the term of this Lease, the damages shall be promptly repaired by LESSEE, and the Rent, until such repairs are made, shall be fairly and equitably apportioned from the date of such fire or other casualty according to the portion of the Leased Premises which is unusable by LESSEE for the conduct of its business. LESSEE shall commence repairs within ninety (90) days after the occurrence of such damage and thereafter diligently pursue the repairs through completion. LESSOR shall promptly make available to LESSEE, the insurance proceeds from the casualty insurance pursuant to Section 8.01a to pay for the repairs.

9.02 Theft and Vandalism. LESSEE agrees to assume all risks of liability resulting from any theft and/or vandalism, occurring on the Leased Premises during the Term of this Lease.

**ARTICLE X
RIGHTS AND PRIVILEGES OF LESSEE**

10.01 Access Roads and Landing Areas. Access roads shall be used by LESSEE in common with others authorized to do so. LESSEE shall also have the right in common with others to use the public landing areas (including related appurtenances such as lights, navigation aids, etc.) for its aircraft in accordance with such rules as may be prescribed by LESSOR for the conduct of its operation.

10.02 Quiet Enjoyment. If and so long as LESSEE pays the Rent and other payments due from LESSEE hereunder and observes and performs all of the covenants, conditions and provisions on LESSEE's part to be observed and performed hereunder and all applicable grace and notice periods shall not have expired, LESSEE shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the entire Term, subject to all of the provisions of this Lease.

10.03 Signs. Upon written permission from LESSOR, LESSEE shall have the right to place and maintain signage on the exterior of the hangars and on the Leased Premises, provided such signage is in compliance with all applicable governmental rules, regulations or ordinances and LESSEE shall maintain such signs in good order and repair.

**ARTICLE XI
RIGHTS AND PRIVILEGES OF LESSOR**

11.01 Assignment. LESSOR may assign or otherwise convey its interest, rights, duties and/or obligations hereunder to any airport authority or other successor in interest. LESSOR or other successor in interest may assign, pledge or take any other action with respect to this Lease and their rights and interests hereunder for any purpose relating to the issuance of bonds or other revenue generating devices.

11.02 War, National Emergency, Riot, or Natural Disaster. During time of war, national emergency, riot or natural disaster, LESSOR shall have the right to lease the entire Airport or any part thereof to the United States or Commonwealth of Pennsylvania for military or National Guard use and, in such event, the provisions of this Lease, insofar as they are inconsistent with the provisions of any lease to any such unit of government, shall be suspended for the term of such government lease.

11.03 Access to Leased Premises. LESSOR or its designee shall at any and all times have the right to inspect the Leased Premises, including all buildings, structures, and improvements erected thereon, subject to advance notice of 24 hours to LESSEE. In the event of an emergency, LESSOR may, at any time, enter the Leased Premises by any means, including force, without notice and without liability to LESSEE, and without such entry constituting an eviction of LESSEE, termination of this Lease, or a breach of LESSOR's warranty of quiet enjoyment.

11.04 Airport Development. LESSOR, in its sole discretion, reserves the right to further develop or improve the aircraft operating area and other portions of the Airport, including the right to remove or relocate any structure on the Airport, as it sees fit, and to take any action it considers necessary to protect the aerial approaches of the Airport against obstructions. Such development may include, but not be limited to, periodic temporary closures of airport facilities, equipment, pavement, or roadways without violation of any of the terms and conditions of this Lease. In the event LESSOR requires the use of all or any portion of the Leased Premises for expansion, improvement, or development of the Airport, or protection of the aerial approaches to the Airport, LESSOR reserves the right, on six (6) months' notice, at LESSOR's sole expense, to replace the Leased Premises with equivalent land, buildings and improvements, including, without limitation, the Fuel Farm, at another location on the Airport that is substantially equivalent to the existing location of the Leased Premises; to move and install buildings to that new location or at LESSOR's option to reconstruct at that new location buildings and improvements, including, without limitation, the Fuel Farm, that are substantially equivalent to the buildings and improvements being leased herein; to conduct that relocation, installation and reconstruction in a time and manner that minimizes to the extent practicable the disruption to the operations of LESSEE; and to reimburse LESSEE for all reasonable out-of-pocket costs incurred as a result of the disruption to its operation from that relocation, installation and reconstruction. The Rent shall be entirely abated during any period of time LESSEE is unable to conduct normal aviation operations.

ARTICLE XII CONDEMNATION

If the whole of the Leased Premises shall be condemned or taken either permanently or temporarily for any public or quasi-public use or purpose, under any stature or by right of eminent domain, or by private purchase in lieu thereof, then in that event, the term of this Lease shall cease and terminate from the date of title vesting in such proceeding or purchase and LESSEE shall have no claim against LESSOR for the value of any unexpired term of the Lease, and shall release unto LESSOR any such claim it may have against the condemnor. In the event a portion only of the Leased Premises shall be so taken, LESSEE may elect to (i) terminate this Lease from the date of title vesting in such proceeding or purchase; or (ii) in the event LESSOR

elects to repair and restore, at its own expense, the portion not taken, rent such remaining portion, subject to a rent reduction proportionate to the portion of the Leased Premises taken. In the event of a whole or partial condemnation or taking, LESSEE shall have the right to file a separate claim against the condemnor for reimbursement of the value of LESSEE's improvements, including the Fuel Farm and related facilities and equipment, that are affected due to condemnation.

ARTICLE XIII DEFAULTS AND REMEDIES

13.01 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under this Lease.

- a. The failure by LESSEE to make any payment to LESSOR required under this Lease on the date when due and such failure continues for ten (10) Business Days following LESSEE's receipt of written notice from LESSOR that the same is due and unpaid; provided, however, that LESSOR shall not be obligated to give LESSEE notice of late payment more than two (2) times in any Lease Year, and on the third (3rd) time within such Lease Year a payment is late, the non-payment shall be an immediate Event of Default, without notice or grace period.
- b. The failure by LESSEE to perform any of the covenants, conditions or obligations imposed on LESSEE by this Lease (other than a default in the payment of money provided in subsection (a) above) and such failure continues for thirty (30) days after LESSEE receives written notice from LESSOR specifying the default; provided, however, that LESSOR shall not be obligated to give LESSEE notice of the same default more than two (2) times in any Lease Year, and if the same default occurs a third (3rd) time within the same Lease Year, it shall be an immediate Event of Default without LESSOR giving any notice. In the event any default covered by this subsection (b) is not reasonably capable of cure within such thirty (30) day period, LESSEE shall not have committed an Event of Default so long as LESSEE commences cure of such default within such thirty (30) day period and thereafter pursues cure of the default to completion.
- c. The commencement of a case under any chapter of the Federal Bankruptcy Code by or against LESSEE or any guarantor of LESSEE's obligations hereunder, or the filing of a voluntary or involuntary petition proposing the adjudication of LESSEE or any such guarantor as bankrupt or insolvent, or the reorganization of LESSEE or any such guarantor, or an arrangement by LESSEE or any such guarantor with its creditors, unless the petition is filed or case commenced by a party other than LESSEE or any such guarantor and is withdrawn or dismissed within sixty (60) days after the date of its filing.
- d. The sale of LESSEE's interest in the Leased Premises under attachment, execution or similar legal process, or if LESSEE is adjudicated as bankrupt or insolvent under any state bankruptcy or insolvency law or an order for relief is entered against LESSEE

under the Federal Bankruptcy Code and such adjudication or order is not vacated within sixty (60) days, except; however for an assignment of this Lease to another party, with prior approval by LESSOR, or by the holder of a mortgage on LESSEE's leasehold under this Lease, upon action by the lien holder to foreclose.

- e. The admission in writing by LESSEE or any guarantor of LESSEE's obligations of its inability to pay its debts when due.
- f. The appointment of a receiver or trustee for the business or property of LESSEE or any such guarantor, unless such appointment shall be vacated within sixty (60) days of its entry.
- g. The abandonment of the Leased Premises by LESSEE at any time following delivery of possession of the Leased Premises to LESSEE. Abandonment shall mean any consecutive thirty (30) day period during which the Leased Premises are not occupied, except for remodeling or for repairs or rebuilding following a casualty. Notwithstanding anything herein to the contrary, and even if LESSEE has vacated the Leased Premises, LESSEE shall not have committed an Event of Default so long as LESSEE continues to perform LESSEE's monetary obligations and all of LESSEE's other non-monetary obligations under this Lease including site and building maintenance and continues the use of the Leased Premises as defined in the Lease.
- h. The filing of any lien against the Airport or the Leased Premises or any other property of LESSOR as the result of any act or omission of LESSEE, if the lien is not discharged or contested in good faith by LESSEE (as determined by LESSOR) within thirty (30) days of LESSEE's receipt of notice of the lien, unless LESSEE posts a bond within this time period equal to the amount of the lien.

13.02 LESSOR's Remedies. Upon the occurrence of an Event of Default, LESSOR shall have the right (in addition to all other rights and remedies at law and in equity) to do any one or more of the following:

- a. Termination of Lease. LESSOR may terminate this Lease, by written notice to LESSEE, without any right by LESSEE to reinstate its rights by payment of Rent due or other performance of the terms and conditions hereof. Upon such termination, LESSEE shall immediately surrender possession of the Leased Premises to LESSOR, and LESSOR shall immediately become entitled to receive from LESSEE an amount equal to the aggregate of all Rent which then remains due to LESSOR but unpaid by LESSEE.
- b. Reletting. With or without terminating this Lease, as LESSOR may elect, LESSOR may re-enter and repossess the Leased Premises, or any part thereof, and relet the Leased Premises to any other person upon such terms as LESSOR shall deem reasonable, for a term within or beyond the Term; provided, that any such reletting prior to termination shall be for the account of LESSEE, and LESSEE shall remain liable for (i) all Rent and other sums which would be payable under this Lease by LESSEE in the absence of such expiration, termination or repossession, less (ii) the net proceeds, if any,

of any reletting effected for the account of LESSEE after deducting from such proceeds all of LESSOR's reasonable expenses, including but not limited to commissions, reasonable attorneys' fees and expenses, employees' expenses, alteration costs, expenses of preparation for such reletting and all reasonable costs and expenses, direct or indirect, incurred as a result of LESSEE's breach of this Lease. If the Leased Premises are, at the time of default, sublet or leased by LESSEE to others, LESSOR may, as LESSEE's agent, collect rents due from any subtenant or other LESSEE and apply such rents to the Rent and other amounts due hereunder without in any way affecting LESSEE's obligation to LESSOR hereunder. Such agency, being given for security, is hereby declared to be irrevocable. If LESSOR shall re-enter and repossess the Leased Premises, LESSOR agrees that LESSOR shall make commercially reasonable efforts to relet the Leased Premises.

- c. Removal of Contents by LESSOR. With respect to any portion of the Leased Premises, whether vacant or physically occupied by LESSEE after the date of the Event of Default, LESSOR may remove all persons and property therefrom, and store such property in a public warehouse or elsewhere at the cost of and for the account of LESSEE, without service of notice or resort to legal process (all of which LESSEE expressly waives) and without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby.
- d. CONFESSION OF JUDGMENT FOR POSSESSION. SET FORTH BELOW ARE WARRANTS OF LESSOR FOR AN ATTORNEY TO CONFESS JUDGMENT AGAINST LESSEE. IN GRANTING THESE WARRANTS OF LESSOR TO CONFESS JUDGMENT AGAINST LESSEE, LESSEE HEREBY KNOWINGLY, INTENTIONALLY, AND VOLUNTARILY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS LESSEE MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA BEFORE A JUDGMENT IS ENTERED OR EXECUTED THEREON.

UPON THE EXPIRATION OF THE THEN CURRENT TERM OR THE EARLIER TERMINATION OR SURRENDER HEREOF AS PROVIDED IN THIS LEASE, IT SHALL BE LAWFUL FOR ANY ATTORNEY OF ANY COURT OF RECORD IN THE COMMONWEALTH OF PENNSYLVANIA TO APPEAR AS ATTORNEY FOR LESSEE AS WELL AS FOR ALL PERSONS CLAIMING BY, THROUGH OR UNDER LESSEE AND TO CONFESS JUDGMENT FOR THE RECOVERY BY LESSOR OF POSSESSION OF THE LEASED PREMISES, FOR WHICH THIS LEASE SHALL BE ITS SUFFICIENT WARRANT, WHEREUPON, IF LESSOR SO DESIRES, A WRIT OF POSSESSION OR OTHER APPROPRIATE WRIT UNDER THE RULES OF CIVIL PROCEDURE THEN IN EFFECT MAY ISSUE FORTHWITH, WITHOUT ANY PRIOR WRIT OR PROCEEDINGS; HOWEVER, IF SUCH PROCEEDING IS TERMINATED AND THE POSSESSION OF THE LEASED PREMISES REMAIN IN OR BE RESTORED TO LESSEE, LESSOR SHALL HAVE THE RIGHT FOR THE SAME DEFAULT AND UPON ANY

SUBSEQUENT DEFAULT OR DEFAULTS, OR UPON THE TERMINATION OF THIS LEASE UNDER ANY OF THE TERMS OF THIS LEASE TO FURTHER CONFESS JUDGMENT FOR THE RECOVERY OF POSSESSION OF THE LEASED PREMISES AS HEREINABOVE PROVIDED.

- e. Survival of LESSEE's Obligations. No expiration or termination of this Lease pursuant to this Section or by operation of law or otherwise (except as expressly provided herein) and no repossession by LESSOR of the Leased Premises or any part thereof shall relieve LESSEE of its liabilities and obligations hereunder, all of which shall survive such expiration, termination or repossession, and LESSOR may, at its option, sue for and collect all Rent and other charges due hereunder at any time as when such charges accrue.
- f. No Exclusive Right. No right or remedy herein conferred upon or reserved to LESSOR is intended to be exclusive of any other right or remedy herein or by law provided, but each shall be cumulative and in addition to every other right or remedy given herein or now or hereafter existing at law or in equity or by statute.
- g. Expenses. In the event that LESSOR commences suit for the repossession of the Leased Premises, for the recovery of Rent or any other amount due under the provisions of this Lease, or because of the breach of any other covenant herein contained on the part of LESSEE to be kept or performed, and LESSOR prevails in such suit by recovery of possession or an award of a money judgment, LESSEE shall pay to LESSOR all reasonable expenses incurred in connection therewith, including reasonable attorneys' fees.

13.03 LESSOR's Default. If LESSOR should default in the performance of any provision, covenant, condition or obligation on its part to be performed under this Lease, and such default is not cured or commenced to be cured (and diligently prosecuted to completion thereafter) within sixty (60) days after written notice from LESSEE to LESSOR specifying the default, LESSEE may, at its option, perform the same at the expense of LESSOR. LESSEE shall then have the right in that event to deduct its reasonable and documented costs and expenses (including reasonable attorney's fees) incurred by it by reason of any such default of LESSOR under this Lease against the next ensuing monthly installment(s) of Rent hereunder until it has been fully reimbursed for same. Regardless of the foregoing, if LESSOR's default materially impairs the operations of LESSEE at the Leased Premises LESSEE may, upon the expiration of the aforesaid sixty (60) day cure period and LESSOR having failed to cure (or to commence to cure and diligently pursue thereafter) during such sixty (60) day period, give LESSOR a second notice of default and state therein that LESSOR's failure to timely cure the default (or commence to cure and diligently pursue) is materially interfering with the LESSEE's operations at the Leased Premises. LESSOR shall then have a period of fifteen (15) Business Days from the receipt of the second notice to cure (or commence to cure and diligently pursue) the default. If LESSOR fails to cure the default within the fifteen (15) Business Day period, LESSEE, in addition to all other remedies available to LESSEE at law or in equity for LESSOR's default, shall have the right to terminate this Lease upon notice to LESSOR given at any time thereafter, but before actual cure of the default by LESSOR. Such termination shall be effective on a date

specified in the notice which is not more than thirty (30) days following the date of the notice. In the event of such termination by LESSEE, LESSOR, after deduction for unpaid Rent through the effective date of the termination, shall pay to LESSEE an amount equal to the net book value (i.e., the cost less straight line depreciation over the shorter of (i) useful life of the improvement under the Internal Revenue Code or (ii) twenty-five (25) years), as of the effective date of the termination, of any improvements to the Leased Premises by LESSEE that were approved by LESSOR under Section 5.06 or any other applicable provision of this Lease. LESSOR's obligation to pay the amount due to LESSEE under this Section 13.03 shall be LESSEE's sole remedy under this Lease, and LESSEE shall have no right to seek additional damages or pursue any other remedy against LESSOR. LESSOR shall pay any amount due to LESSEE under this Section 13.03 within thirty (30) days from the termination date of this Lease.

ARTICLE XIV SURRENDER OF LEASED PREMISES

14.01 Condition Upon Surrender. At the expiration or sooner termination of this Lease, LESSEE shall surrender the Leased Premises in substantially the same condition existing at the Commencement Date, with the floors of all buildings in broom clean condition, ordinary wear and tear excepted, and vacant of all persons and property owned by LESSEE or any third party. If the Leased Premises are not returned to LESSOR by LESSEE in such condition on the Expiration Date or within five (5) Business Days following the Expiration Date or date of earlier termination, as applicable, then LESSOR may, at its election, in LESSOR's sole discretion, either (i) remove all such persons and property from the Leased Premises, and store such property in a public warehouse or elsewhere at the cost of and for the account of LESSEE, without service of notice or resort to legal process (all of which LESSEE expressly waives) and without being deemed guilty of trespass or becoming liable for any loss or damage which may be occasioned thereby or (ii) declare any such property to be the property of LESSOR, in which event, LESSEE shall have no further right or claim to the property, and LESSOR may dispose of the property in any manner determined by LESSOR in its sole discretion.

14.02 LESSEE's Personalty. All trade fixtures, personalty and equipment installed by LESSEE in the Leased Premises shall remain the property of the LESSEE exempt from the claims of LESSOR without regard to the means by which the same are installed or attached. LESSEE, or any party claiming by, through or under LESSEE, shall have the right, at any time or from time to time to remove such trade fixtures, personalty or equipment; provided that if such removal damages the Leased Premises, then LESSEE shall promptly repair such damage to the satisfaction of LESSOR.

ARTICLE XV SUBLEASE or ASSIGNMENT

15.01 Successors and Assignors. LESSEE shall not convey, encumber, assign, grant right of first refusal concerning, or sublet this Lease or any interest herein or in the Leased Premises in any manner whatsoever or assign any of the privileges recited herein without the prior written consent of LESSOR. LESSEE shall not have the right to mortgage this lease or any interest therein in any manner whatsoever. In the event of the consent of LESSOR to an

assignment or sublet, LESSEE shall remain fully liable to LESSOR for the remainder of the Term of the Lease for all obligations of “LESSEE” under this Lease, unless otherwise agreed to in writing by the LESSOR, including but not limited to the obligation to pay to LESSOR the Rent or any other sums when due. The respective rights and obligations provided in this Lease shall bind and shall inure to the benefit of the parties thereto, their successors and assigns; provided, however, that no rights shall inure to the benefit of any successor of LESSEE unless LESSOR's written consent for the transfer of such successor has first been obtained. Notwithstanding anything in this Lease to the contrary and provided that LESSEE is not then in material default of this Lease, LESSEE may assign this Lease without LESSOR's consent to a purchaser from LESSEE of all or substantially all of the assets of LESSEE or to a newly formed legal entity that is a wholly-owned direct or indirect subsidiary of LESSEE. This Lease may also be transferred by operation of law as the result of any corporate merger in which LESSEE participates, whether or not LESSEE is the surviving corporation.

ARTICLE XVI ENVIRONMENTAL LAWS

16.01 LESSEE's Compliance. LESSEE covenants and agrees (i) to comply with all applicable environmental laws, (ii) not to discharge, dump, spill, handle or store at the Leased Premises any hazardous substances, materials, or wastes (as defined in any environmental law, as defined below), (iii) not to disturb the surface of the Airport (except as approved in writing by LESSOR), and (iv) to provide to LESSOR, immediately upon receipt, copies of any correspondence, notice, pleading, citation, indictment, complaint, order, decree or other document from any source asserting or alleging a circumstance or condition which requires, or may require, a clean-up, removal, remedial action, or other response by or on the part of LESSEE under environmental laws or which seeks criminal or punitive penalties from LESSEE for an alleged violation of environmental laws. Regardless of the foregoing, LESSEE may handle and store hazardous substances and materials at the Leased Premises as may be customarily handled and stored in connection with the its operation of the Building, so long as such substances and materials are stored and handled in accordance with all environmental laws (as defined below). LESSEE further agrees to advise the LESSOR in writing as soon as LESSEE becomes aware of any condition or circumstance which may result in a potential violation of any environmental laws. This provision shall not relieve LESSEE from conducting its own environmental audits or taking any other steps necessary to comply with environmental laws. In no event shall the LESSEE be responsible for any costs, liabilities, or damages suffered by the LESSOR for environmental hazards that LESSEE did not create nor shall LESSEE be responsible for any environmental hazard that is discovered during the period of LESSEE's occupation of the Leased Premises that was not caused by any act or omission by the LESSEE and the LESSOR shall indemnify and hold harmless the LESSEE for any such costs, liabilities or damages caused solely by acts or omissions of LESSOR

16.02 Handling and Storing Hazardous Substances, Materials or Wastes. Where approved or permitted in accordance with the provisions of Section 16.01, handling and storing of hazardous substances, materials and wastes, such as flammable liquids and solids, corrosive liquids, compressed gasses and magnetized or radioactive materials may be accomplished only (i) by

designated personnel, (ii) with assurance from the shipper that the cargo can be handled safely, including any special handling procedures required for safety, and (iii) with provisions made for specific areas for storage while on the Airport.

16.03 LESSEE's Remediation. If in the opinion of LESSOR, there exists any uncorrected violation by LESSEE of an Environmental Law or any condition resulting from the acts or omissions of LESSEE, or its officers, partners, employees, agents, contractors or invitees in violation of Environmental Laws which requires, or may require, a cleanup, removal or other remedial action (the "Remedial Action") by LESSEE under any Environmental Laws, LESSEE shall promptly commence and diligently pursue, at LESSEE's cost, the Remedial Action, to remediate the condition of the Leased Premises and any other areas of the Airport affected by such violation or condition, to the applicable standard under applicable Environmental Laws, and consistent with the standards with which LESSOR is required to comply under Environmental Laws. If the Remedial Action is not completed by LESSEE within ninety (90) days from the date of written notice from LESSOR to LESSEE, LESSOR may declare an Event of Default hereunder; provided that if the violation or condition reasonably cannot be mitigated within ninety (90) days from the date of the written notice and LESSEE promptly commences and thereafter diligently pursues the completion of the mitigation, then the ninety (90) day period shall be extended for a reasonable period of time, until the mitigation is completed.

16.04 Environmental Law Definition. For the purposes of this Article XVI, the term "Environmental Law" shall mean all federal, state and local statutes, regulations, ordinances, codes, rules and other governmental restrictions and requirements relating to the environment or hazardous substances, materials or wastes including, but not limited to, the Pennsylvania Hazardous Sites Clean-Up Act of 1988, the Federal Solid Waste Disposal Act, the Federal Clean Air Act, the Federal Clean Water Act, the Resource Conservation and Recovery Act of 1976, the Federal Comprehensive Environmental Responsibility, Cleanup and Liability Act of 1980 as amended by the Superfund Amendments and Re-authorization Act of 1986, regulations of the Environmental Protection Agency, regulations of the Nuclear Regulatory Agency.

16.05 Indemnification of LESSOR. LESSEE agrees to fully indemnify, defend and save and hold harmless LESSOR from and against all claims and actions and all expenses incidental to the investigation and defense thereof, including reasonable litigation expenses and attorneys' fees, based on or arising out of damages or injuries to persons or their property, resulting from LESSEE, or its officers, partners, agents, employees, contractors or invitees violating provisions of this Article XVI during the Term, including but not limited to the failure of LESSEE to complete any Remedial Action. LESSOR shall give to LESSEE prompt and reasonable notice of any such claim or action, and LESSEE shall have the right to investigate, compromise, and defend the same. This covenant of indemnification and defense shall survive expiration or termination of this Lease.

16.06 Indemnification of LESSEE. LESSOR agrees to fully indemnify, defend and save and hold harmless LESSEE from and against all claims and actions and all expenses incidental to the investigation and defense thereof, including reasonable litigation expenses and attorneys' fees, based on or arising out of damages or injuries to persons or their property, resulting from any environmental hazard, any condition representing a violation of any Environmental Law or any violation of Environmental Law existing at or affecting the Leased

Premises or the Airport that was not caused by an act or omission of LESSEE in violation of Article XVI of this Lease and is caused solely by acts or omissions of LESSOR. LESSEE shall give to LESSOR prompt and reasonable notice of any such claim or action, and LESSOR shall have the right to investigate, compromise, and defend the same. This covenant of indemnification and defense shall survive expiration or termination of this Lease.

ARTICLE XVII AIRPORT OPERATION AND RULES

17.01 Non-Interference with Operation of Airport. LESSEE, by accepting this Lease, expressly agrees for itself, its successors and assigns that it will not make use of the Leased Premises in any manner which might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, LESSOR reserves the right to enter upon the Leased Premises immediately and without notice and by force, if necessary, and cause the abatement of such interference at the expense of LESSEE.

17.02 Airport Rules and Regulations. LESSEE, while exercising rights granted in this Lease, shall observe and obey all rules and regulations promulgated by LESSOR for the care, operation, maintenance and protection of the Airport, which rules and regulations shall be applicable to all tenants at the Airport and consistently enforced by LESSOR. Failure of LESSEE to take corrective action within the time specified in any written notice from LESSOR (which shall not be less than the cure period provided in Section 13.01(b)) of any violation by LESSEE of any rule or regulation shall, at the option of LESSOR, be an Event of Default.

ARTICLE XVIII GENERAL PROVISIONS

18.01 No Waiver. The failure or delay on the part of either party to enforce or exercise at any time any of the provisions, rights or remedies in this Lease shall in no way be construed to be a waiver thereof, nor in any way to affect the validity of this Lease or any part hereof, or the right of the party to thereafter enforce each and every such provision, right or remedy. No waiver of any breach of this Lease shall be held to be a waiver of any other or subsequent breach. The receipt by LESSOR of Rent at a time when the Rent is in default under this Lease shall not be construed as a waiver of such default. The receipt by LESSOR of a lesser amount than the Rent due shall not be construed to be other than a payment on account of the Rent then due, nor shall any statement on LESSEE's check or any letter accompanying LESSEE's check be deemed an accord and satisfaction, and LESSOR may accept such payment without prejudice to LESSOR's right to recover the balance of the Rent due or to pursue any other remedies provided in this Lease. No act or thing done by LESSOR or LESSOR's agents or employees during the Term shall be deemed an acceptance of a surrender of the Leased Premises, and no agreement to accept such surrender shall be valid unless in writing and signed by LESSOR.

18.02 Subordination and Attornment. LESSEE accepts this Lease subject and subordinate to any mortgage or mortgages (including, without limitations, the notes or other obligations secured thereby and any and all renewals, modifications, consolidations,

replacements or extensions of any such mortgages or the notes or other obligations secured thereby) now in existence or hereinafter made by LESSOR from time to time, affecting the title to the Leased Premises (or any part thereof) or LESSOR's interest therein, provided that upon the request of LESSOR or the holder of any such mortgage ("Mortgagee"), LESSEE shall enter into a written agreement with the Mortgagee (which agreement shall be provided at LESSOR's expense, in a recordable form, and in form and substance reasonably satisfactory to LESSOR, the Mortgagee and LESSEE) providing that (i) this Lease and LESSEE's interests hereunder shall be subordinate to the mortgage and the obligations secured thereby, (ii) in the event of foreclosure or other action taken under the mortgage by the Mortgagee, this Lease and the rights of LESSEE shall not be disturbed or diminished, but shall continue in full force and effect so long as LESSEE complies with the terms hereof; (iii) the Mortgagee shall permit insurance proceeds and proceeds from condemnation awards to be used for any restoration and repair required or permitted by this Lease; and (iv) LESSEE shall attorn and recognize the Mortgagee as LESSOR hereunder. LESSOR shall use LESSOR's best efforts to obtain such a subordination, non-disturbance and attornment agreement benefitting LESSEE from the holder of any mortgage made by LESSOR after the Commencement Date. As used herein, "mortgage" shall include mortgages, deeds of trust, deeds to secure debt or other similar instruments, and any modifications or extensions of same.

Should LESSOR sell, convey or transfer its interest in the Leased Premises or should any mortgagee of LESSOR succeed to LESSOR's interest through foreclosure or deed in lieu thereof, LESSEE shall attorn to such succeeding party as the lessor under this Lease promptly upon any such succession, provided that such succeeding party assumes all of LESSOR's duties and obligations under this Lease. Such succeeding party shall not be liable for any of LESSOR's obligations and duties hereunder prior to its assumption of LESSOR's duties and obligations hereunder. LESSEE also accepts this Lease subject and subordinate to all instruments and documents of record in the chain of fee title to the Leased Premises; provided, however, that no such instrument or document shall be such that prohibits or materially hinders or restricts, or imposes any obligations upon, LESSEE's use and occupancy of the Leased Premises as provided in this Lease.

18.03 Estoppel Certificates. LESSEE shall, at any time and from time to time within ten (10) Business Days following written request from LESSOR, execute, acknowledge and deliver to LESSOR a written statement certifying the date to which the Rent reserved hereunder has been paid, and certifying that there are not, to LESSEE's knowledge, any uncured defaults on the part of LESSOR, or specifying such defaults if they are claimed, that the Lease remains in full force and effect, and such other matters as LESSOR may request with regard to the Lease. Any such statement may be relied upon by any prospective purchaser or mortgagee of all or any part of the Leased Premises or of the Airport. LESSEE's failure to deliver such statement within said ten (10) day period shall be conclusive upon LESSEE that this Lease is in full force and effect and unmodified, and that there are no uncured defaults in LESSOR's performance thereunder.

18.04 Compliance with Legal Requirements. LESSEE at all times shall comply strictly with all requirements of all duly constituted public authorities having jurisdiction as well as with the terms of all state, federal or municipal statutes, ordinances or regulations which are or may at any time hereafter become applicable to the Leased Premises, to the activities conducted

thereon by LESSEE, and to LESSEE as LESSEE thereof. LESSEE shall save LESSOR harmless from all penalties, fines, costs and damages of every kind which may result from any failure of LESSEE to so comply. The foregoing shall not be applicable with respect to any representations or warranties or covenants of LESSOR that are untrue or breached.

18.05 Choice of Law; Consent to Jurisdiction. This Lease shall be construed, interpreted, and enforced in accordance with the internal laws of the Commonwealth of Pennsylvania. The parties consent to the exclusive jurisdiction and venue of the Courts of Common Pleas of Dauphin and/or York Counties, Pennsylvania or the United States District Court for the Middle District of Pennsylvania, and such appellate courts that have supervision thereover, in any action brought to enforce, construe or interpret this Lease.

18.06 Severability. If any provision of this Lease shall be held to be invalid, void or unenforceable, the remaining provisions hereof shall in no way be affected or impaired and such remaining provisions shall remain in full force and effect.

18.07 Complete Agreement. This Lease, including any exhibits described herein, contains all the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof, and may not be modified orally or in any manner other than by an agreement in writing signed by both parties hereto or their respective successors in interest.

18.08 Paragraph Headings. All Articles, Sections, paragraphs and subparagraphs in this Lease and their titles are for convenience and reference only, and are in no way to be construed as defining, limiting or modifying the scope or intent of the various provisions of this Lease.

18.09 Brokers. Each party hereby represents and warrants to the other party that it has not dealt with any real estate broker or agent in connection with this Lease and each party agrees to indemnify and save harmless the other party and the other party's officers, directors, employees, and agents from and against any and all claims and liabilities (including reasonable attorney fees) resulting from the party's dealings with any broker, agent or other party claiming a commission or fee in connection with this Lease.

18.10 Mutual Waiver of Certain Damages. Notwithstanding anything to the contrary in this Lease, in no event shall either party hereto be liable to the other party or to any other person claiming through the other party for any consequential, incidental, special, exemplary, indirect or punitive damages, lost profits, lost business or similar damages, regardless of whether the same arises out of the negligence of such party, its agents or employees, even if such other party has been advised of the possibility of such damages.

18.11 Business Day. As used in this Lease, the term "Business Day" means any day other than a Saturday, Sunday or other day on which banking institutions are required or are authorized to be closed in the Commonwealth of Pennsylvania.

**ARTICLE XIX
NOTICES**

Any notice, demand request or other instrument which is or may be required or permitted hereunder shall be in writing and deemed sufficiently given if delivered by a recognized courier service, such as Federal Express, or by certified or registered mail, return receipt requested, as follows (or to such other address as any party may specify by notice actually received):

LESSOR:

LESSEE:

Susquehanna Area Regional Airport Authority
One Terminal Drive, Suite 300
Middletown, PA 17057
Attn: Executive Director

With a copy to:

With a copy to:

Post and Schell, P.C.
17 North Second Street
12th Floor
Harrisburg, PA 17101
Attn: Michael W. Winfield

Notice shall be deemed given and received when delivered (or when delivery is refused), if given by courier, or on the second (2nd) Business Day after mailing, if mailed, except that notices of change of address shall be deemed given only upon actual receipt.

**ARTICLE XX
EXISTING LEASES AND AGREEMENTS**

Nothing in this Lease, however, shall operate to release LESSEE from LESSEE's obligations arising under an Existing Lease prior to the Commencement Date, including but not limited to, the obligations to submit required reports and information and pay the rent and other amounts due to LESSOR for periods prior to the Commencement Date. LESSEE acknowledges and agrees that the rights, title and ownership interests in the hangar and other improvements within the Leased Premises, are vested in LESSOR as of the Commencement Date, and any such rights that may have been held by LESSEE under the Existing Lease have terminated upon expiration of the Existing Lease and are null and void as of the Commencement Date.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have executed this Lease on the dates indicated below, to be effective the day and year first above written.

WITNESS:

LESSOR:

SUSQUEHANNA AREA REGIONAL
AIRPORT AUTHORITY

By: _____

Name: Timothy J. Edwards

Title: Executive Director

Date: _____

WITNESS:

LESSEE:

By: _____

Name:

Title:

Date: _____

Sample

EXHIBIT "A"

(LEASED PREMISES)

Sample