

## MEMORANDUM

**TO:** **Real Estate & Transportation Committee**  
Commissioner Bill Read, Chairman  
Commissioner Phillip Walker  
Commissioner Scott Franklin

**FROM:** City Attorney's Office

**DATE:** December 21, 2020

**RE:** **Land Lease with Varna Aviation Group, Inc.**

Attached hereto for your consideration is a proposed Land Lease with Varna Aviation Group, Inc. (Varna) for a one (1) acre parcel located at the southeast corner of the Airport. Varna, a company based out of St. Petersburg, Florida, is a business that specializes in restoration, maintenance, repair and condition evaluation of aircraft and helicopters made in Eastern Europe and Russia. Varna also provides technical support, consulting, training and supplies spare parts to owners, operators and government contractors of such aircraft.

The proposed Lease term is for a period of thirty (30) years commencing January 1, 2021, subject to City Commission approval. The Lease also contains two (2) additional ten (10) year renewal options upon the same terms and conditions and provided Varna is not in default. Pursuant to the Lease, Varna's rent commencement date shall be the earlier of January 1, 2022 or upon issuance of its Certificate of Occupancy, with the monthly base rent of \$907.50 or \$10,890 per year (\$0.25 cents per square foot) for the leased premises for the initial twelve (12) month period. Rent is subject to an increase at the expiration of each one (1) year period by the annual percentile change in the Consumer Price Index (CPI). Prior to the commencement of year twenty-one (21) during the initial Lease term and the commencement of any renewal term exercised, Varna's base rent shall be adjusted to the higher of ten percent (10%) of an appraisal of the unimproved Premises (land only) or the rent based on the annual CPI increases.

It is recommended that the City Commission approve this Lease with Varna and authorize the appropriate City officials to finalize and execute this Lease consistent with the above-specified terms.

Attachment

## LAND LEASE AGREEMENT

**THIS LAND LEASE AGREEMENT** ("Lease") dated this 21st day of December, 2020 by and between the **City of Lakeland**, a Florida municipal corporation (hereinafter referred to as "Lessor"), whose address is 228 S. Massachusetts Avenue, Lakeland, Florida 33801 and **Varna Aviation Group, Inc.** (hereinafter referred to as "Lessee"), whose mailing address is 416 21<sup>st</sup> Ave., St. Petersburg, Florida 33704, which collectively shall be referred to as the "Parties".

WHEREAS, Lessor desires to let and Lessee desires to lease certain aviation real property located at the Lakeland International Airport in Polk County, Florida, more particularly described below for the purpose of developing and constructing a hangar facility for aviation business purposes; and

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

### WITNESSETH:

The Parties hereto do hereby mutually covenant, agree and promise as follows:

#### **SECTION 1.**

1.1 The Lessor, for and in consideration of the mutual promises, agreements, and covenants herein contained, does hereby lease, let, and rent unto the Lessee for its exclusive use, land consisting of approximately one (1) acre located in and comprising a part of the Lakeland Linder International Airport ("hereinafter referred to as the "Airport") as more particularly described in **Exhibit "A"**, attached hereto and made a part hereof hereinafter referred to as the "Leased Premises" or "Premises").

1.2 The obligations of the Parties hereunder shall commence January 1, 2021 (“Effective Date”). The initial term of this Lease shall be for a period of thirty (30) years from the Effective Date unless otherwise cancelled or terminated as set forth herein (“Initial Term”). Upon expiration of the Initial Term, Lessee shall have the option to extend the Lease for one (1) additional ten (10) year renewal term upon the same terms set forth in this Lease and provided Lessee is not in default, except that the Base Rent shall be adjusted in accordance with Sections 2.4 and 2.5 (“Renewal Term(s)"). Lessee shall provide notice of its intent to exercise the Renewal Term by providing written notice to Lessor within one hundred eighty (180) days before the expiration of the Initial Term. Upon expiration of the Renewal Term, Lessee and Lessor may enter into one (1) additional ten (10) year Renewal Term upon mutual written agreement of the Parties upon the same terms and conditions set forth in this Lease. Base Rent for any such Renewal Term shall be adjusted in accordance with Section 2.5 of the Lease. Lessee shall provide Lessor notice of its intent to renew the Lease by providing written notice to Lessor one hundred and eighty (180) days before the expiration of the Renewal Term.

1.3 The Lessee shall commence physical construction of the hangar facility on the Premises within twelve (12) months of the Effective Date of the Agreement. In the event Lessee fails to commence physical construction within such time period, Lessor reserves the right to terminate the Lease Agreement upon which all of Lessee’s rights and obligations under the Lease shall terminate.

**SECTION 2.**

2.1. The rent commencement date shall be the earlier of the twelve (12) months from the Effective Date or upon the issuance of the Certificate of Occupancy for the

construction of the hangar facility on the Premises by the authority having jurisdiction ("Rent Commencement Date"). Beginning on the Rent Commencement Date, the Lessee shall pay to the Lessor monthly base rent for the Leased Premises of Nine Hundred Seven Dollars and 50/100 (\$907.50) for the initial twelve (12) month period ("Base Rent"). Thereafter, monthly Base Rent shall be adjusted in accordance with Sections 2.4 and 2.5 of the Lease Agreement. No Base Rent shall be due before the Rent Commencement Date.

2.2 In addition to the payment of Base Rent, but beginning from the Effective Date, the Lessee shall be responsible for paying directly for all utilities and taxes, including but not limited to, electric, water, wastewater services, storm water, and refuse collection for the Leased Premises. Lessee shall be responsible for paying ad valorem taxes to the Lessor as specifically set forth in Section 2.7.

2.3 Each monthly payment shall be paid, together with sales taxes, Pass Through Expenses and all other applicable taxes and charges ("Additional Rent"), in advance on or before the first day of each month. Late payments, which shall be any payment received more than fifteen (15) days after the due date, shall bear a late payment charge of five percent (5%) per month of the late payment for any month or any portion of any month until paid.

2.4 The Base Rent to be paid hereunder shall be subject to an increase at the expiration of each one (1) year period the Lease is in effect in the amount to be determined by the percentile change in the Consumer Price Index, All Urban Consumers, U.S. City Average, All Items, as published by the Bureau of Labor Statistics, United States Department of Labor (the "CPI-U"), using the Rent Commencement Date the base index for such determination.

2.5 The CPI-U for the month of the Rent Commencement Date is hereby established as the "Base Index". Thirty (30) days prior to the beginning of each one (1) year period of the Lease as defined in subsection 1.2 hereof, the CPI-U shall be ascertained, and the annual Base Rent to be paid during the next one (1) year period shall be adjusted by increasing the initial amount set forth herein by a percentage equal to the percentage of change in the CPI-U as compared with the Base Index. At no times will an adjustment be made in the event of a negative change in the CPI-U. In the event the CPI-U, or an equivalent or successor thereof, is not published at the time such adjustments are made, the amount of Base Rent shall be governed by subsection 2.6 hereof, provided that if the CPI-U subsequently becomes available the Lessor shall be entitled to receive forthwith, the greater of the percent change in the CPI-U or the adjustment required under subsection 2.6 hereof.

Prior to the commencement of year twenty-one (21) during the Initial Term and the commencement of any Renewal Terms, if exercised pursuant to the Lease, Base Rent shall be adjusted to ten percent (10%) of an appraisal of the unimproved Premises (land only) conducted by a certified Member of the Appraisal Institute (MAI) or the annual CPI-U adjustment as calculated in accordance with this Section 2.5, whichever is greater. Such Base Rent adjustment shall then become the new Base Rent for all future CPI-U adjustments for the applicable Term. The MAI certified appraiser shall be selected upon mutual written agreement of the Parties. The appraisal shall be performed within sixty (60) days before the commencement of the applicable Term.

2.6 If at any time during the Initial Term or any Renewal Term, the United States Department of Labor, Statistics, or its successor or equivalent, shall discontinue issuance of

the CPI-U, the Parties agree to use other nationally recognized standard cost-of-living indices issued and published by the United States Government.

2.7 The Leased Premises may be subject to ad valorem property tax pursuant to the policy of the Polk County Tax Assessor's Office ("Tax Assessor"). The Lessee shall pay to Lessor any ad valorem taxes or other taxes assessed. The Lessor shall provide proof of the assessment as soon as is practical following receipt of the tax bill which shall then be payable by the Lessee on the date the next rental payment would be due. Subsequent to any such initial assessment, Lessor reserves the right to provide for periodic payments of the tax required by the Tax Assessor. Lessor will pass through to the Lessee any ad valorem or other taxes or any other governmental charges or special assessments levied after the Effective Date pertaining to the Leased Premises ("Pass Through Expenses").

### **SECTION 3.**

Upon the expiration or termination of the later of the Initial Term or any Renewal Term, any and all improvements, including structures upon the Premises, shall become the property of the Lessor absolutely after such expiration.

### **SECTION 4.**

4.1. The Premises, and any improvements thereon, whether in existence or constructed in the future pursuant to the terms and conditions contained herein, shall be used for the construction of hangars, offices, fuel tank(s), parking, storage, and maintenance of aircraft, hangar rental for third party aircraft, aviation operations, aircraft leasing, self-fuel operations, fuel storage, self-fueling of Lessee's aircraft, aviation related uses (both private and commercial), and office use for Lessee and Lessee's third party tenants subject to the provisions set forth in Section 4.4 of this Lease and as further

required by all applicable building codes and regulations. The Premises shall be used exclusively for aeronautical purposes and shall not be used for purposes that are detrimental to aviation, which shall include, but may not be limited to, activities that generate excessive light, glare or electromagnetic interference on the Premises that might interfere with the operation of aircraft to, from, or at the Airport. Any non-aeronautical use, including without limitation, residential use shall be prohibited on the Premises. For purposes of this Lease, "aeronautical use" shall have the same meaning as used by the Federal Aviation Administration ("FAA") in the Policy on Non-Aeronautical Use of Hangars, 81 Fed. Reg. 38906 (June 15, 2016).

4.2. The Lessee shall be able to conduct self-fueling and self-service activities as set forth in Section 14-9A of the Lakeland City Code as it may be amended from time to time.

4.3 Lessor hereby consents to a leasehold mortgage of the Premises for Lessee to obtain financing for improvements ("Leasehold Mortgage"). In providing such consent, Lessor agrees to make certain certifications as to Lessee's standing under the Lease (e.g., payment of rents, lack of notice of violations, etc.) which are reasonable and customary in light of industry practices. Lessor also agrees that in the event any financial institution, lender or investor (collectively, a "Lender") shall, for the purpose of perfecting its security interest or in connection with a refinancing or securitization, reasonably request modifications to this Lease and/or execution of a ground lease estoppel agreement, Lessor shall labor in good faith to negotiate with such Lender to enter into such modifications and/or execute such ground lease estoppel agreement to provide the

Lender with such reasonable protection as shall be reasonably necessary to provide to Lender such assurances and protections as the Lender shall reasonably request.

4.4 Copies of the plans for the construction of any improvements upon the Leased Premises, including the site plan therefore, which shall be prepared and sealed by a licensed architect and/or engineer, shall be provided to the Lessor prior to the commencement of construction. The Lessor shall approve or disapprove any such plans and/or specifications no later than thirty (30) days subject to Lessee meeting the requirements set forth in Section 4.5 of the Lease. Lessor's approval shall not be unreasonably withheld.

4.5 The Lessee shall be responsible for obtaining all necessary permits required to be issued by any and all government authorities including, but not limited to, local building authorities and Southwest Florida Water Management District for all development on the Premises.

4.6 Lessee shall be responsible for all costs associated with developing the Premises, which includes, but may not be limited to, permits, grading, utilities, ramp, road connections and storm water plans and connections.

4.7 Lessor shall be responsible for costs associated with moving the Airport's fence line and gate to provide access to Lessee's Premises.

4.8 All buildings, structures, and other improvements, including any machinery, equipment and other fixtures or personal property located on the Premises shall be the property of the Lessee, and the Lessor shall have no interest therein for the Initial Term of this Lease and Renewal Term, except as provided herein or as may be provided by law. Lessee has no authority to obligate the Premises for the costs of any improvements and



shall not permit any lien to be filed upon said Premises. Notwithstanding the foregoing sentence, pursuant to Section 4.3 of this Lease, Lessor hereby consents to a leasehold mortgage of the Premises by Lessee to Lessee's Lender, provided that in the event of foreclosure, the purchaser at the foreclosure sale shall be bound by all of the obligations of Lessee as set forth herein.

4.9 All improvements located on the Premises shall become property of the Lessor upon the expiration of this Lease and any renewals or extensions, subject to the Lessee's rights set forth below.

4.10 Lessee's Obligation Upon Termination. At the termination of this Lease and any subsequent renewals or extensions, Lessee shall:

(a) Return the Leased Premises to Lessor clear of all improvements, except those improvements chosen by Lessor to remain, which may include buildings, improvements, foundations and footings which have been constructed by Lessee, its agents, employees, assigns or successors; within one hundred twenty (120) days after termination. If removal by Lessee of the improvements not chosen to be retained by Lessor, exceeds the one hundred twenty (120) day period, Lessee shall pay rent at the then current rate for any excess days; and

(b) Transfer title to the improvements retained by Lessor and Lessee hereby agrees to execute all appropriate documents to vest title to said improvements in Lessor free and clear of any and all liens and encumbrances.

#### **SECTION 5.**

The Lessee may sell, sublet, or assign all or any portion of the Premises with the prior written approval of the Lessor, which approval shall not be unreasonably withheld. In

reviewing a request by the Lessee to sell, sublet, or assign the Leased Premises, the Lessor will consider, *inter alia*, the permitted and intended uses of the Leased Premises for aviation purposes. If the Lessor approves the sublease or assignment of any portion of the Leased Premises, the Lessee shall remain liable for any and all obligations under this Lease, unless on the basis of reasonable evidence presented, that the sub-lessee or assignee has the requisite financial capacity, resources and business plan to satisfy any and all obligations hereunder. The requirement to obtain Lessor's reasonable approval applies, without limitation, to any assignment or sublease which would occur by operation of law; assignment or sublease to or by a trustee or receiver in any federal or state bankruptcy, receivership or other insolvency proceeding; and the sale, assignment or transfer of all or substantially all of Lessee's assets. Under no circumstances shall the Lessee sublet or assign all or any portion of the Premises for residential use or other uses not set forth and approved in this Lease.

#### **SECTION 6.**

6.1. No building or other structure may be constructed or placed upon the Premises without the prior written approval of the Lessor, which approval shall not be unreasonably withheld. Buildings, structures and other improvements made by the Lessee on the Premises shall be fully consistent with the currently approved Airport Layout Plan maintained by the Lessor and adhere to all local building codes and regulations. If Lessee erects an approved new building or structure and decides to sell said building or structure during the first five (5) years from the Effective Date of this Lease, Lessor shall retain a right of first refusal to purchase said structure. Lessee shall notify Lessor, in writing, of its intent to sell the building or structure and Lessor shall have thirty (30) days after receipt of such

written notice to exercise its first right of refusal to purchase the building or structure based on the Fair Market Value (FMV) of such building or structure. For purposes of this Lease the FMV will be determined by averaging two (2) independent appraisals performed by Appraisers that have been mutually agreed to, in writing, by the Parties. If the Parties are unable to agree as to a FMV for the building or structure within ninety (90) days of completion of the appraisal, then Lessee shall have the right to market and sell to a third-party subject to the conditions set forth in Section 5 of this Lease. After the initial five (5) years of this Lease, Lessee shall have the right to sell any such buildings or structures to a third party without Lessor having any right of first refusal, subject to the conditions set forth in Section 5 of this Lease.

6.2. The Lessee expressly agrees for itself, its successors and assigns, to restrict the height of structures and objects or natural growth determined by the Federal Aviation Administration to constitute an obstruction or hazard pursuant to 14 C.F.R. Part 77, as the same may be amended from time to time. The Lessee agrees to comply with the notification and review requirements of said regulations in the event any future structure or building is planned for the leased Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises.

6.3. Lessee agrees to comply with all applicable codes, ordinances, statutes, or regulations of any governmental authority having jurisdiction in the design and construction of improvements made upon the Premises. Lessee shall provide Lessor with any as-built plans for any authorized improvements on said Premises in accordance with Section 4.4 of the Lease.

6.4. The Lessor shall have the right to install all navigation aids at the Airport as may be identified on the current Airport Layout Plan (ALP) and any future ALP approved by the Federal Aviation Administration. The Lessor may furnish portions of the Airport to the Federal Government in connection with air traffic control and navigation facilities. No structure, sign, appurtenance, projection, or modification shall be installed or kept in place by Lessee on the Premises without the prior reasonable written approval from the Lessor and any applicable federal, state, county, or other governmental agency.

#### **SECTION 7.**

7.1. Lessee shall pay, defend, indemnify and save harmless the Lessor, its agents, guests, invitees and employees from all suits, actions, claims, demands, damages, losses and other reasonable expenses, including attorney's fees, and costs of every kind and description to which the Lessor, its agents, guests, invitees or employees may be subjected to by reason of injury to persons or death or property damage, resulting from the negligence of the Lessee, its agents or employees, arising from and/or in connection with this Lease or any operations necessary and incidental to the occupancy, maintenance, repair or improvement by the Lessee of the Premises.

7.2. The Lessee shall defend, indemnify and save harmless the Lessor, its agents, guests, invitees or employees, against any claim or liability, including attorney's fees, arising from or based upon the violation of any federal, state, county or city law, by-law, ordinance, or regulation by such Lessee, its agents, trainees, invitees, servants or employees.

7.3 It is the intention of the Parties that Lessor shall be responsible for any environmental contamination contained on the Premises leased by the Lessee prior to

Lessee occupying said Premises. Lessee shall be responsible for any environmental contamination that occurs on the Effective Date of this Lease or thereafter if due to activities occurring on the Premises after Lessee takes possession.

7.4. The Lessee covenants and agrees to comply with all provisions of the Insurance Requirements, attached hereto as **Exhibit "B"** and incorporated by reference herein and Minimum Insurance Requirements as defined by the City of Lakeland's Risk Management Department (**Exhibit B1**) as they may be amended from time to time. The amounts of insurance coverage set forth in **Exhibit "B"** are set in contemplation of Lessee's use of the Leased Premises as defined in Section 4 herein. In the event of any change, alteration or expansion of the use of the Leased Premises, the minimum limits of such coverage shall be subject to reasonable adjustments by the Lessor so as to reflect any increase in risk or exposure.

7.5 Each policy required pursuant to **Exhibit "B"** and **Exhibit B1** shall name the Lessor, City of Lakeland, as an additional insured and carry a provision that it will not be canceled without a thirty (30) day notice to the Lessor, to the extent permitted under state law and regulation. The Lessee shall provide to the Lessor evidence satisfactory to the Lessor demonstrating that the required insurance will be in effect as of the Effective Date and remains in effect throughout the term hereof. The Lessee shall cause to be inserted in any policy or policies of insurance acquired by the Lessee with regard to this Lease a so-called "waiver of subrogation" clause. The Lessee hereby waives, releases and discharges the Lessor, its agents and employees from all claims whatsoever arising out of loss, claim, expense or damage to or destruction covered by the Lessee's insurance arising out of this Lease notwithstanding that such loss, claim, expense or damage may have been caused

by Lessor, its agents or employees, and Lessee agrees to seek compensation only through its insurance coverage in the event of such loss.

7.6. During the term of this Lease and any extension or renewal hereof, the Lessee shall keep each building constructed upon the leased land insured against fire or other casualty by a reputable insurance company doing business in the State of Florida, in an amount not less than one hundred percent (100%) of replacement cost and the cost of demolition and the removal of debris as reasonably established from time to time by the Lessor. In the event of any damage to Lessee's improvements, Lessee shall forthwith remove resulting debris and repair or rebuild the damaged or destroyed structures or other improvements to the condition in which such structures and improvements existed prior to such casualty, or to such other condition as the Parties may agree, and return such structures and improvements to working order, whether or not any insurance proceeds shall be awarded to Lessee as a result of such damage or destruction. In either case the Lessee shall be responsible to forthwith remove resulting debris and restore the leased Premises to a neat and presentable condition.

#### **SECTION 8.**

The Lessor reserves the right for the Airport Director ("Director") or his duly authorized representative, to enter the Leased Premises during normal business hours for the purpose of performing such inspections considered necessary by the Director, including without limitation compliance with the terms of this Lease, the Airport Minimum Standards and the Airport Rules and Regulations, and Lessee does hereby consent to such entry and waive any right to require a warrant for such inspection, provided that such entry and inspections shall not interfere with the Lessee's operations or the conduct of its business.

The Lessee, after written notice, shall promptly correct any condition which is a hazard to life or property. The Lessee agrees that the transportation, storage, management and use of any explosives, gasoline or other highly flammable materials, in, on or about the Leased Premises shall be in strict compliance with the Airport Minimum Standards, Airport Rules and Regulations and any other standards or compliance requirements imposed by any governmental agency with jurisdiction.

**SECTION 9.**

9.1. The Lessee shall, at its expense, perform all maintenance and repairs associated with the Leased Premises in a timely and prompt fashion including the painting of the exterior of the facility so as to maintain a neat and orderly condition of the facility. Lessor retains the right to inform Lessee of any maintenance issues that it deems, in its sole discretion, need to be addressed on the Premises and to provide Lessee with a reasonable time period to remedy such issues. If Lessee fails to remedy the maintenance issues within the required time period, Lessor reserves the right to engage a third party to correct said maintenance issues and bill Lessee for the remediation costs as a Pass through Expense. Payment for any such remediation costs shall be paid by the Lessee within thirty (30) days of receipt of such bill or invoice. Late payments will be subject to the late payment charge set forth in Section 2.3 of the Lease.

9.2. The Lessee shall at its expense maintain the Leased Premises, including any structures thereon, in a neat and orderly condition at all times. The Lessee shall maintain the grounds and exterior signage of the building so as to present a neat and attractive exterior appearance at all times during the term of this Lease. All proposed signage must be pre-approved by the Airport and be in compliance with Local codes, who in their sole

discretion may approve or disapprove of any proposed signage based on overall Airport signage plans.

9.3 The Lessee shall not have the authority to make any modifications or alterations to the Leased Premises without prior written consent of the Airport Director. The primary consideration in the approval process shall be the best interest of the Airport and the public.

9.4 The Lessee shall be responsible for removing trash from the Leased Premises to an area at a designated location agreed to by the Lessor for collection by the municipal sanitation service and shall remove trash on not less than a weekly basis.

#### **SECTION 10.**

Should the Lessee default in the payment of the rent or the performance of any of the promises, covenants or agreements herein made, the Lessor may, at its option, if such default continues after giving the Lessee fifteen (15) days written notice in the case of a default in the payment of the rent and thirty (30) days' written notice in the case of any other default, declare all future payments hereunder immediately due and payable. If Lessee's default in the payment of rent or performance of its Lease obligations requires a longer cure period than allocated in this Section, Lessor may, in its sole discretion, provide Lessee with additional time to cure any such default if Lessee proceeds diligently to effectuate the cure and the same is accomplished within a reasonable period of time as specifically set forth by Lessor.

#### **SECTION 11.**

Upon the occurrence of an event of default, as set forth in Section 10, Lessor may at its option exercise any one or more of the following remedies:



(a) The Lessor may terminate this Lease by giving to the Lessee written notice of Lessor's intention to do so, in which event the term of this Lease shall end and all right, title and interest of the Lessee hereunder shall expire on the date stated in such notice, which shall not be less than five (5) days after the date of the notice by the Lessor of its intention to so terminate; or

(b) The Lessor may terminate the Lessee's right to possession of the Premises or any portion thereof by giving written notice to the Lessee that the Lessee's right of possession shall end on the date stated in such notice, which shall not be less than five (5) days after the date of the notice by the Lessor of its intention to so terminate the right of possession; or

(c) The Lessor may enforce the provisions of this Lease and may enforce and protect the right of the Lessor hereunder by a suit or suits in equity or at law for the specific performance of any covenant or agreement contained herein or for the enforcement of any other appropriate legal or equitable remedy.

(d) If the Lessor exercises either of the remedies provided for in sub-paragraphs (a) or (b), the Lessor may then or at any time re-enter the Premises in accordance with Florida law.

(e) If the Lessor terminates the Lessee's right of possession pursuant to sub-paragraph (b), the Lessor may re-enter the Premises or any portion thereof and take possession of all or any portion of the real property, may move any portion of the Lessee's property thereon which the Lessor

elects so to do, and may sub-let or re-let the Premises or any part thereof from time to time for all or any part of the unexpired part of the then term hereof, or for a longer period, and the Lessor may collect the rents from re-letting or sub-letting and apply same, first to the payment of the rents payable hereunder and in the event that the proceeds from such re-letting or sub-letting are not sufficient to pay in full the foregoing, the Lessee shall remain and be liable therefore. Lessee reserves the right to remove any personal property which shall not include building or fixtures. The Lessee promises and agrees to pay the amount of any such deficiency and the Lessor may at any time sue and recover judgment for any such deficiency or deficiencies or draw upon any deposit provided by the Lessee or both.

**SECTION 12.**

No remedy herein conferred upon or reserved by the Lessor is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and so often as may be deemed expedient. In order to entitle the Lessor to exercise any remedy reserved to it in this Section, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

**SECTION 13.**

13.1. This Lease, and all provisions hereof, shall be subordinate to all the covenants and restrictions of the deeds under which the Lessor acquired the property known as the Lakeland Linder International Airport from the United States of America, insofar as such covenants and restrictions remain in effect from time to time and after the date hereof, such deeds being identified as follows:

(a) Quitclaim Deed and Surrender of Lease dated September 26, 1947, between the United States of America and City of Lakeland, recorded in Deed Book 816, page 571, Public Records of Polk County, Florida; and

(b) Supplemental Quitclaim Deed dated April 20, 1948, between the United States of America and the City of Lakeland, recorded in Deed Book 832, page 311, Public Records of Polk County, Florida;

except however, any such covenants and restrictions may hereafter become ineffective or as shall have been or may hereafter be extinguished or released, whether by statute, rule or regulations, interpretation, judicial decision, or deed or other instrument, including but not limited to the release of the "National Emergency Use Provisions" by the Deed of Release dated December 17, 1959, recorded in Official Records Book 389, page 338, current public records of Polk County, Florida, and the extinguishment of the restrictions on use for industrial or manufacturing purposes by the Act of Congress on July 30, 1947 (61 Stat. 678).

13.2. This Lease shall be subordinate to the provisions of any existing or future agreement entered into between the Lessor and the United States of America for the improvement or operation and maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the planning, improvement or expansion of the Airport.

13.3 Should the Department of Transportation, Federal Aviation Administration or any successor department or agency issue an order determining that any provision herein is inconsistent with any covenant or restriction of the deeds under which the Lessor acquired the Airport, or the provisions of any existing or future agreement entered into between the Lessor and the United States of America, the Parties shall amend this Lease as necessary to resolve the inconsistency. If the Parties cannot agree on the manner in which to resolve the inconsistency, the Lessor shall have the unilateral right to amend the Lease to resolve the inconsistency.

13.4. This Lease and all the provisions hereof shall be subject to whatever right the Government of the United States of America now has or in the future may have or acquire, affecting the control, operation, regulation and reacquisition of said Airport or the exclusive or nonexclusive use of the Airport by the United States of America during the time of war or national emergency.

**SECTION 14.**

Notwithstanding anything herein contained that may be or appear to the contrary, it is expressly understood and agreed that nothing herein shall be understood to confer an exclusive right upon the Lessee to conduct any aeronautical activity at the Airport in violation of 40 U.S.C. Section 40103(e) or 49 U.S.C. Section 47107(a)(4) or any grant assurance thereunder.

**SECTION 15.**

15.1. The Lessee, on behalf of itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, hereby covenants and agrees as a covenant running with the land that:

(a) no person on the grounds of race, color, creed, sex or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of the facilities;

(b) 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, creed, sex or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and

(c) the Lessee shall use the 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, entitled *Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964*, and as such Regulations may be amended.

15.2. In the event of a breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate the lease and to re-enter and repossess the leased land and the facilities thereon and hold the same as if the lease had never been made or issued. This provision shall be subject to the procedures of Title 49, Code of Federal Regulations, Part 21, including exercise or expiration of appeal rights.

**SECTION 16.**

The Lessor reserves the right to take whatever actions necessary for the operation, maintenance, and improvement of the airport and its appurtenances, without interference or hindrance, with appropriate consideration for the continuity and profitability of the Lessee's operations and the payment of the obligations to the Lessor herein. The Lessor may order

the temporary closure of the Airport in the interest of safety or for other special events as approved by the Federal Aviation Administration. The Lessee agrees to abide by any such order issued by the Lessor. Lessor shall not be liable to the Lessee for monetary damages that may result from any temporary closure of the Airport.

**SECTION 17.**

The Lessor reserves unto itself, its successors and assigns, for the use and benefit of the public, a right of flight for the passage of aircraft in the airspace above the surface of the leased land, together with the right to cause in the airspace such noise, fumes, dust and vibration as may be inherent in the operation of aircraft, now known or hereafter used, for navigation of or flight in the airspace for landing on, taking off from or operating on the Airport.

**SECTION 18.**

The Lessee, its officers, employees, guests, invitees and suppliers of materials and services, shall have the right of ingress and egress over public right-of-way to the Leased Premises for the purpose of permitting Lessee to enjoy the rights, uses, and privileges granted by the Lessor

**SECTION 19.**

The Lessee covenants and agrees to promptly repair or remove any disabled vehicles located on the Premises or any joint use areas of the Airport.

**SECTION 20.**

The Lessee specifically covenants and agrees to observe and obey Lakeland Linder International Airport's Rules and Regulations and Minimum Standards, as the same may be amended from time to time, as adopted and promulgated by the Lessor for operation at the

Airport. Lessee shall remain in full compliance with the Airport Rules and Regulations, as the same may be amended from time to time, any Notice to Airmen issued by the Lessor and published by the Federal Aviation Administration, and any regulations or orders issued by the Federal Aviation Administration, including without limitation, 14 C.F.R. Part 91, as the same may be amended from time to time.

The Lessee specifically covenants and agrees to observe and obey all applicable federal laws on the subject of airport and aviation security, all applicable regulations and directives issued by the Department of Homeland Security, Transportation Security Administration or any successor department or agency, and all ordinances and rules issued by the Lessor related to security, including without limitation rules issued in furtherance of the Lessor's security program. The Lessee further covenants and agrees to alter and improve the Premises as required to comply with any such law, regulation, directive, ordinance or rule.

**SECTION 21.**

21.1. The Lessor hereby designates the Airport Director as its official representative with the full power to represent the Lessor in all dealings with the Lessee in connection with this Lease or the Leased Premises, subject to approval by the Lakeland City Commission. The Lessee hereby designates as its official representative with the full power to represent the Lessee in all dealings with the Lessor in connection with this Lease or the Leased Premises. The Parties may designate by written notice other representatives from time to time, and such representatives may exercise those rights and duties of the Parties as may be necessary to effectuate the purposes of this Lease.

21.2. Notice to the Lessor shall be sufficient if either mailed by first class mail, postage prepaid, addressed to Airport Director, Lakeland Linder International Airport, City of Lakeland, 3900 Don Emerson Drive, Suite 210, Lakeland, Florida 33811, or delivered at such address, and notice to the Lessee named herein shall be sufficient if either mailed by first class mail, to Lessee at 416 21<sup>st</sup> Ave., St. Petersburg, Florida 33704 or delivered at such address. Either party may change its address at which notice is to be mailed or delivered, by giving written notice of such change of address to the other party in the manner provided in this section.

**SECTION 22.**

This Lease shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns to the extent assignment and subletting are permitted. This Lease shall not confer any rights or remedies upon any third-party not a party to this Lease.

**SECTION 23.**

The Lessee shall be responsible for and pay any and all ad valorem property taxes or such other taxes which are assessed on the Premises or this Lease, all sales taxes and all utility charges. The Lessor will provide to the taxing authority whatever information is required so that the Lessee's taxable interests shall be separated from the Lessor's.

**SECTION 24.**

Should it become necessary for the Lessor to bring any action at law or equity to enforce or interpret this agreement or to remove the Lessee from the Leased Premises, the prevailing party shall be entitled to all costs, including reasonable attorney's fee at both trial and appellate levels.



**SECTION 25.**

This Lease shall be governed by and construed in accordance with the laws of the State of Florida. Venue for any action brought to enforce or interpret this Lease or to remove Lessee from the Premises shall be Polk County, Florida.

**SECTION 26.**

The terms and provisions of this Lease, and each sentence and paragraph hereof, are severable, and if any such term or provision shall be held invalid or unenforceable, all other terms and provisions hereof shall continue in full force and effect.

**SECTION 27.**

This Lease and the Exhibits attached hereto contain the entire agreement of the Parties with respect to the subject matter of this Lease, and supersede all prior negotiations, agreements and understandings with respect thereto. This Lease may only be amended by a written document duly approved and executed by the Parties hereto.

**IN WITNESS WHEREOF**, the Parties hereto have caused this Lease to be executed and their respective seals to be hereunto affixed, the day and year first above written.

ATTEST:

**CITY OF LAKELAND, FLORIDA**  
**a municipal corporation**

BY: \_\_\_\_\_  
Kelly S. Koos  
City Clerk

BY: \_\_\_\_\_  
H. William Mutz  
Mayor

Date: \_\_\_\_\_

Date: \_\_\_\_\_

(Seal)

APPROVED AS TO FORM AND CORRECTNESS

BY: \_\_\_\_\_  
Palmer C. Davis  
City Attorney

**Varna Aviation Group, Inc.**

By: \_\_\_\_\_

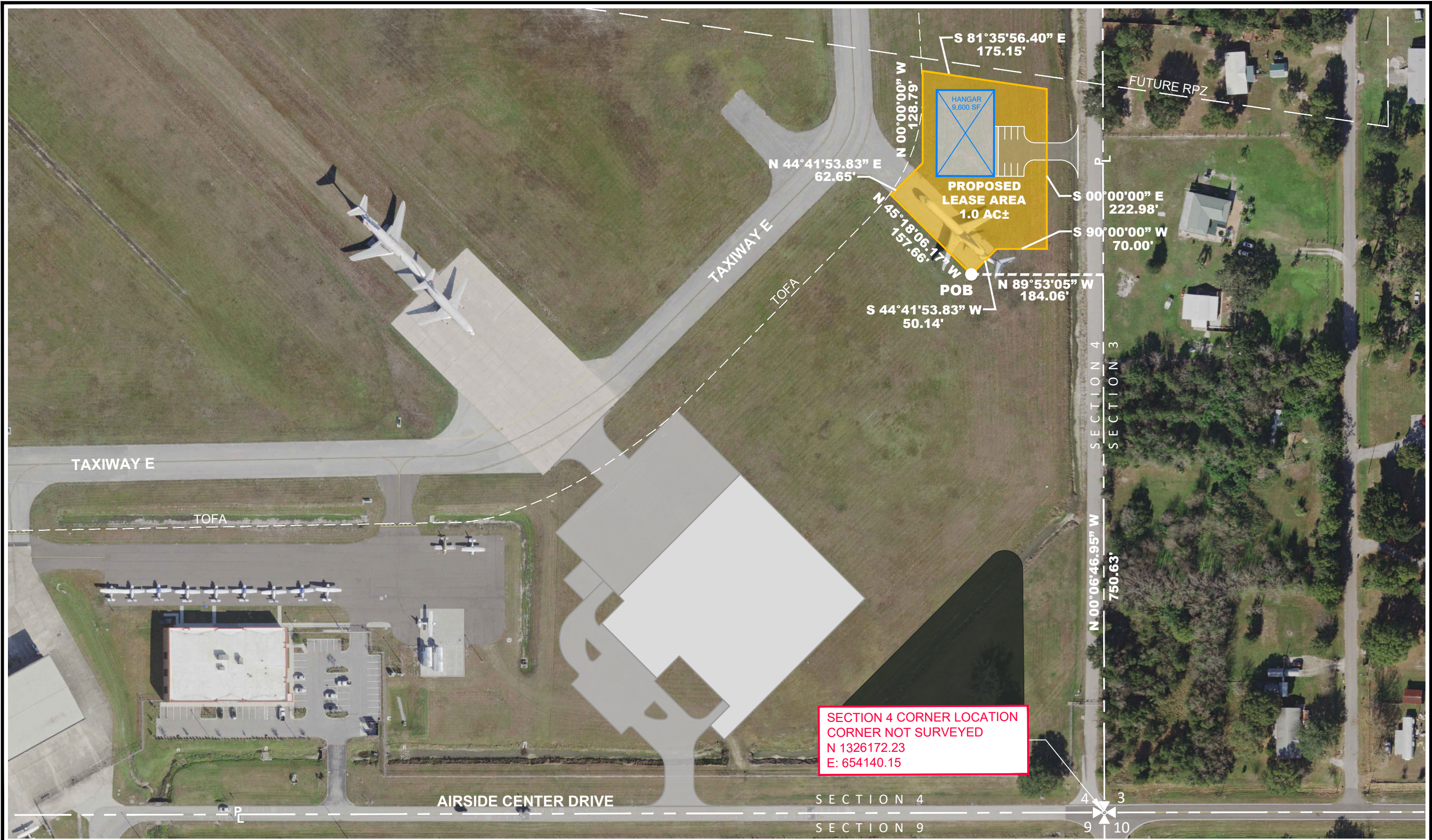
Date: \_\_\_\_\_

**WITNESS:**

Signed in the presence of:

\_\_\_\_\_  
Witness for  
Printed Name: \_\_\_\_\_

\_\_\_\_\_  
Witness for  
Printed Name: \_\_\_\_\_



**SECTION 4 CORNER LOCATION**  
**CORNER NOT SURVEYED**  
**N 1326172.23**  
**E: 654140.15**



LAKELAND LINDER INTERNATIONAL AIRPORT  
Lakeland, Florida

CONCEPTUAL HANGAR  
LEASE EXHIBIT

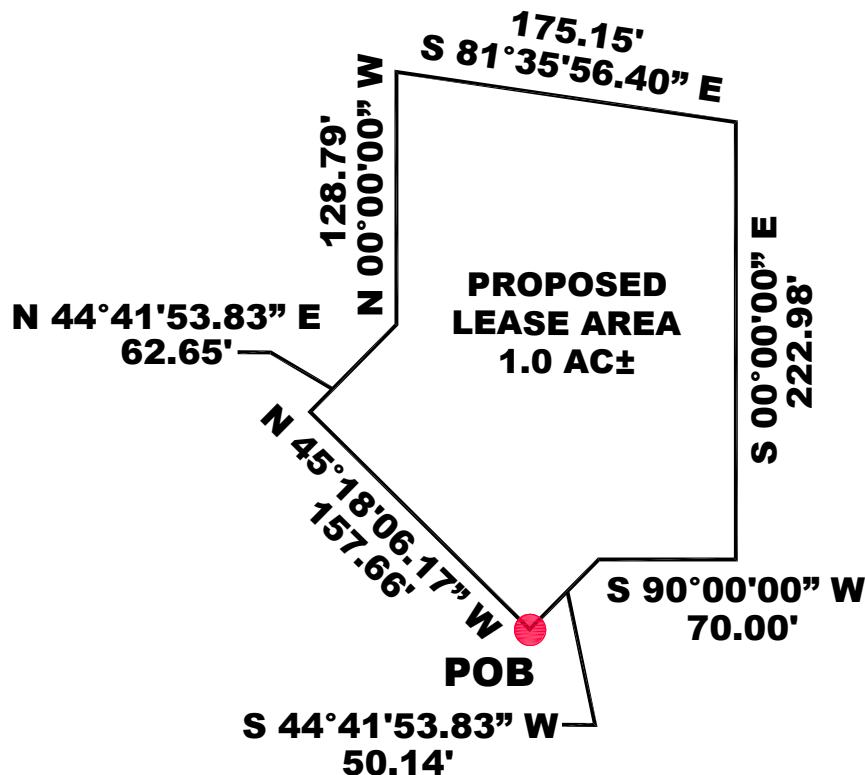


0 125'  
Graphic Scale In Feet

## CONCEPTUAL HANGAR LEASE AREA

A parcel of land being a portion of the Southeast quadrant of Section 4, Township 29 South, Range 23 East, Polk County, Florida, being described as follows:

Commence at the Southeast corner of said Section 4; thence North 00°06'46.95" West along the East line of Section 4, a distance of 750.63 feet; thence North 89°53'05" West, a distance of 184.06 feet to the Point of Beginning (POB); thence North 45°18'06.17" West, a distance of 157.66 feet; thence North 44°41'53.83" East, 62.65 feet; thence North 00°00'00.00" West, 128.79 feet; thence South 81°35'56.40" East, 175.15 feet; thence South 00°00'00.00" East, 222.98 feet; thence South 90°00'00.00" West, 70.00 feet; thence South 44°41'53.83" West, 50.14 feet to the POB. Said parcel containing 1.0 acres, more or less.



Note: The preceding Legal Description was developed using the most accurate information available at the time of its development. To get a more detailed description of said property, a licensed surveyor will need to be contracted.

**EXHIBIT "B"**  
**INSURANCE REQUIREMENTS**  
**LEASING AGREEMENTS**

Special Insurance Provisions: Lessee shall maintain and pay the premium on the Comprehensive General Liability, Business Auto Liability, Workers' Compensation, and Fire Legal Liability policies. With the exception of Workers' Compensation, the City of Lakeland shall be listed as an "additional named insured" as their interest may appear. The City shall not by reason of their inclusion under these policies incur liability to the insurance carrier for payment of premium for these policies. A renewal certificate shall be issued 30 days prior to expiration of coverage.

These insurance requirements shall in no way limit the liability of the Lessee. The City does not represent these minimum insurance requirements to be sufficient or adequate to protect the Lessee's interest or liabilities, but are merely minimums. Where available, all policies shall be of an occurrence type and provide a 30 day notice of cancellation or modification of coverages. Prior to commencement of work, the proper insurance certificates shall be provided to, and approved by the City.

Except for Workers' Compensation, the Lessee waives its rights of recovery against the City, to the extent permitted by its insurance policies.

Deductibles: Given that the indemnification agreement is intended to be supported by first dollars insurance policies which require full disclosure of any and all deductible for all coverages required by this specification or contract, the only exception will be the area of Workers' Compensation. The City reserves the right to determine acceptable limits of such deductibles.

First Dollar Coverage: To the extent that the Lessee may elect to purchase insurance which provide a deductible or self insured retention (SIR), the lessee will assume liability to personally indemnify the City to the same level of coverage required of their insurance carrier.

Comprehensive General Liability: This insurance shall be an "occurrence" type policy written in comprehensive form and shall protect the lessee and the additional insureds against all claims arising from bodily injury, sickness, disease, or death of any person other than the lessee's employees or damage to property of the City or others arising out of any act or omission of the lessee or his agents, employees, or contractors. This policy shall also include protection against claims insured by usual personal injury liability coverage, and to insure the contractual liability assumed by the lessee under the article entitled INDEMNIFICATION.

The liability limits shall not be less than:

Bodily Injury and	\$1,000,000
Property Damage	Single limit per occurrence

Business Auto Liability: This insurance shall cover any auto for bodily injury and property damage arising out of ownership, maintenance or use of any auto, including owned, non-owned and hired automobiles and employee non-ownership use.

The liability limits shall not be less than:

Bodily Injury and	\$500,000
Property Damage	Single limit per occurrence

Workers' Compensation: Workers' Compensation coverage to apply for all employees for statutory limits and shall include employer's liability with a limit of \$100,000 each accident, \$500,000 disease policy limits, \$100,000 disease limit each employee. ("All States" endorsement is required where applicable). If exempt from Workers' Compensation coverage, as defined in Florida Statute 440, the Tenant will provide a copy of the State Workers' Compensation exemption.

General Aviation Airports  
Suggested Minimum Insurance Requirements

Classification	Aircraft Liability	Premises Liability	Auto Mobile Equipment	Workers Compensation	Hangarkeepers Legal	Remarks
Air Charter - Commercial						
Piston & Turbine	\$2,000,000	\$ 1,000,000	\$ 500,000	Statutory		Business & Pleasure \$1,000,000 AC Liability
Passenger capacity 1 - 4	\$2,000,000	\$ 1,000,000	\$ 500,000	Statutory		
Passenger capacity 5 - 9	\$5,000,000	\$ 1,000,000	\$ 500,000	Statutory		
Passenger capacity 10+	\$15,000,000	\$ 1,000,000	\$ 500,000	Statutory		
Passenger capacity 50+	Requires authorization from Risk Mgt.	\$ 1,000,000	\$ 500,000	Statutory		
Air Cargo	\$5,000,000	\$ 1,000,000	\$ 500,000	Statutory		
Aircraft Operations						
Flight Instruction	\$1,000,000/\$100,000	\$ 1,000,000	\$ 500,000	Statutory		
Rental	\$1,000,000/\$100,000	\$ 1,000,000	\$ 500,000	Statutory		
Flying Clubs	\$1,000,000/\$100,000	\$ 1,000,000	\$ 500,000	Statutory		
Specialized Flying Services (1)	\$1,000,000/\$100,000	\$ 1,000,000	\$ 500,000	Statutory		
AOA Tenants						
FBO	\$5,000,000	\$ 5,000,000	\$ 500,000	Statutory	\$ 1,000,000	Products & Comp Ops
Aircraft Repair/Maint./Parts Sales	Not applicable	\$ 1,000,000	\$ 500,000	Statutory	\$ 500,000	Products & Comp Ops
Aircraft Hangar / Tie-Down Leases	\$1,000,000	\$ 1,000,000	\$ 500,000	Statutory		*Incl in Aircraft Policy
Aircraft Sales	\$2,000,000/\$100,000	\$ 1,000,000	\$ 500,000	Statutory		Products
Restoration Services	Not applicable	\$ 1,000,000	\$ 500,000	Statutory	\$ 500,000	Products
Non-AOA Tenants						
Concessions	Not applicable	\$ 1,000,000	Not applicable	Statutory		
Restaurants / Liquor	Not applicable	\$ 1,000,000	Not applicable	Statutory		Products / Liquor Liability
Ground Transportation:						
6 seats or less	Not applicable	\$ 1,000,000	\$1,000,000	Statutory		
7 - 14 seats	Not applicable	\$ 1,000,000	\$5,000,000	Statutory		
15 seats or greater	Not applicable	\$ 1,000,000	\$10,000,000	Statutory		
Parking / Valet	Not applicable	\$ 1,000,000	Not applicable	Statutory		Garagekeepers Liability
Others	Not applicable	\$ 1,000,000	Not applicable	Statutory		
Airport Vendors						
Security Services	Not Applicable	\$ 5,000,000	Not applicable	Statutory		Personal Injury Liability
Janitorial Services	Not Applicable	\$ 1,000,000	Not applicable	Statutory		
Maintenance Providers	Not Applicable	\$ 1,000,000	\$ 500,000	Statutory		Contractors Protective
Contractors	Not Applicable	\$ 5,000,000	\$ 500,000	Statutory		Professional Liability
Architects / Engineers	Not Applicable	\$ 1,000,000	\$ 500,000	Statutory		
Others						

(1) Defined as sightseeing tours, aerial photography, aerial survey, crop dusting and aerial advertising etc.