COUNTY COUNCIL

OF

TALBOT COUNTY, MARYLAND

2015 Legislative Session, Legislative Day No.: June 9, 2015

Resolution No.: 221

Introduced by: Mr. Callahan, Mr. Pack, Ms. Price, Ms. Williams

A RESOLUTION TO APPROVE EXECUTION OF A LONG-TERM LEASE OF UNIMPROVED LAND AT THE EASTON AIRPORT, DESCRIBED AS LOT 9375, WHICH IS APPROXIMATELY 37,500 SQUARE FEET, FOR A TERM OF 30 YEARS WITH AN OPTION FOR A SINGLE 5-YEAR RENEWAL, WITH RENT OF $27,300 PER YEAR SUBJECT TO ANNUAL ESCALATION IN AN AMOUNT EQUAL TO THE PERCENTAGE INCREASE IN THE CONSUMER PRICE INDEX WITH A CAP OF FIVE PERCENT (5%), AND WITH A REQUIREMENT THAT THE TENANT CONSTRUCT AN AIRCRAFT HANGAR APPROXIMATELY 80' X 80' THAT IS TO BECOME THE PROPERTY OF THE AIRPORT AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE

By the Council, June 9, 2015

Introduced, read the first time, and ordered posted, with Public Hearing scheduled on Tuesday, June 23, 2015 at 6:30 p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 N. Washington St., Easton, Maryland 21601.

By order: Susan W. Moran

A RESOLUTION TO APPROVE EXECUTION OF A LONG-TERM LEASE OF UNIMPROVED LAND AT THE EASTON AIRPORT, DESCRIBED AS LOT 9375, WHICH IS APPROXIMATELY 37,500 SQUARE FEET, FOR A TERM OF 30 YEARS WITH AN OPTION FOR A SINGLE 5-YEAR RENEWAL, WITH RENT OF $27,300 PER YEAR SUBJECT TO ANNUAL ESCALATION IN AN AMOUNT EQUAL TO THE PERCENTAGE INCREASE IN THE CONSUMER PRICE INDEX WITH A CAP OF FIVE PERCENT (5%), AND WITH A REQUIREMENT THAT THE TENANT CONSTRUCT AN AIRCRAFT HANGAR APPROXIMATELY 80' X 80' THAT IS TO BECOME THE PROPERTY OF THE AIRPORT AT THE EXPIRATION OR EARLIER TERMINATION OF THE LEASE

WHEREAS, Article 25A § 5 (B) Md. Ann. Code requires a public hearing to provide the public an opportunity to comment upon proposed leases of real property owned by Talbot County; and,

WHEREAS, Talbot County has properly advertised the proposed transactions for a public hearing to receive public comment.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Talbot County, Maryland that:

1. The terms of the proposed long-term lease is attached hereto as Exhibits "A", which is incorporated by reference herein, shall be and is hereby APPROVED; and,
2. The County Manager is hereby authorized and directed to execute the same on behalf of Talbot County, Maryland.

PUBLIC HEARING

Having been posted and Notice of time and place of hearing and Title of Resolution No. _____ having been published, a public hearing was held on _____ at _____ p.m. in the Bradley Meeting Room, South Wing, Talbot County Courthouse, 11 North Washington Street, Easton, Maryland 21601.

BY THE COUNCIL

ENACTED:

By Order_____
Secretary

Pack -

Williams -

Bartlett -

Price -

Callahan -

AIRPORT HANGAR LEASE

THIS LEASE, dated this first day of July, 2015, by and between **TALBOT COUNTY, MARYLAND**, a charter county and political subdivision of the State of Maryland, hereinafter called "County," and **TALBOT AVIATION, LLC**, a Maryland limited liability company with its principal place of business at 27804 Cedar Point Road, Easton, Maryland 21601, hereinafter called "Tenant."

WHEREAS, the County owns certain real property located at 9375 Jet Lane, Easton, Maryland, known generally as the Easton Airport, a part of which it desires to lease to Tenant, as set forth herein, for the construction thereon by Tenant of certain improvements.

NOW, THEREFORE, in consideration of the premises and the terms and conditions set forth herein, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, hereby agree as follows:

1. LEASED PROPERTY

1.1. Property. Subject to the terms and conditions set forth herein, the County hereby Leases unto Tenant certain real property to be improved by an aircraft hangar situated at Easton Airport, Town of Easton, Talbot County, Maryland, consisting of approximately 37,500 square feet, more or less, whose dimensions and location are depicted on Exhibit "A" which is attached hereto and incorporated by reference herein (the "Premises").

2. TERM

2.1. Term. The term of this Lease shall be thirty (30) years, commencing on the first day of July, 2015 (the "Commencement Date"), and terminating on the thirtieth day of June, 2045 (collectively, the "Term").

2.2. Renewal Term. Provided that Tenant shall not be in default on any of the covenants on its part herein made, including the covenant to pay rent, County does hereby grant unto Tenant an option to renew for one additional term of five (5) years upon the same terms and conditions as set forth herein, for "Fair Market Value", as hereinafter defined. To exercise this option Tenant must give the County written notice of its intent renew pursuant to this section at least twelve (12) months prior to the end of the Term. If Tenant (i) fails to give the County timely written notice of its intention to renew, (ii) gives the County written notice of its intention to not renew, or (iii) does not give the County any notice, then this Lease will automatically expire upon conclusion of the Term and neither party shall have any further rights hereunder against the other party except those which are expressly recognized herein to survive termination or expiration of this Lease. "Fair Market Value" for the renewal term shall be as mutually agreed by County and Tenant. If County and Tenant are not in agreement, a mutually acceptable qualified independent party shall be retained to appraise the Premises for fair

market rental value with the cost of such appraisal shared equally by the parties. The parties agree to be bound by said third party appraiser's determination of fair market rental value.

3. RENT

3.1. Amount. During the first Twelve (12) months of the Term, *viz.* through June, 30, 2016, the rental shall be Twenty-Seven Thousand Three Hundred Dollars ($27,300.00) for the space demised unto Tenant. For each successive twelve (12) month period through the end of the Term the rental amount shall be adjusted by multiplying the then current rental amount by one hundred percent of the annual (12 months preceding the lease anniversary date) percentage increase in the Consumer Price Index (CPI) for all Urban Consumers or for Urban Wage Earners and Clerical Workers, Washington-Baltimore local area, all items, whichever is greater, as published on the internet or in the most recent Bureau of Labor Statistics publication The Monthly Labor Review, and adding this figure to the then current rental amount. If such index is discontinued its successor or, if no successor is designated, any other index acceptable to the County and Tenant shall be used. In any event, the rent computed in accordance with the preceding guidelines shall not be less than the current rent then being charged nor shall any increase exceed 5 % per year.

3.2. Payment. This rent shall be paid on a monthly basis in advance on the first day of each month.

4. CONSTRUCTION OF IMPROVEMENTS

4.1. Aircraft Hangar. Tenant shall construct on the Premises, at its sole expense, an aircraft hangar and related improvements according to the design, plans, and specifications to be approved in writing, in advance by County, which approval shall not be unreasonably withheld, conditioned or delayed. The improvements shall include, without limitation, an apron, water and sewer facilities and parting (the "Improvements"). Said construction shall be subject to ongoing monitoring, inspection, and approval by County.

4.2. Plans and Specifications. Tenant agrees to retain qualified professional architects/engineers, contractors and/or subcontractors, inspectors or others, as necessary, to design, engineer, and construct an eighty (80) foot by eighty (80) foot commercial hangar in accordance with the plans and specifications to be prepared by Tenant and submitted to and approved by County. The improvements shall include office space, all plumbing, water and septic, electrical, mechanical, heating, ventilating, and air conditioning systems, and all accessory parts or components. All costs incurred to plan, design, engineer, create, erect construct, and complete the Improvements shall be borne exclusively by Tenant. All materials, workmanship, systems, and component parts shall be constructed to County's commercially reasonable satisfaction and in compliance with the approved plans and specifications, unless waived or modified by County.

4.3. Commencement of Construction. Tenant shall commence construction of the hangar and related improvements described in Section 4.1 above within twelve (12) months of obtaining any and all governmental approvals needed to authorize said construction. If, after obtaining said approvals, Tenant fails to timely commence construction, County shall have the right to terminate this Lease, in which event (i) neither party shall have any further rights hereunder against the other party except those which are expressly recognized herein to survive termination or expiration of this Lease, and (ii) County shall have the right to retain and/or collect all rent payments made, or which remain due and owing, from the Commencement Date through the date said twelve (12) month time limit expires excluding any intervening periods during which Tenant's applications for the governmental approvals described in this Section were pending. If, however, Tenant fails to obtain such governmental approvals through no fault of its own and having exercised reasonable diligence in pursuing the same, County shall refund to Tenant all monies paid by Tenant to County hereunder and this Lease shall terminate automatically without any additional action by either party. If this Lease is terminated under the foregoing provisions, Tenant shall immediately surrender possession of the Premises as provided in Section 14 below.

4.4. Completion of Construction. Tenant shall use its best efforts to complete the construction of the hangar and other improvements described in Section 4.1 within twelve (12) months after such construction commences.

5. USE OF PREMISES

5.1. Use. The Premises shall be used by Tenant or its designated affiliate as a hangar for housing and maintaining aircraft and aeronautical related activities. Tenant shall obtain all required permits, licenses, certificates, or other approvals as may be necessary from time to time to conduct or engage in any business operation or sale on or at the Premises. Other than those activities set forth in Section 5.2, all such activities shall be subject to the prior written consent by County, which consent shall not be unreasonably withheld, conditioned or delayed.

5.2. Commercial Activity. Tenant shall be permitted: (i) to rent space in the hangar to third parties for aircraft storage; (ii) to perform aircraft maintenance and repairs for third parties including, without limitation, engine, avionics, and airframe repairs and maintenance; (iii) to sell aircraft, parts and supplies for aircraft; (iv) to operate an aircraft charter business; and (v) to provide flight instructions to third parties. Spray painting is expressly prohibited. Tenant shall take such steps as are necessary to ensure that the performance of preventative maintenance work on any aircraft does not damage the Premises.

5.3. Control of Personnel. Tenant shall control the conduct and demeanor of its employees and invitees, and of those doing business with it, in and around the Premises and shall take all steps necessary to remove persons whom County may, for good and sufficient cause, deem objectionable.

5.4. Operational Requirements of Tenant. Tenant agrees throughout the term to abide by the following conditions and requirements:

5.4.1. Cancellation of Insurance; Increase in Insurance Rates. Tenant shall not do, bring, or keep anything in or about the Premises that will cause a cancellation of any of County's insurance covering Tenant's activities hereunder. If the rate of any insurance carried by County is increased as a result of Tenant's use, Tenant shall begin making payments to County within thirty (30) days after County delivers to Tenant a certified statement from County's insurance carrier stating that the rate increase was caused by an activity of Tenant at the Premises in amounts equal to the difference between the original premium and the increased premium. Tenant's obligation to compensate County for increased premiums shall be continuing in nature with payments due to County at the same intervals as County's increased insurance premium payments are due to its insurance provider(s).

5.4.2. Waste Disposal. Tenant shall dispose of all sewage and industrial waste in accordance with all applicable regulations and laws of those governmental agencies having jurisdiction or authority thereover. Tenant shall ensure that all solid waste materials are placed in appropriate covered containers designed for use with the type of waste involved, which shall remain covered and shall be maintained within enclosures located on said Premises and designated to keep said trash containers out of the flow of traffic and obscured from view.

5.5. Hazardous Materials.

5.5.1. Use on Premises. Except for reasonable quantities of fuel, solvents, lubricants and similar products customarily used or required for the operation and serving of aircraft and motor vehicles, Tenant, its agents, employees, contractors or invitees (for purposes of this Section 5.5, the "Tenant") shall not cause or permit any Hazardous Materials (as hereinafter defined) to be brought upon, kept or used in or about the Premises or the Airport without the prior written consent of County, which consent shall not be unreasonably withheld, conditioned or delayed as long as Tenant demonstrates to County's satisfaction that such Hazardous Materials: (i) are necessary or useful to Tenant's business and will be used, kept and stored in a manner that complies with all laws, statutes, ordinances, rules, regulations, orders, requirements, and policies of any and all governmental agencies and authorities and any fire insurance underwriters applicable to any such Hazardous Materials ("Hazardous Materials Laws") and (ii) do not otherwise, due to the quantity, nature or use of such Hazardous Materials, substantially increase the risk of fire or other casualty to the Premises or the Airport.

5.5.2. Compliance with Hazardous Materials Laws. To the extent any Hazardous Materials are used, kept, or are present in or on the Premises after the Commencement Date, Tenant shall ensure that all such Hazardous Materials, and all uses thereof, are in full compliance with all Hazardous Materials Laws.

5.5.3. Indemnification. If Tenant breaches the obligations stated in Sections 5.5.1. or 5.5.2. or if the presence or discharge of Hazardous Materials on the Premises after the Commencement Date results in contamination of the Premises or the Airport, or if Hazardous Materials are otherwise discharged or released from the Premises after the Commencement Date, then Tenant shall indemnify, defend (with counsel approved by County) and hold County, its officials, employees, agents and contractors harmless from and against any and all claims, judgments, damages, penalties, fines, costs, liabilities and losses (including, without limitation, diminution in value of the Airport, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Airport, damages arising from any adverse impact on marketing of space in the Airport, and sums paid in settlement of claims, reasonable attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such breach, contamination, discharge, or release. This indemnification of County by Tenant includes, without limitation, costs incurred in connection with any investigation of site conditions or any cleanup, remedial, removal or restoration work required by any federal, state or local governmental agency or political subdivision because of Hazardous Materials present in, on or under the Airport caused by Tenant's use of the Premises. Without limiting the foregoing, if the presence of any Hazardous Materials on the Premises caused by Tenant after the Commencement Date results in any contamination of the Airport or the Premises, or otherwise results in the release or discharge on, under or from the Premises of Hazardous Materials, Tenant shall promptly take all actions at its sole expense as are necessary to return the Airport and the Premises to the condition existing prior to the introduction by Tenant of any such Hazardous Materials to the Airport or Premises or to otherwise remove and/or abate the release of such discharged Hazardous Materials; provided that County's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld, conditioned or delayed so long as such actions would not potentially have any material adverse long-term or short-term effect on the Airport, will not unreasonably interfere with the use and enjoyment of other portions of the Airport, and will be performed in accordance with all Hazardous Materials Laws. Upon the termination of this Lease, Tenant shall surrender the Premises to County free of any and all Hazardous Materials introduced to the Premises by Tenant and in compliance with all Hazardous Materials Laws. This indemnification shall survive the termination or expiration of this Lease.

5.5.4. Definition of Hazardous Materials. For the purpose of this Section 5.5., the term "Hazardous Materials" includes, without limitation, any flammable explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 *et seq.*), the Hazardous Materials Transportation Act, as amended (49 U.S.C. §1801 *et seq.*), the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. §6901 *et seq.*), Environment Article § 7-101, *et.seq.* Md. Ann. Code, and in the regulations adopted and publications promulgated pursuant to them, or any other federal, state, or local environmental laws, ordinances, rules, or regulations concerning the environment, industrial hygiene or public health or safety now in effect or enacted after this date.

5.5.5. Status of the Premises as of the Date of the Lease. County warrants and represents that as of the date of the execution of this Lease by both parties, there is no Hazardous Materials on or under the Premises.

5.6. Compliance with Laws: Federal Aviation Administration ("FAA") Rules and Regulations.

5.6.1. Governmental Regulations. Tenant shall, at Tenant's sole cost and expense, comply with all applicable requirements of county, municipal, state, and federal law and other governmental authorities now in force, or which may hereafter be in force, pertaining to the Premises, and shall faithfully observe all municipal and county ordinances and state and federal statutes now in force or which may hereafter be in force. Tenant shall not allow the Premises to be used for any improper, unlawful or objectionable purpose.

6. PROHIBITION AGAINST ASSIGNMENT AND SUBLETTING

6.1. General. Except for the commercial activities permitted by County under Section 5.2, Tenant shall not assign, transfer, sublet, sell, mortgage, pledge, hypothecate or otherwise dispose of ("Transfer"), whether by operation of law or otherwise, this Lease or any portion of the Premises or any improvements constructed thereon without first obtaining the written consent of County, which consent shall not be unreasonably withheld, delayed or conditioned.

6.2. Written Agreement. Any Transfer requiring County's consent as provided in Section 6.1 shall be embodied in a written agreement under which the transferee shall agree to be bound by all terms and conditions of this Lease and to accept all duties of Tenant arising after the effective date of the Transfer.

6.3. Tenant Liability. Any Transfer requiring County's consent as provided in Section 6.1 shall not release Tenant or any guarantor or surety from any of its obligations hereunder unless: (a) the Transfer instrument so provides; (b) the

release is consented to by County in writing, which consent shall not be unreasonably withheld, delayed or conditioned; and (c) the transferee executes an agreement as provided in Section 6.2.

6.4. Non-Waiver. County's consent to any Transfer shall not constitute a waiver or discharge of the provisions of this Section 6 with respect to any subsequent Transfer.

6.5. Change in Ownership or Control. As used in this Section 6, the term "assign" or "assignment" shall include a "more than seventy-five percent (75%) change in ownership or control of Tenant," meaning the transfer of more than seventy-five percent (75%) of the units or elements comprising ownership of the entity, such as, in the case of a limited liability company a member's percentage interest, or in the case of a corporation, voting stock, to an individual(s) or entity(ies) not having an ownership interest in Tenant when this Lease is executed by both parties.

6.6. Modifications and Subsequent Assignments. County may consent to subsequent modification(s) or Transfer(s) of this Lease without notifying Tenant or obtaining Tenant's consent if, and only if, Tenant has obtained a release as provided in Section 6.3 and retains no reversionary interest in the leasehold estate. Otherwise, so long as Tenant remains liable under this Lease, or will reassume liability in the future, County shall give Tenant notice of subsequent modifications or assignments and obtain Tenant's consent, which consent shall not be unreasonably withheld, conditioned, or delayed.

6.7. County's Right of First Refusal. Should Tenant seek to Transfer this Lease or the leasehold created hereunder to a third party, County shall have the right of first refusal for a period of thirty (30) days to enter into a written agreement upon the same terms offered to Tenant by any bona fide purchaser. Tenant shall give County written notice of its offer to Transfer, any acceptance by any third party, all agreements, terms, provisions, contingencies, covenants, and other terms relating to the proposed transaction, its bona fides, and all other reasonable information concerning the proposed transaction that County may request. County's thirty (30) day acceptance period begins to run from the date Tenant provides County with all of the foregoing information.

7. CONDITION OF PREMISES

7.1. As-Is Condition. Tenant hereby acknowledges that except as provided in Section 5.5.5. neither the County nor anyone acting for or on behalf of the County, has made any representation, warranty or promise to Tenant concerning the physical aspects or condition of any portion or part of the Premises or improvements, the feasibility, desirability or convertibility of the Premises into any particular use, the conditions of the soil, subsoils, ground water, or surface waters and that by entering into this Lease has not relied on any representation, statement or warranty of the County, or anyone acting for or on behalf of the County, and that all matters concerning the Premises shall be independently verified by Tenant,

and that Tenant shall Lease the Premises on Tenant's own examination thereof, AND THAT TENANT IS LEASING THE PREMISES IN "AS IS" PHYSICAL CONDITION AND "AS IS" STATE OF REPAIR. Except as provided in Section 5.5.5, Tenant does hereby waive and the County does hereby disclaim all warranties of any type or kind of description, including, without limitation, those of fitness for particular purpose, tenantability, habitability and use. Except as provided in Section 5.5.5, Tenant hereby expressly waives any and all claims for damages or for rescission or cancellation of the Lease because of any representations made by the County or by any agent of the County. Tenant acknowledges that it has had sufficient time to conduct all inspections, reviews and studies of the Premises that Tenant may deem necessary. Except as provided in Section 5.5.5, Tenant hereby expressly assumes the risk that adverse physical conditions and the full extent thereof, may not be revealed by Tenant's inspections, reviews and studies of the Premises.

7.2. Condition During Term. Tenant shall keep the Premises clean and free of debris at all times. In utilizing the Premises during the term, Tenant agrees to and shall comply with all applicable statutes, ordinances, rules, and regulations established by any federal, state, county, or local government agency.

8. INSURANCE

8.1. Duty to Maintain Insurance. Tenant shall obtain insurance acceptable to County in company or companies acceptable to County. The required documentation of insurance shall be furnished to County upon the execution of this Lease.

8.2. Liability Insurance. Commercial general liability insurance, including coverage for personal injury and property damage for all activities of Tenant arising out of or in connection with this Lease using an occurrence policy form, with policy limits of not less than One Million Dollars ($1,000,000) combined single limit for each occurrence. Such policy shall be endorsed with the following specific language:

8.2.1. "Talbot County is named as an additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this Lease."

8.2.2. "The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability."

8.2.3. "The insurance provided herein is primary coverage to Talbot County with respect to any policy of insurance or self-insurance programs maintained by

the County. No insurance held or owned by the County shall be called upon to contribute to a loss."

8.2.4. "The insurer waives the right of subrogation against Talbot County and against its agents and representatives."

8.2.5. "This policy shall not be canceled or materially changed without first giving Talbot County thirty (30) days' notice by certified mail."

8.3. Workers' Compensation. Tenant shall obtain Workers' Compensation Insurance with statutory limits as required by the Annotated Code of Maryland. Tenant shall require all subtenants similarly to provide Workers' Compensation Insurance for all of their employees. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days' notice to Talbot County by certified mail."

8.4. Fire Insurance. Fire insurance with standard extended coverage, including vandalism and malicious mischief endorsements, covering all of Tenant's personal property, improvements and alterations in, on or about the Premises to the extent of at least 80% of their full replacement cost, without depreciation. The proceeds from any such policy shall be used by Tenant for the replacement of personal property or the restoration of Tenant's improvements or alterations. All policies shall be endorsed with the following specific language: "This policy shall not be canceled or materially changed without first giving thirty (30) days notice to Talbot County by certified mail."

8.5. Policy Obligations. Tenant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

8.6. Increases in Minimum Policy Limits. For insurance with no statutory limit, and for which no other provision for inflation or cost-of-living increases is provided in this Lease, policy limits shall be periodically increased at the request of the County.

8.7. Proof of Compliance. Tenant shall deliver to County, in the manner required for notices, copies or certificates of all insurance policies required by this Lease, together with evidence satisfactory to County of payment required for procurement and maintenance of the policy, within the following time limits:

8.7.1. Execution of Lease. For insurance required at the commencement of this Lease, upon execution of the Lease.

8.7.2. After Execution of Lease. For insurance required at a later date, at least twenty (20) days before the requirement takes effect, or as soon thereafter as the requirement, if new, takes effect.

8.7.3. Renewals and Replacements. For any renewal or replacement of a policy already in existence, at least thirty (30) days before expiration or other termination of the existing policy.

8.8. Failure to Procure and Maintain Insurance. Notwithstanding anything stated to the contrary herein, if Tenant fails or refuses to procure or maintain insurance as required by this Lease, or fails or refuses to furnish County with required proof that the insurance has been procured and is in force and paid for, County shall have the right, at the Airport Manager's election and without notice, to procure and maintain such insurance or to immediately terminate this Lease. In the event the Airport Manager elects to terminate the Lease pursuant to this paragraph and Tenant later obtains and provides evidence of the required insurance acceptable to County's Airport Manager, this Lease may be reinstated at the sole discretion of County's Airport Manager. If reinstated, Tenant shall pay Two Hundred Dollars ($200.00) to County to cover the processing costs incurred by County.

9. INDEMNITY; EXCULPATION

9.1. Indemnity. Unless caused by or due to the negligence or willful misconduct of County, Tenant shall indemnify, hold harmless and defend County, its agents and employees, from and against any and all actions, claims, damages, disabilities or expenses including, without limitation, personal injuries or death, reasonable attorneys' fees, witness costs and court costs that may be asserted by any person or entity, including Tenant, arising out of or in connection with any of the following circumstances:

9.1.1. Use of Premises. Use of the Premises or Airport in any manner by Tenant, its agents, employees, invitees, subtenants, licensees and contractors, and the agents, employees, patrons, contractors and invitees of Tenants and subtenants, including any use of the Premises or the Airport not allowed under this Lease.

9.1.2. Breach by Tenant. Any breach by Tenant of the terms, covenants or conditions herein contained.

9.1.3. Other Activities. Any other activities of Tenant, its agents, employees and subtenants but excluding liability due to the sole active negligence or sole willful misconduct of County. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable by or for Tenant or its agents under workers' compensation acts, disability benefit acts or other employee benefit acts.

9.2. Exculpation of County. County, its officers, agents, and employees, shall not be liable to Tenant for any loss or damage to Tenant or Tenant's property from any cause, unless such injury or damage is caused by or due to the negligence or willful misconduct of County, its officers, agents, and employees. Tenant expressly waives all claims against County, its officers, agents, and employees,

for injury or damage to person or property arising for any reason, unless such injury or damage is caused by or due to the negligence or willful misconduct of County, its officers, agents, and employees.

10. COUNTY'S RIGHT TO INSPECTIONS

County acting through its Airport Manager or other duly authorized representative shall have the right upon giving Tenant at least forty-eight (48) hours prior notice to enter upon the Premises at any and all reasonable times during the normal business day throughout the Lease term for the purpose of inspecting the same and posting any notices required or permitted under law.

11. UTILITIES

Tenant shall be solely responsible for making arrangements for and shall promptly pay all fees, deposits, and charges, including use and/or connection fees, standby fees and/or penalties for discontinued or interrupted service, and the like, for water, gas, electricity, sewer and sanitation, solid waste disposal, and any other service or utility used in or upon or furnished to the Premises. Under no circumstances shall County have any liability for any interruption, disruption, or termination of utility service, failure or backup of any sanitary sewerage system, including direct or consequential loss, injury, damage, or destruction of any pipes, equipment, inventory, supplies, or any other items of real, Leasehold, or personal property in, on, or about the Premises. In no event shall County be liable for damages or otherwise for any interruption, reduction, disruption, curtailment or failure in the supply, quality or character of electricity, water, or other utility or service if either the quality or character thereof is changed or is no longer available or suitable for utilization requirements, nor shall any interruption, reduction, disruption, curtailment, failure or change in quantity, quality, or character constitute or be deemed to constitute constructive eviction of Tenant or excuse or relieve Tenant from any of its obligations to pay any rent due hereunder.

12. MAINTENANCE AND REPAIRS

Tenant shall be solely responsible to perform, at its sole cost and expense, all maintenance to the Premises including, without limitation, all mechanical, electrical, heating, ventilating, air-conditioning, plumbing, sanitary sewerage connections and other systems, and maintenance of all parking areas and grounds. Tenant shall keep the Premises in a good, neat, orderly, and safe condition. Notwithstanding the foregoing, if Tenant neglects or refuses to discharge its obligations pursuant to this Section 12 to the reasonable satisfaction of County, County may make such repairs or undertake such maintenance without liability to Tenant for any loss or damage that may accrue to Tenant's equipment, fixtures or other property or by reason of disruption or interference with Tenant's use or possession of the Premises, provided, however, prior to taking such action, County has first given Tenant thirty (30) days written notice of the need to

conduct such repairs and Tenant has failed to make such repairs or to commence making such repairs within the thirty (30) day period and is diligently proceeding to complete the same. Upon completion of such work, Tenant shall promptly reimburse County for all costs incurred by it in performing such maintenance.

13. REGULATIONS AND STANDARDS

13.1. Airport Regulations and Standards. Tenant agrees to abide by the *Easton Airport, Rules and Regulations* (the "Regulations") and the *Minimum Standards for Fixed-Based Operators and Specialized Aviation Service Operations at Easton Airport* (the "Standards"), as applicable, currently in effect and as amended from time to time. Provided, however, that in the event of a conflict between this Lease, the Regulations or the Standards, that provision which is stricter or that provides greater protection to County shall apply. The Regulations and Standards are hereby made a part of this Lease, and Tenant agrees to comply with and observe same, as applicable, at all times. Tenant's failure to keep or observe such rules and regulations shall constitute a material breach of this Lease provided Tenant has received written notice of such breach from County and Tenant has failed to either cure such breach within the thirty (30) day period or to commence to cure such breach within the thirty (30) day period and is diligently proceeding to cure the same breach. County reserves the right to amend or supplement any Regulations and Standards and to adopt and promulgate additional Regulations and Standards applicable to the Premises and the Airport and Airport facilities. Notice of such additional Regulations and Standards shall be posted on the Airport website and provided to Tenant.

13.2. Tenant Permits. Tenant shall obtain all required permits, licenses, certificates, or other approvals as may be necessary from time to time to conduct or engage in any business operation or sale on or at the Premises. All such activities shall be subject to the prior written consent by County, which consent shall not be unreasonably withheld.

14. SURRENDER OF PREMISES; HOLDING OVER

14.1. Surrender. Upon termination or expiration of this Lease, the Improvements and fixtures constructed on the Premises shall become the sole property of County and Tenant shall immediately surrender possession of the Premises and shall remove the Aircraft and all other property therefrom. Prior to surrender, Tenant shall have performed to the County's reasonable satisfaction all maintenance and repairs required by Section 12 and, subject to satisfactory performance of the same, shall leave the Premises in its "As-Is" condition. In addition, Tenant shall deliver to County all keys for the Premises as well as all combinations for doors, locks, safes, and vaults in the Premises.

14.2. Holding Over. If Tenant shall continue to occupy or possess the Premises after the termination or expiration of this Lease without the consent of County, then unless County and Tenant have otherwise agreed in writing, Tenant shall be a

Tenant on a month-to-month basis. All the terms, provision and conditions of this Lease shall apply to this month-to-month tenancy except those terms, provisions and conditions pertaining to the term, and except that the monthly rent shall be immediately adjusted upward upon the expiration or termination of this Lease to equal one hundred ten percent (110%) of the monthly rent for the Premises in effect under this Lease during the month immediately prior to the month in which this Lease expired or terminated. This month-to-month tenancy may be terminated by County or Tenant upon thirty (30) days' prior notice to the non-terminating party. In the event Tenant fails to surrender the Premises after such thirty (30) day termination notice, Tenant shall indemnify and hold County harmless against all loss, liability, cost or expense resulting from or arising out of Tenant's failure to surrender the Premises, including, without limitation, any amounts required to be paid to any lessee or prospective lessee who was to have occupied the Premises after said termination and any related reasonable attorneys' fees and brokerage commissions. Notwithstanding the foregoing, no such termination shall release Tenant from any liability or obligation hereunder, whether of indemnity or otherwise, resulting from any acts, omissions or events happening prior to the date of such termination, or date of surrender if it be later.

15. LOSS OR DAMAGE TO PROPERTY OR PREMISES

15.1. Casualty. County will not be responsible for any loss or damage to any aircraft or other tangible or intangible personal property in or on the Premises. If the facilities constructed on the Premises shall be damaged or destroyed by fire, flood, wind or other casualty, Tenant shall replace or restore such facilities to a condition at least equal to that which existed prior to such casualty provided however, Tenant's obligation hereunder shall not exceed the proceeds (net of the deductible) which are received from the insurance maintained by Tenant pursuant to Section 8. The insurance obtained by Tenant pursuant to Section 8 shall be sufficient to protect any and all property belonging to Tenant, County, and any third party.

15.2. Waste or Nuisance. Tenant shall not commit, or suffer to be committed, any waste upon the Premises or any nuisance or other act or thing which may disturb the quiet enjoyment of any other Tenant of the Airport.

16. ALTERATIONS AND MODIFICATIONS

16.1. General. Tenant shall not at any time make any alteration, addition, improvement or other changes to the Premises without County's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed. As a condition to evaluating any request by Tenant pursuant to this Section 16.1, County may require Tenant to provide plans, specifications or other information to County to enable County to evaluate Tenant's request. Tenant agrees that any permitted alteration, addition or improvement shall immediately become the property of County and shall remain upon the Premises at the expiration of the Lease.

16.2. Liens and Completion. Should County consent to any proposed alteration, addition, or improvement or other change to the Premises pursuant to Section 16.1, Tenant shall promptly commence the same and thereafter diligently pursue the same to completion in good and workmanlike manner and strictly in accordance with the plans, specifications and other information given to County and the requirements of County and its insurer. Tenant shall promptly pay all contractors, subcontractors, laborers and materials suppliers. County may post and record such notices of non-responsibility and take such other action as may be required to preclude any contractor, subcontractor, material supplier or laborer from asserting a lien against County or its interest in the Premises or Airport or Airport facilities. Should any mechanic's lien be asserted or filed by reason of Tenant's work or improvements, Tenant shall cause the same to be discharged and released of record by bond or otherwise within thirty (30) days after written request by County.

17. NATIONAL EMERGENCY

During time of war or any national, State, or local emergency duly declared by the federal, State, or local government, County reserves the right to permit use of the Premises and the Airport, or any part thereof, by the United States, the State of Maryland, or any federal or State agency, or by Talbot County, or any agent thereof in connection with any such emergency. If any such use impinges upon Tenant's use and possession of the Premises pursuant to the provisions of this Lease, this Lease shall be suspended for the duration of such use and reinstated thereafter upon the same terms and conditions with a pro-rata abatement of rent.

18. SUBORDINATION

This Agreement shall be subordinate to the provisions of any existing or future agreement between County and the United States, the FAA, the State of Maryland, or the MAA concerning development, maintenance, or operation of the Airport, execution of which may be required to obtain or continue federal or State funding to or for the Airport. Tenant shall, from time to time, execute and deliver such documents in form satisfactory to County as County may deem necessary or desirable to effectuate the terms of this Lease or any provision thereof provided that Tenant's use and occupancy of the Premises is not disturbed as long as Tenant is not in material breach of this Lease.

19. QUIET ENJOYMENT

Upon the execution of this Lease by both parties, County shall provide Tenant with possession of the Premises and the use and quiet enjoyment thereof.

20. DEFAULT

20.1. In General. The occurrence of any one or more of the following events shall constitute a material default or breach of this Lease by Tenant:

20.1.1. Tenant's vacating or abandonment of the Premises.

20.1.2. Failure by Tenant to make any payment of rent or any other payment required to be made by Tenant hereunder.

20.1.3. Failure by Tenant to observe or perform any of the covenants, conditions or provisions of this Lease to be observed or performed by Tenant.

20.1.4. The making by Tenant of any general assignment or general arrangement for the benefit of creditors; (ii) the filing by or against Tenant of a petition to have Tenant adjudicated a bankrupt or a petition for reorganization or rearrangement under any law relating to bankruptcy unless, in the case of a petition filed against Tenant, the same is dismissed within forty-five (45) days; (iii) the appointment of a trustee or receiver to take possession of substantially all of Tenants assets located at the Premises or of Tenants interest in this Lease, where possession is not restored to Tenant within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Tenants assets located at the Premises for Tenants interest in this Lease, where such seizure is not discharged within sixty (60) days.

20.1.5. The discovery by County that any financial statement given to County by Tenant, any transferee, or any guarantor of Tenant's obligations hereunder was materially false.

20.2. Cure. Notwithstanding the provisions of Section 20.1 and any other provisions of this Lease, a material default or breach of this Lease shall not occur unless County has provided Tenant written notice of such default or breach and given Tenant thirty (30) days from Tenant's receipt of such written notice to either cure such default or breach or to commence to cure such default or breach and is diligently proceeding with such remediation to completion.

21. REMEDIES

21.1. Subject to and provided that County has complied with the provisions of Section 20.2, in the event of any such default or breach by Tenant, County may, without limiting County in the exercise of any right or remedy which County may have by reason of such default or breach:

21.1.1. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to County. In such event County shall be entitled to recover from Tenant all damages incurred by County by reason of Tenant's default, including, but not limited to, the cost of recovering possession of the Premises; expenses of the re-letting, including necessary renovation and alteration of the Premises; County's reasonable attorneys fees and brokerage commissions incurred in connection with such re-letting; the present worth, at the time of the award by the court, of the amount by which the unpaid rent and other charges payable hereunder for the balance of the

Term at the time of such award exceeds the amount of such rental loss for the same period which Tenant proves could be reasonably avoided; and interest on unpaid rent or other sums payable by Tenant under the provisions of this Lease from the date the same became due at the rate of fifteen percent (15%) per annum. In the event Tenant abandons the Premises, County shall have the option of (i) retaking possession of the Premises and recovering from Tenant the amount specified in this Section 21.1.1 or proceeding under Section 21.1.2.

21.1.2. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant has abandoned the Premises. In such event, County shall be entitled to enforce all of County's rights and remedies under this Lease, including the right to recover all rent and other charges as they become due hereunder.

21.1.3. Pursue any other remedy now or hereafter available to County under the laws or judicial budget decisions of the State of Maryland.

22. TAXES

Tenant, at all times, shall be responsible for and shall pay, before delinquency, all taxes levied or assessed on any Leasehold interest, any right of occupancy, or any investment of Tenant in the Premises, or any personal property of any kind owned, installed or used by Tenant in or about the Premises, including Tenant's Leasehold improvements, equipment, and trade fixtures.

23. TITLE

Subject to all conditions imposed on the Premises by FAA and MAA grant assurances, compliance with which both parties recognize is or may be necessary to maintain current grant funding and to obtain new grants, County represents to Tenant that County has good and marketable indefeasible fee simple title to the Premises free of liens, encumbrances, tenancies and all other matters not of record affecting title thereto (including claims for unfiled mechanics' liens); that such title is insurable at standard rates by a title insurance company licensed to do business in the State of Maryland, free of exceptions other than the standard exceptions; that from and after the execution of this Lease by both parties, Tenant shall have and County shall deliver actual physical possession of the Premises to Tenant; and that the Premises are free from notices of violation of any applicable laws, rules, ordinances or regulations. County will execute the necessary affidavits and indemnities reasonably required by the title insurance company selected by Tenant to eliminate from Tenant's leasehold policy of title insurance any exception to unfiled mechanics' liens, unrecorded easements of which County has knowledge, rights of parties in possession, or other exceptions not disclosed by the public land records of which County has knowledge.

24. NOTICES

24.1. All notices to be given by either party to the other hereunder shall be in writing and shall be delivered in person or given by United States registered or certified mail, postage prepaid, return receipt requested, addressed as follows or to such other address as the party in question may specify in a written notice to the party giving notice:

TO COUNTY:
Easton Airport Manager
29137 Newnam Road, Unit 1
Easton, Maryland 21601

TO TENANT:
Talbot Aviation, LLC
c/o Miles & Stockbridge, P.C.
101 Bay Street, Suite 2
Easton, Maryland 21601
Attn: Richard K. White, Jr.

All notices shall be deemed given on the date said notice is deposited in the U.S. Mail or hand-delivered. The parties' respective attorneys may give notices on their behalf.

25. REPRESENTATION AND WARRANTIES OF TENANT

25.1. Tenant represents and warrants to County that, as of the date of execution hereof and throughout the term of this Lease:

25.1.1. Good Standing and Authority. Tenant is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland. Tenant has the requisite power and authority to carry out the transactions contemplated by this Lease and such transaction has been duly authorized and approved by the requisite Member(s) of Tenant. This Lease has been duly executed and delivered by Tenant and is the legal, valid and binding obligation of Tenant enforceable according to its terms.

25.1.2. No Conflicting Agreements. The consummation of the transactions contemplated by this Lease, and compliance with the provisions hereof, will not conflict with, or result in the breach of, the terms, conditions or provisions of, or constitute a breach or default of any note, debenture, mortgage, loan agreement or other instrument to which Tenant is a party, or by or to which Tenant is bound, or violate or contravene any statute, rule, regulation, order or decree by which Tenant is bound or require any filing, permit, consent or approval of any governmental agency.

26. MISCELLANEOUS PROVISIONS

26.1. Additional documents. Subject to Tenant's prior approval of the content, terms and conditions of the same, Tenant agrees to execute such other, additional documents as County may request from time to time if County, in the exercise of its discretion, determines that the execution of the same is necessary or desirable to effect, enforce, or ratify any term, covenant, condition, promise, or undertaking of this Lease.

26.2. Captions. The captions of the various articles and sections of this Lease are for convenience and ease of reference only and do not define, limit, augment or describe the scope, content, or intent of this Lease or of any part or parts of this Lease.

26.3. Gender. The neuter gender includes the feminine and masculine, the masculine includes the feminine and neuter and the feminine includes the neuter, and each includes corporation, partnership or other legal entity when the context so requires.

26.4. Singular and Plural. The singular number includes the plural wherever the context so requires.

26.5. Exhibits, Addenda. All exhibits and addenda to which reference is made in this Lease are incorporated in the Lease by the respective references to them, whether or not they are actually attached, provided that they have been signed or initialed by the parties. Reference to the "Lease" includes matters incorporated by reference.

26.6. Merger. This Lease is intended both as the final expression of the Lease between the parties hereto with respect to the included terms, and as a complete and exclusive statement of the terms of the Lease. No modification of this Lease shall be effective unless and until such modification is evidenced by a writing signed by both parties. No promise, representation, warranty or covenant not included in this Lease has been or is relied on by either party. Each party has relied on its own examination of this Lease, the counsel of its own advisors, and the warranties, representations, and covenants in the Lease itself. This Lease shall be construed according to the fair meaning of its language. The rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in interpreting this Lease. The failure or refusal of either party to inspect the Premises, to read the Lease or other documents, or to obtain legal or other advice relevant to this transaction, constitutes a waiver of any objection, contention or claim that might have been based on such reading, inspection or advice.

26.7. Successors. Subject to the provisions of this Lease on assignment and subletting, each and all of the covenants and conditions of this Lease shall be binding on and shall inure to the benefit of the heirs, successors, executors, administrators, assigns and personal representatives of the respective parties.

26.8. Broker's Commissions, Expenses. Tenant and County mutually covenant that no brokers have been or will be used with respect to this Lease. In the event any broker or finder perfects a claim for a commission or finder's fee based upon any such contract, dealings or communication, the party through whom the broker or finder makes a successful claim shall be responsible for said commission or fee and all costs and any expenses (including reasonable attorneys' fees) incurred by the other party in defending against the same.

26.9. Applicable Law and Forum. This Lease shall be construed and interpreted according to Maryland law and any action to enforce the terms of this Lease or for the breach thereof shall be brought and tried in Talbot County.

26.10. Waiver. Failure of either party to insist, in one or more instances, upon strict performance of any obligation of this Lease or to exercise any right or option herein appearing, shall not be construed as a waiver or relinquishment of such obligation, right or option, but the same shall continue and remain in full force and effect. No waiver by either party of any part of this Lease shall be deemed to have been made unless it has been expressed in writing and delivered to the other party.

26.11. Non-discrimination.

26.11.1. Tenant shall comply with all applicable federal, state and local laws, rules and regulations relating to non-discrimination in employment and services because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition and handicap. Tenant, for itself, its successors in interest, or assigns, as a part of the consideration hereof, does hereby covenant and agree that: (1) 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 Premises or the improvements or equipment located thereon; (2) that, in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (3) that Tenant shall use the Premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulation, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. In the event of breach of any of the above non-discrimination covenants, County shall have the right to terminate the Lease and re-enter and repossess the Premises and hold the same as if said Lease had never been made or issued.

26.11.2. Tenant shall comply with all applicable FAA grant assurances pertaining to economic non-discrimination. Tenant, for itself, its successors in interest, or assigns, as a part of the consideration hereof, does hereby covenant and

agree that, to the extent Tenant shall be engaged in any aeronautical activity for furnishing services to the public at the airport as permitted under this Lease, Tenant shall: (1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof; and, (2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that Tenant may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

26.12. No Third Party Beneficiaries. Nothing contained in this Lease shall be construed to create and the parties do not intend to create any rights in third parties.

26.13. Construction of Lease; Severability. To the extent allowed by law, the terms, covenants, conditions, provisions in this Lease shall be construed and given effect in a manner that avoids any violation of statute, regulation or law. County and Tenant covenant and agree that in the event any term, covenant, condition, provision in this Lease is held to be invalid or void by court of competent jurisdiction, the invalidity of any such term, covenant condition, provision shall in no way affect any other term covenant, condition provision in this Lease.

26.14. Requests from Airport Manager. Tenant shall cooperate with any reasonable request from County's Airport Manager regarding use or operations at the Airport.

26.15. Relationship. The parties intend by this Lease to establish the relationship of County and Tenant only, and do not intend to create a partnership, joint venture, joint enterprise, or any business relationship other than that of County and Tenant.

26.16. Waiver of Jury Trial. Tenant and County hereby waive any right to a trial by jury in any litigation arising under this Lease.

26.17. Recording. Either party shall have the right to record this Lease or a short form memorandum of lease setting forth the pertinent information regarding thus Lease. The party recording the document shall bear all costs in connection with the aforesaid recordation.

26.18. Force Majeure. Both parties shall be excused for the period of any delay in the performance of any obligation hereunder when prevented from so doing by cause or causes beyond the affected party's control and which by the exercise of reasonable diligence the affected party was unable to prevent. Such causes shall include, without limitation, all labor disputes, acts of terrorism, civil commotion, war, warlike operations, invasion, rebellion, hostilities, military or usurped power, sabotage, governmental regulations or controls, fire or other casualty, inability to obtain any material or services or through Acts of God.

IN WITNESS WHEREOF, County and Tenant have duly executed and affixed their respective seals to this Agreement on the day and year indicated.

COUNTY:

ATTEST:

TALBOT COUNTY, MARYLAND

_____

_____(SEAL)
By: R. Andrew Hollis, County Manager

Date: _____

TENANT:

ATTEST:

TALBOT AVIATION, LLC

_____

_____(SEAL)
By: Charles A. Robertson, Manager

Date: _____

State of _____, County of _____

Before me, a Notary Public in and for the State and County aforesaid, this _____ day of _____, 2015, personally appeared **R. ANDREW HOLLIS**, known to me, or satisfactorily proven to be the person whose name is affixed hereto, and, being authorized to do so on behalf of Talbot County, Maryland, made oath in due form of law that he executed the same for the purposes therein contained.

_____
Notary Public

My commission expires:

State of _____, County of _____

Before me, a Notary Public in and for the State and County aforesaid, this _____ day of _____, 2015, personally appeared **CHARLES A. ROBERTSON**, known to me, or satisfactorily proven to be the person whose name is affixed hereto, and, being authorized to do so on behalf of Talbot Aviation, LLC, made oath in due form of law that he executed the same for the purposes therein contained.

_____
Notary Public

My commission expires:

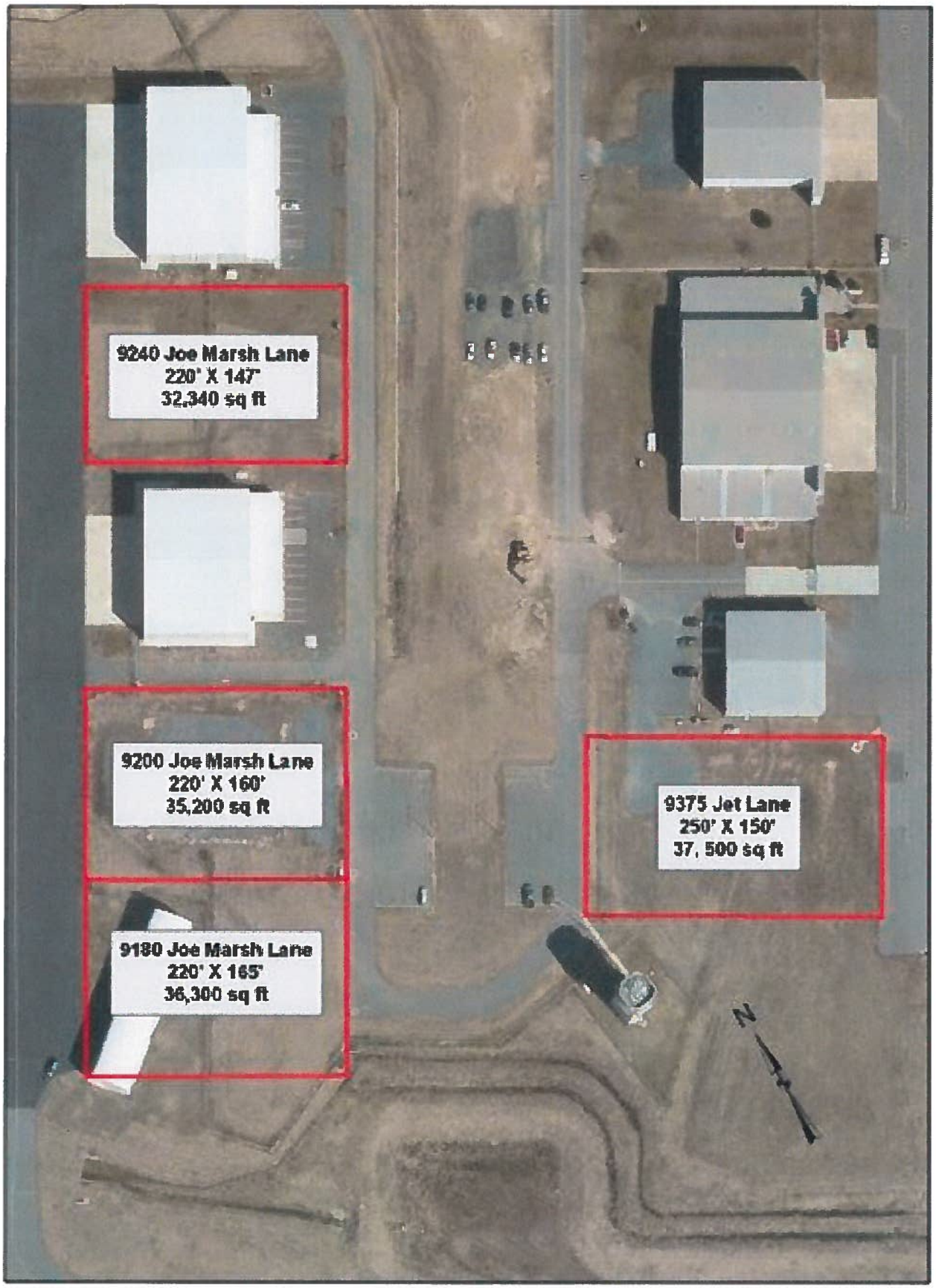
9240 Joe Marsh Lane
220' X 147'
32,340 sq ft
9200 Joe Marsh Lane
220' X 160'
35,200 sq ft
9180 Joe Marsh Lane
220' X 165'
36,300 sq ft
9375 Jet Lane
250' X 150'
37, 500 sq ft
N

Exhibit A